

# Meeting Minutes

**To:** IH 35E Stakeholders

**From:** Matt Craig, P.E., Halff Associates

**Subject:** IH 35E Stakeholder Meeting No. 7

**Meeting Date:** August 6, 2009– 2:00 PM to 4:00 PM

**Location:** Lewisville City Hall

**Minutes Date:** August 17, 2009

**Project:** IH 35E Preliminary Engineering & Environ. Assess.  
 TxDOT CSJ: 0196-03-137, etc.; Halff AVO 26211

## 1. INTRODUCTION

Bob Brown, P.E., Deputy District Engineer for the Dallas District of the Texas Department of Transportation (TxDOT) called the meeting to order. Minutes of the May 6, 2009 meeting of the IH 35E Stakeholder Work Group were distributed. No corrections were noted.

## 2. SCHEMATIC DESIGN & ENVIRONMENTAL DOCUMENTATION STATUS

Matt Craig, P.E., Halff Associates Inc., Consultant Project Manager for the IH 35E Corridor updated the group on the status of the schematics and environmental documentation. The final draft schematics were resubmitted to TxDOT DES Austin on July 29. Copies of the updated draft schematic plans were posted to the TxDOT web site [www.keepitmovingdallas.com](http://www.keepitmovingdallas.com). The 2<sup>nd</sup> draft of the Middle EA was being submitted to TxDOT ENV Austin on August 7. The current plan is to submit the South and North segment EA's to ENV Austin at the end of August.

### Attendees: 29 (Absentees are shaded)

Askari	Nasser	Texas Department of Transportation
Bacchus	Steven	City of Lewisville
Baker	Lindsey	City of Denton
Bailey	Gary	Texas Department of Transportation
Bama	Hamid	Dallas County
Barks	Berrien	North Central Texas Council of Govts
Barrera	Jorge	Wilbur Smith Associates
Berner	Earl	City of Lake Dallas
Bills	Connie	Jacobs, Inc.
Bold	Richard	Wilbur Smith Associates
Booth	Scott	Innovative Transportation Solutions
Brown	Bob	Texas Department of Transportation
Burgess, Michael C. (Attn: Janice Zimmerman)		U.S. House of Rep
Cabrales	John	City of Denton
Campbell	George	City of Denton
Coleman	Hugh	Denton Co. Commissioner
Cornyn, the Honorable John (Attn: Diana Palacios)		U. S. Senate
Craig	Matt	Halff Associates, Inc.
Davis	David	City of Farmers Branch
Diviney	Patrick	Denton Co. Transportation Authority
Escalante	Richard	The University of North Texas
Evans	Jim	The University of North Texas
Ferris	Eric	City of Lewisville
Gardiner	Chad	Halff Associates, Inc.
Gibbs	Fred	City of Corinth
Hall	Robert	Texas Department of Transportation
Hall	Stan	Texas Department of Transportation
Halstead	Jennifer	HNTB
Hammons	Tom	City of Carrollton
Hensley	David	Texas Department of Transportation
Holzwarth	Donald	Dallas County
Horn	The Honorable Mary	Denton County
Howell	Milton "Pat"	The University of North Texas
Hudspeth	John	Texas Department of Transportation
Jennings	Darin	Dannenbaum Engineering Co.
Kearbey	Raynard	University of North Texas
Kennah	Robert	URS (for DCTA)
Kerrigan	Michael	Halcrow Inc.
King	Claude	City of Lewisville
King	Dale	USACE
Kumar	T. S.	City of Lewisville
Leavitt	Michael	City of Highland Village
Lewis	Gene	City of Lewisville
Locke	Don	City of Corinth
MacAllister	Tim	USACE
MacGregor	Matt	Texas Department of Transportation
Majzoub	Dean	FHWA
Mangum	Roger	Town of Hickory Creek
Martin	Mike	City of Farmers Branch
McKeown	Chad	North Central Texas Council of Govts
Molina	Cesar	City of Carrollton
Murawski	Jerry	City of Farmers Branch
Neal	Jeff	North Central Texas Council of Govts
Neeley	Scott	Denton Co Transportation Authority
Nelson	Mark	City of Denton
Ngyen	John	TxDOT
Northup White	Cynthia	TxDOT
Olyai	Koorosh	Dallas Area Rapid Transit
Payne	Frank	City of Denton
Perge	Dan	TxDOT
Phelps	Brian	USACE
Pittman	Maurice	Texas Department of Transportation
Polster	John R.	Innovative Transportation Solutions
Reasoner	Kimberly	The University of North Texas
Rollins	Steve	Denton Co.
Saldana	Cecil	Texas Department of Transportation
Schwartz	Larry	North Texas Rail Group
St. Jacques	Kevin	Wilbur Smith Associates
Steele	Barry	Town of Hickory Creek
Thomas	Rick	Halff Associates, Inc.
Tolar	Chris	TxDOT
Trosper	Elizabeth	City of Lewisville
Ullman	Phil	HDR
Varner	Jared	DCTA
Vokoun	Bernard	City of Denton
Walters	Shane	HDR
Wilson	Anita	FHWA

