

What Competition Can Do

*Mary Horn
Denton County Judge*

Major Issues in the D-FW Region

- ◆ Traditional financial resources are not sufficient to achieve congestion reduction
- ◆ D-FW region total transportation needs will be \$115 billion by 2030
- ◆ Congestion costs region \$6.7 billion annually; anticipated to be \$11.5 billion annually by 2025 under current funding
- ◆ \$70 billion funding gap (2006 TMMP)

Transportation Funding Issues

- ✦ Texas Legislature has not raised gas tax in more than 15 years.
- ✦ Construction inflation has increased by 10% or more per year over same period.
- ✦ TxDOT predicts that by 2014 all or most of their budget will be devoted to maintaining the existing system.

New Transportation Tools

- ✦ The 78th Texas Legislature passed HB 3588 which gave the State and local governments new tools to address their own mobility needs.
- ✦ The 79th Texas Legislature passed HB 2702 which expanded and clarified new tools for transportation funding.
- ✦ These tools were aggressively implemented in the North Texas Region

- ◆ Where would North Texas be today without the competition fostered by public/private partnerships?
- ◆ The answer is clear if you just review the recent history of SH 121.

Chronology of SH 121

- ◆ January 2000 – NTTA Feasibility Study for SH 121 in Collin County indicates the need for **\$149 million** TxDOT support.
- ◆ June 2003 – Texas Legislature passes HB 3588.
- ◆ May 2004 – TxDOT Sketch Level T&R study indicates that a toll on SH 121 in Collin and Denton Counties can fund construction of SH 121 and generate **\$657 million** in excess revenue.

- ◆ September 2004 – Collin County requests TxDOT, NCTCOG and NTTA to perform feasibility study for SH 121 in Collin County.
- ◆ November 2004 – TxDOT requests NTTA to submit proposal for financing SH 121 Collin County. (No proposal was received)
- ◆ January 2005 – Skanska submits unsolicited proposal to TxDOT to develop and finance the SH 121 Corridor through Denton and Collin Counties.

- ◆ February 2005 – TxDOT issues Request for Competing Proposals and qualifications to develop and finance the SH 121 Corridor through Denton and Collin Counties.
- ◆ June 2005 – Texas Legislature passes HB 2702 providing additional tools to local governments.
- ◆ July 2005 – TxDOT short lists four proposing teams to finance and develop SH 121

- ◆ November 2005 – Collin County requests NTTA to propose to finance SH 121 in Collin County.
- ◆ February 2006 – RTC rejects NTTA's proposal on SH 121 Collin County and defers any action on SH 121 until submission of private sector bid. (NTTA's proposal was \$515 million NPV. 80% of which would have been paid in the last 25 years of a 50 year term).
- ◆ June 2006 – NTTA authorizes preparation and submission of proposal to develop and operate SH 121 Denton and Collin Counties.

- ◆ August 2006 – NTTA changes mind and approves TxDOT/NTTA Regional Protocol whereby NTTA supports the CDA process for SH 121 in Denton and Collin Counties.
- ◆ August 2006 – TxDOT issues Final Request for Detailed Proposals for the SH 121 Corridor in Denton and Collin Counties.
- ◆ February 2007 – Selection of Cintra as highest bidder with a **\$2.1 billion** up front payment and **\$717 million** out year payments.

- ◆ March 2007 – NTTA submits letter to Senator Carona stating that NTTA could propose anywhere between **\$2.0 billion** to **\$4.8 billion** for the SH 121 Denton/Collin project. Supports legislation that voids the Regional Protocol it signed in August 2006.
- ◆ March 2007 – At request of Senator Carona, RTC sends letter to NTTA giving them until May 25, 2007 to deliver proposal.
- ◆ May 2007 – NTTA presents proposal to RTC. NTTA's proposal is **\$2.5 billion** up front and **\$833 million** out year.

- ◆ June 2007 – RTC votes to recommend that the TTC give NTTA the SH 121 Denton/Collin project.
- ◆ June 2007 – TTC accepts RTC's recommendation. Gives NTTA 60 days to execute TxDOT's agreement and 45 days from date of environmental clearance of SH 121 in Collin to financially close.
- ◆ October 2007 – SH 121 Collin County was environmentally cleared.
- ◆ November 2007 – NTTA delivers \$3.1 billion to TxDOT