



# North Houston Highway Improvement Project (NHHIP): Segment 3 Design-Build Project

Virtual Industry Workshop

# Workshop Attendee Guidelines



- WebEx Video options will be turned off;
- WebEx Chat capabilities will be turned off;
- This workshop will not be recorded; and
- Attendees WebEx will be automatically muted until the Q&A segment of the Workshop.



Safety: Mission

**ZERO**

**#EndTheStreakTX**



***Safety Never Stops!***





## ■ Welcome to the second NHHIP Industry Workshop

- This workshop will provide a brief overview of the Project and focus on the changes presented in the RFQ Addendum #1
- The presentation of the initial Industry Workshop can be found at:

<https://www.txdot.gov/inside-txdot/division/debt/strategic-projects/alternative-delivery/nhhip-seg3/rfq.html>



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# **NHHIP OVERVIEW**

# NHHIP Overview



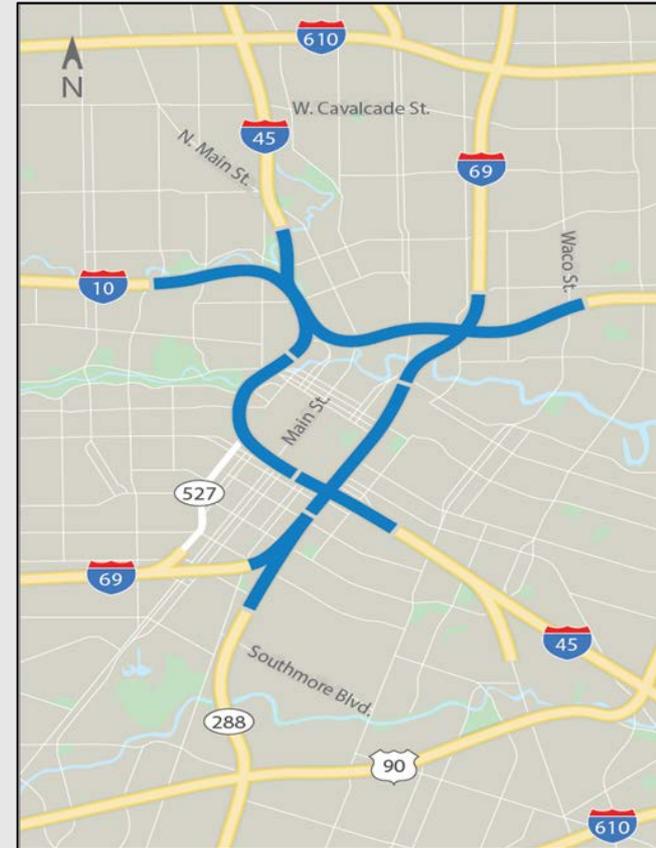
- Project is divided into 3 segments:
  - **Segment 1:** I-45 from Beltway 8 to I-610 (9 mi)
  - **Segment 2:** I-45 from I-610 to I-10 (3 mi)
  - **Segment 3:** Downtown Loop System (12.3 mi)
- Need for proposed Project:
  - Existing congestion
  - Future increases in population and employment
  - Future traffic growth
  - Outdated design elements
  - Aging infrastructure
- Purpose of proposed Project:
  - Apply current design standards to enhance safety
  - Mitigate congestion by improving mobility and operational efficiency
  - Expand transit and carpool capacity with 2-way, 24/7 operations
  - Maintain effective evacuation routes
- NHHIP has 9 of the Top 20 Most Congested Roadways in Texas



# NHHIP Overview – Segment 3 Design-Build Project



- Total length: 12.3 miles
- Estimated design-build contract value: \$3.6 billion
- Project Scope – Design, construct, and maintain Segment 3 of the NHHIP Design-Build (DB) Project in downtown Houston as shown in the schematic design, including:
  - Realigning I-45 away from the Pierce Elevated to be parallel with I-10 and I-69 from the existing I-45 interchange with I-10 to the existing I-45 interchange with I-69;
  - Constructing a downtown connector providing access between I-45/I-10 and local downtown streets;
  - Depressing and widening I-69 from the SH 288 interchange to I-10;
  - Reconstructing the I-69 interchanges with I-45 and I-10;
  - Reconstructing I-10 to add non-tolled managed lanes from west of I-45 to east of I-69 through downtown Houston;
  - Reconstructing the I-10 interchange with I-45, reconstructing the SH 288 general purpose lanes from south of I-69 to the I-45 interchange; and
  - Reconstructing the SH 288 interchange with I-69.

