

By: Hill

H.B. No. 3192

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of a regional tollway authority related to turnpikes and other related projects.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 366.003, Transportation Code, is amended by adding Subdivision (9-a) to read as follows:

(9-a) "Surplus revenue" means the revenue of a turnpike project or system remaining at the end of any fiscal year after all required payments and deposits have been made in accordance with all bond resolutions, trust agreements, indentures, credit agreements, or other instruments and contractual obligations of the authority payable from the revenue of the turnpike project or system.

SECTION 2. Chapter 366, Transportation Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. COMPREHENSIVE DEVELOPMENT AGREEMENTS

Sec. 366.401. COMPREHENSIVE DEVELOPMENT AGREEMENTS. (a)

An authority may use a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a turnpike project.

(b) A comprehensive development agreement is an agreement with a private entity that, at a minimum, provides for the design, construction, rehabilitation, expansion, or improvement of a turnpike project and may also provide for the financing,

1 acquisition, maintenance, or operation of a turnpike project.

2 (c) An authority may negotiate provisions relating to
3 professional and consulting services provided in connection with a
4 comprehensive development agreement.

5 (d) An authority may authorize the investment of public and
6 private money, including debt and equity participation, to finance
7 a function described by this section.

8 Sec. 366.402. PROCESS FOR ENTERING INTO COMPREHENSIVE
9 DEVELOPMENT AGREEMENTS. (a) If an authority enters into a
10 comprehensive development agreement, the authority shall use a
11 competitive procurement process that provides the best value for
12 the authority. An authority may accept unsolicited proposals for a
13 proposed turnpike project or solicit proposals in accordance with
14 this section.

15 (b) An authority shall establish rules and procedures for
16 accepting unsolicited proposals that require the private entity to
17 include in the proposal:

18 (1) information regarding the proposed project
19 location, scope, and limits;

20 (2) information regarding the private entity's
21 qualifications, experience, technical competence, and capability
22 to develop the project; and

23 (3) any other information the authority considers
24 relevant or necessary.

25 (c) An authority shall publish a notice advertising a
26 request for competing proposals and qualifications in the Texas
27 Register that includes the criteria to be used to evaluate the

1 proposals, the relative weight given to the criteria, and a
2 deadline by which proposals must be received if:

3 (1) the authority decides to issue a request for
4 qualifications for a proposed project; or

5 (2) the authority authorizes the further evaluation of
6 an unsolicited proposal.

7 (d) A proposal submitted in response to a request published
8 under Subsection (c) must contain, at a minimum, the information
9 required by Subsections (b)(2) and (3).

10 (e) An authority may interview a private entity submitting
11 an unsolicited proposal or responding to a request under Subsection
12 (c). The authority shall evaluate each proposal based on the
13 criteria described in the request for competing proposals and
14 qualifications and may qualify or shortlist private entities to
15 submit detailed proposals under Subsection (f). The authority must
16 qualify or shortlist at least two private entities to submit
17 detailed proposals for a project under Subsection (f) unless the
18 authority does not receive more than one proposal or one response to
19 a request under Subsection (c).

20 (f) An authority shall issue a request for detailed
21 proposals from all private entities qualified or shortlisted under
22 Subsection (e) if the authority proceeds with the further
23 evaluation of a proposed project. A request under this subsection
24 may require additional information the authority considers
25 relevant or necessary, including information relating to:

26 (1) the private entity's qualifications and
27 demonstrated technical competence;

1 (2) the feasibility of developing the project as
2 proposed;

3 (3) engineering or architectural designs;

4 (4) the private entity's ability to meet schedules; or

5 (5) a financial plan, including costing methodology
6 and cost proposals.

7 (g) In issuing a request for proposals under Subsection (f),
8 an authority may solicit input from entities qualified under
9 Subsection (e) or any other person. An authority may also solicit
10 input regarding alternative technical concepts after issuing a
11 request under Subsection (f).

12 (h) An authority shall evaluate each proposal based on the
13 criteria described in the request for detailed proposals and select
14 the private entity whose proposal offers the apparent best value to
15 the authority.

16 (i) An authority may enter into negotiations with the
17 private entity whose proposal offers the apparent best value.

