



**CENTRAL TEXAS
Regional Mobility Authority**

AGENDA ITEM #3 SUMMARY

Presentation on the MoPac Improvement Project, followed by public comment and questions relating to the presentation.

Strategic Plan Relevance: Regional Mobility

Department: Legal, Engineering, Finance

Associated Costs: See attached information sheet.

Funding Source: Federal Funds and Bond Sale Proceeds

Board Action Required: Yes

Description of Matter: Before the Mobility Authority may enter into the design/build contract with CH2M Hill to construct the MoPac Improvement Project, state law requires the Mobility Authority to publish specific information relating to the proposed toll project and conduct a public hearing on the published information. The required notices were published in the *Austin American-Statesman*, *Austin Chronicle* and *Ahora Si*.

This item is the presentation and public hearing on the published information. The hearing must include a formal presentation on the information and a mechanism for the agency to respond to comments and questions from the public. Responses to those questions and comments will be prepared after the public hearing and posted on the Mobility Authority's website.

Reference documentation: Notice as Published
Formal Presentation Fact Sheet for Public Hearing

Contact for further information: Andrew Martin, General Counsel

FORMAL PRESENTATION FACT SHEET

INFORMATION REQUIRED TO BE PUBLISHED UNDER CHAPTER 371, TRANSPORTATION CODE

Subchapter D, Chapter 371, Transportation Code, provides that the Mobility Authority must publish certain information regarding a proposed contract for the construction of a toll project. No later than ten days after the information is published, the Mobility Authority shall hold a public hearing on the published information in the county seat in which the toll project is located. The hearing must include a formal presentation and mechanism for responding to comments and questions.

Below (*in italics*) is the text of Section 371.151. Each section that describes the information required to be published is followed by the information published by the Mobility Authority to comply with the requirement:

Sec. 371.151. DISCLOSURE OF FINANCIAL INFORMATION. (a) Before a toll project entity enters into a contract for the construction of a toll project, the entity shall publish in the manner provided by Section 371.152 information regarding:

(1) project financing, including:

TxDOT has granted \$197.6 million of financial assistance to the design and construction of the Project. In addition to this grant, the Mobility Authority currently intends to issue approximately \$7 million in short-term debt to fund Project costs; however, the Mobility Authority may issue up to \$25 million in debt to support Project construction or operations or to reimburse previously-incurred Project expenditures (“Project Debt”).

(A) the total amount of debt that has been and will be assumed to acquire, design, construct, operate, and maintain the toll project;

The Mobility Authority currently intends to issue approximately \$7 million in short-term debt to fund Project costs, but may ultimately issue up to \$25 million in Project Debt.

(B) a description of how the debt will be repaid, including a projected timeline for repaying the debt; and

The currently proposed \$7 million in short-term debt and any other Project Debt will be repaid from and secured by tolls and associated fees generated from the Project. The proposed \$7 million debt and interest will be repaid within three to five years after the Project opens.

(C) the projected amount of interest that will be paid on the debt;

Actual interest incurred on debt issued for the Project will be established by market conditions when the debt is issued. The interest on the proposed \$7 million in short-term debt is estimated to not exceed approximately \$1 million for a term of five years.

(2) *whether the toll project will continue to be tolled after the debt has been repaid;*

The Mobility Authority anticipates that it will continue to collect tolls from those who use the tolled lanes after all debt issued for this Project has been repaid.

(3) *a description of the method that will be used to set toll rates;*

Tolls for the express toll lanes are established by the Board of Directors of the Mobility Authority. [SEE THE ANSWER TO QUESTION (A)(6) BELOW FOR MORE INFORMATION REGARDING TOLL RATES FOR THOSE WHO USE THE TOLL LANES IN THE MOPAC IMPROVEMENT PROJECT.]

(4) *a description of any terms in the contract relating to competing facilities, including any penalties associated with the construction of a competing facility;*

There are no provisions in the contract relating to competing facilities

(5) *a description of any terms in the contract relating to a termination for convenience provision, including any information regarding how the value of the project will be calculated for the purposes of making termination payments;*

There are no terms in the contract relating to a termination for convenience provision.

(6) *the initial toll rates, the methodology for increasing toll rates, and the projected toll rates at the end of the term of the contract; and*

The initial minimum toll for drivers who choose a toll lane will be \$0.50 for the entire 11.2-mile trip, or \$0.25 if a driver uses only one of the two segments of the tolled lane. Preliminary studies suggest the toll rates will normally be less than \$4.00, but the toll could be higher in times of peak demand. Use of the three general-purpose lanes in each direction remains free.

Tolls will be dynamically priced. This means the toll changes from time to time, based on the speed of the traffic in the toll lane. The toll at any particular time will be displayed on an electronic sign visible to the driver, who can decide to use the toll lane—or not—based on the current toll charge. When traffic is heavy, the toll will increase as necessary to reduce the number of drivers who may choose the toll lane, thus maintaining a predictable travel speed for toll lane traffic. As congestion in the toll lane eases, the toll will be reduced so more drivers will choose the toll lane. Once a vehicle enters the toll lane, the toll for the vehicle is fixed and will not change for that trip.

