

POM Quarterly: Joint DOT-FHWA Webinar

FHWA Office of Innovative Program Delivery

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Introduction

Victoria Farr: On behalf of the Federal Highway Administration's Office of Innovative Program Delivery, I would like to welcome everyone to today's Joint DOT and FHWA Major Projects Webinar. My name is Victoria Farr and I am with the U.S. Department of Transportation Volpe Center in Cambridge, Massachusetts. I will be facilitating our question and answer period and providing technical assistance today. I will introduce Jim Sinnette the Project Delivery Team Leader momentarily, but before he begins I would like to point out a few key features of our webinar room. On the top left side of your screen you will find the audio call in information. If you are disconnected from our webinar at any time please use that call in information to reconnect to our audio. Below the audio information is a list of attendees and below that is a box titled "Materials for download" where you may access a copy of today's presentation as well as several reference documents. Download any of the files, select one or all of them, click download files, and follow the prompts on your screen. A new tab or window may open in your internet browser to complete the download. In the lower left column is a chat box you can use to submit questions to our presenters throughout the webinar. We will also take questions over the phone and further instruction will be given later on. If you experience any technical difficulties, please use the chat box to send a private chat message to me, Victoria Farr. Our webinar is scheduled to run until 3:30 P.M. Eastern today and I wanted to let you know that we are recording today's webinar so that anyone who is unable to join us may review the material at a later time. And with that I'd like to turn the Webinar over to Jim Sinnette. Jim?

Slide 2 - Agenda

Jim Sinnette: Thank you, Victoria. Welcome everyone. Welcome Federal Highway staff and for the first time welcome our state DOT partners. We normally conduct these webinars on a quarterly basis with just internal FHWA staff. This is the first time that we've invited our state DOT partners and there will be an opportunity for you to provide input on do you think this is something we should do on a regular basis. Just like all of our other quarterly webinars we have another full agenda with some pretty interesting presentations from Michigan DOT, Texas DOT, and Florida DOT. So with that I will turn it over to LaToya Johnson. She is a member of the Project Delivery Team here in headquarters.

LaToya Johnson: Thanks, Jim and hello everyone. I just want to welcome you again to our first Joint DOT FHWA Major Project webinar. And as usual for these webinars I'm excited but I'm definitely excited today to have our state D.O. partners not only join us but to have them provide presentations that I think our entire audience will find very worthwhile and hopefully they will provoke a lot of conversation and discussion.

Poll Questions

At this time Victoria if you could pull up the first set of polls. We just wanted to do a quick poll to find out who is on the call so the first one if you could check your affiliation or the affiliation of the folks in the room and hopefully there are some Federal Highway and DOT folks that have partnered and joined together. And then in the second poll if there is more than one person participating, if you could indicate that in the second poll. And we will give just a couple more seconds. And with that, Victoria, it looks like we have stopped so it looks like we have about half of the folks on the call being from Federal

Highway's Division Office and another half from either State DOT or some other transportation agency. Again we are glad to have you all join us and we are excited to jump right into our presentation...

Major Project Requirements from NEPA and Beyond: I-94 Ford Freeway Modernization Project in Detroit, MI

LaToya Johnson: Okay so our first presenter or presenters come from the Michigan Department of Transportation which is very appropriate and I hope they don't mind me sharing this story but actually Michigan DOT was really responsible for pushing Federal Highway to finally host this webinar. We had been talking about doing something similar to this for a while and back in December some of us on our team was in Michigan for a workshop and we were kind of cornered and Michigan asked us "When are you going to bring some folks together from across the country to start to talk about and share their experiences with delivering and developing major projects?" So I want to say thank you to Michigan for pushing us to start this webinar and of course fittingly kicking us off with the first presentation today. After we hear from Michigan we will hear from TxDOT to talk about quality assurance plan for design-build and P3 projects, and then thirdly we will hear from out of Florida's Department of Transportation that we'll talk about their experiences with Alternative Technical Concepts of ATC So a little bit about our first presenters. We have Brenda Chapman who is an account manager for the Michigan Department of Transportation. Brenda manages the program services and financial outreach units within MDOT's Financial Operations Division. She also leads MDOT's financial planning core team for all major projects. We have gotten to know Brenda very well at headquarters as she has been helping to move forward on several Michigan DOT major projects. Her experience with major projects includes financial modeling, stress testing and analysis and she helps to draft a recommendation for traditional financing versus alternative funding for projects and has managed financial feasibility and T.R.P.R. studies and Brenda is a graduate of Michigan State University. Also presenting during the first presentation is Terry Stepanski. And Terry is a registered professional engineer who has worked for MDOT for over 29 years in a variety of roles. Currently and for the past nine years he's been a senior project manager responsible for the development of some of the largest projects that Michigan DOT has undertaken. One of those projects that you will hear a little bit more about is the 1.9 billion dollar I-94 modernization project. So with that I will turn it over to Brenda and Terry to talk about the major project requirements from NEPA and beyond and MDOT's experience with moving a major project forward. So with that, Brenda I will turn it over to you.

Slide 5 – Overview of the I-94 Ford Freeway Modernization Project

Brenda Chapman: Great, thank you, LaToya. Hello everyone. The I-94 Ford Freeway Modernization Project is a complete reconstruction and capacity improvement project through 6.7 miles of downtown Detroit. The project includes widening from three lanes to four and the replacement of sixty-seven bridges. The project cost estimate is broken down into 20 to 25 packages with the build out of over 24 years. At the cost of 2.9 billion in year of expenditure projects it's a significant project for us.

Slide 6 – Project Map

Here is a map of the site. You will notice major intersections of, let me skip this arrow going here, along I-94. We have major intersection projects included here at I-96 and I-75. As well as Michigan State

Highways M-10, M-1 is Woodward Avenue, M-53 and M-3. A new light rail street car system is being built along M-1, Woodward Avenue and this requires the reconstruction of the Woodward Avenue Bridge as part of that rail project.

Slide 7 – Current Schedule

Here is a graphic representation of the build out of our project. We are broken down into three major phases, advanced bridges. Due to the deteriorating condition of many of the bridges over approximately ten of those bridges had to be advanced as first use of our resources. The build out then is logical to follow segments three, two, and then one relative to the number of advanced bridges and their location.

Slide 8 – Overview of Major Project Approval Process

We attempted to meet the major project requirements a few years ago. We received our ROD in December of 2005 and had our detail-based cost-estimate available in June of 2010. Our first full CER was performed over the course of one week over the spring of 2011. Our first IFP was submitted quickly thereafter but after several revisions and web meetings with FHWA it was not approved. We did not adequately demonstrate our fiscal constraint for the entire program. During the same time frame we had other significant major projects going. Reconstruction and a capacity project of I-75 in the metro area. The Bridge required attention. DIFT Detroit Intermodal Freight Transit project and we have an international bridge at Port Huron in Michigan connecting us with Canada. The Blue Water Bridge Plaza projects are also in this time frame. So FHWA did not feel that we adequately can show fiscal constraint. Our second attempt for major project approval was just this past December and our IFP was approved in February. Other highlights of our story include the new requirements of MAP-21 coming on during the time that we are trying to develop our strategy. Interim guidelines were available but out for comment. Now we tested and maybe we were the first ones through under the new process. I'm not sure. MAP-21 phasing should have been the path to our answer but it was deemed not applicable to our project. We had a changed deadline because of the Woodward Bridge being advanced because of the light rail project. The MPO implemented new deadlines in their process. And MDOT Division Office and the MPO were sorting out how to react to those changes. And we were uncertain as whether or not the original CER that was performed in 2010 was under the new process which would qualify us for a shorter CER for our December IFP. So we had a lot of challenges and I'll get into some of them in a little more depth.

Slide 9 – Base Cost Estimate

From the beginning we felt that our cost estimate and the way it was developed by the consultant could be relied on as it was formatted by the consultant. It was developed in small individual standalone packages. We had approximately what was it, Terry? Twenty or twenty-six individual?

Terry Stepanski: Twenty-six total including the priority bridges and advanced bridgework.

Brenda Chapman: Uh-hum. So because those were developed, it's kind of standalone packages that really enabled us to cut and paste. It helped us when we inflated, deflated, if we were doing what-if planning and it was compatible to the way that we designed our supporting Excel workbook for use and our scenario planning and also to support our initial financial plan. So it was able to really facilitate our planning here internally and it also held up to the scrutiny of the original DER.

