

# I-35E Projects



**I-35E Phase 2 Project: I-35E from I-635 to the Denton County Line in Dallas County**

**I-35E Breakout Project #1: I-35E at Corporate Drive and Business SH 121 in Denton County**

**I-35E Breakout Project #2: I-35E at FM 1171/Main Street in Denton County  
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**Virtual Financial Public Hearing Script**

## **SLIDE 1 – Welcome Slide**

The Texas Department of Transportation, or TxDOT, welcomes you to the virtual financial public hearing on July 29, 2021 for the Interstate Highway 35 East, or I-35E, Phase 2 Project, I-35E Breakout Project #1, and the I-35E Breakout Project #2. We appreciate your interest in the projects and thank each of you for your participation.

Please note, for the virtual public hearing you can pause this presentation at any point to allow more time to view the slides or view other documents on the website.

## **SLIDE 2 – TxDOT Introduction (VIDEO)**

[Text from video follows:]

“Howdy, I’m John Hudspeth, Director of Transportation Planning and Development for the TxDOT Dallas District. Thank you for joining us for as we conduct this virtual public event. Understanding how our projects impact communities is important to TxDOT.

The following presentation will provide instruction on how you can connect with us and provide vital input about this project. We will continue to work closely with stakeholders, communities, and the public as we move forward. Thank you for your time and interest in improving our transportation system, and we look forward to receiving your comments.”

## **SLIDE 3 – Virtual Financial Public Hearing Purpose**

Before TxDOT may enter into a design-build contract for construction of the I-35E Phase 2 Project, or design bid build contracts for the construction of the breakout projects, the department is required to hold a public hearing concerning the disclosure of financial information published pursuant to Transportation Code, Chapter 371, subchapter D.

The purpose of this virtual financial public hearing is to disclose and provide an opportunity for public comment on the financial information for the projects. A notice of this hearing has been published in various newspapers, and all project information can be found on the project website at [www.keepitmovingdallas.com/i35ePhase2](http://www.keepitmovingdallas.com/i35ePhase2).



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This virtual financial public hearing will provide a record of public participation. A written summary and analysis, including responses to comments, will be posted and available for viewing on TxDOT's website once it has been prepared.

The public involvement process you typically see related to advanced project development and environmental clearance is a separate process providing different information from what will be presented here. Environmental clearance for these projects has already been received, and the history of these projects will be discussed in the following slides.

#### **SLIDE 4 – How to Submit Your Comments**

Comments will be accepted in several ways. You may fill out an online comment form, submit a written comment via email to [Ashton.Strong@txdot.gov](mailto:Ashton.Strong@txdot.gov), or via US mail to the TxDOT Dallas District Office, Attention Ashton Strong, P.E., at 4777 East US Highway 80, Mesquite, TX 75150, or leave a verbal comment via voicemail at (833) 933-0431.

Comments must be received or postmarked by Friday, August 13, 2021. Comments received by August 13<sup>th</sup> will be addressed in a summary report and posted to the project website.

Questions on these projects may be directed to the TxDOT Project Manager, Ashton Strong, P.E. at [Ashton.Strong@txdot.gov](mailto:Ashton.Strong@txdot.gov).

#### **SLIDE 5 – I-35E Phase 2 Project Overview**

The design-build contract for the I-35E Phase 2 Project includes the development, design and construction of a 6.4-mile section of I-35E from I-635 to the Denton County line, in Dallas County, Texas.

TxDOT may exercise its sole option to require the design-build contractor to provide capital maintenance services for the project for up to three consecutive five-year terms. TxDOT owns and will continue to own the project.



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#### **SLIDE 6 – I-35E Phase 2 Project Overview – Existing Roadway**

The typical section on the screen is representative of the existing I-35E roadway configuration between I-635 and the Denton County line. This does not necessarily apply to all sections of the project.

The existing roadway includes six mainlanes and two reversible tolled managed lanes for a total of eight lanes. The existing roadway also has discontinuous frontage roads.

#### **SLIDE 7 – I-35E Phase 2 Project Overview – Proposed Roadway**

The typical section on this screen is representative of the proposed I-35E roadway configuration. This is intended to represent what the roadway will look like after the project is constructed. This does not necessarily apply to all sections of the project.