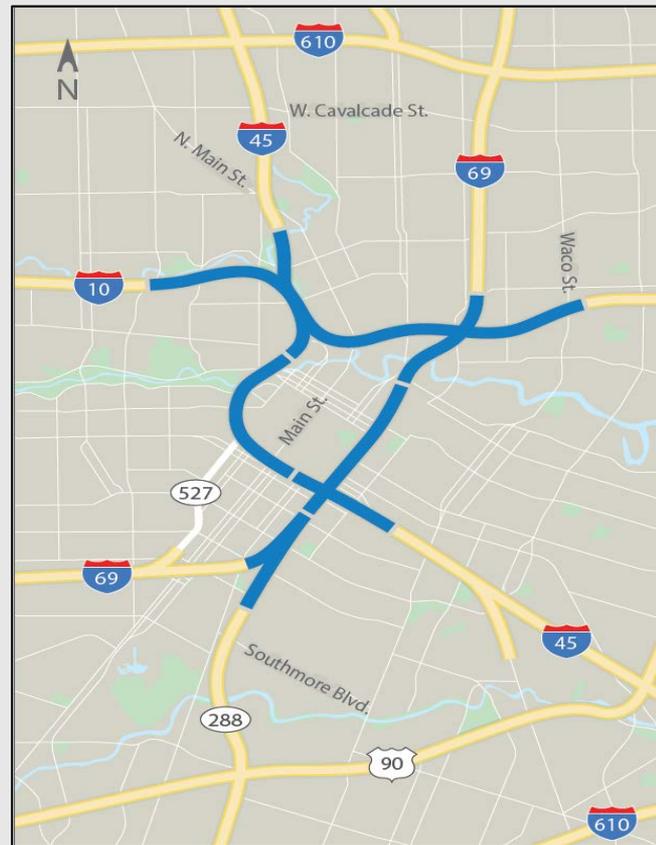


# NHHIP Overview – Segment 3 Design-Build Project Construction Costs & Funding



<b>Component A:</b>	Reconstruction of I-10; construction of I-45; reconstruction of I-10/I-69 & I-10/I-45 interchanges	<b>\$1.5 B</b>
<b>Component B:</b>	Reconstruction of I-69 to include cut and cover depressed section; construction of I-45; reconstruction of I-69/I-45 interchange	<b>\$1.1 B</b>
<b>Component C:</b>	Reconstruction of I-69 & SH 288; Reconstruction of I-69/SH 288 interchange; construction of downtown connectors; shift I-45 traffic away from Pierce Elevated	<b><u>\$400 M</u></b>
<b>Total Construction Costs (all Components)</b>		<b>= \$3.0 B</b>

- All construction limits of the NHHIP Segment 3 DB Project are identified and funded in the 2020 Unified Transportation Program



# RFQ ADDENDUM #1 CHANGES



## ■ Payment & Performance Bonds (Exhibit B, Section I)

- Qualifications Statements (QS) shall contain evidence Proposer can obtain Payment & Performance (P&P) Bonds for Component A, each in the amount of \$1.5 billion
  - Form letter located in RFQ, Exhibit E
- When requesting NTP2 for each Component, DB Contractor will be required to provide separate P&P Bonds securing the DB Contractor's obligations with respect to each Component of the Project
  - Each P&P Bond is required to be in the amount of 100% of the design-build price for construction work for the applicable Component
    - Component A estimated construction cost – \$1.5 B
    - Component B estimated construction cost – \$1.1 B
    - Component C estimated construction cost – \$400 M