Slide 10 – Major Project Requirements First Attempt

In 2011 our first attempt for the plan was for a traditional design bid build of those packages. Our funding plan did not adequately demonstrate our ability to fiscally constrain the overall program given that the other major projects were also being scheduled and developed during this timeframe.

Slide 11 – Challenges to Traditional Thinking - Delivery

We tried to challenge our traditional thinking for delivery as well as traditional thinking for financing. Our challenges to our traditional thinking included facilitated workshops. We had a consultant come in and facilitate a workshop for challenging how we think about setting goals and how we might achieve our goals. Challenged the way we thought about traditional versus practical design and really enabled us to do more thinking about design-build. In the facilitated workshops we had all of our larger core team with us. We always had the engineers, planners and accountants in all of these larger meetings where we planned and challenged ourselves. So it really helped to develop a core team that pulled us through as we continued through our story. We together could develop a shared vision for success, and if we're thinking about what is our vision for success, what is that going to look like? Now it's back into what we need to do to get us there. We looked at design modifications. We looked at accelerated delivery. We also were selected as one of the SHRP2-R10 demonstration projects which helped us with our overall planning for major projects.

Slide 12 – I-94 Delivery Options

Some of the I-94 delivery options that came out of those workshops are I think it's pretty reasonable to expect that if you accelerate the project, you're going to save with inflation. Just very generally speaking option one in year of expenditure dollars could really save us considerable amount of funding and complete our project much earlier. Option two and option three of course, one point two billion, we could complete that project by 2017. We were actually able to put together some detailed scenarios to support these accelerated projects and here is an example of an accelerated delivery option and the chart at the bottom of this slide.

Slide 13 – Funding Scenarios

However, as good as we are at planning to accelerate the project our major constraining item is financing. We can accelerate the plan, but can we finance it? We looked at the design-build packages, design-build is another concept that changes the way you authorize your project. You need to authorize earlier and design-build is going to have a tighter cash flow. You're going to need your cash more cash up front and your tail or your percentages of cash needs your subsequent will be shorter. We looked at a lot of planning scenarios and stress tested, looking at the relationship of finance debt for a longer term project versus inflation avoidance so that we could zero in on our true costs. We scheduled out and tested, stress tested our coverage ratios for debt service but we also looked at the percent of programs that the debt service would require for the percent of programs in this metro region because we plan our funds by region but we're also looking at the percent of federal and state dollars that would be needed to cover the debt service. And could we live with that? Could we live with a large percent of our program being needed to make debt service payments? We looked at traditional revenue bonds. We looked at multiple types of GARVEEs. We like the idea of GARVEEs because we had a shorter repayment period and with direct GARVEE we can look at federal as well as state dollars for repayment but by

looking at a shorter repayment period really it really puts too much stress on the program. And then of course a mix of direct and indirect GARVEEs.

Slide 14 – MAP-21 and Phasing

MAP-21 and phasing should have been our answer. With the program, excuse me, with a project of this size and the long duration with our distinct advanced bridges segments three, two, and one, we really thought phasing was going to be our answer. However, because we had fiscally constrained our project with our metropolitan planning organization, our funding had already been identified and we did not qualify for <inaudible>. So now it's an all or nothing proposition. We are going ahead with this project and we are fiscally constraining it or we are back to the drawing board.

Slide 15 – Additional Challenges

Additional challenges, we didn't have as much time as we thought. Another project that was in the footprint of I-94 is the M-1 streetcar light rail system. Because they were able to accelerate their project, they needed to have the Woodward Bridge replacement done in a very short period of time which meant we needed to have our initial financial plan and our MPO approved as fast as possible. We had thrown another loop with our MPO changing their amendment schedule and some challenges internally and with our federal highway partners with looking at is this going to be an amendment or can this be an administrative change and how can we now put together a new funding plan. Make sure we are matching the MPO We are fiscally constrained and meet the new amendment due dates.

Slide 16 – Creating a Path Forward

By creating a path forward with biweekly coordination meetings, where we brought all disciplines to the table, we were able to coordinate our new strategy, planning, senior management including environmental or senior project managers for this project as well as the other major projects. Finance came to the table, real estate, communications. We all met biweekly in a large meeting setting to make sure that we were meeting deadlines and that we were all marching to the same tune.

Slide 17 – Traditional Allocation of Funds by Region

MDOT typically plans allocation of funds into seven different regions across the state. That is our traditional view. We look at funding allocations by region, by funding source and category, reconstruct capacity improvement or some of the templates that are created for each region. By getting ourselves outside of the box and thinking about how could that funding be used differently, the metro region determined that they could dedicate \$200 million a year to the I-94 project as well as another significant major project that is needed in the same region, the I-75 project and we could potentially fund this project and move ahead. We are looking at \$200 million a year dedicated to the two projects as a pay-as-you-go. We are abandoning any efforts to try to finance and move ahead with finance that's because MDOT deemed it was not in our best interest to bind ourselves to those interest payments for long periods of time. It would take away some of the flexibility that we think we might want in the future. However, the counterpart to that is MDOT developed a project readiness plan across all the disciplines and we thoroughly tested the plan to ensure that it would work in the event that if and when additional funding comes to the table, we can immediately put a project readiness plan in place and accelerate these projects.

Slide 18 – Major Project Core Team

Another significant piece of our story is that we developed a very small major project core team. We met weekly at the same time in the same room with the senior project engineer for I-94, that's Terry. The Senior Project Engineer for I-75, Sue Data, a planning coordinator that works between us and the planning counsel, our FHWA Major Oversight Project Manager, Ryan Rizzo, and myself. We ensured that our Regional Planning Council was in step with our plans and that their amendment schedule could be met. And one of the titles to an email between the team members as we're going through this and meeting for weeks and weeks is "Let's keep talking until we have an agreement on what to do." We were just really committed to each other and to moving this project forward.

Slide 19 – Cost Estimate Review

Having put the \$200 million per year pay-as-you-go plan into place for both of the major projects I-94 and I-75, we were able to develop all of our initial financial plan documents and draft documents, the draft project management plan, and schedule our cost estimate review. We did determine that when we had our initial cost estimate review that it did use the new process so we could use a three-day accelerated cost estimate review for the refresh. We had a pre-CER conference with the major OIPD major projects which was very valuable. We were able to forward all of our draft documents and Excel workbooks and financial detail to them and they were very well prepared as were we for the pre-CER conference. We updated our unit prices in-house. As I said earlier we really relied on that base cost estimate. It served us well. It facilitated being able to use our own folks within MDOT for specifications and estimates and update the unit prices and that flowed all the way through the workbooks. That flowed all the way through the new schedule and all the way through the new year of expenditure planning. This allowed us to have the shortened CER which focused on items that were very relevant to what is happening to our project today. We didn't need to revisit every item. We revisited current market conditions, inflation and risks, especially those related to poor soils and unknowns related to utilities.

Slide 20 – Initial Financial Plan

Our initial financial plan was approved in a very shortened period of time. The major project core team were able to- we actually sat there during the cost estimate review with our laptops and we were able to make major changes to the year of expenditure dollar and to our scheduling and to cost estimates as they were discussed and decided upon in the cost estimate review. So we really could shorten our timeframes and keep our project moving quickly. We, by going through this process together and being committed to each other we were able to create ownership of common data and we were able to build on our prior experiences. Throughout this entire process we had similar FHWA staff available to us, LaToya and Cindy. FHWA was involved in all of our workshops and the SHRP2 workshop. At the time that we were making our final decisions and settling on our final project schedule, we literally locked ourselves in a conference room with multiple laptops and projectors. We had project manager in here. We had Sue Data from the I-75 project and we hammered out our schedule and really owned that common data and our common commitment.

Slide 21 – Lessons Learned and Best Practices

Our lessons learned in best practices that we'd like to share: can't say enough about developing a major projects core team that's multidisciplinary and includes your division office, your FHWA partner. Establish good working partnerships within your organization internally and externally with FHWA, with your regional planning organization. Being involved in supportive relationships continued to serve us well. If you are in a situation like we were where you need to work quickly keep your core team small. We also used file share software within the department so that everyone on the team could have access to all the same data.

Slide 22 – Lessons Learned and Best Practices (cont.)

