

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 25-26, 2005

Reference No.: 3.12
Information Item

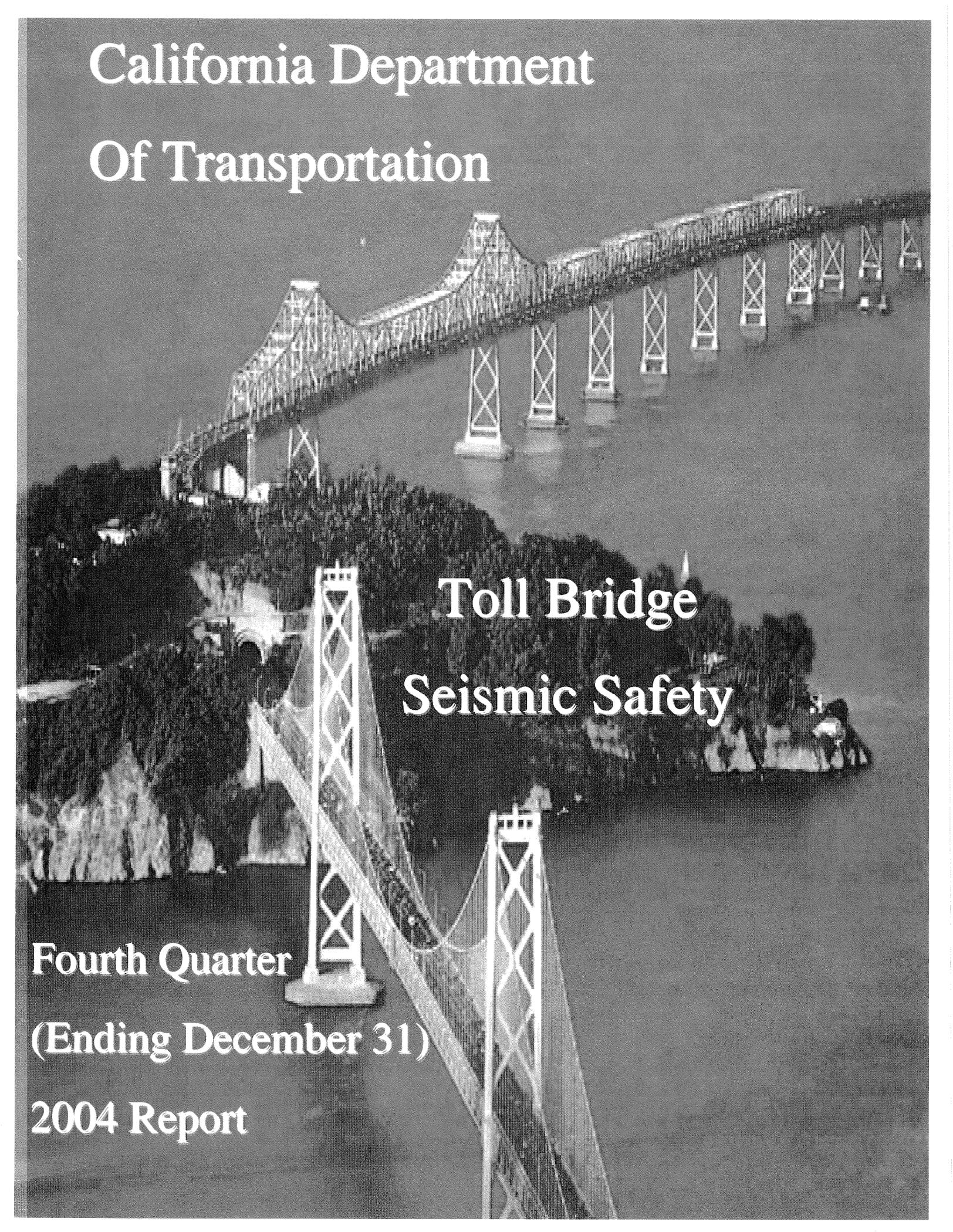
From: CINDY McKIM
Chief Financial Officer

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Toll Bridge Program

Ref: **2004 FOURTH QUARTER TOLL BRIDGE SEISMIC RETROFIT REPORT**

The Department of Transportation's 2004 Fourth Quarter Toll Bridge Seismic Retrofit Report is attached.

