

## **GRAND PARKWAY UPDATE**

### **Description**

Report on the status of the issuance of a request for qualifications for the comprehensive development agreement on segments of State Highway 99 (Grand Parkway) in the greater Houston area.

### **Background**

In March 2011, the commission authorized the department to issue an RFQ on the Grand Parkway.

### **Criteria**

The report will update the recent activity regarding the Grand Parkway project and the issuance of a request for qualifications on certain segments of the project.

### **Problem/Condition**

The discussion will focus on the anticipated next steps and seek any comments or direction from the commission moving forward.

### **Other Comments**

None.

### **Alternate Solutions Actions**

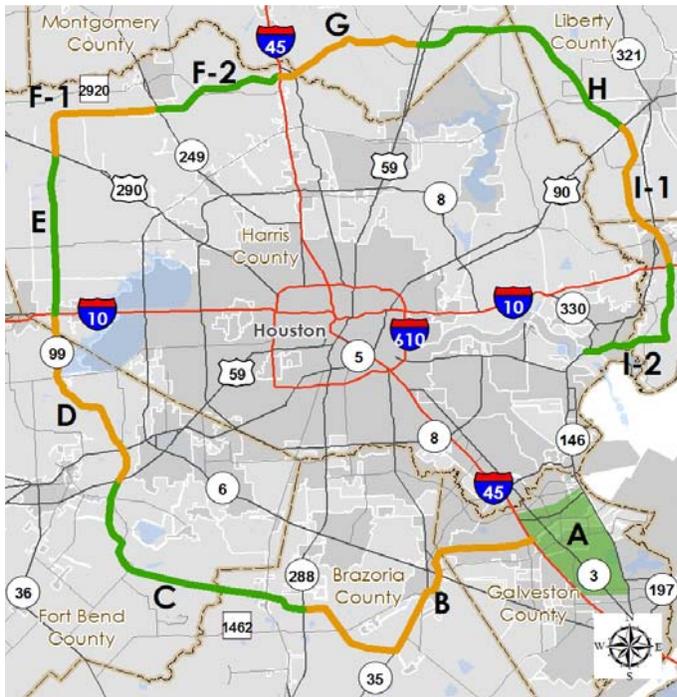
None.

## Grand Parkway Development Status

### Background and Introduction

The proposed State Highway 99 (Grand Parkway), illustrated in Figure 1, is a 180+ mile outer beltway that traverses the seven county region around the greater Houston metropolitan area. Segments of the Grand Parkway are labeled A through I to distinguish the segments between major cross roads. While planning for the Grand Parkway has been ongoing since the 1960's, only two segments of the project currently exist. Segment D, from US 59 near Sugar Land to I-10 near Katy, has had frontage roads constructed and has operated as a toll free highway since August 1994. A portion of Segment I-2, from I-10 East to FM 1405, has been open to traffic since March 2008.

**Figure 1 – Grand Parkway Segment Map**



To develop the remaining portions of the project, the seven counties along the Grand Parkway corridor, working in coordination with TxDOT, entered into a Market Valuation Waiver Agreement. This agreement committed revenue from completed segments to support the development of additional segments including future maintenance of the system. Pursuant to the agreement, the associated counties were authorized to exercise the counties' options to develop, construct, and operate the portions of the highway within their jurisdictions. The goal of the agreement was to ensure that, at a minimum, a two-lane roadway (one lane in each direction) is completed as soon as possible for the entire 180+ miles. The agreement was adopted by all seven counties and TxDOT in March 2009.

## **Time Line of Recent Actions**

Throughout 2011, a number of actions have been undertaken with the Grand Parkway, with the following items provided as a brief recap:

- On January 11, the Harris County Commissioners Court rescinded the county's previous exercise of its option to develop, or gave up authority, for all Harris County segments of the Grand Parkway. TxDOT assumed authority for those segments of the project on January 27, 2011. After assuming this authority, TxDOT authorized funding and construction authority to complete all of Grand Parkway Segment E between I-10 and US 290. Four separate construction contracts for Segment E were successfully awarded by TxDOT during the summer of 2011 and completion of this segment is underway.
- During the recent 2011 legislative session, TxDOT was provided with authority under SB 1420 to develop certain projects through public-private partnership (P3) agreements under Texas Transportation Code Section 223.201, including the Grand Parkway project.
- TxDOT issued a request for information (RFI) for the Grand Parkway on June 10 to inform possible respondents of the potential procurement opportunity. The RFI also sought to solicit private-sector interest and input for the department to consider in refining the approach to project development, including the scope and structure of any P3 agreements. TxDOT received 23 written responses from industry and conducted one-on-one meetings with most of these respondents. Industry respondents expressed interest in P3 agreements that involved concession, availability payment and design-build procurement model options; however, some concern was expressed from industry relative to the possibility of combining two or more procurement models in a single procurement.
- On June 20, the Montgomery County Commissioners Court elected to rescind the county's previous exercise of its option to develop, construct, and operate the portion of the Grand Parkway located within the county. On June 30, the commission approved the department's determination to exercise its option to develop, finance, construct, and operate the Montgomery County segments of the project, and the project was authorized with DEVELOP authority.
- In addition to receiving input from industry through the RFI process, TxDOT has conducted meetings with local stakeholders in the Houston region. Stakeholders included representation from HGAC, local counties and each of the three toll road authorities in the region. The stakeholder meetings were conducted on July 25, September 23, and October 28 in Houston. These meetings provided an opportunity for TxDOT and local officials to discuss the Grand Parkway procurement process, implementation issues, and requirements for local participation and input. In addition to these meetings, one-on-one meetings have also been conducted with many of these same stakeholders and local TxDOT staff to discuss the project. Stakeholders have been supportive of TxDOT efforts to advance the project, but due to concerns with public perception, the stakeholders have strongly favored a design-build or design-bid-build option for the project over a concession or availability payment model.

## Anticipated Next Steps

TxDOT is planning to release a request for qualifications (RFQ) on or about November 18. This RFQ was authorized by commission action by Minute Order 112629 on March 31, 2011. It is anticipated that the RFQ will solicit qualifications submittals (QS) from teams interested in entering into a design-build contract coupled with a capital maintenance Agreement (D/B) and/or a full toll concession agreement (concession). In hopes of increasing value, TxDOT is considering combining both options (D/B and concession) into a single procurement that would allow for developer teams to select the model(s) they prefer.

- A dual-model procurement will provide TxDOT and local stakeholders with additional information and validation of the potential value of alternative delivery models, while providing increased opportunity and flexibility for local industry to participate on the project using the model under which they could be most competitive. Because of industry concerns about a dual-model approach, TxDOT recognizes the need to work closely with industry to address questions during the procurement process.
- Please note that final concurrence with this approach by FHWA has not been obtained, however this is not anticipated to be a significant problem.

Following issuance of the RFQ in November, it is expected that:

- Statements of Qualification will be received in early 2012.

Following evaluation, a shortlist of firms deemed most qualified for this project will be announced and a Draft Request for Proposals (DRFP) will be released. Based upon responses to the RFQ and stakeholder input, TxDOT may issue a DRFP as a single or dual-model procurement. Following discussions with shortlisted firms, the commission, and FHWA, it is anticipated that:

- Final RFP will be released spring 2012.
- Proposals will be received summer 2012.

Following evaluation, selection, negotiation and review by the Legislative Budget Board, Office of Attorney General, and Federal Highway Administration in fall 2012, it is anticipated that a contract can be executed with the best value team during winter 2012-13.