The single team concept takes ownership over the single set of financial data. I think I've talked about that probably in enough significant detail. And using that same core data for all purposes really helps, especially if you're in a changing environment where changes are coming at you very quickly. Any questions for myself or for the senior project manager?

Slide 23 – Contact Information: Brenda Chapman

Slide 24 – Contact Information: Terry Stepanski, P.E.

Slide 25 – Contact Information: Ryan Rizzo

LaToya Johnson: Thanks, Brenda. That was great. Hopefully with that presentation you could see definitely some of the complexities and complications and coordination issues that I'm sure that all of us have at least one story we can tell about developing and delivering major projects. I think Brenda gave us a good overview of some of the major project requirements that have to be met as you deliver projects and how MDOT specifically worked through those requirements among many others to get this project going so Brenda thank you, Terry thank you for putting together that presentation. And while we are queuing up questions so everyone feel free to type in questions and we'll open the phone lines in a second. Brenda just flipped to her contact information as well as Terry and Ryan Rizzo's project oversight manager from the division office is available in the presentation so if you have any questions for them outside of this webinar feel free to contact them to ask them more with detail specific questions. And while I see at least one question is queued up. I'll go ahead and let the operator say a few words to give instructions for opening the phone lines, so Steven?

Steven: Thank you Ms. Johnson. If you have any questions or comments please depress the star followed by the zero at this time. Please give your first and last name to the operator. Once you have done that please depress the star one to submit your question. Once again start the process by depressing star followed by zero.

Questions

LaToya Johnson: Okay and we'll give a few seconds to queue up and I guess we'll just start with the first question which is from Illinois. And it says "There are many projects in the R.T.P. What considerations caused the bigger efforts to be restricted to one phase?"

Terry Stepanski: Illinois are you asking us why we put this effort on the one particular project or are you asking us something about a phase?

Brenda Chapman: We were not able to phase. We had to qualify or meet the FHWA requirements without phasing which is why we had to fiscally constrain our project for the entire term, for the entire 24-year build out.

LaToya Johnson: I see Illinois is trying to type something and they are trying to find out why phase initial financial plan was not allowed?

Ryan Rizzo: I guess I'll take that one; this is Ryan Rizzo, Federal Highway, Michigan Division. Because the Michigan DOT had already identified the entire project in its metropolitan planning organization's plan and in discussions with headquarters, Federal Highway headquarters, it was our understanding that phasing is to be applied to projects that could not be constrained in the MPO's long range plans whereas this one was. I don't know if Cindy or LaToya wants to elaborate on that.

LaToya Johnson: No, Ryan, I don't think we have much more to add. I'm looking at Cindy and she is saying that in this case it wasn't necessary to phase in. It wasn't an advantage or you didn't get any value by phasing it because the state had already outlined or defined or identified the needed funding in the RTP so it wasn't necessary at this point.

Brenda Chapman: Right, funding is reading from the criteria in the short term in the event that there are insufficient financial resources to complete the entire project. And of course that was not our situation. We had fiscally constrained the entire project as well as our MPO.

LaToya Johnson: I think if this had have come up in 2010 when we got the original initial financial plan before we were allowed to do phase-in plans, it probably would have been more appropriate in 2010 but when the second or the recent initial financial plan was submitted that funding had been identified. Alright, the next question is from Patricia. She asks "Did you consider a P3, a public-private partnership?"

Brenda Chapman: Well, yes we did at various times throughout. The short answer is that currently in Michigan we do not have legislation to allow P3s for a project of this size. We don't have legislation to allow for tolling and only one lane in each direction would have been new construction that we could have tolled. We have had traffic and revenue studies performed and we've had feasibility studies performed and this corridor and this 6.7 mile project was part of that study and it was deemed that at the current time the traffic and the volume of traffic, the levels of congestion probably would not have supported a project a tolling and funding and a P3 project. We needed to create a revenue stream with the project and we could not find a scenario that would work. If we tolled a longer segment of I-69 or I-94 or maybe even all of the interstates in the metro area looking at maybe a corridor type of situation, it might have been more feasible but at this time we don't have the legislation to do a P3.

LaToya Johnson: Thanks, Brenda. Steven, so we have any more questions or any questions on the line?

Steven: There are no questions on the phone line at this time, ma'am.

Slide 26 – FHWA Major Projects Website

LaToya Johnson: Okay thank you. So if that if we can pull the presentation back up and I'll give everyone a couple of more seconds to input any questions they may have but we just wanted to bring forward the major FHWA major project website that's provided here. I know that Brenda referenced quite a few of the requirements financial plans, the cost estimate reviews and the P.M.P.s. If you go to this website, here's where you can find some additional information and guidance about those requirements as well as a whole host of other information. We are located in the Office of Innovative Program Delivery so if you are interested in more information on other types of innovative financing and revenues our website also has a lot of information about P3s and TIFIA loans etcetera. So we definitely encourage you to visit the website and feel free to contact our team here at headquarters if you have any questions. Okay so I'm not seeing any other comments in the chat pod. We will go to our next presenter.

Quality Assurance Program for Design Build and Public Private Partnership Projects

Our presentation is coming from TxDOT. Unfortunately as all of you know when you deal with major projects, sometimes you are called to answer to upper management because many projects are of such large scale that management wants answers fast and so unfortunately Dieter Billek from TxDOT will not be able to join us today. But luckily we have Jim Travis who is here and will be providing the presentation that was supposed to be presented jointly between Jim and Dieter. So before we start I wanted to just give a little bit of an introduction. And even though Dieter is not here, I'll tell you a little bit about him and his contact information is here so if you want to contact him after the fact he will definitely be available. But Dieter is the procurement and implementation director for the strategic project division of TxDOT He has over 20 years of experience with TxDOT and in 2004 he became the Advanced Project Development Director for the I-35 corridor in this division. Also in his position he worked on the SH-130 segments 5 and 6 project. And for those of you who do not know, this was the first private concession agreement in the State of Texas. He has also worked on the I-35 corridor advisory committee and the segment committees to implement the I-35 planning process. And currently as the Director of Procurement and Implementation he works with the implementation of design-build and P3 projects throughout the state. His team and his focus are on consistent and efficient development of contract requirements and specifications and he manages and oversees 16 projects in different stages of procurement. In addition he supports numerous projects and the implementation and operations and maintenance phases including some of our most high profile major projects out of Texas which include I-35E, I-635, Grand Parkway, the DMW connector, the Horseshoe Interchange project, as well as the State Highway 130 segments 5 and 6. All 16 of these projects collectively represent over twenty-four billion dollars in construction value so you will definitely, even though you won't hear Dieter, you will see his perspective in the presentation that Jim will be provided. Jim Travis is the Asset Management Engineer for the Texas division of Federal Highway and he has been in Texas since 2000 and before Texas he had several assignments including those in North Carolina, Florida, Georgia and Iowa. And he was also the Federal Highway major project oversight manager for the Central Texas Turnpike project. So now Jim has done extensive work in materials and asset management working with TxDOT including program level pavement and materials responsibilities. So with that I will

turn it over to Jim to talk about Texas' Quality Assurance Program for Design-Build and public-private partnerships. Jim?

Slide 29 - Contents

Jim Travis: Thank you, LaToya. Dieter was really looking forward to doing this presentation but like LaToya said he got called in to the administrator's office this morning and he was not able to break away in time to come back and do the presentation. So he asked me if I could go ahead and pinch-hit for him so I'll do my best. This is Dieter's presentation. I'm familiar with some of the slides but we'll just start and see how it goes. The presentation is broken up into four major parts. We'll have an introduction and talk about the approach TxDOT has taken to design-build 3P type projects, talk about the major components of the quality assurance program that we're using, a little bit about lessons learned and best practices and end up with some questions and discussion.

TXDOT Approach to DB/PPP Projects

Slide 31 - TxDOT Strategic Projects Program

First the approach TxDOT is using for our non-traditional type projects. Like was mentioned in Dieter's bio we've got about twenty-four billion dollars' worth of projects that are either completed or under way in the state that are 3P in some way. Some are design-build, design-build plus, all the way up to full concession type projects. And on the right hand side of the slide you can see where those are broken up. And down on the bottom that 2.6 billion dollars, that's the value of the projects that are actually completed and opened to traffic at this time. TxDOT was able to get that 24 billion dollars' worth of projects underway by leveraging only about six billion dollars of state funds. It's a four to one ratio. The rest of that is made up by private investment, bonding capacity, future tolling to pay that back so we've been able to only spend six billion dollars to get twenty-four billion dollars' worth of work. One of the successes we've had was with the Grand Parkway Project where recently successful in getting a bond issued for the 2.9 billion dollars of the value of that design-build contract. We weren't sure if we were going to be able to do that but were able to pull that off. We've done this through dedicated agency organization and a lot of consultant support. TxDOT couldn't do this all on their own so they used consultants to a great extent to do a lot of the work.