### 3. OUTCOME OF STATE LEGISLATIVE SESSION

Mr. Brown provided a short recap of the three transportation bills presented during the legislative special session that concluded in July.

- HB 1 authorized the issuance of Prop 12 bonds, which will provide \$2 billion in new money. From these bonds, \$1B will go to the state infrastructure bank for the purpose of making loans to public entities; provided that money may not be used for converting a nontolled road or highway to a tolled road or highway. The remaining \$1B will go to TxDOT for non tolled projects. Out of TxDOT's \$1B, 40% will be assigned to metropolitan areas; of which 36% will go to the DFW area.
- A bill was passed that extended TxDOT's right to exist as a state agency, and the Texas Sunset Act will be revisited in two years during the 2011 legislative session.
- A bill allowing for TxDOT to procure comprehensive development agreements (CDA) for the construction of roadway projects did not pass. At this time, TxDOT does not have authority to issue any new CDA projects.

### 4. OPTIONS FOR PROJECT FINANCING

Mr. Brown informed the group that TxDOT's current priority regarding the IH 35E project is to obtain NEPA clearance and begin the ROW acquisition process in priority areas. Mr. Brown also provided an overview of the possible financing options for the IH 35E Corridor.

- Option 1 – Use the traditional “pay as you go” method.
  - Need to select priority segment to begin construction.
  - Allocate the \$535M in RTR funding to ROW acquisition and construction.
  - Develop priority segments and utilize either design-build (DB) or design-bid-build (DBB) for the design and construction process.
  - The remaining segments of the IH 35E Corridor would be constructed when congress and the legislature provide new revenue sources.
- Option 2 – Request legislature for concession CDA authority.
  - Need to develop a Corridor Delegation that would educate state elected officials on the need for the IH 35E project.
  - ROW acquisition of priority areas would begin in 2010.
  - If the legislature provided CDA authority to TxDOT, a procurement and award could take place in the 2011 to 2012 timeframe.
- Option 3 – Request legislature for design-build-finance-operate (DBFO) authority.
  - This option allows a contractor to earn payments during construction. The contractor receives an annual payment based on road availability and performance measures.
  - With this option, the revenue risk is retained by TxDOT and the Region.
  - ROW acquisition of priority areas would begin in 2010.
  - If the legislature provided DBFO authority to TxDOT, a procurement and award could take place in the 2011 to 2012 timeframe.
    - The Middle segment would be the priority and TxDOT would continue to evaluate options in the South segment.
    - TxDOT would pursue cost saving/revenue enhance measures.

- TxDOT would pursue an interim managed lanes system to provide for a revenue backstop.
- Option 4 – Use pass-through finance authority.
  - TxDOT currently has the authority to use private pass-through finance agreements. This mechanism would be similar to a DBFO-Availability payment contract.
  - TxDOT would pay the developer upfront with the RTR \$535M and pay the remaining contract out over a 15-20 year period with the managed lane toll revenue.
  - The District has requested that TxDOT’s legal council look into this option for the IH 35E project.