(7) *the projected total amount of concession payments.*

The Contract is not a comprehensive development agreement as that term is used and defined in the Texas Transportation Code, nor does the Contract grant a concession to the Contractor. Therefore the Contract does not include or provide for concession payments made to the Contractor.

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

NOTICE

This is notice by the Central Texas Regional Mobility Authority (the “Mobility Authority”), a political subdivision of the State of Texas, of its intent to enter into a contract with CH2M Hill Engineers, Inc., (the “Contractor”) for the design and construction of a toll project known as the MoPac Improvement Project (the “Project”) in Travis County, Texas.

MoPac Improvement Project

The Project will improve 11.2 miles of the existing Loop 1 (MoPac) roadway from just north of FM 734 (Parmer Lane), the northern terminus, south to Cesar Chavez Street, the southern terminus. When completed, the Project will add one tolled express lane and retain the existing non-tolled lanes in each direction. Each tolled express lane will be divided into two tolled segments of approximately five to six miles. The Project will include pavement widening to both the inside and outside of the non-tolled lanes to accommodate the added express lanes. The Project also includes the construction of sound walls, bicycle and pedestrian improvements, and aesthetic hardscape and landscape elements. For more information on the Mopac Improvement Project, please visit our website at www.mopacexpress.com.

Information About the Project’s Construction Contract

The Mobility Authority will enter into a design-build agreement with the Contractor (the “Contract”). The Contract is **not** a comprehensive development agreement as that term is used and defined in the Texas Transportation Code, nor does the Contract grant a concession to the Contractor. Therefore the Contract does not include or provide for: (a) concession payments made to the Contractor; (b) provisions relating to competing facilities; (c) provisions relating to penalties associated with construction of a competing facility; (d) provisions for a “termination for convenience.” Except for the Contractor’s warranty obligations, the Contract will terminate after the Project is completed.

Information About Tolling Charges

Tolls for the express toll lanes are established by the Board of Directors of the Mobility Authority. Tolls will be dynamically priced. This means the toll changes from time to time, based on the speed of the traffic in the toll lane. The toll at any particular time will be displayed on an electronic sign visible to the driver, who can decide to use the toll lane—or not—based on the current toll charge. When traffic is heavy, the toll will increase as necessary to reduce the number of drivers who may choose the toll lane, thus maintaining a predictable travel speed for toll lane traffic. As congestion in the toll lane eases, the toll will be reduced so more drivers will choose the toll lane. Once a vehicle enters the toll lane, the toll for the vehicle is fixed and will not change for that trip.

The initial minimum toll for drivers who choose a toll lane will be \$0.50 for the entire 11.2-mile trip, or \$0.25 if a driver uses only one of the two segments of the tolled lane. Preliminary studies

suggest the toll rates will normally be less than \$4.00, but the toll could be higher in times of peak demand. Use of the three general-purpose lanes in each direction remains free.

Information About Project Financing

TxDOT has granted \$197.6 million of financial assistance to the design and construction of the Project. In addition to this grant, the Mobility Authority intends to issue approximately \$7 million in short-term debt to fund Project costs. This debt will be repaid from and secured by tolls and associated fees generated from the Project, with the total debt and interest to be repaid within three to five years after the Project opens. Actual interest incurred on this debt will be established by market conditions when it is issued, but is projected not to exceed approximately \$1 million for a term of five years.

As discussed above, dynamically-priced tolls will be charged to users of the tolled lanes to establish and maintain predictable travel speeds in those tolled lanes. Toll revenues will also provide a revenue source to pay the continuing expense of maintaining and operating the tolled lanes and to fund replacement reserves. Surplus revenues generated by tolls will be used to create a Regional Infrastructure Fund estimated to generate \$230 million over a 25 year time period. That fund will be a resource to fund other eligible transportation projects in the Central Texas region as determined by the Capital Area Metropolitan Planning Organization (CAMPO). The Mobility Authority anticipates that it will continue to collect tolls from those who use the tolled lanes after all debt issued for this Project has been repaid.

Information About the Public Hearing on this Notice

The Mobility Authority will make a formal presentation on the information in this notice, and following the presentation will conduct a public hearing to receive comments and questions on that information. The presentation and public hearing will take place at a meeting of its Board of Directors at 301 Congress Avenue, Suite 360, Austin, Texas, scheduled to begin at 9:30 a.m., Wednesday, March 27, 2013.

The Mobility Authority will provide a written response to oral and written comments and questions presented by members of the public at the hearing. The response will be available for viewing and downloading on the Mobility Authority's website (www.mobilityauthority.com).

For more information about the MoPac Improvement Project or the Mobility Authority, please visit www.mobilityauthority.org or call Steve Pustelnyk at 512-996-9778.