Slide 32 - Design Build vs. Design Bid Build

Talk about our types of projects. I'll start on the right hand side with our traditional design-bid-build projects. We do those pretty much like most everybody else does. Two separate processes for design and construction, they are done separately. We advertise and award a construction project when we are complete with design. We build the project and in Texas almost exclusively all of our quality assurance inspection and testing on our traditional projects are done by state employees. We haven't used a lot of consultant inspection of testing or allowed really any contractor test results for acceptance on our traditional projects. When we move to design-build in our 3P type projects those are a little different with design and construction combined together. We made a decision early on that TxDOT probably wasn't best suited to take on the risk of the day-to-day sampling and testing on the project, our guide schedule type testing. So for that guide schedule testing TxDOT looked at the process where our projects are very large, most of them a billion dollars or more. A lot of new corridor projects spread out

over many miles, greenfield type projects with operations popping up all along the corridor. TxDOT didn't think they could manage even a consultant contract to deal with the peaks and valleys needed to staff that day-to-day sampling and texting so a decision was made that we needed to put that manpower risk over on the consultant side or on the developer's side which are design-build firms in our concessionaires. So when we did that we created a new issue where we were now looking at using contractor test results for acceptance and we needed to have some kind of owner verification which we will talk about a little later.

Slide 33 - Benefits

Some of the benefits we've identified in the program: we get faster delivery of a final product. We've seen cost savings by doing design-build and 3Ps. We feel like we get better quality because we pushed a lot of that risk over to our developer side. A single point of responsibility for both design and construction has reduced a lot of our claim potential. We have decreased the administrative burden on the projects, reduced our risk, and reduced the litigation and claims because of the design-build models.

Slide 34 - Pros and Cons

Again pros and cons: single entity for design and construction which allows a lot more flexibility for innovation. The contractor is involved with the design so we don't have to anticipate during design what kind of construction processes are going to be used. It gives us early start on a lot of the construction items overlapping those processes to shorten the timeframe of the project. Our long-lead items can be ordered ahead of time because the same entity is doing design and construction. Again our developer assumes the risk for our guide schedule level testing. And a lot of the risks of unknowns are taken away from TxDOT and moved over to our developer side. It has also opened up some opportunities for design and construction innovation. We have seen a lot of things on our design-build projects that we don't necessarily see in our traditional projects. Some of the cons are for some in TxDOT it's hard to give up that control of having control of everything on the construction side. There are some people that are well-suited for design-build projects and some that are not. We have struggled at times to make sure we get the right people involved with the project to make that happen. It's more of an oversight role than a directing role which has been difficult for some within TxDOT. And then maintenance we have our contracts include some provisions for long term capital maintenance for the future which in effect serves somewhat as a warranty for getting quality construction.

Slide 35 - Two-Step Procurement Process

We use a two-step process probably similar to what a lot of people use. We shortlist the firms and then we evaluate an award based on that evaluation. That evaluation is primarily based on the cost but it also includes components on how the developer proposes to do quality management and quality assurance and what they propose for their schedule.

Slide 36 - Completed Projects

This is a list of the projects TxDOT has either underway or completed. So you see we've completed a good number of projects. These are just the TxDOT projects in addition to the TxDOT projects we have some local toll agencies, the Dallas area toll agency has completed several design-build projects using our quality assurance process. The San Antonio regional mobility authority has finished one project and

then we've also done some design-build projects in the Austen area with the Central Texas Regional Mobility Authority and they have used owner sampling and testing and decided their risk was better suited to hire a consultant contract to do those sampling and testing as an owner representative rather than push that over to the developer to do.

Major Components of QA Program for DB/PPP Projects

Slide 38 – Quality Assurance Program Components

Major components of our quality assurance program; we have several different categories of tests that we look at and I'll talk about each of these in a little more detail. We had what we call quality control. We have quality assurance, owner verification, and independent assurance. And then we also have a dispute resolution process that comes into play when we are not able to validate the contractor's test results.

Slide 39 – Primary Quality Components

In our program when we talk about quality control, that's really our process control type testing. That's generally done by the contractor. It's included in its quality assurance program that he turns in before the project starts. It's a detailed process of all of the testing sampling internal processes that the contractor is going to do to assure that when we get a final product it will meet the specification requirements. When we talk about quality control there aren't a lot of specific requirements for that because it's really just determined in what the contractor's quality program says and they are evaluated on that and then we verify that they are actually following their process. We require that our design-build firm and concessionaires to also hire a separate independent lab that's independent from the equity portion of the project to do what we call quality assurance testing. And the reason we call it quality assurance testing is because that's what it's referred to in our specifications and in our guide schedule and that was convenient for us to put in to reference those two documents and keep that same terminology and that worked really well with the transition because when we went out to TxDOT districts and started construction projects people understood what quality assurance level testing was. They understood that to be the guide schedule testing. This has worked well for us within the state. When we try to go outside of the state this presents some difficulties because it's not in line with a lot of the other standard terminology. What we call quality assurance testing may better be defined by if you wanted a national term it's more like quality control testing for acceptance, but we call it quality assurance. It was never intended to give the acceptance process over to the developers. It's just what's convenient for us to name it that because that's what it was called in our guide schedule which was what the testing we wanted them to do. Since the QA testing is contractor test results for acceptance, we have to do the owner verification component to meet the 23 C.F.R. requirements. We shoot for a minimum of 10 percent random independent sampling by the owner or owner's representative. We found that the 10 percent a lot of times is low. What we're actually doing is a lot of times closer to 20 percent. We compare the owner verification independent data with the quality assurance independent data and we do a statistical comparison and validate either validate or don't validate the contractor's quality assurance test results.

Slide 40 – Primary Quality Components

What we do for validation in our quality assurance program is key to the program. We have three different levels that we use for validating the contractor's test results. Our level one is a continuous looking at the F-& t-test for both data sets. It's done continuously and almost in real time. Like I said the sampling is a minimum of ten percent of what the QA does. A lot of times our QA does more than the guide schedule testing frequency so if they do more the OV also matches that and does more. And we do the level ones on the most critical items, the things that are key to performance. We also have a level two which is an independent verification where we still take the independent owner verification samples, but we do a visual comparison and more of a gut check and look at they appear to come from the same population and an engineer from the owner verification firm makes an engineering judgment if they validate the data or not. We also have level three which are for items that are still in our guide schedule that are really more quality control than acceptance. We still want the quality assurance firm to do that testing. But we don't necessarily do a rigorous verification of that. We do that more through a visual observation that they understand how to run the tests and kind of an over-the-shoulder check on that. An example of where level one, two, and three would fall, for example concrete, strength and air content may be level one type tests. Slump and temperature may be a level two type test. And a level three may be something like a combined aggradation or some other test that's required for that mix. We have a baseline set of level one, twos, and threes set up in our program but for every project we do a risk assessment workshop and during that workshop we discuss the project specifics and have discussions if any of those levels need to be adjusted up or down for that particular project. For most projects we make maybe one or two changes. When we get into a concessionaire type project that has a long term 50 year operate and maintain. Those base values for level one, twos, and threes can change more than for the regular design-build projects. In addition to the validation that we do, we have both the owner verification and the quality assurance firm. When we start up the project they do a lot of split sampling just to make sure they are running the same test methods, their calibrations are correct. We don't use the split samples to validate their test results, but we use it to get the two laboratories in alignment. The OV firm also does independent audits to assure that the quality assurance program and what the contractors have committed to and their construction quality management plan is being followed. Every quarter since these projects are so big, none of us wanted to wait until the end of the project to do a material certification. So we every quarter each project develops a quarterly report that summarizes a sampling and testing that has gone on, on the project during that quarter.