## 5. CONSTRUCTION FINANCING & PHASING PLAN

Mr. Brown stated that the “North Early Project” from LP 288 to IH 35W, “Beltline Road Project”, and possibly the UNT Pedestrian Overpass Bridge would need to be developed as early construction projects separate from the remainder of the Corridor. Matt MacGregor, P.E. with TxDOT – Dallas District then updated the group on the Corridor financial model assumptions, results, and possible cost savings/revenue enhancement measures.

The assumptions for the IH 35E Corridor model include the following elements:

- Capital Costs:
  - The project assumes that the main lanes and frontage roads have been removed and replaced.
  - The initial ROW acquisition cost has been reduced to a total of \$652M.
  - Engineering costs are assumed as a % of the construction costs and include 6% for design, 4% for construction QA/QC, and 2.5% for independent engineering.
  - Design contingencies are set at 15% above construction unit rates.
  - An additional 20% risk adjustment has been included to convert the costs from a traditional DBB analysis to a DBFO (concession) analysis.
- Operating Costs (maintenance costs are based on TxDOT CDA standards which are higher than the base TxDOT standards):
  - Routine maintenance costs are included for the entire ROW to ROW footprint.
  - Lifecycle maintenance costs are included for the entire ROW to ROW footprint.
  - Toll collection costs are based on IH 635 TSA with NTTA.
- Level II Traffic and Revenue model:
  - The T&R model utilizes the RTC managed lane policy.
  - Managed lane access is based on the schematic.
  - The traffic projections are based on NCTCOG population forecasts based on TSDC 0.5 Migration Scenario through 2030.
  - A modified demographic scenario was also developed. This modified scenario adjusted NCTCOG forecasts upwards by 4.0% in 2015 and 16% in 2030.
  - The scenario for the Concession CDA Analysis – “Modified” Alternative includes:
    - 330 revenue days per year,

# Meeting Minutes

- Traffic growth beyond 2030 at 3.0% and reducing by 0.5% every 5 years with a baseline growth of 1.0%.

The updated total project costs including the DB risk factor come to \$4,326M (\$3,674M for construction and \$652M for ROW) for the entire Corridor. Based on the large funding gap for the entire Corridor, TxDOT developed a proposed “Base Case” for a Concession CDA. A Level II T&R model was developed to analyze the “Base Case”, which includes:

- Construction of the “North Early Project” (construction funded by future source when available).
- North Interim Widening project from LP 288 to FM 2181 (by 2017).
- Full build out of the Middle Segment (by 2017).
- Full build out of the South Segment (by 2017).
- Toll collection, O&M, and Lifecycle costs (not included with the capitol cost estimates above).

For the analysis of the Base Case, a “low” and “high” option was analyzed for the South and Middle segments. The low option assumes that traffic volumes are constrained because improvements to the adjacent segment have not been constructed. The high option assumes that improvements to the adjacent segment have been constructed. The results of the Base Case T&R model show a project subsidy of \$1.81B. After the RTR money is included, this leaves a funding gap of \$1.26B.

Mr. MacGregor informed the group that a Cost Savings and Revenue Enhancement Workshop was held at the District on July 1<sup>st</sup> and 2<sup>nd</sup>. Corridor Stakeholders were invited to the workshop and representatives from Lewisville and Farmers Branch attended. The intent of this meeting was to brainstorm any idea that could reduce cost or enhance revenue for the IH 35E Corridor. The two weeks following the workshop were utilized to develop preliminary cost estimates, layouts, and details. Each idea was also rated as having a (+) positive impact/risk, (o) no impact/risk, or (-) negative impact/risk. The ratings were broken down into the following criteria:

- What is its functionality Impact?
- Does it violate design criteria?
- Does it pose a NEPA risk?
- Does it pose a policy risk to TxDOT and the Corridor Stakeholders?