## ■ Payment & Performance Bonds (continued)

- Component A Performance Bond will secure DB Contractor’s obligation to timely request NTP2 and provide P&P Bonds for Component B
  - Sureties’ liability for DB Contractor’s breach of obligations to timely request NTP2 & provide P&P Bonds for Component B is limited to \$80 million
  - Component A Performance Bond will be released after Final Acceptance of Component A and receipt of a Warranty Bond for Component A
- Component B Performance Bond will secure DB Contractor’s obligation to timely request NTP2 & provide P&P Bonds for Component C
  - Sureties’ liability for DB Contractor’s breach of obligations to timely request NTP2 & provide P&P Bonds for Component C is limited to \$25 million
  - Component B Performance Bond will be released after Final Acceptance of Component B and receipt of a Warranty Bond for Component B



## ■ DBE Information Forms (Exhibit B, Section J)

### – Form J-1

- To be completed by each Proposer Entity providing engineering or construction experience in Forms D-1 & D-2
- **Proposer Entity** – Proposer and each Equity Member, Lead Contractor, Lead Engineering Firm, and any other entity (company, joint venture, partnership or consortium) providing engineering and construction experience for the projects referenced on Forms D-1 or D-2.
  - Provide information on DBEs subcontracted within the last 3 years with a contract value between \$1 million and \$5 million
  - A total of **75** Forms J-1 prioritizing Texas-based DBE firms required from Proposer, with a minimum of five Forms J-1 required from each Proposer Entity.
  - Proposer may use out of state DBE firms to meet **75** Form J-1 requirement
  - If **75** total Forms J-1 and at least five Forms J-1 for each Proposer Entity are not submitted, Proposer's QS shall include a statement that Proposer has not worked with at least **75** total DBE firms or which Proposer Entities have not worked with at least five DBE firms



## ■ DBE Information Forms (continued)

### – Form J-2

- A Form J-2 must be submitted for each DBE firm identified in Form J-1
- Part I to be completed by each Proposer Entity providing engineering or construction experience in Forms D-1 & D-2
- Part II to be completed by the DBE entity
- TxDOT will randomly select DBE references identified in Form J-1 to send Form J-2 to for completion
- Completed Forms J-2 are due back to TxDOT via Project email address no later than July 24, 2020
- Completed Forms J-2 will be used as TxDOT deems fit to supplement evaluation of the QSs

## ■ Proposers shall be advised:

- The number of Forms J-1 received, and the number of Forms J-2 returned, or lack thereof, **will not** be considered during evaluations
- Proposers and/or DBE firms will have the opportunity to assert its basis for nondisclosure of Forms J-1 & J-2 if a disclosure request is made.



## ■ Contractor Prequalification (Exhibit C, Section D)

- Valid prequalification letter is required from each Bidding Capacity Entity (i.e. Proposer, Equity Member(s), & any Guarantor(s) indicating bidding capacity
- Prequalification letter is not required from a Bidding Capacity Entity that is:
  - Newly Formed or yet to be formed; or
  - a Guarantor that Proposer elects not to include in the determination of Proposer’s Aggregate Available Bidding Capacity



## ■ Contractor Prequalification (continued)

- TxDOT will consider Proposer’s Aggregate Available Bidding Capacity when determining financial capability
  - **Available Bidding Capacity** – Bidding Capacity Entity’s Adjusted Bidding Capacity, less the price of any uncompleted construction work and maintenance work the entity has under TxDOT contracts
  - **Aggregate Available Bidding Capacity** - the amount equal to the sum of the Available Bidding Capacity for each Proposer Bidding Capacity Entity
- If the Proposer’s Aggregate Available Bidding Capacity is **below** TxDOT’s construction estimate, TxDOT may require Proposer to submit a plan indicating how and when the Proposer will achieve an Aggregate Available Bidding Capacity in an amount equal to or greater than TxDOT’s construction estimate



## ■ Proposer Team Structure:

- The following slides provide example calculations of Proposer’s Aggregate Bidding Capacity & reduction of a Bidding Capacity Entity’s Available Bidding Capacity
- The example Proposer Team consists of three Equity Members, with one of the Equity Members requiring a Parent Guarantor for Bidding Capacity purposes in one of the three scenarios provided

Proposer Team Member	Entity’s Interest in Project
Equity Member #1	60%
Equity Member #2	20%
Equity Member #3	20%
Parent Guarantor (Equity Member #3)	



- Bidding Capacity Entity’s Available Bidding Capacity will be reduced based on the equity interest in the DB Contractor