18 (j) If at any point in negotiations under Subsection (i), it
19 appears to the authority that the highest ranking proposal will not
20 provide the authority with the overall best value, the authority
21 may enter into negotiations with the private entity submitting the
22 next-highest ranking proposal.

23 (k) An authority may withdraw a request for competing
24 proposals and qualifications or a request for detailed proposals at
25 any time. The authority may then publish a new request for
26 competing proposals and qualifications.

27 (l) An authority may require that an unsolicited proposal be

1 accompanied by a nonrefundable fee sufficient to cover all or part
2 of its cost to review the proposal.

3 (m) An authority shall pay an unsuccessful private entity
4 that submits a proposal in response to a request for detailed
5 proposals under Subsection (f) a stipulated amount in exchange for
6 the work product contained in that proposal. The stipulated amount
7 must be stated in the request for proposals and may not exceed the
8 value of any work product contained in the proposal that can, as
9 determined by the authority, be used by the authority in the
10 performance of its functions. The use by the authority of any
11 design element contained in an unsuccessful proposal is at the sole
12 risk and discretion of the authority and does not confer liability
13 on the recipient of the stipulated amount under this subsection.
14 After payment of the stipulated amount:

15 (1) the authority, with the unsuccessful private
16 entity, jointly own the rights to, and may make use of any work
17 product contained in the proposal, including the technologies,
18 techniques, methods, processes, ideas, and information contained
19 in the project design; and

20 (2) the use by the unsuccessful private entity of any
21 portion of the work product contained in the proposal is at the sole
22 risk of the unsuccessful private entity and does not confer
23 liability on the authority.

24 (n) An authority may prescribe the general form of a
25 comprehensive development agreement and may include any matter the
26 authority considers advantageous to the authority. The authority
27 and the private entity shall finalize the specific terms of a

1 comprehensive development agreement.

2 (o) Section 366.185, Subchapter A, Chapter 223, of this
3 code, and Chapter 2254, Government Code, do not apply to a
4 comprehensive development agreement entered into under this
5 subchapter.

6 Sec. 366.403. CONFIDENTIALITY OF INFORMATION. (a) To
7 encourage private entities to submit proposals under this
8 subchapter, the following information is confidential, is not
9 subject to disclosure, inspection, or copying under Chapter 552,
10 Government Code, and is not subject to disclosure, discovery,
11 subpoena, or other means of legal compulsion for its release until a
12 final contract for a proposed project is entered into:

13 (1) all or part of a proposal that is submitted by a
14 private entity for a comprehensive development agreement, except
15 information provided under Sections 366.402(b)(1) and (2), unless
16 the private entity consents to the disclosure of the information;

17 (2) supplemental information or material submitted by
18 a private entity in connection with a proposal for a comprehensive
19 development agreement unless the private entity consents to the
20 disclosure of the information or material; and

21 (3) information created or collected by an authority
22 or its agent during consideration of a proposal for a comprehensive
23 development agreement or during the authority's preparation of a
24 proposal to the department relating to a comprehensive development
25 agreement.

26 (b) After an authority completes its final ranking of
27 proposals under Section 366.402(h), the final rankings of each

1 proposal under each of the published criteria are not confidential.

2 Sec. 366.404. PERFORMANCE AND PAYMENT SECURITY. (a)

3 Notwithstanding the requirements of Subchapter B, Chapter 2253,
4 Government Code, an authority shall require a private entity
5 entering into a comprehensive development agreement under this
6 subchapter to provide a performance and payment bond or an
7 alternative form of security in an amount sufficient to:

8 (1) ensure the proper performance of the agreement;

9 and

10 (2) protect:

11 (A) the authority; and

12 (B) payment bond beneficiaries who have a direct
13 contractual relationship with the private entity or a subcontractor
14 of the private entity to supply labor or material.

15 (b) A performance and payment bond or alternative form of
16 security shall be in an amount equal to the cost of constructing or
17 maintaining the project.

18 (c) If an authority determines that it is impracticable for
19 a private entity to provide security in the amount described by
20 Subsection (b), the authority shall set the amount of the bonds or
21 the alternative forms of security.

