

CDA: A Necessary Tool in the Transportation Toolbox

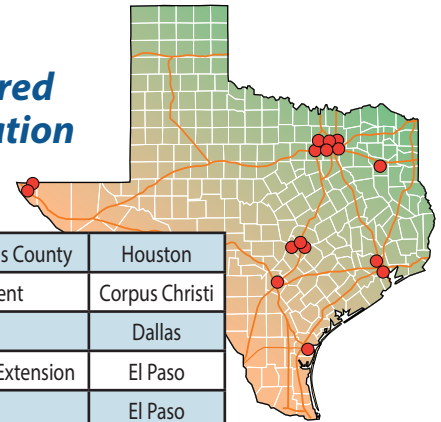
- Comprehensive Development Agreements (“CDAs”) are a form of public-private partnership (P3) used to leverage private investment and share risks and responsibilities for the design, construction, and in some cases financing, acquisition, maintenance, and operation of transportation projects.
- Currently TxDOT and regional mobility authorities (“RMA”) are authorized to develop certain projects approved by the legislature and specified in statute through the CDA delivery model, but that authorization expires on August 31, 2017. Unless reauthorized, the CDA tool will be lost.
- Even with recent funding improvements (e.g., Propositions 1 and 7) Texas remains well short of available funding for critical transportation projects throughout the state. CDAs offer a means of maximizing funding, and an opportunity to supplement limited state funds with significant private sector investment that can deliver needed projects and provide for long term maintenance and operations.
- The current federal administration has expressed an emphasis on a significant infrastructure investment with a program likely to rely extensively on private sector investment and P3 project-delivery. If Texas does not re-authorize CDAs, it will lose the ability to access those elements of the potential federal program.

Benefits of CDAs

- CDAs transfer construction risk, and in some cases financing and revenue risk, to the private sector while delivering significant projects for public use in an expedited manner.
- By considering technical proposals in the procurement process for CDA projects, CDAs encourage innovation in project design and delivery leading to more advanced transportation solutions and in some instances significant cost savings.
- CDAs can significantly reduce the time needed to deliver large transportation projects, thereby accelerating mobility, economic development and air quality improvements.
- As a result of private sector investment through CDAs more than \$8 billion in major infrastructure projects have been delivered with only \$1.4 billion in state and local funds.

LBJ IH 635:	\$2.74 billion	NTE (Seg. 1/2):	\$2.12 billion
SH 288:	\$816 million	NTE (Seg. 3A/3B):	\$1.5 billion
SH 130 (Seg. 5/6):	\$1.38 billion		
- CDAs can include revenue sharing arrangements, so that a region where a project is located receives the benefit of a long-term revenue stream available to support other projects.
- CDAs can also include upfront payments for the rights to develop a project. The Metroplex received \$3.2 billion related to the SH 121 project (essentially a CDA by a public sector entity (NTTA)),

Projects Delivered via CDA Legislation



SH 288 Toll Lanes Project in Harris County	Houston
US 181 Harbor Bridge Replacement	Corpus Christi
SH 183 Managed Lanes	Dallas
Loop 375 Border Highway West Extension	El Paso
IH 10/Loop 375 Interchange	El Paso
IH 35E Managed Lanes	Dallas
SH 99/Grand Parkway	Houston
DFW Connector	Fort Worth
LBJ 635	Dallas
North Tarrant Express	Fort Worth
SH 130 (Seg. 5 & 6)	Austin
US 183A	Austin
290E-Bergstrom Expressway	Austin
281/1604 Interchange	San Antonio
Toll 49, Segment 3B	Tyler

and those funds have been used to expedite approximately 200 additional transportation projects.

Public Safeguards in CDAs

- CDAs are competitively procured.
- CDA projects are subject to initial review and consensus by local stakeholders and TxDOT in relation to a project’s financial risk, method of financing, and tolling structure and methodology.
- CDA projects are always owned by the public sector (i.e., TxDOT or an RMA); CDAs do not convey private ownership of public roadways.
- CDAs include additional protections, including:
 - Reasonable methods to determine toll rates, including caps on toll rate increases;
 - Maintenance and operations standards that assure safe operating conditions;
 - Termination clauses that allow TxDOT or an RMA to acquire the interest of the CDA developer prior to the end to the contract term if necessary or in the public interest;
 - Agreements are subject to reviews by the Office of the Attorney General.