Attachment

An aerial, black and white photograph of the Golden Gate Bridge and the Bay Bridge spanning the San Francisco Bay. The Golden Gate Bridge is in the foreground, showing its two massive towers and the suspension cables. The Bay Bridge is in the background, a long truss bridge supported by numerous piers. The water of the bay is visible between the bridges, and the surrounding hills are covered in dense vegetation.

California Department Of Transportation

Toll Bridge Seismic Safety

Fourth Quarter
(Ending December 31)

2004 Report

Toll Bridge Seismic Safety Retrofit Program Fourth Quarter 2004 Quarterly Report

Purpose

The purpose of this report is to provide information on the status and progress in delivering the California Department of Transportation's (Department) Toll Bridge Seismic Safety Retrofit Program. This report fulfills the Department's statutory reporting requirement outlined in Assembly Bill (AB) 1717 (Committee on Transportation, Chapter 525, Statutes of 2003), which amended Section 188.5 (g) of the Streets and Highways Code.

The \$2 billion Seismic Retrofit Bond Act of 1996 (Proposition 192) was approved by the voters at the March 26, 1996, direct primary election that provided \$790 million for Toll Bridge Seismic Retrofit. In 1997, Senate Bills (SB) 60 (Kopp, Chapter 327, Statutes of 1997) and 226 (Kopp, Chapter 328, Statutes of 1997) were signed into law establishing funding for seismic retrofit of seven out of a total of nine State-owned toll bridges including the replacement of the East Span of the San Francisco to Oakland Bay Bridge (SFOBB). AB 1171 (Dutra, Chapter 907, Statutes of 2001) re-established project-specific funding in the amount of \$4.637 billion. AB 1171 also authorized the Department to utilize up to an additional \$448 million of State Highway Account funds to mitigate cost increases if needed.

Progress Report / Milestones Achieved

The Toll Bridge Seismic Retrofit Program consists of seven of the nine state-owned toll bridges in California. Two of the toll bridges have subsequently had their tolls removed reducing the number of State-owned toll bridges today to seven. The toll bridges are the largest and most complicated bridges in the State to be seismically retrofitted. Nowhere in the world have bridges as complex as these been retrofitted. Five of the seven bridges (71 percent) have been completed. The total budget as outlined in AB 1171 for retrofitting the toll bridges is \$4.637 billion plus \$448 million in contingency funds. As outlined in the Department's August 2004 report to the Legislature, the current estimated costs to complete the Toll Bridge Retrofit Program exceed the available budget.

On December 8, 2004, the Department published a report titled "Findings and Recommendation for Completion of the Main Span of the San Francisco-Oakland Bay Bridge East Span Seismic Safety Project." After extensive review and substantial industry outreach, the administration has determined that extending the Skyway Bridge is the most prudent alternative due to its potential to accelerate completion of construction while also lowering costs.

The Department will need legislation to change the specified bridge type for the SFOBB East Span and to identify additional funding to supplement the program budget to finish the Toll Bridge Seismic Retrofit Program.

The SFOBB East Span project consists of a total of 16 construction contracts, including two previously completed for the interim retrofit of the existing structure.

- Seven contracts are complete, four contracts are under construction, and five contracts are in design. The SAS span's west foundation contract (W2) was completed on October 20, 2004.
- Upon legislative approval, the main span will be redesigned to a structure type similar to the Skyway contract under construction.