Slide 41 – FHWA Reporting Requirements

And what the quarterly report does is it demonstrates that the quality assurance program for the project is being followed. Both the federal highway division office and the project manager for TxDOT sign the reports saying that they agree that the quality assurance program is being met. The report includes all the materials' acceptance decisions for all of the material during that quarter, presents the statistical validation, the charts on the right are some of the output from the software TxDOT uses where we run the top one is the F-&t- tests, looking at the P- value and the trends and if it's above our chosen alpha for that material. The bottom chart is a level two analysis where we plot the OV and the QA data on the same chart and an engineer for the OV firm makes a judgment whether it has been validated or not. We document all the non-validation investigations. Whenever we are not able to validate the contractor's test results it triggers a mandatory investigation, goes to dispute resolution and

we have a four-step process to resolve those. We look at primarily or exclusively the owner verification test results to determine if we have a quality issue or not, if we can accept the material or not. If we can't validate the QA test results we at that point we can only look at the owner verification test results. Based on the investigation we may make a determination to leave the material in place based on the owner verification test results but that doesn't get everybody off the hook from trying to solve why we didn't validate. We still need to investigate that. Both laboratories need to work together to determine what the issue was, why they couldn't validate. That could include checking calibrations, checking test procedures. And as we build these quarterly reports we essentially build our documentation for the material certification so that by the time we get to the end of the project we have all the material data in place that we can put the material certification cover letter on top of the stack of quarterly reports.

Slide 42 – Independent Assurance (IA)

Our independent assurance program in Texas is a system-wide approach. It's what we do on our design-build and 3Ps are pretty much the same as we do on our traditional. The only difference is with the huge influx of technicians we have used an AASHTO-accredited lab that the state hires to help with some of the manpower issues to get those technician certifications done to help us with our proficiency samples and to help us keep track of the records. For laboratories on the project, all of our laboratories used for acceptance or have AASHTO accreditation. They are also qualified by TxDOT or TxDOT's IA lab representative in the TxDOT test methods. They must keep their equipment calibrations up to date and the documentation is available for reviews at any time. And all of the data for the independent assurance from these projects gets turned into the central laboratory for the end of the year annual report on the IA program.

Lessons Learned/Best Practices

Slide 44 – TxDOT Oversight – Following the Process

Quickly lessons learned; we've learned that TxDOT really has have a role in overseeing the project and where that starts is with the owner verification testing and inspection program and the quality control management program. We can solve a lot of problems by really looking at what those two firms are proposing in their plans of how to run their day-to-day business and get a lot of things ironed out before we even start the project. TxDOT audits both firms and verifies that they are running their operations in accordance with their approved plans and both of their plans must meet the TxDOT Quality Assurance program so they also monitor that they aren't straying from that master program.

Slide 45 – TxDOT Oversight – Audits of OV and QA

TxDOT does some oversight of the different test procedures that are being performed on the project. Make sure they are being done correctly. They verify equipment calibrations and they make sure that those calibrations are redone at the frequency that's required.

Slide 46 – TxDOT Oversight – Material Issues

For non-validation investigations we need to resolve those as soon as possible. A lot of times if we can't immediately resolve a non-validation we will increase the owner verification testing frequency to cover that. We look at different statistical techniques to determine if we've got a quality issue looking at just

the owner verification test results we looked at a percent within limits a lot of times, use a lot of statistical tools since we're looking at a smaller data set to assess the quality. We do audits to verify that the minimum guide schedule testing is being done and that there is proper testing on sources that aren't preapproved by TxDOT. With the bigger projects, we have a lot of cases where they start pulling materials from brand new sources that haven't been preapproved and we found that we really need to get on top of that and make sure there is an understanding between the design-build firm and TxDOT who is going to approve those sources, what's going to be done, and who is going to do the testing on those once they are up and running.

Slide 47 – TxDOT Takeaways

For lessons learned that Dieter put in here from Grand Parkway, he put the design quality management plan needs to be in place prior to initiating design work. We must have the labs in place and they must have their certifications before the sampling and testing is required by contract. Notify local government agencies and other stake holders that contractors may be out on the project gathering data to prepare their proposals and their bids. Ensure that the developer has a public information plan in place before they engage with the public and require that the project management plan established time frames for closing out nonconformance reports.

Slide 48 – TxDOT Oversight – Coordination with Developer

And in Texas it's really a partnership. Our design-build firms are the projects are very big, there's a lot of cooperation. When we get into the dispute resolution process we get cooperation from both sides and that's what makes a successful project. And that's all I have unless there are questions.

Slide 49 - Contact Information: Dieter Billek

Slide 50 – Contact Information: Jim Travis

LaToya Johnson: Thanks, Jim that was great. I think you represented Dieter and TxDOT very, very well. With that, we will take a few questions and before we go to the chat pod, Steven if you could open up the lines and give everyone a little direction.

Steven: Once again for our phone participants, if they have a question or a comment please start the process by depressing the star zero and follow the operator's instructions.

Questions

LaToya Johnson: Thank you. Okay so the first question we have is from the Colorado division and it's about the coordination between TxDOT and the division office Jim and Sean wants to know "Does TxDOT submit a project-specific quality assurance plan during the RFP development phase or the division office to review and or approve? Or is there a standard TxDOT plan that they use for design-build projects?"

Jim Travis: When we first started, we did one for every project because we were every project we learned lessons and we were incorporating new things. After we got about two or three projects under our belt we developed a statewide quality assurance program for design-build projects. And we have

that in place now and for the most part on all of our design-build projects we use that quality assurance program. The only thing we modify a little bit is based in those project risk assessment analysis where we may adjust the default level one, twos, and threes, slightly based on the project-specific risk. But otherwise we do have a statewide program that addresses quality assurance for design-build. The only other exception is on P3 projects; those are still a project-by-project Quality Assurance program because all of the 3Ps are so different in how they are put together. Everything is negotiable on our full concession projects. Those are still more or less a project-by-project.

LaToya Johnson: Thanks, Jim. The next oh wait, we have a quick follow up from Sean. He says "Can you provide a link to where I can find a quality assurance plan for TxDOT and an example P3 Quality Assurance plan?" And Jim I don't know if you can provide that but Sean I know we have a few of them that we can provide to you offline.

Jim Travis: Yeah and TxDOT has that online and if you Google searched "TxDOT Quality Assurance Program for design-build" it should pop up but I can also get you an email you can link if that would help also.

LaToya Johnson: Thanks, Jim. The next question is from Judy and Judy I think this is in reference to TxDOT's strategic projects program so I don't know if you are going to be able to provide this information, Jim. This may be one that we have to follow up with Dieter but she is commenting about on I think this is slide one of the earlier slides.

Jim Travis: Slide four.

LaToya Johnson: Slide four, "Pre-securement at five billion dollars and procurement at five billion seem disproportionately high relative to ten billion dollars for design and construction."

Jim Travis: Yeah, those are just the phases or the amount of work we have in each phase so maybe Bret can help. Pre-procurement would be when they are in the deepest stage?

Bret Jackson: Right.

Jim Travis: And procurement would be when we are actively putting a bidding package together of some kind.

Bret Jackson: Right, this slide is just showing how many projects are in each stage so we've got 5.5 billion in pre-procurement right now, 5.8 billion in procurement, 10.4 billion under construction, and 2.6 billion have gone through construction and are actually under operation and maintenance.

Jim Travis: And TxDOT would have to answer where they have or which projects they have and they select the projects so I can't really answer the question I guess.

LaToya Johnson: Alright, thanks, Jim. Thanks, Bret and for those of you for everyone else on the phone, Bret Jackson is the other voice that you heard and he's one of our Federal Highway Major Projects

Oversight Managers from the Texas division working in the Dallas area now. Okay so I think Judy is good. So with that I'll go back to Steven. Steven, do we have any questions?

Steven: There are no questions from the phone line at this time, ma'am.

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LaToya Johnson: Okay thank you. Victoria, can you pull back up the presentation? Alright. And I'll give everyone a few more minutes to add a question to the chat pod, and while we are doing that I did want to just rank up a few things or at least one slide that has been provided by Federal Highway's Resource Center and our Quality Assurance experts at Federal Highway. And they just wanted to let everyone know that there is construction quality assurance technical brief that came out in April, 2012 which we provided in the materials for download pod so it is there. All those, the tech brief only addresses construction Federal Highway is encouraging quality assurance for a quality assurance program through both the design and construction phases. And in the technical brief it talks more about the definition of quality assurance and the roles that are a part of quality assurance as well as talking about the construction quality assurance program and those six core elements that apply to design-build that Jim mentioned as a part of the TxDOT presentation. And then lastly it talks about the responsibilities within the design-build project for the design-builder to do quality assurance and the agency to provide acceptance. One other thing that we just wanted to clarify as well and Jim mentioned is that you'll find in the text brief it seems Federal Highway, TRB, AASHTO and some other institutes are moving to some more standard terminology for quality assurance and the text brief talks about that which may be a little bit different than the TxDOT presentation but the definitions are definitely consistent with what is outlined in the text brief. So we just wanted to provide you that as well as to provide you some contacts that can provide technical assistance as far as quality assurance here at Federal Highway.

