TEXAS DEPARTMENT OF TRANSPORTATION 2025-2026
EDUCATIONAL SERIES

HIGHWAY IMPROVEMENT CONTRACTS AND PROJECT DELIVERY

- Design-Bid-Build Project Delivery and Low-Bid Procurement Method
- A+B Bidding
- Emergency Contracts
- State-Use Program Contracts
- Alternative Delivery Program

Texas Department of Transportation (TxDOT): Public website offering information and resources for drivers, businesses, government officials, and anyone interested in learning about TxDOT.

TxDOT 2025-2026 Educational Series: Focuses on key transportation issues affecting TxDOT and Texas.

Texas Department of Transportation

DESIGN-BID-BUILD PROJECT DELIVERY AND LOW-BID PROCUREMENT METHOD

The Texas Department of Transportation (TxDOT) delivers most highway improvement projects using the Design-Bid-Build project delivery method, in which engineers develop and design a road project, and then TxDOT awards the project to a contractor to construct the project. Under state law, TxDOT must award a contract to the pre-qualified contractor that provides the lowest bid. A Design-Bid-Build project delivery method, therefore, assigns the design risk to TxDOT, and the risks associated with certain construction costs to the contractor.

In 1925, the Texas Legislature passed legislation providing the basis for TxDOT's pre-qualified low-bid procurement method for Design-Bid-Build highway improvement contracts, which includes both maintenance and construction contracts. As a result, TxDOT established its low-bid contract letting (procurement) process. This process includes first providing public notice of the intent to offer work, then issuing and receiving proposals (bids), publicly opening bids, determining the apparent low-bidder, and lastly executing contracts. TxDOT has implemented various rules, specifications, and procedures to ensure that it uniformly and consistently follows an established letting process designed to protect against bias or favoritism entering the contract award decision. TxDOT also has the authority to procure roadway and traffic safety materials through low-bid contracts as required under Chapter 223, Texas Transportation Code.

Before a transportation project can be placed under contract, the contracting agency must "let" it, or make the project available for bidding. That process is detailed as follows:

1. NOTIFICATION OF BID

TxDOT must advertise all projects, except emergency and state use program contracts, over $25,000 on the Electronic State Business Daily site that the Texas Comptroller of Public Accounts maintains. TxDOT must place public advertisements at least 21 days before the bid opening date.

2. RELEASE OF PROPOSALS

TxDOT makes proposals for projects available to potential contractors at least 21 days before the date of the bid opening. Contractors who have completed the pre-qualification process and have an available bidding capacity equal to or greater than the engineer's estimate for a project may receive a bidding proposal for that project. There is no limit on the number of bidding proposals that a contractor may receive, provided that the contractor meets the available bidding capacity requirement and any technical or project-specific requirements for each project.

Informational proposals are available to all parties through downloads from TxDOT's website. TxDOT issues all official proposals through the TxDOT Electronic Bidding System. If the contractor requests, TxDOT will send paper proposals by first-class mail, unless the contractor provides an express or overnight account number. TxDOT may also issue proposals on a walk-in basis.

3. BIDDER'S LIST

TxDOT maintains a list of bidders who have requested a proposal for each project. If TxDOT makes any changes to the proposal or plans or if TxDOT cancels the project, the Electronic Bidding System automatically notifies contractors on the bidder's list regarding the issuance of an addendum or any cancellation.

4. BID PROPOSAL RECEIPT

TxDOT receives most proposals electronically, but contractors may also submit paper proposals through mail or by hand-delivery.

5. BID OPENING

TxDOT conducts its statewide low-bid construction and maintenance contract letting on two consecutive days each month. The bid opening is a public forum – electronically or in-person – for the announcement of all bids and is the point in time where the bids from a project's potential contractors are opened. Contractors and the public may view as bids are opened. TxDOT Districts may also administer local lettings for projects estimated under $1 million.

6. CONTRACT AWARD

The contract award process is the process of formally accepting or rejecting the proposal of the apparent low bidder. If TxDOT accepts the proposal, the apparent low bidder becomes the official low bidder, and therefore, becomes obligated to TxDOT to execute the contract. If TxDOT rejects the proposal, the apparent low bidder is not obligated to execute the contract. If TxDOT awards a contract, by law the award is only available to the pre-qualified lowest bidder that meets all required criteria after examination of the bid.