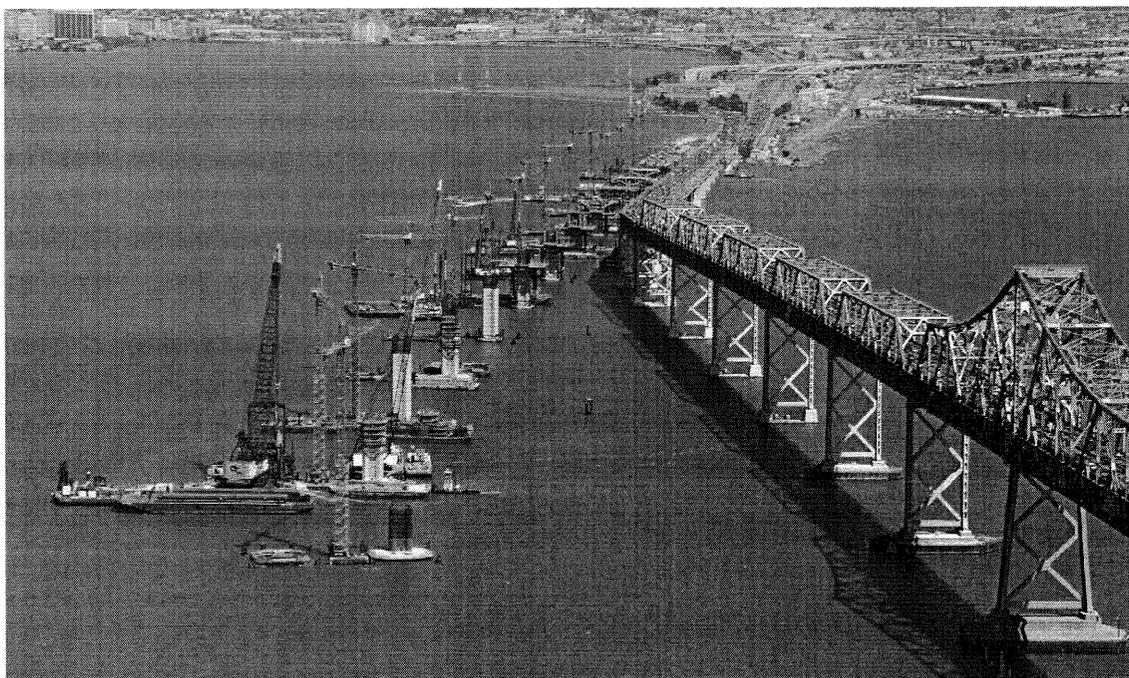
For the SFOBB West Span project, there are a total of eight construction contracts.

- Seven contracts are complete. The \$170 million contract to retrofit the West Span main span and towers was completed on June 30, 2004.
- One contract is under construction to complete the West Approach to the West Span.

For the Richmond-San Rafael Bridge, construction continues to retrofit the existing structure. It is anticipated that construction will be completed by July 1, 2005.

Featured Quarterly Toll Bridge Construction Picture:

Construction in the Bay for the SFOBB New East Span Skyway segment.



Comparison of AB 1171 and August 2004 Cost Estimates (dollars in millions)		
Bridge	AB 1171	August 2004
Existing Benicia Martinez ¹	\$ 190	\$ 180
Carquinez (eastbound) ²	\$ 125	\$ 115
Richmond – San Rafael	\$ 665	\$ 914
San – Diego Coronado	\$ 105	\$ 105
Vincent Thomas	\$ 62	\$ 59
San Mateo – Hayward	\$ 190	\$ 165
SFOBB – New East Span	\$ 2,600	\$ 5,130*
SFOBB – West Span	\$ 700	\$ 737
Subtotal	\$ 4,637	\$ 7,405*
Remaining Program Contingencies ³	\$ 448	\$ 900
TOTAL	\$ 5,085	\$ 8,305*

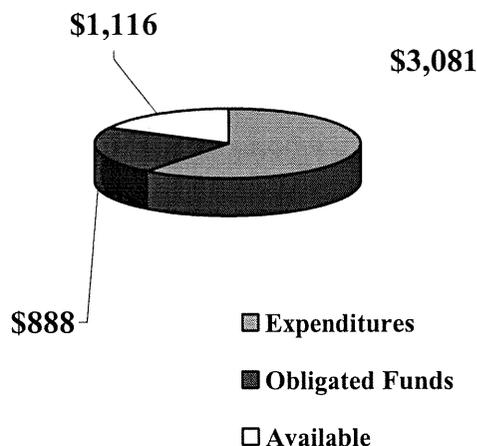
* Cost shown here assumes SAS award in September 2004.

The estimated cost of the SFOBB New East Span in the August 2004 report to the Legislature was \$5.085 billion. In the December 2004 report evaluating several options, the range of costs for the East Span using the Skyway design is between \$4.557 and \$4.977 billion. Additional program savings are likely with this design as well.

Program Costs

The total available AB 1171 budget for Toll Bridge Seismic Retrofit is \$5.085 billion. A total of \$3.081 billion has been expended to date for construction and support. An additional \$0.888 billion has been allocated and obligated to date for construction and support. Total commitments of \$3.969 billion to date utilize approximately 78 percent of the available program funds. This commitment does not include \$666 million remaining from funds previously allocated for the SAS contract. There is a balance of \$1.116 billion available to implement the program.

