



Texas Department of Transportation

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August 3, 2006

RECEIVED ON

AUG - 4 2006

TEXAS DIVISION
FHWA

Mr. Achille Alonzi
Acting Division Administrator
Federal Highway Administration
Austin, Texas 78701

RE: US 290 East Toll Project – SEP 15 Application

Dear Mr. Alonzi:

This letter is submitted to gain approval of the attached SEP-15 Work Plan developed by the Central Texas Regional Mobility Authority (CTRMA) as a partner with the Texas Department of Transportation (TxDOT) on the US 290E Toll Project (Project).

The CTRMA plans to enter into a Comprehensive Development Agreement (CDA) with a developer to upgrade US 290E in Travis County between US 183 to east of SH 130 from a four-lane divided highway to a tolled freeway facility with non-tolled frontage roads. The potential scope of work under the CDA will include design, construction, and possibly financing of the project. The estimated cost of the project exceeds \$50 million, which falls within the definition of a qualified design-build project set forth in the Federal Highway Administration's (FHWA) design-build rule.

Due to the project's high priority and regional importance as a connection between SH 130 and I-35, the proposed CDA procurement schedule includes the release of the Request for Detailed Proposals (RFDP) in early August 2006. This would occur prior to environmental clearance (targeted for April 2007). Although this action is allowed under SAFETEA-LU, we are submitting this SEP-15 application for early release of the RFDP under your current process, since the federal regulations have not yet been codified.

The approach to accomplishing the procurement while keeping the full intent of the National Environmental Policy Act (NEPA) process is detailed in the attached Work Plan. It is believed the Work Plan outlined will enable us to meet an accelerated schedule in which the CTRMA would award the CDA in early 2007 and start construction shortly after environmental approval is received.

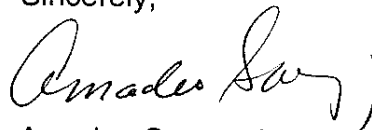
If the issuance of the RFDP is delayed until either federal regulations are published or environmental clearance is received, a time delay of approximately nine months would be realized with the following implications:

1. Will cause traffic to remain on the existing, severely clogged, at-grade facility which will impact the access to and from the SH 130 Toll Road. This would likely cause a loss in revenue on this facility which has not been estimated at this time.
2. User delays on the current facility are anticipated to add up to \$14 million in lost time and add \$2.2 million in fuel consumption costs.
3. Construction costs will continue to climb at a rate of approximately 3.5 percent to 5.5 percent (recently costs have increased over 20 percent). A delay could increase construction costs by \$20 million or more.
4. The US 290 corridor continues to develop. Right of way costs continue to climb as new businesses locate on the corridor. A delay in the project could result in additional relocations and the right of way cost increasing by as much as 15 percent or more resulting in increased project costs of approximately \$15 million.

Given that Congress was very specific in what they wished to be revised and when the revisions were to be completed, TxDOT seeks approval from the FHWA to proceed with the issuance of the RFDP prior to receipt of the environmental clearance either through the SEP-15 process or concurrence that current legislation will allow the proposed process. Please note that in no event will construction begin until required environmental approvals have been obtained.

Your early review and consideration of this request is appreciated. Please feel free to contact Enoch N. "Bubba" Needham, P.E., at (512) 697-2580, if you have any questions or require additional information.

Sincerely,



Amadeo Saenz, Jr., P.E.
Assistant Executive Director
Engineering Operations

Attachment

cc: Mike Heiligenstein, Executive Director, CTRMA
Phillip E. Russell, P.E., Director, Texas Turnpike Authority Division, TxDOT
James Bass, Chief Financial Officer, Finance Division, TxDOT
Jack Ingram, Office of General Counsel, TxDOT
Robert B. Daigh, P.E., Austin District Engineer, TxDOT
Enoch N. Needham, P.E., Austin District, TxDOT

WORK PLAN FOR THE US 290 EAST TOLL PROJECT
(Texas Department of Transportation/Central Texas Regional Mobility Authority
Application for SEP-15 Approval)