Entity	Project Construction Cost	Entity’s Interest	Reduction of Entity’s Available Bidding Capacity	Entity’s Available Bidding Capacity	Entity’s New Available Bidding Capacity
	(A)	(B)	(A x B=C)	D	(D – C)
Equity Member #1	\$2 B	60%	\$1.2 B	\$2.5 B	\$1.3 B
Equity Member #2		20%	\$400 M	\$400 M	\$0
Equity Member #3		20%	\$400 M	\$1.0 B	\$600 M



- Negative Available Bidding Capacity reduces Aggregate Available Bidding Capacity

	Equity Member #1	Equity Member #2	Equity Member #3
Adjusted Bidding Capacity	\$3.5 B	\$750 M	\$250 M
Uncompleted work on current TxDOT Design-Bid-Build projects	\$(500) M	\$0	\$0
Uncompleted work on current TxDOT Design-Build projects	\$0	\$(250) M	\$(500) M
Available Bidding Capacity	\$3.0 B	\$500 M	\$(250) M
<b>Proposer's Aggregate Available Bidding Capacity</b>	<b>\$3.0 B + \$500 M – \$250 M = \$3.25 B</b>		



- Reduction of Bidding Capacity Entity’s Available Bidding Capacity - Negative Available Bidding Capacity reduces Aggregate Available Bidding Capacity

Entity	Project Construction Cost	Entity’s Interest	Reduction of Entity’s Available Bidding Capacity	Entity’s Available Bidding Capacity	Entity’s New Available Bidding Capacity
	(A)	(B)	(A x B=C)	D	(D – C)
Equity Member #1	\$2 B	60%	\$1.2 B	\$3.0 B	\$1.8 B
Equity Member #2		20%	\$400 M	\$500 M	\$100 M
Equity Member #3		20%	\$400 M	\$(250) M	\$(650) M



- Parent Guarantor needed to meet minimum \$2.0 B requirement

	Equity Member #1	Equity Member #2	Equity Member #3	Parent Guarantor for Equity Member #3
Adjusted Bidding Capacity	\$3.5 B	\$250 M	\$250 M	\$3 B
Uncompleted work on current TxDOT Design-Bid-Build projects	\$(500) M	\$(250) M	\$0	\$(1) B
Uncompleted work on current TxDOT Design-Build projects	\$(1.5) B	\$0	\$(250) M	\$(1) B
Available Bidding Capacity	\$1.5 B	\$0	\$0	\$1 B
<b>Proposer's Aggregate Available Bidding Capacity</b>	Without Parent Guarantor: \$1.5 B + \$0 + \$0 = \$1.5 B (Below Requirement) With Parent Guarantor: \$1.5 B + \$0 + \$1.0 B = \$2.5 B (Meets Requirement)			



- Reduction of Bidding Capacity Entity's Available Bidding Capacity - Parent Guarantor needed to meet minimum \$2.0 B requirement

Entity	Project Construction Cost	Entity's Interest	Reduction of Entity's Available Bidding Capacity	Entity's Available Bidding Capacity	Entity's New Available Bidding Capacity
	(A)	(B)	(A x B=C)	D	(D – C)
Equity Member #1	\$2 B	60%	\$1.2 B	\$1.5 B	\$300 M
Equity Member #2		20%	\$400 M	\$0	<b>\$(400) M</b>
Equity Member #3		20%	-	-	-
Equity Member #3 Parent Guarantor			\$400 M	\$1 B	\$600 M

# Design-Build Procurement Process – Qualification Statement Evaluations



- Parent Guarantor required for purposes other than for \$2.0 B Bidding Capacity (e.g. Tangible Net Worth)



	Equity Member #1	Equity Member #2	Equity Member #3	Parent Guarantor for Equity Member #3
Adjusted Bidding Capacity	\$3.5 B	\$500 M	\$250 M	\$0
Uncompleted work on current TxDOT Design-Bid-Build projects	\$(0)	\$(250) M	\$0	\$0
Uncompleted work on current TxDOT Design-Build projects	\$(1.5) B	\$0	\$0	\$0
Available Bidding Capacity	\$2 B	\$250 M	\$250 M	\$0
<b>Proposer's Aggregate Available Bidding Capacity</b>	<b>Without Parent Guarantor Bidding Capacity: \$2.0 B + \$250 M + \$250 M = \$2.5 B (Parent Guarantor not utilized for Bidding Capacity)</b>			