22 (d) A payment or performance bond or alternative form of
23 security is not required for the portion of an agreement that
24 includes only design or planning services, the performance of
25 preliminary studies, or the acquisition of real property.

26 (e) The amount of the payment security must not be less than
27 the amount of the performance security.

1 (f) In addition to, or instead of, performance and payment
2 bonds, an authority may require the following alternative forms of
3 security:

4 (1) a cashier's check drawn on a financial entity
5 specified by the authority;

6 (2) a United States bond or note;

7 (3) an irrevocable bank letter of credit; or

8 (4) any other form of security determined suitable by
9 the authority.

10 (g) An authority by rule shall prescribe requirements for
11 alternative forms of security provided under this section.

12 Sec. 366.405. OWNERSHIP OF TURNPIKE PROJECTS. (a) A
13 turnpike project that is the subject of a comprehensive development
14 agreement with a private entity, including the facilities acquired
15 or constructed on the project, is public property and is owned by
16 the authority.

17 (b) Notwithstanding Subsection (a), an authority may enter
18 into an agreement that provides for the lease of rights-of-way, the
19 granting of easements, the issuance of franchises, licenses, or
20 permits, or any lawful uses to enable a private entity to construct,
21 operate, and maintain a turnpike project, including supplemental
22 facilities. At the termination of the agreement, the turnpike
23 project, including the facilities, are to be in a state of proper
24 maintenance as determined by the authority and shall be returned to
25 the authority in satisfactory condition at no further cost.

26 Sec. 366.406. LIABILITY FOR PRIVATE OBLIGATIONS. An
27 authority may not incur a financial obligation for a private entity

1 that designs, develops, finances, constructs, maintains, or
2 operates a turnpike project. The authority or a political
3 subdivision of the state is not liable for any financial or other
4 obligation of a turnpike project solely because a private entity
5 constructs, finances, or operates any part of the project.

6 Sec. 366.407. TERMS OF PRIVATE PARTICIPATION. (a) An
7 authority shall negotiate the terms of private participation in a
8 turnpike project under this subchapter, including:

9 (1) methods to determine the applicable cost, profit,
10 and project distribution among the private participants and the
11 authority;

12 (2) reasonable methods to determine and classify toll
13 rates and the responsibility for setting toll rates;

14 (3) acceptable safety and policing standards; and

15 (4) other applicable professional, consulting,
16 construction, operation, and maintenance standards, expenses, and
17 costs.

18 (b) A comprehensive development agreement entered into
19 under this subchapter may include any provision the authority
20 considers appropriate, including a provision:

21 (1) providing for the purchase by the authority, under
22 terms and conditions agreed to by the parties, of the interest of a
23 private participant in the comprehensive development agreement and
24 related property, including any interest in a turnpike project
25 designed, developed, financed, constructed, operated, or
26 maintained under the comprehensive development agreement;

27 (2) establishing the purchase price, as determined in

1 accordance with the methodology established by the parties in the
2 comprehensive development agreement, for the interest of a private
3 participant in the comprehensive development agreement and related
4 property;

5 (3) providing for the payment of an obligation
6 incurred under the comprehensive development agreement, including
7 an obligation to pay the purchase price for the interest of a
8 private participant in the comprehensive development agreement,
9 from any available source, including securing the obligation by a
10 pledge of revenues of the authority derived from the applicable
11 project;

12 (4) permitting the private participant to pledge its
13 rights under the comprehensive development agreement;

14 (5) concerning the private participant's right to
15 operate and collect revenue from the turnpike project; and

16 (6) restricting the right of the authority to
17 terminate the private participant's right to operate and collect
18 revenue from the turnpike project unless and until any applicable
19 termination payments have been made.

20 (c) An authority may enter into a comprehensive development
21 agreement under this subchapter with a private participant only if
22 the project is identified in the department's unified
23 transportation program or is located on a transportation corridor
24 identified in the statewide transportation plan.

25 (d) Section 366.406 does not apply to an obligation of an
26 authority under a comprehensive development agreement, nor is an
27 authority otherwise constrained from issuing bonds or other

1 financial obligations for a turnpike project payable solely from
2 revenues of that turnpike project or from amounts received under a
3 comprehensive development agreement.

