



TESTIMONY

Interim Hearing on Implementation of the Trans-Texas Corridor

**Testimony Before the
Texas Senate Committee on Infrastructure Development and Security**

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May 4, 2004**

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Trans-Texas Corridor

Introduction

The Trans-Texas Corridor, as planned, is an estimated 4,000-mile network of corridors up to 1,200 feet wide with separate lanes for passenger vehicles and trucks. The corridor, as envisioned, also will have the ability to include high-speed passenger rail between cities, high-speed freight rail lines, conventional commuter and freight rail lines, and a dedicated utility zone.

The Texas Department of Transportation (TxDOT) has been asked to provide the committee with a report of the department's work on projects comprising elements of the Trans-Texas Corridor (Charge #4). The following testimony begins with a detailed analysis of Comprehensive Development Agreements (CDAs) which are the primary tool contemplated for the development of Trans-Texas Corridor facilities.

Comprehensive Development Agreements

HB 3588 authorizes the use of Comprehensive Development Agreements (CDA) that, at a minimum, provide for the design and construction of a turnpike project or a facility that is part of the Trans-Texas Corridor; and that have the ability to also provide for the financing, acquisition, maintenance, or operation of turnpikes or Trans-Texas Corridor facilities .

The commission adopted rules detailing the process that is undertaken to solicit, evaluate and implement a CDA at its August 2003 meeting. The following are the steps involved in the CDA procurement process when proposals are solicited by the department.

First, a transportation need is identified. The department will develop a concept for private participation in a project that addresses this need, and solicit participation in accordance with the following procedures.

The department will issue a Request for Qualifications (RFQ). A RFQ is a request for submission by a private entity of a description of that entity's experience, technical competence, and capability to complete a proposed project. The RFQ will set forth the basic criteria for professional expertise, financial capability, and end-product expectations. The RFQ will request conceptual approaches to bring the project to fruition. The RFQ will include the criteria used to evaluate submissions.

Next, the department will evaluate the submissions received and will identify those entities that will be considered qualified to submit detailed proposals. In evaluating the submissions, the

department will consider each entity's financial condition, management stability, technological capability, experience, staffing, organizational structure, project commitment, and such other qualities that the department considers relevant to the successful completion of the project. The department will advise each entity that provided a submission whether it is on the short-list of qualified entities.

The department will then issue a Request for Detailed Proposals (RFDP) from all private entities qualified for the short-list, consisting of the submission of detailed documentation regarding the project. The RFDP may require the submission of additional information relating to the proposers' qualifications and technical competence; detailed engineering or architectural designs; a detailed financial plan, including costing methodology; and any other information the department considers necessary. The time frame by which proposers are required to respond will vary depending on the scope and complexity of the project.

Detailed proposals are evaluated by the department using the specific evaluation criteria that are set forth in the RFDP. Generally, the department will evaluate proposals based on, among other considerations, their feasibility (including the reasonableness of the financial plan), realistic time frame, compatibility with other planned or existing transportation facilities, cost and pricing, toll rates and projected usage, and environmental impacts.

Based on the evaluation, the department will rank all proposals that are complete and responsive to the RFDP, and may select the private entity whose proposal offers the best value. The department would then finalize a comprehensive development agreement with that entity.

The process, as it applies to unsolicited proposals, begins with department review of the unsolicited proposal and obtaining any necessary clarification of the proposal. If a determination is made to further evaluate an unsolicited proposal, the department will issue a Request for Competing Proposals and Qualifications, and issue a Request for Detailed Proposals from a short-list of proposers that is determined after evaluation of the original unsolicited proposal and any competing proposals and qualifications submittals.

The process for determining a short-list, requesting and evaluating detailed proposals, and selecting the proposal providing the best value is the same as in the case of solicited proposals.

During the procurement process for selecting a private entity to participate in a project, the department will be studying various aspects of the project's feasibility. All applicable state and federal environmental approvals must be obtained before the private developer may start construction of a project.