A. INTRODUCTION

This work plan is submitted by the Texas Department of Transportation (“TxDOT”) and the Central Texas Regional Mobility Authority (“CTRMA”) for review and approval by FHWA under Special Experimental Project No. 15 (SEP-15), with respect to the proposed Comprehensive Development Agreement (“CDA”) for the US 290 East Toll Project (the “Project”). Please refer to Exhibit A for a copy of the Minute Order for the US 290 East Toll Project adopted by the Texas Transportation Commission (“Commission”) in August, 2005 to delegate the implementation responsibility to the CTRMA.

The potential scope of work under the CDA will include concept development, design, construction, installation, integration services and possibly maintenance of the US 290 East Toll Project. The Project will be designed as a Toll Road. Because the estimated cost of the Project exceeds \$50 million, the proposed Project falls within the definition of a qualified design-build project set forth in FHWA’s design-build rule. Please refer to Exhibit B for the Project description.

CTRMA is in the process of determining the Project requirements and the scope of services to be provided under the CDA. Currently, it is anticipated that the CDA will require the Developer to develop, design, and construct the Project and to possibly provide financing and maintenance services for the completed Project. The Developer’s warranty obligation for some of the Project components would commence on completion of the Project and may be for a period of up to five years.

B. SCOPE OF SEP-15 REQUEST

TxDOT and CTRMA request approval of the procurement process as described herein, notwithstanding any conflict between the process described herein and the provisions of 23 CFR Part 636. Specifically requested is the ability to issue a Request for Detailed Proposals (“RFDP”) and enter into the CDA without having received final approval under the National Environmental Policy Act (“NEPA”) for the Project, (This request was previously approved by FHWA for the TxDOT I-35 High Priority Trans-Texas Corridor, ODOT Oregon Innovative Partnerships Program, and TxDOT Toll Roads Statewide Open-Road Toll Collection System Project.).

C. SCHEDULE

On December 16, 2005, with TxDOT’s concurrence, CTRMA issued a request for qualifications (“RFQ”) for firms interested in entering into a CDA with CTRMA for the Project. Three Proposers were short listed. The RFQ is available for review on CTRMA’s website at: www.MobilityAuthority.com

CTRMA anticipates carrying out the first phase of the procurement process contemplated hereby in accordance with the following schedule:

Qualifications Submittal Due Date	February 3, 2006
Shortlisted	February 2006
Issuance of RFDP	August 2006
Proposal Due Date	December 2006
Award/Negotiation/Execution of CDA	January/ February/ March/2007

D. GOALS

CTRMA believes that use of a CDA as described herein will serve the following goals:

- Expedite Project delivery;
- Reduce right of way and utility price escalations,
- Achieve cost and schedule certainty early in the design phase of the Project;

E. DESCRIPTION OF PROPOSED PROCUREMENT APPROACH

The proposed procurement approach will generally follow shortlisting, industry review and RFDP issuance processes that are consistent with FHWA’s design-build rule. The proposed experimental feature is generally the same as that previously approved by FHWA for the TxDOT Toll Roads Statewide Open-Road Toll Collection System Project under the SEP-15 program and are described below.

Upon conclusion of an opportunity for industry review of a proposed CDA and related documents, CTRMA will submit the proposed RFDP, including draft contract terms and conditions, to FHWA for review and determination as to whether the document is “satisfactory for further processing.” Such a determination means that FHWA has reviewed the document and has determined that it is in acceptable form for the purpose of allowing the Project to remain

eligible for federal funding. Following receipt of such determination, CTRMA will formally issue the RFDP to the shortlisted firms. The CDA will incorporate language that indicates that the environmental process is not yet complete and that issuance of Notice to Proceed with construction will be contingent on receiving environmental clearance.

(This step of the process deviates from FHWA's design-build rule in that the RFDP will be issued prior to the receipt of official NEPA approvals for the Project allowing further development of the Project as a turnpike facility.)