4 (e) Notwithstanding any other law, and subject to
5 compliance with the dispute resolution procedures set out in the
6 comprehensive development agreement, an obligation of an authority
7 under a comprehensive development agreement entered into under this
8 subchapter to make or secure payments to a person because of the
9 termination of the agreement, including the purchase of the
10 interest of a private participant or other investor in a project,
11 may be enforced by mandamus against the authority in a district
12 court of any county of the authority, and the sovereign immunity of
13 the authority from suit and liability is waived for that purpose.
14 The district courts of any county of the authority shall have
15 exclusive jurisdiction and venue over and to determine and
16 adjudicate all issues necessary to adjudicate any action brought
17 under this subsection. The remedy provided by this subsection is in
18 addition to any legal and equitable remedies that may be available
19 to a party to a comprehensive development agreement.

20 (f) If an authority enters into a comprehensive development
21 agreement with a private participant that includes the collection
22 by the private participant of tolls for the use of a toll project,
23 the private participant shall submit to the authority for approval:

24 (1) the methodology for:

25 (A) the setting of tolls; and

26 (B) increasing the amount of the tolls;

27 (2) a plan outlining methods the private participant

1 will use to collect the tolls, including:

2 (A) any charge to be imposed as a penalty for late
3 payment of a toll; and

4 (B) any charge to be imposed to recover the cost
5 of collecting a delinquent toll; and

6 (3) any proposed change in an approved methodology for
7 the setting of a toll or a plan for collecting the toll.

8 (g) Except as provided by this section, a comprehensive
9 development agreement with a private participant that includes the
10 collection by the private participant of tolls for the use of a toll
11 project may be for a term not longer than 50 years. The
12 comprehensive development agreement may be for a term not longer
13 than 70 years if the agreement:

14 (1) contains an explicit mechanism for setting the
15 price for the purchase by the authority of the interest of the
16 private participant in the comprehensive development agreement and
17 related property, including any interest in a turnpike project
18 designed, developed, financed, constructed, operated, or
19 maintained under the agreement; and

20 (2) outlines the benefit the authority will derive
21 from having a term longer than 50 years.

22 Sec. 366.408. RULES, PROCEDURES, AND GUIDELINES GOVERNING
23 SELECTION AND NEGOTIATING PROCESS. (a) To promote fairness,
24 obtain private participants in turnpike projects, and promote
25 confidence among those participants, an authority shall adopt
26 rules, procedures, and other guidelines governing selection of
27 private participants for comprehensive development agreements and

1 negotiations of comprehensive development agreements. The rules
2 must contain criteria relating to the qualifications of the
3 participants and the award of the contracts.

4 (b) An authority shall have up-to-date procedures for
5 participation in negotiations under this subchapter.

6 (c) An authority has exclusive judgment to determine the
7 terms of an agreement.

8 SECTION 3. Section 366.033(f), Transportation Code, is
9 amended to read as follows:

10 (f) An authority may rent, lease, franchise, license, or
11 otherwise make portions of any property of the authority, including
12 the tangible or intangible property, [~~its properties~~] available for
13 use by others in furtherance of its powers under this chapter by
14 increasing:

15 (1) the feasibility or efficient operation [~~the~~
16 revenue] of a turnpike project or system; or

17 (2) the revenue of the authority.

18 SECTION 4. Subchapter B, Chapter 366, Transportation Code,
19 is amended by adding Section 366.037 to read as follows:

20 Sec. 366.037. OTHER HIGHWAY PROJECTS. (a) In addition to
21 the powers granted under this chapter and without supervision or
22 regulation by any state agency or local governmental entity, the
23 board of an authority may by resolution, and on making the findings
24 set forth in this subsection, authorize the use of surplus revenue
25 of a turnpike project or system for the study, design,
26 construction, maintenance, repair, and operation of a highway or
27 similar facility that is not a turnpike project if the highway or

1 similar facility is:

2 (1) situated in a county in which the authority is
3 authorized to design, construct, and operate a turnpike project;

4 (2) anticipated to either:

5 (A) enhance the operation or revenue of an
6 existing, or the feasibility of a proposed, turnpike project by
7 bringing traffic to that turnpike project or enhancing the flow of
8 traffic either on that turnpike project or to or from that turnpike
9 project to another facility; or

10 (B) ameliorate the impact of an existing or
11 proposed turnpike project by enhancing the capability of another
12 facility to handle traffic traveling, or anticipated to travel, to
13 or from that turnpike project; and

14 (3) not anticipated to result in an overall reduction
15 of revenue of any turnpike project or system.

