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June 25, 2019

Mr. Al Alonzi, PE
Division Administrator
Federal Highway Administration - Texas Division
300 East 8th Street, Rm 826
Austin, Texas 78701

RE: SEP-16 Letter of Interest - Delegation of Approval Authority for Major Project Financial Plans and Annual Updates

Dear Mr. Alonzi:

In accordance with 23 U.S.C 101, the Texas Department of Transportation (TxDOT) hereby notifies the Federal Highway Administration (FHWA) of our interest in participating in the New Special Experimental Project (SEP-16) to Evaluate Proposals for Delegation of Certain Program-wide FHWA Responsibilities to States. This project, announced by FHWA on September 19, 2018, document number 2018-20347, is to test and evaluate the delegation of program-level responsibilities of the Federal-Aid Highway Program (FAHP) to States, including the appropriate steps States should take to request to exercise delegated authority.

Summary of Proposal

TxDOT proposes to seek authority under 23 USC 106(h) to prepare and approve Major Project Initial Financial Plans (IFP) and Annual Financial Plan Updates (AFPU) as described in 23 USC 106(h)(1) and (3).

Reasoning for Proposal

Current Major Project Guidance prohibits FHWA from authorizing construction funds for a project or project phase if the total project cost estimate is greater than \$100 million until a Financial Plan is prepared and filed for the work subject to authorization, or if over \$500 million, submitted to FHWA for review and approval. The IFP must be updated annually until project construction is complete. The IFP and updates must be certified by the TxDOT Director (or designee), filed and made available for FHWA review upon request.

IFP and updates for projects greater than \$500 million usually require that TxDOT make revisions to address FHWA comments. The extended time for FHWA review usually takes several months. TxDOT is considering this program as a time savings to this process. The level of resources and effort to prepare the IPF and the AFPU will remain unchanged. Over the years, TxDOT has demonstrated that internal processes, policies and controls (e.g. the Environmental Document preparation process) ensure that the intent and obligations of the federal law requiring the plans and updates are met.

OUR VALUES: *People • Accountability • Trust • Honesty*

OUR MISSION: *Through collaboration and leadership, we deliver a safe, reliable, and integrated transportation system that enables the movement of people and goods.*

An Equal Opportunity Employer

Anticipated Resulting Improvement to TxDOT's Project Delivery

TxDOT would save time and resources by reducing the FHWA review and comment period for the IFP and AFPU. In addition, allowing IFP and AFPU approval decisions to be made closer to those responsible for project delivery will enhance ownership and accountability.

Experience with Project-Level Delegation

TxDOT has been working under NEPA assignment for almost four and a half years with great success. TxDOT has seen many overall improvements to project development and delivery as a result of this delegation, including:

- Faster environmental review and approval times;
- Improved program guidance, policies, and procedures;
- Improved understanding of the process for agencies, local governments, and the public;
- Improved training program;
- Improved program efficiencies; and
- Greater accountability through internal monitoring and FHWA program audits.

TxDOT has been preparing IFP's and updates of Major Projects since 2009, including requests for Operational and Non-Concurrent Construction (OINCC) approval, as well as many projects with total cost estimates greater than \$100 million. In those ten years, TxDOT acquired experience and expertise implementing projects benefitting from a variety of funding types and sources while developing projects with local, state and federal funds; Bonds; TIFIA Loans; and Concessionaire's Private Equity. The processes and policies TxDOT has in place provide effective controls and documentation over matters in accordance with FHWA Financial Plans Process and Guidance (2014).

TxDOT looks forward to working closely with FHWA during the application process on this exciting experimental project.

Sincerely,



James M. Bass
Executive Director