FHWA Technical Assistance QA for Design-Build Projects

Lastly it looks like Dennis has provided the link for the TxDOT Quality Assurance Program in the chat pod so to Sean's question there is the link to TxDOT QAP program. Jim, thanks again.

Major Projects and Alternative Technical Concepts: I-4 Ultimate Overview and the FDOT ATC Process

So with that we will transition to our last presentation. And I'm excited that we have Loreen Bobo from Florida DOT who will be providing some information about Florida's experiences with using alternative technical concepts as a part of their procurement process on the moving forward I-4 Ultimate project. Loreen is the Construction Program Manager for the I-4 Ultimate project. She has worked with FDOT for almost 15 years, mostly on the construction side, and before joining the I-4 Ultimate project at the beginning of its procurement phase she spent two years in the Orlando Maintenance Office. This experience on I-4 and construction and maintenance has helped to bring a unique perspective to P3 projects such as I-4 which is a design, build, finance, operate and maintain P3. So with that I will turn it over to Loreen. Thank you.

Slide 55 - Overview of the I-4 Ultimate Improvements

Loreen Bobo: Thank you, good afternoon, everybody. Well my first couple of slides are just going to be an overview of the I-4 Ultimate project. I-4 Ultimate is a project that is over 21 miles of Interstate 4 that goes through downtown Orlando. It starts down at Kirkman Road which is around Universal Studios and goes up into Seminole County at 434. We actually just chose a best value proposer two weeks ago and their design and construction costs are 2.323 billion dollars and that's in year of expenditure. The project includes a complete reconstruction of the Interstate of the main line and all of the interchanges throughout. What we're doing is we're pushing, we're adding four express lanes to the center. We estimate the project to take just under seven years to design and construct the overall contract actually 40 years.

Slide 56 - Overview of the I-4 Ultimate Improvements (cont.)

So we are going to reconstruct 15 interchanges throughout the 21 miles, three of which are system-to-system interchanges. We have over 60 new bridges going in, over 70 bridge replacements because I-4 was originally built in the late '50s, early '60s so they've reached their design life. We have two new pedestrian crossings going in at Maitland Boulevard and State Route 436. The Maitland Boulevard actually goes over I-4 and State Route 436 is going to be a pedestrian tunnel that goes under State Route 436. It's an area that is used by pedestrians quite a bit and we are going to be closing up that intersection with the median crossing so we need to direct the pedestrians somewhere. One of the big things about this project is we are increasing the design speed to 60 miles per hour so right now there are some curves on I-4 that give drivers some issues and so overall we are going to be able to bring up the speed throughout the corridor and have a lot of safety improvements throughout. I mentioned earlier that we chose a team two weeks ago. This is a public-private partnership design-build finance operate and maintain that shows the team I-4 mobility partners which is made up of Skanska/John Laing for equity, Granite Lane and Skanska for construction, H.D.R. and Jacobs for design, and Infrastructure Corp of America for the operations and maintenance.

Slide 57 - I-4 Ultimate: Interstate 4 Typical Section

So today on I-4 we have three general use lanes with auxiliary lanes. Those lanes are going to be completely reconstructed and pushed to the outside here. And then we're going to build four express lanes two in each direction, and this is center, and they will be separated by a barrier wall.

Slide 58 - Typical Section

So our typical section has four-foot shoulders on the inside the express lanes and ten-foot shoulders on either side of the barrier wall separating the express lanes for the general use lanes. And then ten to twelve foot shoulders on the outside. We have the right of way to do this so we're going to build the full typical. One reason we're calling it the I-4 Ultimate is this is what I-4 is going to be like for quite some time. We have 21 miles on the project with access points that range from a mile to three to four miles apart. So in those areas where there are more than two miles in between entrances and exits we will be putting in emergency access gates and this is for fire and police to access any incidents going on in the lanes.

Slide 59 – I-4 Ultimate: Planned Access to Express Lanes

The access will be tolled. It will be like I mentioned very well separated. We'll have slip ramp access that you can get to from the interstate, or direct ramp access from free spots throughout the corridor or if there's a side street you can get directly into the lane. They are intended for longer trips. We see a lot of folks coming from the north from Volusia County coming into the downtown area so their trip from the express lanes will be about ten miles. It will be variable tolls so as the congestions in the lanes, express lanes increases, the toll rate increases as well. The department will set the toll rate and collect the tolls and every 15 minutes an algorithm will determine if the toll rate needs to go up or down. It will be all electronic tolling using SunPass which is what Florida Turnpike Enterprise uses. And everyone will pay. At this time we will not have hybrid vehicles and motorcycles and other vehicles that on some facilities do not have to pay. We will not have those restrictions. We will not have heavy trucks at this time. If the department at any time does allow heavy trucks, we will have to work with the concessionaire to account for that.

Slide 60 - Costs

Just real quick on our cost, we anticipate almost six million in operations and maintenance on an annual basis and just under \$500 million renewal and replacements throughout the contract.

Slide 61 – I-4 Ultimate: Financial Details

Most of our funding will come from our toll revenues which will start at the end of construction around 2021.

Slide 62 – Project Key Dates and Schedule

These are a few key dates on our procurement. We started with the R.Q. release just over a year ago last March. We had seven teams interested. We shortlisted four of them. We talked to those teams and released an RFP to them over the last year. We had 14 submit proposals and we chose one two weeks ago. We are working right now towards financial close this summer and hoping for a Notice to Proceed One which is for design very soon after that. The team is ready to go. With construction starting at NTP2 and also operations and maintenance starting at NTP2, hoping that that will be by December of this year if not soon after. It's a 40-year contract so in 2064 this contract will be complete.

Slide 63 – Request for Proposals

So our request for proposal had three main parts. An Instructions to Proposer which is primarily a procurement document. It's how we will get through the procurement and through financial close. Part of that process was the detail or ATC process or Alternate Technical Concepts which I'll get into in a minute. Then we have our concession agreements and that is really the contract that we have with the concessionaire. Then we have the technical volume and that details what we want them to design and build and then what we want them to operate and maintain. We just spent probably the last six to eight months writing the RFP prior to it going out in October.

Slide 64 – I-4 Ultimate: Proposal Scores

So proposals were made up of 100 points, technical was worth 60 points and financial proposals were worth 40. The technical proposal qualitative assessment is probably what you are pretty used to. Did

they meet the RFP requirements? The baseline construction period was worth five points. The team that had the shortest amount of time got five points and the other teams got a percentage of the five points based on their number of dates. The inclusion of the Direct Connection Proposal, this was where at a fairly late stage in the game the teams were telling us that they had, that they could give us some extra value on the projects. One of the things that we wanted to see was direct connect from the four express lanes to State Route 408. We did not have time to put this through the FHWA process. So we went ahead and asked the team to work on a plan of putting these direct connects in. Put a plan in and get it approved through the HTC process. All 14 submitted HTC ideas and were approved.

Victoria Farr: Pardon, Loreen, this is Victoria Farr. We can't really hear you. You sound very muffled. I'm just not sure if you are speaking away from a speaker phone or perhaps you are on a cell phone but if you could try to speak directly near your device, it's just not coming through very clearly.

Loreen Bobo: Okay. Sorry about that. Is this better?

Victoria Farr: Yeah it's a little.

Loreen Bobo: Okay. So the project technical enhancements was an opportunity for them to give us some more for our money but still come in under the upset limit so some of the things that we saw were additional pedestrian bridges, auxiliary lanes throughout the project where we didn't have them before. Maybe some added lengths to the project and things like that so we were pretty happy with what we got. And the teams were excited to be able to get some points for those items. So then the financial part of the proposals were worth 40 points. Their financial price was 35 points and that was just purely based on the bid that they came in against the lowest proposer and then they were evaluated on for five points on the feasibility of the financial proposal.

