

Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: September 28-29, 2005

Reference No.: 2.5d.(2)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross A. Chittenden
Division Chief
Transportation Programming

Ref: **FINANCIAL ALLOCATION FOR PROJECTS THAT EXCEED 20 PERCENT OF THE
PROGRAMMED AMOUNT
RESOLUTION FP-05-33**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the following resolution.

FINANCIAL RESOLUTION:

Resolved that \$7,840,000 be allocated from the Budget Act of 2005, from Budget Act Items 2660-301-0042 and 2660-301-0890 to provide funds for a project in Riverside County. This major construction project proposed for funding is included in the State Transportation Improvement Program (STIP).

SUMMARY AND CONCLUSIONS:

This resolution allocates State and Federal funds totaling \$7,840,000 for a new major construction project that is programmed in the STIP.

The project has a construction cost that exceeds the programmed amount by more than 20 percent, totaling \$7,840,000.

FUNDING STATUS

Originally, Construction and Construction Support was programmed in the 2000 STIP for \$13,046,000 (\$9,785,000 of Interregional Improvement Program (IIP) and \$3,261,000 of Regional Improvement Program (RIP)) and \$21,000,000 of Traffic Congestion Relief Program (TCRP). When originally delivered, the project was put on hold due to lack of available state transportation funds. In late 2003, Riverside County Transportation Commission (RCTC) approved \$21,000,000 of federal Congestion Mitigation and Air Quality (CMAQ) program funds to replace the suspended TCRP. Additionally, RCTC approved another \$5,000,000 of CMAQ to cover the construction cost increase on the project. The project was ready for advertisement in June 2003, but was still on hold due to the continuing lack of available state funds. The project was subsequently re-programmed in the 2004 STIP with \$13,046,000 STIP for Construction and Construction Support and \$25,000,000 CMAQ in FY 2004-05. During FY 2004-05, STIP allocations were once again suspended. Therefore, in March 2005, the Commission approved an AB3090 request by RCTC to replace \$8,881,000 of Construction STIP funds with local Transportation Uniform Mitigation Fee (TUMF) funds in order to accelerate delivery of the project.

In July 2005, a re-evaluation of the project estimate identified a significant cost increase due to rising concrete, steel and other material prices. Consequently, the Department and RCTC are requesting a construction allocation of \$7,840,000 in STIP funds (\$3,058,000 RIP and \$4,782,000 IIP) to cover the construction cost increase.

REASONS FOR COST INCREASE

The cost increase on this project is the result of a refined estimate based on latest bid prices and construction cost index. The total quantity and list of contract items on the project has not changed since the project was originally ready for advertisement in June 2003. Recent item bid prices, received from similar type and size of projects that are within close proximity to the project, were used in determining the project's cost.

The project primarily involves paving the median using Portland Cement Concrete (PCC) for a 7-mile section and widening bridges as necessary on Route 60. Therefore, large amounts of concrete and steel will be used on the project. Costs of concrete pavement, aggregate base, structural concrete, concrete barrier, and bar reinforcing steel have significantly increased. The project's plans, specifications, and estimate (PS&E) package was re-submitted to the Department's Office Engineer in August 2005, and the right-of-way (R/W) was certified on May 31, 2005. The project is currently ready for advertisement.

FUNDING OPTIONS

- OPTION A: Approve this request, as presented above, for \$7,840,000 to allow this project to be advertised.
- OPTION B: Deny this request and direct the Department to downscope the project to remain within current funding limits. The Department has reviewed the project scope and determined that it will not be possible to reduce the project scope while still meeting the purpose and need of the project. The proposed scope includes just the amount of work necessary for closing the HOV gap and matching existing freeway conditions on either side of the project limits.
- OPTION C: Find alternative funding sources. The region has exhausted all funding sources that may be available for this project.

RECOMMENDED OPTION

The Department recommends that this request for \$7,840,000, as presented in Option A above, be approved to allow this project to be advertised.