AUTHORITY

The authority to award or reject contracts for TxDOT resides with the following groups or individuals:

- Only the Texas Transportation Commission may award or reject contracts for construction and maintenance projects with an engineer's estimate of $1 million or greater; and
- The local TxDOT district engineer may award local-let projects with an engineer's estimate of less than $1 million. Local letting serves as an important tool for TxDOT to provide flexible project delivery on smaller-scale highway improvement projects. Local letting also allows TxDOT to develop plans and execute contracts based on district needs and time constraints, allowing project delivery flexibility and timeliness.

A+B BIDDING

Alternative accelerated construction techniques are being used more often by TxDOT to deliver certain projects. One of these techniques is A+B bidding, which encourages and incentivizes more timely completion of construction projects. Traditionally, TxDOT sets the number of days a contractor must complete a construction project. With A+B bidding, TxDOT allows the contractor to bid the number of days for project completion.

A dollar figure is established from the traffic conditions on the project that represents the cost to the public for each day of construction. When the contractor bids the project, this daily road user cost is multiplied by the number of days the contractor commits to project completion. The low bidder is determined based on the sum of the "A" portion (cost for items of work) and the "B" portion (time) of the bid; however, the contract award amount is limited to the "A" portion of the bid. A disincentive provision is incorporated into the contract, should the contractor fail to complete the work in the length of time bid. An incentive provision may also be included to pay for acceleration costs and to reward the contractor for earlier completion, which helps minimize the impact on the traveling public.

EMERGENCY CONTRACTS

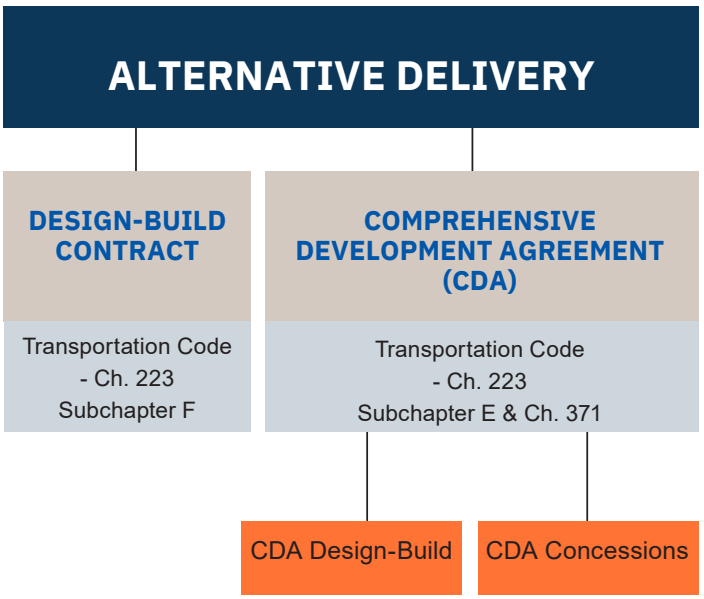
If an emergency threatens the life or property of travelers or causes a substantial disruption of the flow of traffic and commerce, TxDOT can award contracts in an expeditious manner. With the approval of TxDOT's Deputy Executive Director, the local TxDOT district engineer can contact contractors who are already pre-qualified to bid on projects and are able to perform the necessary work. The district engineer will ask each contractor for a price and then award the contract to the contractor that can respond to the emergency and complete the project in a timely and cost-effective manner.

STATE-USE PROGRAM CONTRACTS

When TxDOT requires a product or service that may be provided by a Community Rehabilitation Program provider, TxDOT generally must use the State-Use Program, which seeks to provide employment to Texans with disabilities through Community Rehabilitation Programs. Under Chapter 122, Texas Human Resources Code, TxDOT is required to contract with program providers who are approved by WorkQuest, a private, non-profit corporation tasked by the State of Texas to oversee the State-Use Program, unless it does not meet the specifications as to quantity, quality, delivery time, or life cycle cost. Typical contract services include litter and debris removal, janitorial service, and mowing. These contracts are not low-bid and are awarded to program providers identified by WorkQuest, depending on the scope and location of service. Program providers are to provide fair market value pricing.