The project includes the reconstruction and widening of I-35E from six to eight mainlanes and the reconstruction of the two existing, grandfathered reversible tolled managed lanes for a total of 10 lanes, construction of continuous frontage roads, and improvements to numerous intersections.

The department has agreed to “grandfather” and permit the reconstruction of the existing two tolled managed lanes as part of the project scope.

#### **SLIDE 8 – I-35E Breakout Projects #1 and #2 Overviews**

The design bid build contract for the I-35E Breakout Project #1 includes improvements to I-35E from Corporate Drive to Business State Highway 121, or SH 121, in Denton County, Texas.

The design bid build contract for the I-35E Breakout Project #2 includes improvements to I-35E at Farm-to-Market Road 1171, or FM 1171, and Main Street in Denton County, Texas.

#### **SLIDE 9 – I-35E Breakout Project #1 Overview – Proposed Roadway**

The I-35E Breakout Project #1 includes the reconstruction of I-35E from Corporate Drive to Business SH 121. The project also includes reconstruction of the Corporate Drive and Business SH 121 interchanges, I-35E mainlanes, existing tolled managed lanes, and frontage roads.



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#### **SLIDE 10 – I-35E Breakout Project #2 Overview – Proposed Roadway**

The I-35E Breakout Project #2 includes the reconstruction of I-35E at FM 1171/Main Street, in addition to the reconstruction of the FM 1171/Main Street interchange, I-35E mainlanes, existing tolled managed lanes, and frontage roads.

#### **SLIDE 11 – I-35E Project History**

In 1998, TxDOT began a comprehensive review and planning study of the I-35E corridor in Dallas and Denton Counties. In 2011 and 2012, TxDOT received environmental clearance for the \$4.8 billion infrastructure project through a FHWA Finding of No Significant Impact, or FONSI. Between 2013 and 2018, the I-35E Phase 1 Project was constructed and included two-lane reversible tolled managed lanes, mainlane, frontage road and interchange improvements, and additional general purpose lane capacity in Denton County. In 2020 and 2021, TxDOT initiated an environmental Reevaluation of the I-35E Phase 2 Project in Dallas County and environmental reevaluations of the I-35E breakout projects in Denton County due to the passage of time. All reevaluation documents received approval, affirming that the 2011 FONSI remained valid.

#### **SLIDE 12 – I-35E Phase 2 Project Procurement History**

The proposal process for the I-35E Phase 2 Project began over a year ago in May of 2020 when TxDOT issued a request for qualifications, or RFQ, for the project. TxDOT received qualifications statements and on July 2, 2020, TxDOT short-listed three teams to develop detailed proposals for the project. TxDOT issued the request for proposals, or RFP, to these teams in October of 2020 and received technical and financial proposals from the teams in April of this year.

The best value proposer will be announced by the Texas Transportation Commission and TxDOT will enter negotiations with them. The proposed project duration is approximately four years from contract execution. As previously mentioned, their proposal also included an optional Capital Maintenance Contract. TxDOT may exercise its sole option to require the design-build contractor to provide capital maintenance services for the I-35E Phase 2 Project for up to three consecutive five-year terms. TxDOT owns and will continue to own the project.



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#### **SLIDE 13 – I-35E Phase 2 Project Financing**

TxDOT intends to fully fund the I-35E Phase 2 Project with federal and state funding sources, and here are some examples of the funding categories.

TxDOT has not issued or assumed any project debt to acquire right-of-way, design, construct, operate, and maintain the project.

There will be no concession payments, and TxDOT will collect tolls on the I-35E Phase 2 Project based on the most current Regional Transportation Council policy, even though there is no debt to repay.

#### **SLIDE 14 – I-35E Breakout Projects #1 and #2 Financing**

TxDOT intends to fully fund the I-35E breakout projects with federal and state funding sources, and anticipated funding sources include, but are not limited to, Category 2 funds for metropolitan and urban area corridor projects.

TxDOT has not issued or assumed any project debt to acquire right-of-way, design, construct, operate, and maintain the projects.