Slide 65 – ATC Process

So we get into the ATC process, the department has been using alternative technical concepts for some time. Up until this project, though, they were not confidential. This was the first time that we wanted to try the confidential process and it went very, very well. So confidential basically means that if they suggested a change, something that was not allowed for the RFP and it was approved, we did not make any changes to the RFP. So we didn't show their hands to any of the other proposers. Part of the process we did meet with each team five times throughout and that gave us a face-to-face to talk through their ideas and then they would officially submit them in a certain format. When quick turnarounds were needed on these we started about three months out from the final due date of the alternative technical concepts, but whenever they would submit an idea we needed to very quickly review it and get back to them any questions that we might have just to keep the process moving. At the same time they are working on their proposal submittal so they need to know if an idea is a go or no-go. We had a team of about 25 people internally from FDOT and from our various design consultants working throughout this process. One thing that we also had was a baseline and grade. If they were going to deviate from that baseline and grade by more than five feet they had to submit an ATC. So we saw a lot of ATCs that were the basic, like for an interchange for example maybe they were just tweaking the radius a little bit. If they moved it less than five feet we didn't need to see it, but if they moved it for more than five feet we did. So we saw a lot of ATCs because of that reason. We also had alternative financial concepts. These

were not confidential. We did receive some ideas but we ended up not accepting any of those AFCs that we saw and those were also by teleconference. We also part of the ATC process had one-on-one meetings with all the teams and those were really to talk more through contract issues rather than technical.

Slide 66 – Alternative Technical Concepts from ITP

So in our ITP the next couple of slides I just pulled some verbiage from the ITP. The ATC process was to review for the department to review and accept any technical concepts that might conflict with the requirements of the contract document. It allowed proposers to incorporate innovation and creativity into their proposals. For it to be eligible for consideration an ATC had to show that it was equal to or better than the performance quality of the end product.

Slide 67 – Alternative Technical Concepts from ITP (cont.)

We had some reasons why we may not approve an ATC One is if its reduction in quantities without showing an equal or better performance. B, if it was a reduction in performance or quality or utility or reliability. C, if there were any major changes to the existing environmental approvals. We expected to be able to go to FHWA and do updates to our preliminary design but this would include major changes that would open up too much stuff. Change in law or multiple or material additional right-of-way parcels. We are allowing the concessionaire if they would like to purchase additional right of way the department would facilitate that right of way purchase, but they are able to do that. And what the ATCs mean is the department is at the sole discretion to approve or disapprove.

Slide 68 – Possible ATC Responses

So when a team submitted an ATC they would get back a response and there were five different responses that they could get. A is it's acceptable for inclusion but there may be some conditions attached to it and that could be getting local approval for a pedestrian bridge or getting FHWA approval for a change to an interchange. B is this ATC is not acceptable. We don't want to see it. We don't want to see it in a slightly different form, no. C was it's not acceptable in its present form but we're willing to continue to look at it so maybe we didn't see where they were using the proper design speed or it looked like they didn't have enough right of way or something like that or something that they didn't address. It does tell the ATC allows them to keep working on it. D was it appears to comply with the contract document, it's not an ATC E is it does not require an ATC but we don't want to see it. So this might have been something that we missed while we were writing our RFP or an unintended consequence when we wrote something. To my recollection we did not have any Es in the process. We did have some Bs. One B that was seen was mentioned earlier that we had a barrier wall between the express lanes and the general use lane. Well, it's a lot cheaper for the teams up front to not build that barrier wall and to just use delineators. Well we had made the decision early on that we would have a barrier wall so we told the teams that. So one of the ATCs we got was we would like to remove the barrier wall. Well we very quickly turned around and said "No you may not do that." And talking to the team later they admitted they said "We had no intention of removing the barrier wall. We just wanted to make sure none of the other teams were allowed to do it either."

Slide 69 – I-4 Ultimate ATC Stats

So I thought that was interesting. So just to give you some statistics on our ATCs. We ended up receiving 188. Many of those were resubmitted so total we received 276 so that's 188 plus however many resubmittals. The number that we received from the final deadline was 88 so not quite half of them were received at that final due date. We started receiving them fairly early on when we started the process and kind of knew we were going to get an influx at the end there but it was quite a bit to process. We were very proud to have on average processed to final decision the ATCs within 15 days. This was important on our end just to keep up with everything but also on the proposer's end because they are continuing to develop their proposal.

Slide 70 – I-4 Ultimate ATC Stats (cont.)

This chart just breaks down how many we approved, how many we denied, and how many were not ATCs. And then we had some that were actually rejected by the teams. So in the end we approved 104 out of the 188 that were submitted and then we actually saw 96 of those 104 actually submitted into their proposal. So just because we saw it in the ATC process they may not have decided to actually submit it. Before I go on to the next slide we have gotten some feedback from the teams. They said they really liked the process that they were able to interact with us and meet with us and talk through their ideas and they would bring real plots and we would all stand around the table and talk about things and we made sure that they understood that just because we were talking about things and were favorable in the meeting it was not a guaranteed approval. They still had to show us in their submittal how they were going to do this and they had to list everything that it conflicted with in the RFP.

Slide 71 – Public Outreach and Community Outreach

So with that, this is just our project website and that's our project so with that I have concluded, any questions?

Slide 72 – Thank You

Slide 73 – Contact Information: Loreen Bobo

Questions

LaToya Johnson: Thanks, Loreen that was great. We really appreciate that. At this time I see a few folks potentially typing into the chat pod so we will wait a few seconds and Steven if you could give us instructions one more time as to how we go to the lines.

Steven: Certainly. Once again ladies and gentlemen, if you have a question or a comment for today's panel please depress the star followed by the zero and follow the instructions of the operator closely. Once again start the process by depressing star zero.

LaToya Johnson: Thanks, Steven. Loreen we have a few questions come up in the chat pod and we'll just work through them. The first one from the Texas Division "Could you give us an example of an AFC, Alternative Financial Concept?"

Loreen Bobo: Yeah I'm not a finance person so I'm probably not going to be able to explain very well. We had some very defined ways to handle the finance side. Maybe interest free or different things like that and they would give us some suggestions on ways that we could handle it and I apologize. I really am unable to answer that very well. Sorry.

LaToya Johnson: Thanks, Loreen. The next question is "Allowing the developer to purchase additional right-of-way would seem to open up the E.I.S. the supplemental or an evaluation or a reevaluation. How would the department handle such a situation? Would FDOT go to condemnation to facilitate an ATC?"

Loreen Bobo: Right okay so we anticipated even without right-of-way taking that will probably have a reevaluation on the project just because the teams are going to be bringing completely different ideas to the table. One of the conditions if they got an "A" approval was that they had to go through the process to do a supplemental or reevaluation. They would prepare everything and then FDOT will actually submit it to FHWA As far as the right-of-way takings go the department will facilitate the right-of-way taking. We will go through our process that we would typically go through. The concessionaire takes all the risk on how much it costs and the schedule implications. So I think I answered all of that.

LaToya Johnson: Okay. The next question is from the Colorado division and I know Marvin is online and I don't know if he will want to call in to the operator so he can give his perspective but the Colorado Division wanted to know "What was the division office's involvement in the consideration of ATC?"

Loreen Bobo: Okay so FHWA was invited into all the ATC meetings and they had access to review all of the ATCs. They did not approve them because part of the stipulation is that concessionaire still has to go through the process for approval. Because we had four different teams submitting ideas it seemed a little premature to bring for example if we had four different ideas and one interchange to go through that process with four different proposers was a little premature so we had talked to Marvin ahead of time and he knew that any of the ideas that would be the best value proposer team brought forward would come through the process and have to get approval after we award it to them. We just picked them two weeks ago so we will probably start going through that process here soon with FHWA. It looks like the next question was the same.

LaToya Johnson: Yeah you are right. I think you answered our Colorado as well as the Massachusetts Division's question. And just again if those divisions or others wanted to reach out to Marvin Williams he is the Federal Highway Major Projects Oversight Manger on this project so Marvin is definitely available if you want to reach out to him and get more information about that. The next question is from Illinois and they wanted to know "How are traffic and speed management strategies for the express lanes incorporated into P3 procurement process?"