ALTERNATIVE DELIVERY PROGRAM

TxDOT uses two alternative project delivery methods for highway improvement projects: (1) Design-Build, also known as "DB," projects; and (2) Comprehensive Development Agreements, also known as "CDAs", which TxDOT is currently prohibited from utilizing as a delivery method excluding State Highway 99. State law governs TxDOT's authority to use these contracting methods, as summarized in the charts below.



Alternative project delivery methods balance risks with a Design-Build contractor, encourage innovation in project delivery, and may expedite the construction of complex projects. TxDOT first performs a thorough analysis of potential projects using the Alternative Delivery Support Tool developed for TxDOT by the University of Texas Center for Transportation Research. Once identified for alternative delivery, TxDOT selects the Design-Build contractor that offers the apparent best value to the state to design and construct the project, rather than choosing the lowest qualified bid for construction. TxDOT determines "best-value" using a two-step selection process that considers price and other key factors, such as qualifications, safety record, schedule, quality, innovation, and performance-based criteria. The Design-Build contractor assumes responsibility for the design, development, delivery, and construction of the project.

Design-Build project agreements may offer the following benefits:

- A selection process that identifies the best value proposer by considering the price and other key factors;
- A single point of responsibility for design and construction, which allows the contractor and designer to better collaborate toward a unified goal;
- Fixed-price contracting, which allows for cost certainty;
- Expedited project delivery by overlapping portions of the design, construction, and utility relocation work;
- Innovation through close coordination between the construction contractor and designer;
- Transfer of responsibility to the private sector for many of the inherent risks associated with design and construction, such as cost overruns due to design errors, schedule delays, and inclement weather; and
- Increased quality and potential reduction of future maintenance costs by transferring maintenance responsibilities using warranties, Capital Maintenance Agreements, and/or Comprehensive Maintenance Agreements.

DESIGN–BUILD

Transportation Code, Chapter 223 - Subchapter F

- May not include private financing
- Not a prescriptive design
- Innovation by the Developer
- **Is NOT required to be a toll facility**
- Risk transfer
- May include optional Capital Maintenance Agreement
- Limited to 6 projects per state fiscal biennium, approved by Commission

COMPREHENSIVE DEVELOPMENT AGREEMENTS

Transportation Code, Chapter 223 - Subchapter E

- Similar to Design-Build, but may be executed as:
  - Design-Build
  - Design-Build-Maintain
  - Design-Build-Finance
  - Design-Build-Operate-Maintain
  - Toll Concession
- More risk transfer than Design-Build
- May include private financing
- **Is NOT required to be a toll facility**
- May include optional Capital Maintenance Agreement
- Limited to specific projects identified in Section 223.201 and 223.2011, Texas Transportation Code

PROJECT IDENTIFICATION AND SELECTION

TxDOT considers several factors when evaluating whether to deliver a project using Design-Build or the traditional Design-Bid-Build method. Considerations include project risk, cost, delivery schedule, complexity, and opportunity for innovation. TxDOT also evaluates the local region's desire to expedite project delivery and the potential time and cost savings that using Design-Build may allow versus using the Design-Bid-Build delivery method. These time and money savings can translate to total project cost savings and, ultimately, a better value to the state.

TxDOT uses the Alternative Delivery Support Tool to help determine the appropriateness of using Design-Build as a project delivery method for a given project. The tool is qualitative, quantitative, transparent, and flexible. It uses a rigorous and repeatable decision support process to determine Design-Build delivery method suitability.

PROCUREMENT PROCESS

Under current law, TxDOT uses a two-step best-value procurement method for Design-Build contracts and Comprehensive Development Agreements. In this process, TxDOT considers factors such as experience, safety management, expedited construction schedules, innovations, long-term maintenance requirements, and price to determine the apparent best value to the state. TxDOT considers a combination of these factors, with the final price accounting for a minimum of 70 percent of the evaluation criteria.