AB 1171 Program Costs
(dollars in million)



¹ The seismic retrofit of the existing Benicia-Martinez Bridge is a separate project from the Regional Measure 1 project to construct a new parallel bridge.

² The 1927 westbound Carquinez Bridge has been replaced by a new bridge and will be removed as part of the Regional Measure 1 program.

³ AB 1171 authorizes the Department to utilize up to an additional \$448 million of State Highway Account funds to mitigate any cost increases above the specified \$4.637 billion estimated costs.

Program Delivery⁴

Status of Toll Bridge Project Completion Dates		Completion Status Comparison	
Bridge	Status of Construction Contracts (Statement of Going Contracts 12-20-04) (excludes mitigation contracts)	AB 1171 April 2001	Current December 2004
Toll Bridges Under Construction			
East Span – San Francisco - Oakland Bay Bridge (SFOBB)	Seven completed construction contracts valued at \$69m. Two for existing structure interim retrofit; pile driving demo; embankment, USCG Road, Western SAS foundation & YBI demolition.	In Design	<u>Open to Traffic</u> Subject to re-evaluation of main span alternatives.
	Three contracts under construction - • \$1,096m Skyway, 59% time & 66% work completed. • \$11m YBI Substn & Viaduct, 100% time & 82% work completed. • \$179m SAS Tower, 22% time & 22% work completed. One contract suspended – • \$74m South Detour 22% time & 20% work completed. ⁵		Under Construction
	One contract is in design / construction re-evaluation - • SFOBB East Span Main Span		And
	Four contracts in design - • YBI – structure design is currently being finalized. • Oakland Approach Bridge is currently being finalized. • Stormwater Treatment Plant (BMP) is currently in design. • Demolition contract to be done at a later date.		In Design
West Span – San Francisco – Oakland Bay Bridge (SFOBB)	Seven completed construction contracts valued at \$218m. West Bay Approach, Caissons, Anchorage's, YBI Approach and YBI Tunnel, Suspension Bridge and Towers and Arch and Ret.	Under Construction and In Design Mid 2008	<u>Under Construction</u> Main Span completed June 2004 West Approach Mid 2009
	One contract under construction - • \$182 m West Approach, 31% time and 44% work completed.		
Richmond – San Rafael	One contract under construction – • \$623 m contract–95% time & 93% work completed.	Under Construction Mid 2005	Under Construction Mid 2005
Completed Toll Bridges			
Benicia Martinez	Two completed construction contracts valued at \$141m - a) Approaches and b) Main Span	Under Construction Late 2001	<u>Completed</u> July 2002
Carquinez (East Bound)	One completed construction contract valued at \$80m	Under Construction Late 2001	<u>Completed</u> January 2002
San Mateo Hayward	Three completed construction contracts valued at \$136m - a) Trestle, b) West Approach and c) High Rise	<u>Completed</u> April 2000	<u>Completed</u> April 2000
Vincent Thomas	One completed construction contract valued at \$44m	<u>Completed</u> May 2000	<u>Completed</u> May 2000
San Diego – Coronado	Four completed construction contracts valued at \$73m a) Main Span, b) Abut 1, Tower, Fdn, c) Tower and Fdn and d) East Approach.	Under Construction Late 2001	<u>Completed</u> June 2002

“Early” – January to April

“Mid” – May to August

“Late” – September to December

⁴ This table was not included in the August 2004 Toll Bridge Seismic Retrofit Program Report. The Table provides a summary of the capital construction contract costs (support costs are not included) and contract progress to date.

⁵ Fieldwork suspended due to schedule delay.

Program Budget

AB 1171 establishes funding in the amount of \$4.637 billion and authorizes the Department to utilize up to an additional \$448 million of State Highway Account funds to mitigate cost increases above the specified \$4.637 billion estimated cost to retrofit the State's toll bridges. The legislation permits use of additional toll surcharges for financing purposes and provides for financing costs above the funds specified in AB 1171. The table below summarizes the AB 1171 program funding and does not include any financing costs.

As reported in the August 2004 report to the Legislature, additional funding is needed to complete the program.