F. EVALUATION OF PROCUREMENT AND SYSTEM DEVELOPMENT PROCESS

For purposes of the reporting discussed below and to benefit from the experience in connection with future procurements, the CTRMA will evaluate the procurement process to determine whether it achieved the desired results, including a review of factors such as the level of competition for the CDA and the quality of the proposals received. Upon completion of the Project, CTRMA will consider the pros and cons of use of the CDA approach.

G. REPORTING

CTRMA anticipates filing an initial report, interim reports and a final project acceptance report as described below:

- **Initial Report:** The initial report will be filed within 90 days after the execution of the CDA and will include a preliminary analysis of the procurement process. This report will:
 - Describe any issues related to entering into the CDA without NEPA process completed;
 - Identify the pros and cons of this approach;
- **Interim Reports:** Interim reports will be prepared at appropriate intervals during the progress of the CDA. CTRMA anticipates that these reports will be provided semi-annually after the Initial Report for the duration of the CDA. Each report will:
 - Describe any subsequent issues encountered during design and construction as a result of this approach ;
 - Document contract complications encountered and claims made;
- **Project Acceptance Report:** A Project acceptance report will be submitted within 180 days following CTRMA's determination that the development work under the CDA is complete. This report will:

- Provide an overall evaluation of the CDA procurement and process;
- Describe lessons learned, pitfalls to avoid and suggestions for improvements on future innovative procurements;

H. CONCLUSION

TxDOT and CTRMA believe use of the experimental procedure for which approval is requested hereunder will have beneficial effects as described above. We look forward to working with FHWA as the program progresses and to providing you and others with the benefits of our experience.

EXHIBIT A

**Minute Order
(attached)**

TEXAS TRANSPORTATION COMMISSION

TRAVIS County

MINUTE ORDER

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AUSTIN District

The Texas Department of Transportation (department) and the Central Texas Regional Mobility Authority (CTRMA) developed a "CTRMA/TxDOT Regional Implementation Program" (program) that provides for the funding and development of certain transportation system improvements within the jurisdictional limits of the CTRMA.

On July 12, 2004, the Capital Area Metropolitan Planning Organization (CAMPO) Transportation Policy Board approved amendments to CAMPO's 2025 Transportation Plan and the FY 2004-FY 2008 Statewide Transportation Improvement Program (STIP), authorizing the development of projects in the program as toll roads subject, in certain instances, to conditions imposed by certain clarifying resolutions.

Projects added to the 2025 Transportation Plan and the FY 2004-FY 2008 STIP as part of the program include: (1) US 290 West/SH 71 interchange (the "Y" in Oak Hill), (2) US 183 East from I-35 to SH 71, (3) SH 45 Southwest from Loop 1 to FM 1626, (4) US 290 East from US 183 to east of SH 130, and (5) SH 71 East from I-35 to the Austin-Bergstrom International Airport (Phase 2 projects).

In Minute Order 110053, dated April 28, 2005, the Texas Transportation Commission (commission) requested that the CTRMA take such actions or conduct such studies and evaluations as may be necessary to determine the viability of jointly developing and financing with the department the Phase 2 projects, and to present proposals identifying the relative rights and obligations of the department and the CTRMA in the planning, design, financing, construction, operation, and ownership of the Phase 2 projects.

CTRMA has proposed an innovative plan for the financing and development of the US 290 East project that contemplates the planning, financing, design, construction, operation, and maintenance of the project by the CTRMA. CTRMA would be provided a license to use state-owned right of way to construct and operate a CTRMA owned toll project in the median of US 290 East, with the highway reconstructed and expanded to provide, on the highway and adjacent facilities, an equivalent or greater number of nontolled lanes than currently exist. The nontolled portion of the project would remain under the jurisdiction of the department. The CTRMA proposal would provide leveraged funding for the expeditious financing and construction of the project, including the proceeds of toll revenue bonds issued by the CTRMA or other funding provided by the private sector.