Trans-Texas Corridor Facilities

HB 3588 provided the Texas Transportation Commission and TxDOT with the tools necessary to implement the Trans-Texas Corridor. The commission will continue to propose rules, take public comments, and adopt final rules with respect to the Trans-Texas Corridor this year.

The department anticipates that the commission will propose rules this summer governing the acquisition of real property for the Trans-Texas Corridor. The rules should closely track the current process for acquiring rights of way for highways generally, with modifications that employ the unique acquisition tools made available under HB 3588.

HB 3588 authorizes the department to incorporate a utilities component and to develop ancillary facilities that may generate revenue for the development of Trans-Texas Corridor facilities. In order to take advantage of this opportunity, the commission will revise its rules governing the use of certain rights of way.

The commission's authority to charge utilities for the use of corridor property is a substantial change to the way TxDOT works with utilities. It is therefore necessary for the commission to revise its rules governing the relocation of utilities to accommodate certain construction projects related to the Trans-Texas Corridor.

Sources of Funding

There are numerous limitations on the department's financial participation in activities associated with the development of Trans-Texas Corridor facilities. The department may not annually expend out of the state highway fund more than an amount equivalent to 20 percent of the obligation authority under the federal-aid highway program distributed to Texas in that year for the purposes of acquiring rights of way, initial construction of toll and non-toll highways, and grading and bed preparation for non-highway facilities. This limitation does not apply to money spent for preliminary engineering, studies, operation and maintenance of facilities, or to expenditures of bond proceeds and revenue collected from the Corridor.

Each fiscal year the department may expend not more than \$25 million for the construction or purchase of non-highway facilities on the corridor. This limitation does not apply to money spent for preliminary engineering, studies, operation, and maintenance or to expenditures of bond proceeds and revenue collected from the Corridor. This limitation also does not apply to certain federal funds received by the department.

Other sources of funding include revenue bonds, the Texas Mobility Fund, and the potential participation of Regional Mobility Authorities. HB 3588 authorized TxDOT (with voter approval of Proposition 14) to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. These bond proceeds may not be used for projects on the Trans Texas Corridor.

Impact on Transportation

The Trans-Texas Corridor will allow for faster and safer transportation of people and freight. It will improve safety by separating passenger vehicles from trucks. Both vehicle types will have exclusive lanes. The Corridor will improve mobility and reduce congestion by giving trucks and automobiles that are trying to get through urban areas alternative routes. It will also improve air quality in congested areas by moving through-traffic to alternative routes that allow more efficient movement.

The Corridor will move hazardous materials that are currently transported on highways and railroads through urban areas to less populous areas, reducing potential exposure of millions of people. It will keep the Texas economy vibrant by facilitating the creation of new markets and jobs, and maximize the efficient flow of trade.

How Will Trans-Texas Corridor Projects Proceed?

The Trans-Texas Corridor will be financed through a variety of means including revenue bonds, toll equity, the Texas Mobility Fund, private sector funding and local contributions. Those who wish to participate in Corridor projects may respond to a department solicitation as described above for CDAs. Or they may identify a transportation need on their own and bring an idea for addressing this need to the commission.

Four routes were identified in the department's original action plan as priority segments of the Trans-Texas Corridor. These corridors generally parallel 1) I-35 from Denison to the Rio Grande Valley, 2) the proposed I-69 from Texarkana to Houston to Laredo / Lower Rio Grande Valley, 3) I-45 from Dallas-Fort Worth to Houston, and 4) I-10 from El Paso to Orange.

As a follow-up, the department conducted public meetings in all 254 counties in the state in order to receive the comments of the public concerning the Trans-Texas Corridor. Department staff outlined the general purpose of the Corridor, how it will work, and obtained public input for proposed segments of the Corridor. These meetings were not to apprise local residents of specific routes or alignments; rather the objective was to receive input from the public on the concept of the Corridor in general.

The factors considered in identifying the priority corridor segments include: congestion relief for metropolitan areas, existing hazardous material routes, most efficient movement of people and goods, and opportunities for economic development.

The department received an unsolicited proposal from the Fluor Group in late 2002 to develop a facility constituting the I-35 priority segment of the Trans-Texas Corridor.