16 (b) The board in the resolution may prescribe terms for the
17 use of the surplus revenue, including the manner in which the
18 highway or related facility shall be studied, designed,
19 constructed, maintained, repaired, or operated.

20 (c) An authority may enter into an agreement with the
21 department, the commission, a local governmental entity, or another
22 political subdivision to implement this section.

23 (d) An authority may not:

24 (1) take an action under this section that violates,
25 impairs, or is inconsistent with a bond resolution, trust
26 agreement, or indenture governing the use of the revenue of a
27 turnpike project or system; or

1 (2) commit in any fiscal year expenditures under this
2 section exceeding 10 percent of its surplus revenue from the
3 preceding fiscal year.

4 (e) In authorizing expenditures under this section, the
5 board shall consider:

6 (1) balancing throughout the counties of the authority
7 the application of funds generated by its turnpike projects and
8 systems, taking into account where those amounts are already
9 committed or programmed as a result of this section or otherwise;
10 and

11 (2) connectivity to an existing or proposed turnpike
12 project or system.

13 (f) Except as provided by this section, an authority has the
14 same powers and may use the same procedures with respect to the
15 study, financing, design, construction, maintenance, repair, and
16 operation of a highway or similar facility under this section as are
17 available to the authority with respect to a turnpike project or
18 system.

19 SECTION 5. The heading to Section 366.185, Transportation
20 Code, is amended to read as follows:

21 Sec. 366.185. ENGINEERING, DESIGN, AND CONSTRUCTION
22 SERVICES [~~COMPETITIVE BIDDING~~].

23 SECTION 6. Section 366.185, Transportation Code, is amended
24 by amending Subsection (a) and adding Subsections (c), (d), (e),
25 and (f) to read as follows:

26 (a) A contract made by an authority that requires the
27 expenditures of public funds for the construction or maintenance of

1 a turnpike project may [~~must~~] be let by a competitive bidding
2 procedure in which the contract is awarded to the lowest
3 responsible bidder that complies with the authority's criteria.

4 (c) Notwithstanding any other provision of state law, an
5 authority may procure a combination of engineering, design,
6 construction, and maintenance services in a single procurement
7 under which the contract awarded results in the best value to the
8 authority.

9 (d) The authority shall adopt rules governing the award of
10 contracts for engineering, design, construction, and maintenance
11 services in a single procurement.

12 (e) Notwithstanding any other provision of state law, an
13 authority may let a contract for the design and construction of a
14 turnpike project by a construction manager-at-risk procedure under
15 which the construction manager-at-risk provides consultation to
16 the authority during the design of the turnpike project and is
17 responsible for construction of the turnpike project in accordance
18 with the authority's specifications. A construction
19 manager-at-risk shall be selected on the basis of criteria
20 established by the authority, which may include the construction
21 manager-at-risk's experience, past performance, safety record,
22 proposed personnel and methodology, proposed fees, and other
23 appropriate factors that demonstrate the construction
24 manager-at-risk's ability to provide the best value to the
25 authority and to deliver the required services in accordance with
26 the authority's specifications.

27 (f) The authority shall adopt rules governing the award of

1 contracts using construction manager-at-risk procedures under this
2 section.

3 SECTION 7. Subchapter G, Chapter 366, Transportation Code,
4 is amended by adding Section 366.305 to read as follows:

5 Sec. 366.305. TRANS-TEXAS CORRIDOR PROJECTS. If an
6 authority is requested by the commission to participate in the
7 development of a turnpike project that has been designated as part
8 of the Trans-Texas Corridor, the authority shall have, in addition
9 to all powers granted in this chapter, all powers of the department
10 related to the development of Trans-Texas Corridor projects.

11 SECTION 8. This Act takes effect September 1, 2007.