The reconstruction and expansion of US 290 East from US 183 to east of SH 130 is a project of significant importance to mobility in the Austin metropolitan area and in the jurisdictional limits of the CTRMA. The commission recognizes that innovative financing methods, including tolls, are an effective means of maximizing the use of limited available resources, without compromising the quality of Texas' transportation system. The commission encourages the development of partnerships (particularly with regional mobility authorities) and the employment of innovative methods to finance and construct needed transportation improvements.

TEXAS TRANSPORTATION COMMISSION

TRAVIS County

MINUTE ORDER

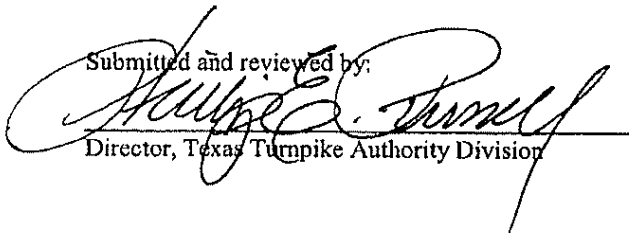
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AUSTIN District

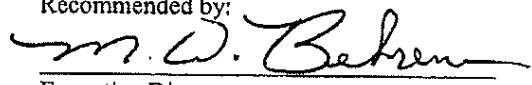
IT IS THEREFORE ORDERED by the commission that the executive director is authorized to negotiate and develop an agreement with the Central Texas Regional Mobility Authority for the planning, financing, design, construction, operation, and maintenance of the US 290 East project by the CTRMA, including a license of state-owned right of way to the CTRMA for the purpose of developing a CTRMA toll project in the median of US 290.

IT IS FURTHER ORDERED that the executive director is directed to present the agreement to the commission for its future consideration.

Submitted and reviewed by:


Director, Texas Turnpike Authority Division

Recommended by:


Executive Director

110190 AUG 25 05

Minute Number	Date Passed
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SEP-15 Work Plan

US 290 East Toll Project

EXHIBIT B

**Project Description
(attached)**

US 290 EAST PROJECT BACKGROUND INFORMATION

PROJECT LIMITS / LENGTH

The US 290 East Project limits extend from just east of US 183 to east of SH 130, for a total length of approximately 5.9 miles. This mobility project is included in CAMPO's 2025 Transportation Plan as approved on July 12, 2004 and amended on January 24, 2005.

PROJECT DESCRIPTION

Existing Facility: The existing roadway includes two 12-ft lanes in each direction with a depressed grassed median. Average right-of-way width is approximately 210 feet. There are several signalized at-grade intersections, approximately every mile, located at Tuscany Way, Springdale Road, Giles/Johnny Morris Road, FM 3177 (Decker Lane), Old Highway 20, and Boyce Road/Parmer Lane. Two new signalized intersections at the frontage road of SH 130 and an EB to NB direct connector are currently being built as part of the SH 130 project. These are planned to be open in early 2007.

Proposed Facility: The improved corridor would ultimately include a six lane toll road (three lanes in each direction). The project would also include the construction of four to six lanes of non-tolled frontage road lanes replacing the currently available non toll alternative. The toll road would have a depressed grassed median that is reserved for future transportation uses. The toll road would be separated from the frontage roads by a grassed median and physical barrier. The proposed right-of-way width is approximately 420 feet.

The ultimate facility would include all eight direct connections to and from US 183 and SH 130. The current project is anticipated to include no more than four of these.

The toll road would be elevated or depressed at cross-streets in order to by-pass the existing at-grade intersections.

CONCEPTUAL PROJECT COST ESTIMATE

The conceptual project cost of the section of US 290 East from east of US 183 to east of SH 130 was estimated at \$324 million (excluding ROW and Utility Relocation costs).

ROW will be acquired by TxDOT at an anticipated cost of \$100 million. Utility Relocation will also be reimbursed by TxDOT at an anticipate cost of \$30 million.

This estimate was developed based on very preliminary concept plans. Refinements to this estimate will be made over the upcoming months as the design advances.