In July 2003, the department issued a Request for Competing Proposals and Qualifications for the project. The department is conducting ongoing one-on-one meetings with the “shortlisted” proposers which include the Fluor Group; Trans Texas Express, LLC; and Cintra, Concesiones de Infraestructuras de Transporte, S.A.

The department recently issued a Request for Detailed Proposals. Based on this schedule, the department could complete its review of the proposals and negotiate an agreement by the first of next year.

Once a contract is executed, the design and construction of each facility that is part of the project would begin in accordance with the Master Development Plan and the Master Financial Plan developed by the private entity in consultation with the department and approved by the department.

Environmental Review and Public Involvement for Trans-Texas Corridor Projects

The commission adopted rules outlining the environmental process for the Trans-Texas Corridor. The rules provide that TxDOT will apply its environmental review and public involvement rules to Trans-Texas Corridor facilities, to the extent and in the manner those rules are used for highway construction projects. The rules ensure that all laws governing the design, construction, maintenance, or operation of a highway in the state highway system apply to the design, construction, maintenance, or operation of a corridor facility.

I-69

I-69 will stretch from Mexico to Canada. Of its 1600 miles, 1000 miles of this transportation corridor will run through Texas. Its location, designated by Congress, was chosen because of the unique economic opportunities that could be created along the corridor, specifically, opportunities related to the North American Free Trade Agreement. In Texas, I-69 is planned for incorporation into the Trans-Texas Corridor. As part of this multi-use statewide system, the proposed I-69/Trans-Texas Corridor element will include highways, rail and a utility zone.

Projects on the scale of I-69 take many years to complete, involve many different stakeholders, and cost billions of dollars. Therefore, ensuring that the process is both efficient and effective is particularly important. The Federal Highway Administration, partnering with the Environmental Protection Agency and TxDOT, is committed to using environmental streamlining to ensure the timely delivery of this project while protecting and enhancing the environment. A two tier process has been developed to perform the necessary environmental studies.

Through the Tier I EIS process, various corridor location alternatives will be evaluated along with a “no action alternative,” and a preferred alternative will be selected. Corridor location alternatives to be evaluated in the Tier I EIS are anticipated to range in width from 1-2 miles (or less) up to 10 miles, depending upon site specific conditions. Analysis of specific route alternatives will occur during the second phase of environmental review (Tier II). The Tier II process will begin upon completion and approval of the Tier I EIS. Approval of the Tier I EIS will not authorize construction of any portion of the proposed facility.

Tier I of the environmental study began earlier this year with similar meetings between various state and federal resource and environmental agencies, Federal Highway Administration and TxDOT. Completion of phase one is expected in 2006. Public comments will be part of the environmental study for phase one, which will focus on narrowing the 20-50 mile wide study area to a preferred corridor approximately 1/2 to 4 miles wide. A “no-action alternative” will also be considered.

Public meetings have been held on the project. The purpose of these public meetings was to introduce the proposal, describe the transportation modes that will be included, explain the environmental process, and solicit comments from local residents regarding the project’s scope or other project-related issues. Staff members from the department, the Federal Highway Administration, and the consultant team were available to answer general questions. No preferred corridor or specific alignments have been determined, nor were any presented at the public meetings.

TTC-35

TTC-35 is a temporary designation for the element of the Trans-Texas Corridor system that would extend from Oklahoma to the Mexican border/Gulf Coast. The department is currently holding public meetings on the I-35 component of the Corridor. The purpose of the meetings is to receive public input and comments to aid in the preparation of a Tier I Environmental Impact Statement (EIS) for the proposed TTC-35 element. TTC-35 will employ the same environmental streamlining procedures developed for I-69.

Conclusion

The Texas Department of Transportation and the Texas Transportation Commission appreciate the opportunity to address these issues before the committee. For more information and to view copies of proposed rules and recently adopted rules, please refer to the TxDOT web site at this location: <http://www.dot.state.tx.us/ogc/rules.htm> .

For all other rules that have been adopted refer to the Texas Secretary of State web site at this location: <http://www.sos.state.tx.us/tac/index.html> .