Toll Bridge Seismic Retrofit Program (TBSRP)⁶	Budgeted	Allocated
Proposition 192	\$ 790	\$ 789
Toll Bridge Seismic Retrofit Account (TBSRA)	\$ 3,205	\$ 2,544
Regional Share –		
<input type="checkbox"/> Bay Area Surcharge Revenues	\$ 2,282	
<input type="checkbox"/> San Diego Coronado Toll Bridge Revenue Fund	\$ 33	
<input type="checkbox"/> Vincent Thomas Bridge Contribution	\$ 15	
State's Share		
<input type="checkbox"/> State Highway Account (SHA) ⁷	\$ 795	
<input type="checkbox"/> Public Transportation Account (PTA) ⁸	\$ 80	
<u>Federal Highway Bridge Replacement and Rehabilitation (HBRR)</u>	<u>\$ 642</u>	<u>\$ 636</u>
AB 1171 Project Specific	\$ 4,637	\$ 3,969
<u>Contingency</u>	<u>\$ 448</u>	<u>\$ 0</u>
Sub Total Including AB 1171 Contingency	\$ 5,085	\$ 3,969
<u>Additional Funds Needed as Outlined in August 2004 Report</u>	<u>\$ 3,220</u>	
Total Program	\$ 8,305 ⁹	

Program Funds¹⁰

⁶ A similar table, entitled "Seismic Retrofit Program Funding Sources" was included in the August 2004 Toll Bridge Seismic Retrofit Program Report.

⁷ To date, \$354 million has been transferred from the SHA to the TBSRP. Approximately \$436 million remains to be transferred. The Department anticipates receipt of such balance in Fiscal Years 2005-06 and 2006-07.

⁸ To date, \$10 million has been transferred from the PTA to the TBSRP. Approximately \$70 million remains to be transferred. The Department anticipates receipt of such balance in Fiscal Years 2005-06 and 2006-07. These transfers are subject to appropriation by the Legislature.

⁹ Assumes award of SAS in September 2004.

The program's financial status of revenues and expenditures is summarized in the following table. The figures include the surcharge revenues collected, transfers from the State Highway Account (SHA) and Public Transportation Account (PTA), and expenditures from the Toll Bridge Seismic Retrofit Account (TBSRA) and Proposition 192. To date, the \$790 million provided by the Seismic Retrofit Bond Act of 1996 (Proposition 192) has been fully allocated by the California Transportation Commission.

Revenues

Toll Surcharge ¹¹	\$	687.9
State-Managed Investment Fund (SMIF) Interest	\$	59.9
Bond Revenue (Seismic Bond of 1996) ¹²	\$	790.0
Bond Revenue (Toll Revenue Bonds)	\$	1,062.0
San Diego Association of Governments (SANDAG) ¹³	\$	33.0
Vincent Thomas	\$	6.7
Federal Highway Bridge Replacement and Rehabilitation	\$	300.0
Transfers to Toll Bridge Seismic Retrofit Account (TBSRA):		
• State Highway Account	\$	354.6
• Public Transportation Account	\$	10.0
Total Revenues and Transfers¹⁴	\$	3,304.1

Expenditures

Capital Outlay	\$	2,322.1
State Operations	\$	758.7
Total Expenditures	\$	3,080.9

Encumbrances

Capital Outlay (awarded contract work not expended)	\$	870.6
State Operations	\$	17.0
Total Encumbrances, Not Expended	\$	887.6

Total Encumbrances and Expenditures

TOTAL¹⁵ \$ 3,968.5

Project Specific AB 1171 Budget Information¹⁶

¹⁰ This table was not included in the August 2004 Toll Bridge Seismic Retrofit Program Report. This table identifies the revenues collected to date, expenditures and encumbrances.

¹¹ The Toll Surcharge is dedicated to repayment of bonds beginning September 1, 2003. Toll Surcharge shown here is only toll revenue collected prior to that date.

¹² Fully allocated by the California Transportation Commission.

¹³ Contribution fulfilled in June of 2001.

¹⁴ Total revenues and transfers to date represent actual cash receipts deposited into the accounts dedicated to TBSRP. Revenues shown do not include anticipated financing based on the Financial Plan approved for the program.