Step one: The Request for Qualifications begins when the Texas Transportation Commission approves the release of the Request for Qualifications for an identified project that is suitable according to the Alternative Delivery Support Tool. Through the Request for Qualifications process, TxDOT solicits qualification statements from proposers. Based on an evaluation of these responses, TxDOT creates a shortlist of the most qualified teams.

Step two: The Request for Proposals, begins when the Texas Transportation Commission approves the release of the Request for Proposals for the shortlisted teams. Proposals must meet the requirements specified in the instructions to proposers, Design-Build specifications, and other related contract documents. TxDOT evaluates and recommends the proposer representing the apparent best value (highest-ranked proposer) for the Texas Transportation Commission's approval. The procurement process concludes with the negotiation of a contract.

BEST VALUE BENEFITS

The two-step selection process allows TxDOT to consider both price and other key factors, such as qualifications, safety record, schedule, quality, innovation savings, and performance-based criteria to enhance the long-term performance and value of the project. Analysis through these evaluation criteria results in the best value selection.

Both TxDOT and the public benefit in the following ways when TxDOT selects the best value proposer:

- TxDOT obtains a fixed price, performance-based contract that limits contractor change orders;
- TxDOT selects the proposer based on the unique contractor strengths and management and technical capabilities necessary to deliver the project;
- Proposers are responsible for all design and construction;
- The contract allocates the risk to the party best suited to manage it;
- TxDOT can consider the value of non-priced elements such as management plans (construction and design quality, safety, and traffic), and schedule, resulting in decreased construction time, user costs, and delays; and
- TxDOT can implement concepts from unsuccessful proposers to improve the project.

DESIGN-BUILD CONTRACTS

Design-Build contracts allow for design, construction, utility relocation, and maintenance to occur under a single Design-Build contractor but does not include financial participation from the private sector, a long-term lease, or operation of the facility. Under state law, TxDOT may only enter into Design-Build contracts for a highway project with a construction cost estimate of $150 million or more, and TxDOT may only enter into up to six Design-Build contracts per state fiscal biennium.

Section 223.242, Texas Transportation Code, prohibits TxDOT from using a Design-Build contract for the construction expansion, extension, rehabilitation, alteration, or repair of a highway project if TxDOT or another entity other than the Design-Build contractor substantially designs the project. Section 223.242, Texas Transportation Code, also prohibits TxDOT from including more than one non-contiguous highway project in a Design-Build contract and stipulates that a maintenance agreement requiring a Design-Build contractor to maintain a project may have an

DESIGN-BUILD PROJECTS

PROJECT NAME / TXDOT DISTRICT	FACILITY TYPE	PROJECT DESCRIPTION	CONTRACT EXECUTION	CURRENT CONTRACT COST[1]
I-35 NEX South **San Antonio**	Managed non-toll	From I-410 South to I-410 North, including transitions along I-35 from Petroleum Drive to I-410 South, and along the portion of I-410 South from the I-35/I-410 South Interchange to 0.3 miles north of Seguin Road/FM 78	August 16, 2023	$700 million
Southeast Connector **Fort Worth**	Non-toll	IH 20 from Forest Hill Dr to Park Springs Blvd.; IH 820 from IH 20 to Brentwood Stair Rd. and US 287 from Bishop St. to Sublett Road	February 24, 2022	$2.1 billion
I-35E Phase 2 **Dallas**	Managed-toll	From IH 635 to Denton County Line	September 17, 2021	$666 million
I-35 NEX Central **San Antonio**	Managed non-toll	From the IH 35 / IH 410 North interchange to FM 3009, including the portion of IH 410 North to 0.3 miles east of Nacogdoches Rd. and the portion of Loop 1604 to Nacogdoches Road	July 22, 2021	$1.5 billion
Oak Hill Parkway **Austin**	Non-toll	US 290 from approximately the east end of Circle Drive to Loop 1, along SH 71 from US 290 to Silvermine Drive	August 10, 2020	$677 million
IH 635E **Dallas**	Managed-toll	From US 75 to I-30 in Dallas County	August 22, 2019	$1.8 billion
IH 2/IH 69C Interchange **Pharr**	Non-toll	IH 2 from 2nd Street in McAllen to FM 2557 (Stewart Rd) in San Juan and IH 69C from Nolana Loop to IH 2 in Pharr	August 22, 2019	$316 million