There will be no concession payments, and TxDOT will collect tolls on the I-35E breakout projects based on the most current Regional Transportation Council policy, even though there is no debt to repay.

#### **SLIDE 15 – Regional Transportation Council (RTC) – Tolled Managed Lane Policies**

The Regional Transportation Council, or RTC, of the North Central Texas Council of Governments, or NCTCOG, has provided the policy to be used for operations of managed lanes in this region. TxDOT has adopted these policies and will implement them throughout the I-35E Projects.

Dynamic pricing is being and will continue to be applied on the tolled managed lanes of the I-35E projects, and market-based toll rates will be based on user demand. High demand time periods will have higher toll rates and low demand time periods will have lower toll rates. Single occupant vehicles will pay the full rate. Trucks will be allowed to use the managed lanes and will pay a higher rate. High-occupancy vehicles, or HOVs, and publicly-operated vanpools will pay the full rate in the off-peak



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period. HOVs will receive a 50 percent discount during the peak period. Eligible HOVs must pre-register as part of the HOV pre-declaration process. RTC-sponsored public vanpools are permitted to add peak-period tolls as eligible expenses. This discount will phase out after the Air Quality Attainment Maintenance Period. Transit vehicles will not be tolled.

The toll rate will be established to maintain a minimum 50 mph average managed lane speed.

#### **SLIDE 16 – Estimated Toll Rates**

Pursuant to the tolled managed lanes policies established by the RTC of the NCTCOG, the initial toll rate cap of \$0.75 per mile in 2010 dollars was established and has been escalated annually. The escalated 2021 toll rate cap is \$0.93 per mile and the toll rate cap will be considered “soft” during times of deteriorating performance, when a controlled rate increase above the toll rate cap will be temporarily allowed. Additionally, the toll rate cap shall escalate annually in accordance with the Consumer Price Index for All Urban Consumers, or CPI-U, released every January.

Based on demand projections and subject to Commission adoption, the estimated cost to travel in tolls per mile in today’s dollars (which are unadjusted for future inflation) are expected to range from \$0.19 to \$0.93 in 2021. In the year 2041, the range is \$0.33 to \$1.46 per mile. These ranges reflect the need to manage the speed of the managed lanes at all times of the day.

Although there is no debt to repay for the projects, tolls will be collected on the projects based on the current RTC policy.

#### **SLIDE 17 – I-35E Phase 2 Contractual Provisions**

TxDOT has the right to build any facilities at any time. There are no terms in the design-build contract for the I-35E Phase 2 Project related to competing facilities and there are no penalties associated with their construction.

Pursuant to the contract that TxDOT will be negotiating with the design-build contractor, TxDOT has the right to terminate the design-build contract at any time without cause. However, if we decide to do that, TxDOT must pay the design-build contractor a negotiated settlement amount for any design and



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construction work already performed under the design-build contract and the costs of terminating subcontracts.

#### **SLIDE 18 – Project Timelines**

The next steps for the I-35E Phase 2 Project include completing the negotiation and finalizing the contract with a design-build contractor. The contract documents will then be sent to the Federal Highway Administration for review.

We expect construction for this project to begin late this year, and for the project to be substantially complete by early 2026.

The contract information developed concerning this project is available upon request for public inspection and copying at the TxDOT Dallas District Office and on the I-35E Phase 2 Project website listed on the slide.

The next steps for the I-35E Breakout Project #1 include completing plan development and letting the project for construction in early 2025. We expect construction for this project to begin in early 2025, and for the project to be substantially complete by early 2028.

The next steps for the I-35E Breakout Project #2 include completing plan development and letting the project for construction in early 2023. We expect construction for this project to begin in early 2023, and for the project to be substantially complete by fall 2025.

#### **SLIDE 19 – How to Submit Your Comments**

As mentioned earlier, comments will be accepted in four ways, which are outlined here.

All statements, comments and questions will be given careful consideration. As a reminder, all comments must be received or postmarked by Friday, August 13, 2021 to be included in the official public hearing documentation.

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### **SLIDE 20 – “Thank You”**

We sincerely appreciate your participation and interest concerning the I-35E Projects. Your questions, comments, and concerns will receive careful consideration.

This concludes the presentation. Thank you.