¹⁵ Total encumbrances and expenditures are based on total commitments to date including all awarded contracts. Actual receipts are currently less than total amount of expenditures and encumbrances because the TBSRP is funded on a cash-flow basis. Bonds and loans authorized through AB 1171 will be issued as cash expenditures utilize available cash on hand, consistent with the approved financing plan.

Bridges Under Construction

Bridge	Component (All cost in millions)	AB1171 TBSRP Budget	Expenditures To-Date	Expenditures Total Budget (%)
Subtotal SFOBB – East Span	Construction & R/W	\$ 2,219	\$ 937	42%
	Support	\$ 381	\$ 345	91%
	Total	\$ 2,600	\$ 1,282	49%

SFOBB – West Span Retrofit	Construction & R/W	\$ 237	\$ 234	99%
	Support	\$ 68	\$ 75	110%
	Total	\$ 305	\$ 309	101%
SFOBB – West Approach	Construction & R/W	\$ 309	\$ 124	40%
	Support	\$ 86	\$ 57	66%
	Total	\$ 395	\$ 181	46%
Subtotal SFOBB – West Span Total	Construction & R/W	\$ 546	\$ 358	66%
	Support	\$ 154	\$ 132	86%
	Total	\$ 700	\$ 490	70%

Richmond San Rafael	Construction & R/W	\$ 570	\$ 555	97%
	Support	\$ 95	\$ 113	119%
	Total	\$ 665	\$ 668	100%

Completed Bridges

Benicia - Martinez	Construction & R/W	\$ 148	\$ 140	95%
	Support	\$ 42	\$ 38	90%
	Total	\$ 190	\$ 178	94%
Carquinez (East Bound Bridge)	Construction & R/W	\$ 87	\$ 85	98%
	Support	\$ 38	\$ 29	75%
	Total	\$ 125	\$ 114	91%
San Mateo – Hayward	Construction & R/W	\$ 158	\$ 135	85%
	Support	\$ 32	\$ 28	88%
	Total	\$ 190	\$ 163	86%
Vincent Thomas	Construction & R/W	\$ 44	\$ 42	96%
	Support	\$ 18	\$ 16	91%
	Total	\$ 62	\$ 58	95%
San Diego – Coronado	Construction & R/W	\$ 70	\$ 69	99%
	Support	\$ 35	\$ 33	95%
	Total	\$ 105	\$ 102	98%
Subtotal Completed Bridges	Construction & R/W	\$ 507	\$ 472	93%
	Support	\$ 165	\$ 143	87%
	Total	\$ 672	\$ 615	92%

Program Summary of All Bridges

Total - Toll Bridge Seismic Retrofit Program	Construction & R/W	\$ 3,842	\$ 2,322	60%
	Support	\$ 795	\$ 734	92%
	Indirect Charges		\$ 25	
	Budget Total	\$ 4,637	\$ 3,081	66%
	Contingency Funds	\$ 448		
Total Authority	\$ 5,085			

¹⁶ This table was not included in the August 2004 Toll Bridge Seismic Retrofit Program Report. That report provided this financial, and additional bridge information, in narrative form under the section entitled “Project Information”.

Capital Financing Plan

The SFOBB East Span Project is a component of the overall Toll Bridge Seismic Retrofit and Replacement Program (TBSRP). AB 1171 limited the amount of Toll Surcharge revenue that can be used to finance the retrofit of the toll bridges, including the east span replacement to \$2.282 billion. An additional \$2.803 billion was authorized from various State funds. Based on the most recent estimates, actual costs to complete will exceed the authorized budget and any additional funding above the limit would require amending the statutes to allow for greater flexibility in managing the delivery of the project and funding legislation.

AB 1171 designated the California Infrastructure and Economic Development Bank (CIEDB) as the Issuer for the TBSRP financial plan. In August 2003, the CIEDB, in cooperation with the Department, issued \$1.160 billion in Toll Revenue Bonds to provide permanent financing for a portion of the Program's cost. The proceeds of the bonds would fund the project's capital expenditure needs for approximately 18 months. As additional financing is required to meet the Program's short-term cash flow needs, the CIEDB, in cooperation with the Department, will issue \$400 million in tax-exempt commercial paper within the current budget authority by March 2005. The proceeds of the commercial paper will fund a portion of the project's capital expenditures needs for the ensuing six to nine months.