



MEMORANDUM

TO: Council Subcommittee, City of Cibolo
FROM: Cibolo Turnpike, LP
DATE: May 29, 2018
RE: June 11, 2018 City Council Meeting

At the request of the City of Cibolo staff and the recently formed City Council Subcommittee (the "Subcommittee"), we were asked to summarize the recent meetings between the Subcommittee and Public Werks (Cibolo Turnpike, LP) in relation to the Cibolo Parkway Project, and to provide additional information in relation to those discussions.

As background, at the January 9th, 2018 Cibolo City Council Meeting, we presented an update regarding the Cibolo Parkway which included the results of our Phase I Project Development - Pro Forma Analysis. We reported that the Project was viable, but that the traffic and revenue study projections only supported a 2-lane, undivided concrete facility as per the provisions of the Amended Development Agreement. Since that time, we have been moving forward preparing information to secure financing for the Project.

At the March 27th, 2018 Cibolo City Council Meeting, the Council created the Subcommittee to investigate possible enhancements to the Cibolo Parkway Project.

There have been two meetings between the Subcommittee and Public Werks. At the first meeting on April 23, 2018, we learned that were concerns about safety and travel speeds. In addition, we learned that the Subcommittee wanted the Cibolo Parkway to be a 4-lane road, and voiced displeasure of the 2-lane undivided section. We relayed information about the Traffic and Revenue analysis which substantiated 1) a 2-lane facility is sufficient to handle the forecasted traffic, and 2) the forecasted revenue is only sufficient to justify a 2-lane concrete facility. Towards the conclusion of the meeting, we were asked to study potential cost saving options that might allow us to consider enhancing the Project.

At the second meeting on May 14th after having discussions with our traffic consultant, design engineers and financial advisor, we presented what we thought that the Subcommittee was requesting, specifically, a 4-lane divided asphalt section with a concrete barrier. This sort of modification was estimated to cost about \$10 million more than the planned original 2-lane undivided concrete section and would be more expensive to maintain than the two lane facility. We also emphasized uncontrollable financial variables that we need



Memo to Council Subcommittee, City of Cibolo
May 29, 2018

to be mindful of in order to stay within budget, such as interest rates, ROW acquisition and future construction costs on the Cibolo Expressway (the current FM-1103) which is four years out.

In considering enhancements to the project, we spoke about the need to increase revenue and decrease operating costs in order to justify any modifications to the design. From an capital expense standpoint, we determined we could reduce the ROW to approximately 160' from 250' while still being able to accommodate future expansion and ROW for utilities. Additionally, using asphalt, which is a better surface considering the soil conditions, would be more economical to construct than concrete; however, is more costly to operate.

From an operating expense standpoint, the larger facility would be more expensive to maintain. In order to offset those additional expenses, it was suggested that the City consider adding a Transportation Reinvestment Zone solely for their benefit, as a way to defray any additional maintenance costs for the City associated with the maintenance of the free lanes of FM-1103.

As it pertains to revenue, the traffic and revenue report indicated that the Schertz connection/overpass, which is estimated to cost an additional \$10 million, would generate an estimated 10% increase in gross revenue. The Subcommittee felt that an agreement with the City of Schertz was unlikely. We were then asked to review and consider the section that was being used on TX-550, a toll road just north of the City of Brownsville, Texas. It is currently a 2-lane divided asphalt section with a concrete barrier, 4' inside shoulder, a wider 14' travel lane, and a 10' outside shoulder.

At the conclusion of the meeting, we were asked to provide additional information to the City Council regarding the Pro Forma that was done during Phase I - Project Development, this has been scheduled for the June 11th, 2018 City Council meeting. At this meeting we will present the following: 1) Investment Grade Traffic and Revenue Report, 2) Updated Cost Information, and 3) Project Financial / Financing Information.