Mr. MacGregor displayed multiple exhibits to the group that depicted 37 ideas analyzed by the Workshop group. He informed the meeting that the Stakeholder presentation would be placed on [www.keepitmovingdallas.com](http://www.keepitmovingdallas.com) for download and review. Mr. MacGregor reiterated that TxDOT is not currently advocating or pushing these ideas onto the project. A follow up meeting will be held on August 19<sup>th</sup> with the Stakeholders. This meeting will allow the Stakeholders the opportunity to provide feedback to TxDOT on which ideas are acceptable (or not acceptable) for the project.

## 6. NEED TO DEVELOP CORRIDOR CHAMPION AND DELEGATION

Bob Brown stated that in the 2006 FY, TxDOT's construction budget was \$5B. The projected 2010 FY budget is less than \$1.5B. TxDOT plans to inform the local elected officials on the financial constraints impacting the IH 35E Corridor. The local elected officials can leverage legislators to find additional funding sources or funding options to construct the project.

In addition to developing a Corridor Delegation, Mr. Brown is optimistic that a combination of the cost reduction/ revenue enhancement ideas developed during the July Workshop could reduce the \$1.26B funding gap for a concession project. Mr. Brown provided the following combination of ideas as an example of how the project could become revenue neutral.

- Utilize perpetual pavement instead of concrete pavement.
- Reduce the roadway pavement section PVR.
- TxDOT takes over the O&M and Lifecycle costs for the project.
- Reduce project contingencies by 5%.
- Toll the proposed direct connecting ramps at SH 121 that currently do not exist.
- Defer the operation of the fourth general purpose lane to a later date.

TxDOT Commissioners plan to meet with state legislators in coming months to discuss funding options and future funding sources.

**Question:** Do the south revenue and construction cost numbers shown on the slide include the cost reduction measures?

**Answer:** No, the numbers shown are for the full build out as shown on the schematic.

**Question:** How can TxDOT toll the managed lanes without a CDA?

**Answer:** TxDOT has the authority to toll new lanes. TxDOT can also issue toll bonds.

However, TxDOT can not use the private concession revenue model because TxDOT can not assume the risk that a private developer can.

**Question:** What are the impacts of reducing the PVR and utilizing perpetual pavement?

**Answer:** The main impact is that it requires more maintenance, which would most likely be done at night.

**Question:** If you start the project using asphalt pavement, could there be a trigger to switch to concrete?

**Answer:** If the project starts with asphalt, then it would most likely stay with asphalt pavement.

## 7. NEXT STEPS

Mr. Brown closed the meeting by stating the next steps:

- Continue the NEPA Process
  - EA approvals

- Hold Public Hearings
- Work towards obtaining a FONSI in late 2009/early 2010
- Continue the Project Development
  - Begin PS&E for early segments (need RTR funding approval)
  - Finalize the ROW mapping
  - Identify existing utilities
  - Perform remaining geotechnical investigation
  - Obtain USACE permits
- Corridor Stakeholder Discussions
  - Develop consensus on financing and project delivery
  - Suggest Stakeholder discussions with State elected officials
- TxDOT to follow Stakeholder Direction
  - Cost savings and revenue enhancement measures
  - Exploration of interim managed lanes concepts
  - Continued due diligence on financing

## **8. STAKEHOLDER OUTREACH / OTHER ISSUES**

A City/Stakeholder workshop meeting will be held on August 19, 2009 at Lewisville City Hall. The next Stakeholder Work Group Meeting is tentatively scheduled for October 7, 2009. The schematics and meeting information are posted at [www.keepitmovingdallas.com](http://www.keepitmovingdallas.com).

### **Materials Distributed at the Meeting:**

- IH 35E Stakeholder Meeting No. 7 Agenda & Meeting No. 6 Minutes.

This concludes the Meeting Minutes. Our goal is to provide a complete and accurate summary of the proceedings of the subject meeting in these minutes. If you feel that any of the items listed above are not correct, or that any information is missing or incomplete, please contact Halff Associates so that the matter can be resolved, and a correction issued if necessary. These minutes will be assumed to be correct and accepted if we do not hear from you within ten (10) calendar days from your receipt.