- Reduction of Bidding Capacity Entity's Available Bidding Capacity - Parent Guarantor required for purposes other than for \$2.0 B Bidding Capacity

Entity	Project Construction Cost	Entity's Interest	Reduction of Entity's Available Bidding Capacity	Entity's Available Bidding Capacity	Entity's New Available Bidding Capacity
	(A)	(B)	(A x B=C)	D	(D - C)
Equity Member #1	\$2 B	60%	\$1.2 B	\$2.0 B	\$800 M
Equity Member #2		20%	\$400 M	\$250 M	\$(150) M
Equity Member #3		20%	\$400 M	\$250 M	\$(150) M
Equity Member #3 Parent Guarantor			-	-	-

# Design-Build Procurement Process – NHHIP Segment 3 Procurement Timeline



Milestone	Date*
RFQ Addendum 1 Issued	April 24, 2020
RFQ Addendum 1 Questions Due	May 14, 2020
Qualification Statements Due	July 2, 2020
Record of Decision	July 2020
Shortlist	August 27, 2020
Issue Draft RFP	September 2020
Issue Final RFP	March 2021
Proposals Due	August 2021
Conditional Award	October 2021

\*Dates shown are subject to change

# Design-Build Procurement Process – Proposer Responsibilities



- Proposers are responsible for monitoring the Project Webpage for information:  
[www.txdot.gov/inside-txdot/division/debt/strategic-projects/alternative-delivery/nhhip-seg3/rfq.html](http://www.txdot.gov/inside-txdot/division/debt/strategic-projects/alternative-delivery/nhhip-seg3/rfq.html)
- TxDOT will post all addenda to the RFQ on the Project Webpage
- Proposers are advised that responses to questions posed at this workshop are considered to be on an informational basis only and are not binding on TxDOT.
- The process for official questions and answers is provided in the RFQ
  - Deadline for submitting questions is by 12:00 p.m. (Central Time) on Thursday, May 14, 2020, and will be accepted via email at:  
[TxDOT-HOU-ALTD-I45SEG3@txdot.gov](mailto:TxDOT-HOU-ALTD-I45SEG3@txdot.gov)
- TxDOT may respond to those questions that TxDOT deems to be material and not adequately addressed. TxDOT will post any such responses and addenda to this RFQ on the Project Webpage.



- Proposers are responsible for ensuring QSs are delivered by hand or courier to “TxDOT’s Authorized Representative” at the following address:

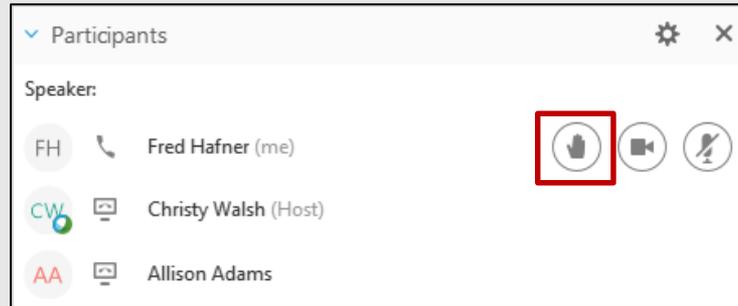
**Varuna Singh, P.E.  
Houston Deputy District Engineer  
Texas Department of Transportation  
7600 Chevy Chase Drive, Building 2, Suite 400  
Austin, Texas 78752**

- QSs will be accepted and must be received by TxDOT during normal business hours before 12:00 p.m. (Central Time) on July 2, 2020.
- QSs not received prior to such time on the QS Due Date will not be considered by TxDOT for evaluation or shortlisting.



# QUESTIONS?

- If you have a question please utilize the WebEx “Hand Raise” feature.
- Questions will be addressed in the order in which attendees raise their hand.



**THANK YOU**

# Key Milestone Dates



Milestone	Date
RFQ Addendum 1 Issued	April 24, 2020
RFQ Addendum 1 Questions Due	May 14, 2020
Qualification Statements Due	July 2, 2020
Shortlist	August 27, 2020