Loreen Bobo: I'm not exactly sure what they mean by "traffic and speed management strategies". We did quite a bit of traffic analysis on the entire corridor including the general use lanes and the express lanes. Throughout the procurement we've actually looked at switching around some of our access points and so we ran those through traffic models because we needed to understand what it did to our traffic and revenue. We actually took all four of the team's proposals and ran them through a traffic analysis to

understand how their designs affected the corridor. Was it better than ours? Was it all of them were better than our base design. I have to apologize to Illinois if I didn't answer your question. I'm typing.

Steven: Pardon the interruption. We have Mr. Williams chime in.

LaToya Johnson: Okay thanks, Steven. Hi Marvin.

Marvin Williams: Hi LaToya. Li Loreen, how are you doing?

Loreen Bobo: Good.

Marvin Williams: On that last question I wonder whether they are talking about are we designating a certain time that people get through the corridor? I think we have a kind of a metrics that's saying we are trying to get people through at 45 miles an hour at all times.

Loreen Bobo: Yes, we are actually trying to keep express lanes at 50 miles per hour. So those are some of the performance measures that the concessionaire will be measured against once the construction is complete through the end of the 40 years. If they have a lane that's closed due to an incident or a mattress fell off the vehicle or whatever it may be, they will be hit with those performance measures. A lane closed in the express lane will cost them a lot more than a lane closed in the general use lane.

Marvin Williams: Okay.

LaToya Johnson: Thanks, we have another question from Illinois just about "Were stipends provided to the unsuccessful proposers and will the ATCs be salvaged from those proposers?"

Loreen Bobo: Yes and I thank Illinois for bringing that up. That was part of my notes that I forgot to mention. We did have a two million dollar stipend per proposer. If they had a responsive bid we actually had two proposers that came in over our upset limit on cost so they will not be receiving stipends which means we'll be paying out one stipend. If for some reason the department has to cancel the project I really, really hope that doesn't happen. If that happens before we financially close we would pay that two million dollar stipend to the best value proposer as well as an additional 500,000 dollars. And yes, that's part of what we're going through right now with the ATCs on the other team is going through and looking at any other ATCs that might want to incorporate into the proposer proposal.

LaToya Johnson: And Illinois had... did you answer this?

Loreen Bobo: I think I answered that or at least attempted.

LaToya Johnson: And then lastly was this comment from Bret Jackson from Texas Division about "Any concern with the risk of approval after award of an ATC process and in concurring with all ATCs as of now?"

Loreen Bobo: And Marvin might want to chime in about this. That was one reason why even though FHWA didn't necessarily provide approval on the ATCs we wanted them to be part of the process. If we

saw anything in a proposed ATC that we either felt or if FHWA kind of felt like hey this just doesn't- isn't going to be approved or it's going to open up these can of worms we were open about that. Still their risk if they wanted to submit it, but we were very open about the process.

Marvin Williams: Yeah, I think Loreen is right on there because we know in a certain couple of years that we had some historical district that we basically told them that you can't really go through and change anything and from the environmental document in the historic districts so those are things that if we saw in the ATC process we would definitely kick them out immediately because we didn't want to go through that coordination with the SHPO and advisory councils again because that was a long and tedious process in the beginning.

Loreen Bobo: Exactly, yeah.

Slide 74 – ACM Virtual Library

LaToya Johnson: Alright well thank you, Loreen and thank you Marvin. Really quickly as we wrap up Victoria if you could bring the presentation back up please? I had a couple of outreach blasts that I just wanted to bring to everybody's attention that Everyday Counts has developed an alternative concept method virtual library and we just wanted to provide this as a resource for everyone so this is the link to that library and it includes information on ATCs as well as design-build and Construction Manager General Contractor, CMGC so that is available for you and we have also included in the download pod three case studies about ATCs, one from the Missouri DOT, one from Minnesota DOT and one from the Michigan DOT.

Slide 75 – FHWA ACM Core Team

Lastly I just wanted to point out the Federal Highway ACM Core team and some contacts that are available if you have any other questions about some of the alternative contract and methods that are available. So with that I just want to say thank you once again to all of our presenters. I think we've had a great inaugural webinar with some great presentations. Brenda Chapman and Terry Stepanski from Michigan DOT, Jim Travis from Federal Highway TxDOT, and from Federal Highway in Texas, as well as Dieter Billek from TxDOT. And lastly Loreen Bobo from Florida Department of Transportation.

Major Project Announcements

So thanks again to all of you for those great, great presentations and with that we wanted to transition really quickly to some major project announcements from our team here in headquarters that we thought all of you would be interested in. So first I'll turn it over to Jim to talk a little bit about our major project guide that is being updated and then you'll hear from Carlos Figueroa to talk a little bit about SHRP2.

Slide 78 – Financial Plan Updates

Jim Travis: Thanks, LaToya. I'll just go briefly over this slide. As Brenda talked about it in her presentation. There were some changes in MAP-21 regarding initial finance plans and as we have

interim guidance out there and posted online we thought we needed to go through and really revise our financial plan guidance to incorporate the MAP-21 changes regarding state finance plans and P3 assessments. And just look at some of the things that we have in the guide and see if we can make some revisions to make it a little better, make some improvements to take into account these new things going on in major project delivery such as P3s that we've also talked about. So we had something in the federal register provides guidance. We took comments that closed on October 7th of last year. We've gotten a substantial number of comments from about ten various organizations. We are now revising the guidance based on the comments and we are also preparing a response to the comments that were sent to us. Right now the guidance and the comments is in our legal office for review and hopefully we'll be able to get something out back in the federal register to final guidance for major projects. I'd say weeks hopefully rather than months but it's going a little slower than we thought. But hopefully we will have the new revised guidance out there in less than two months, hopefully. So with that, I will turn it over to Carlos and he'll talk about SHRP2.

Slide 79 – SHRP2 Implementation Assistance Program

Carlos Figueroa: Thank you Jim and good afternoon. I'm Carlos Figueroa, I am the SHRP2 implementation engineer for the project management tools R-09 and R-10. And I just want to give you a reminder that round four solicitation period will be open from May 30th to June 27th and so we're going to have eight opportunities at the user incentive level for each of the products for both projects and with that assistance we are going to provide up to 30,000 dollars for each recipient and also one of the following implementation activities. Eight hours of technical assistance, eight demonstration workshops to apply the concepts of the products on state DOT projects or a trainers' trainer session to train target staff of the DOT to become facilitators of the demo workshops. Here you can see a website with more information and also my contact information if you have any questions, and also on the webinar room you can access three files that have more information about the products to fact sheets about R-09 and R-10 and also a product brief on the R-09 product. That's all I have, thank you very much.

Questions

LaToya Johnson: Thanks, Carlos. We have a few more minutes if there are any last minute questions feel free to put them in the chat pod, otherwise I just wanted to announce a couple of upcoming webinars.

Slide 81 – Upcoming Webinars

Our next quarterly webinar will be in August on August 5th and that will go back to our regular federal highway only major project webinar but we are also tentatively planning and this will be dependent on the next slide that you see, but we are tentatively planning to do another joint DOT Federal Highway Major Project Webinar in November on November 4th, so if you have any comments or suggestions about upcoming webinars about topics, topic ideas if you want to suggest someone or request someone or volunteer yourself to present a topic we are definitely interested in that. And with that, Victoria can we pull up the exit polls?

Poll Questions

Victoria Farr: Certainly just one second. So your screen will change momentarily and you should see questions similar to the ones that you did at the beginning of the webinar so in the upper left corner we

are asking about whether or not this webinar met your expectations. To the right of that we are asking how regularly you think we should continue to convene this joint USDOT or I'm sorry State DOT and USDOT FHWA project webinars. On the bottom left we are asking for your input on what major project topics you would be interested in learning more about at a future webinar and if you happen to check "other" the bottom right corner provides an opportunity for you to specify what you mean by other and perhaps what new topic we didn't think of but you would like to see.

LaToya Johnson: Alright. Thank you, Victoria and I don't see anything in the chat pod and Steven I'm assuming that you don't have any last calls.

Steven: I do not, ma'am.

Slide 82 – Contact Information: Jim Sinnette

LaToya Johnson: Alright, well with that I just want to thank everyone again for joining us today. I want to thank our presenters Brenda, Terry, Jim, and Loreen, great presentations and feel free to contact me if you have any questions or comments about today. We will try to send out a link in the near future of the recording for the presentation or the webinar but otherwise have a great day and we hope we see you again either in August or November. Have a good one.