PROJECT NAME / TXDOT DISTRICT	FACILITY TYPE	PROJECT DESCRIPTION	CONTRACT EXECUTION	CURRENT CONTRACT COST[1]
SH 249 **Houston**	Segment 1: Toll Segment 2: Non-toll	Segment 1: FM 1774 to Pinehurst in Montgomery County to near Todd Mission in Grimes County; Segment 2: FM 1774 near Todd Mission to SH 105 in Navasota in Grimes County	October 3, 2017	$636 million
SH 99 Grand Parkway Segments H&I **Houston**	Toll	Located in Chambers, Harris, Liberty and Montgomery counties. From SH 99 Segment G at US 59 through existing SH 99 Segment I-2 ending at SH 146	June 30, 2017	$1 billion
Southern Gateway **Dallas**	Managed non-toll	IH 35E from US 67 to IH 30 and US 67 from IH 20 to IH 35E	June 30, 2017	$659 million
SH 360 **Fort Worth**	Toll	From approximately two miles south of IH 20 near East Sublett Rd / West Camp Wisdom Rd. to US 287	May 15, 2015	$354 million
SH 71 Express Lanes **Austin**	Toll	From Presidential Boulevard to east of SH 130 in Austin, along FM 973 south of the Colorado River to SH 71 / FM 973	August 29, 2014	$110 million
Energy Sector Roadway Repair Project (ESR2P) **Various**	Non-toll	31 roadways within the energy sector corridor of the Corpus Christi, Yoakum, Laredo, and San Antonio Districts	February 10, 2014	$189 million
Loop 1604 **San Antonio**	Non-toll	From FM 471 (Culebra Road) to SH 16 (Bandera Road)	December 5, 2013	$121 million
US 77 **Corpus Christi**	Non-toll	From Kingsville, TX to Driscoll, TX	July 30, 2013	$80 million
Horseshoe **Dallas**	Non-toll	IH 30 from Hotel Street west to Sylvan Avenue; IH 35E from Eighth Street north to Commerce Street	February 20, 2013	$745 million
SH 130: Segments 1-4 **Austin**	Toll	From IH 35 in Georgetown to US 183 at Mustang Ridge	June 19, 2002	$1.3 billion

1. Current Design & Construction Contract Value, and Operations & Maintenance Contract Value (if applicable), as of 2024.

COMPREHENSIVE DEVELOPMENT AGREEMENTS

Comprehensive Development Agreements provide another alternative project delivery method for TxDOT and offer potential risk-shifting benefits similar to Design-Build contracts. These agreements may, but are not required, to include a tolling component. Currently, only Comprehensive Development Agreement authority is available for the SH 99 (Grand Parkway) project.

TxDOT has used different types of Comprehensive Development Agreements, including Design-Build contracts and Concession agreements. Concession agreements allow an opportunity for alternative financing that enables the state to access private investment and, like a Design-Build contract, share the risks and responsibilities associated with design, construction, maintenance, and, in some cases, financing of transportation projects.

Concession agreements require a private-sector developer to develop, finance, construct, operate, and maintain a facility for a specific period of up to 52 years. In exchange, the developer and TxDOT may share revenues from any project tolls prescribed in the Comprehensive Development Agreements.

For TxDOT toll projects in which a private entity has a financial interest in the project's performance, TxDOT forms a specific project committee to analyze and determine the distribution of the project's financial risk, the method of financing for the project, and the tolling structure and methodology. The special project committee consists of TxDOT representatives, any local toll project entity in the project location, the applicable Metropolitan Planning Organization, and each municipality or county that has provided revenue or right of way.

