

Spanish company wins \$4 billion job to rebuild LBJ Freeway

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AUSTIN – Dallas' busiest highway is about to get a \$2 billion face-lift, and when the dust settles about six years from now, a faster ride on LBJ Freeway will be among the most expensive in America.

The Texas Transportation Commission gave preliminary approval Thursday to a deal that would cost taxpayers \$445 million and attract another \$1.5 billion from a team of investors led by Cintra, the Spanish-based toll company with a fast-growing presence in Texas.

Construction could begin late this year, and it will take about five years.

"This is a big project, no matter how you measure it," Dallas Mayor Tom Leppert said. "We'd love to have all the roads free. But to get the investment we need and improve our infrastructure, not only here but throughout the nation, this is the only way we are going to get there."

Cintra will rebuild and expand LBJ Freeway, which opened in 1969 and carries 270,000 vehicles a day, making it one of the nation's most congested freeways. The project will replace the existing lanes with four free lanes in each direction and, for the first time, add continuous frontage lanes on each side.

But in a twist that will make it one of the most talked-about projects in the U.S., Cintra will also dig a 25-foot-deep trench between, and partially under, the freeway. In that hole, Cintra will build six toll lanes that will carry rush-hour price tags that will initially be set at about \$7.07 each way for the 13-mile trip.

Those rates will change as traffic conditions change: The more traffic on the free lanes, the more expensive the tolls for the paid lanes will be.

By varying the price according to demand, the operators hope to keep traffic moving at 50 mph or faster even during the worst traffic tie-ups. But the speed may come at a steep price. Rates could go as high as \$11 each way, if demand is higher than expected.

"Eleven dollars is a bit much to ask someone who must travel 635 in their daily commute to pay – especially when it's been free all these years," said Uptown resident Mike Muszynski, 32. "I try hard to not use the Tollway or 121 now, so I guess just add another road to the list."

The only highway in America that now uses the so-called dynamic pricing is in Orange County, Calif., and rates for that 10-mile road are as high as \$1 mile per mile.

The pace of the construction will be mind-boggling, state engineers said.

"The High-Five was a \$250 million project that we rushed to build in four years," said Bob Brown, deputy Dallas district engineer for the transportation department. "This is going to be \$2 billion worth of construction, and it's going to be done in five years. Think about the pace and the scale of that. There's going to be an ungodly amount of work happening all at once."

The rebuilt Central Expressway opened in late 1999, after 10 years of construction, Brown said. Those 10 miles stretch 14 lanes wide and cost about \$450 million to build, he said. The new LBJ will be 20 lanes wide in most places and stretch 13 miles long, and will be built in half the time.

To meet that deadline, Cintra will have crews working on the entire length of the project all at once, all but guaranteeing traffic delays at times.

Transportation officials promise that access to every business along the corridor will be maintained at all times. Temporary lanes and other quick fixes will ensure that there are four free lanes in each direction during peak hours at least, officials said.

But in non-rush periods, lanes will be closed as needed, though financial penalties will encourage Cintra to minimize those interruptions, Brown and others said.

Occasionally, all eight lanes will be closed to traffic as crews install bridges or other large structures. If that work can't be completed in off-peak hours, Cintra could be fined \$250,000 or more an hour, Brown said.

"Clearly there is going to be short-term pain for long-term gain," Leppert said. "TxDOT is pushing hard on minimizing that short-term pain, but they can't eliminate it. We're going to find ourselves sitting in a traffic nightmare from time to time, and wishing we didn't have to go through that. But when it's finished, the improvements will make a difference."

Jose Lopez, president of Cintra's North American operations, said 400 workers will begin full time with the project and as many as 1,500 more eventually will be added from 140 subcontractors.

"This seems to be a full-employment act for North Texas," said Transportation Commission member Ted Houghton of El Paso, who has been a steadfast ally in Gov. Rick Perry's push for private toll roads in Texas.

Last month, the commissioners approved a similar, if less audacious, project in Tarrant County. Cintra won that contract, too and will use \$600 million in public money to build the first phase of the North Tarrant Express toll road.

These two North Texas projects will join the Katy Tollway in Houston as Texas' only so-called managed lane toll roads. The Katy, which stretches 12 miles along Interstate 10, is already open for traffic, though the lanes are free for the moment.

But soon, the concept will be commonplace in North Texas. Carpool lanes have been added to nearly every major highway near Dallas, and officials at DART and elsewhere have said repeatedly they plan to eventually convert those lanes to paid, managed lanes and price them according to demand.

The North Texas Tollway Authority will collect the tolls electronically on the LBJ lanes, and bill drivers who do not have a toll tag.

Cintra and its partners, which include financiers Meridium Infrastructure Finance and the Dallas Police and Fire Pension System, will invest \$600 million of their own money in the \$2 billion project. They will borrow about \$500 million from private lenders and seek an equal amount in government-backed loans from the Federal Highway Administration.

Cintra will also be required to maintain and operate the road until 2062 or so, which state officials say will cost about \$1.5 billion. It must also hand back the road to the state in good condition at the end of the term. Including financing costs, the total project is expected to cost \$4 billion.