COMPREHENSIVE DEVELOPMENT AGREEMENTS – DESIGN-BUILD

PROJECT NAME / TXDOT DISTRICT	PROJECT DESCRIPTION	CONTRACT EXECUTION	CURRENT CONTRACT COST[1]
US 181 Harbor Bridge **Corpus Christi**	Includes the New Harbor Bridge, portions of US 181, IH 37, SH 286; the connection of Upper and Lower Broadway Street to IH 37; and the demolition of the existing Harbor Bridge	September 28, 2015	$1.1 billion
SH 183 Midtown Express **Dallas**	Reconstruction, widening, and improvements to SH 183, SH 114, and SL 12	November 20, 2014	$858 million
Loop 375 BWE **El Paso**	Loop 375 from Racetrack Drive to Park Street.	August 22, 2014	$574 million
I-35E **Dallas**	From IH 635 in Dallas County to US 380 in Denton County	May 17, 2013	$1.1 billion
SH 99 GP Segments F1, F2, G **Houston**	From east of US 290 in Harris County to west of US 59 in Montgomery County	March 22, 2013	$1.1B
DFW Connector **Fort Worth**	SH 114 from SH 114L Business to east of International Parkway; SH 121 from FM 2499 to SH 360 (the SH 114/SH 121 corridor); SH 114 from east of FM 1709 to east of International Parkway; SH 121 / IH 635 Interchange	October 6, 2009	$1.6 billion

1. Current Design & Construction Contract Value, and Operations & Maintenance Contract Value (if applicable), as of 2024.

COMPREHENSIVE DEVELOPMENT AGREEMENTS – CONCESSIONS

PROJECT NAME / TXDOT DISTRICT	PROJECT DESCRIPTION	CONTRACT EXECUTION	CONTRACT VALUE[1]
SH 288 Toll Lanes **Houston**	From US 59 to the Harris County line within the median of the existing SH 288	March 4, 2016	$800 million
North Tarrant Expressway (Segments 3A, 3B & 3C) **Fort Worth**	3A: IH 35W from IH 30 to just north of IH 820; 3B: IH 35W from just north of IH 820 to just north of US 287; 3C: IH 35W from just north of US 287 to Eagle Parkway	March 1, 2013	$2.0 billion
IH-635 LBJ Express **Dallas**	From east of Luna Road to east of US 75 (near Greenville Avenue)	September 4, 2009	$2.1 billion
North Tarrant Expressway (Segments 1 & 2W) **Fort Worth**	1: IH 820 from Mark IV Parkway to SH 121/SH 183; 2W: SH 121 / SH 183 from IH 820 to FM 157	June 23, 2009	$1.8 billion

1. CDA Concession approximate contract value for Design and Construction of the facility as of FY21

For more information on Alternative Delivery Projects – active and planned procurements.

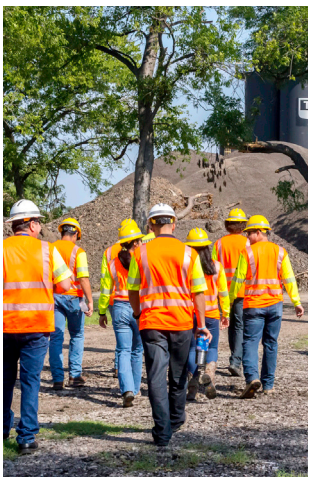
https://www.txdot.gov/about/divisions/alternative-delivery-division.html

MISSION

Connecting you with Texas.

VISION

A forward thinking leader delivering mobility, enabling economic opportunity, and enhancing quality of life for all Texans.



VALUES

People

People are the Department's most important customer, asset, and resource. The well-being, safety, and quality of life for Texans and the traveling public are of the utmost concern to the Department. We focus on relationship building, customer service, and partnerships.

Accountability

We accept responsibility for our actions and promote open communication and transparency at all times.

Trust

We strive to earn and maintain confidence through reliable and ethical decision-making.

Honesty

We conduct ourselves with the highest degree of integrity, respect, and truthfulness.

PRIORITIES

Safety

Design, build, operate, and maintain our transportation system with safety as our #1 priority.

Delivery

Responsible program execution throughout the transportation life cycle (planning, design, construction, maintenance, and operations).

Innovation

Forward-thinking, technology-focused, fostering a culture of continuous improvement.

Stewardship

Professional, responsible stewards of resources.