

Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: November 2-3, 2005

Reference No.: 2.5d.
Action Item

From: CINDY McKIM
Chief Financial Officer

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Division Chief
Transportation Programming

Ref: **FINANCIAL ALLOCATION FOR PROJECTS THAT EXCEED 20 PERCENT OF THE PROGRAMMED AMOUNT RESOLUTION FP-05-40**

RECOMMENDATION:

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

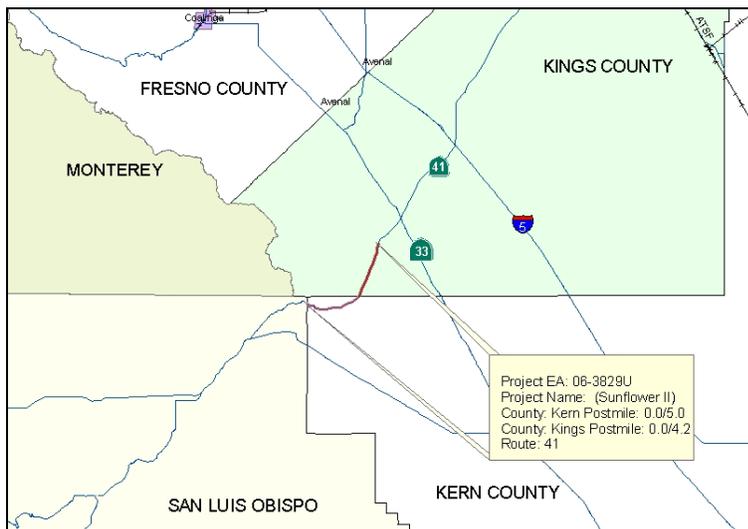
FINANCIAL RESOLUTION:

Resolved that \$9,388,000 be allocated from the Budget Act of 2005, from Budget Act Items 2660-301-0042 and 2660-301-0890 to provide funds for the project listed below. This major construction project proposed for funding is included in the 2004 State Highway Operation and Protection Program (SHOPP).

SUMMARY AND CONCLUSIONS:

This resolution allocates State and Federal funds totaling \$9,388,000 for one new major construction project that is programmed in the SHOPP. The project has a construction cost that exceed the programmed amount (\$6,494,000) by more than 20 percent.

Project # Allocation Amount County Dist-Co-Rte Postmile	Location Project Description	EA PPNO Program/Year Prog Amount	Budget Year Item # Program Codes	State Federal Total Amount
2.5d. Allocations for Project with Cost Increases Greater than 120 Percent			Resolution FP-05-40	
1 \$9,388,000 Kings 06S-Kin-41 0.0/4.2	Near Kettleman City from Kern County Line to north of Avenal Creek Bridge. Raise grade on new alignment. This project will be combined with EA 382901 (PPNO 3321) for construction purposes under EA 3829U1.	321501 06-4205A SHOPP/05-06 \$6,494,000	2005-06 302-0042 302-0890 20.20.201.120	\$1,077,000 \$8,311,000 \$9,388,000



PROJECT DESCRIPTION

This project will be combined with PPNO 3321 under EA 06-3829U. The combined project is located on two contiguous segments of State Route 41, PPNO 3321 in Kern County PM 0.0/5.0 and PPNO 4205A in Kings County PM 0.0/4.2. The purpose of the project is to rehabilitate the existing pavement in Kern County and Raise Grade on a new alignment in Kings County. This is the second of two phases of a 15.7 mile project along Route 41 which connects the Central Valley with San Luis Obispo and the coast.

FUNDING STATUS

The project is programmed in the SHOPP for \$6,494,000 in FY 2005-06. The project was delivered and ready to list on September 30, 2005. This allocation request for \$9,388,000 will result in an increase of 45% over the programmed amount. There is a concurrent request for PPNO 3321 which will be combined with this project for construction.

A SHOPP amendment was processed in October 2005, which split off one Environmental Mitigation project (PPNO 3321B) for \$1,000,000 from PPNO 4205A. There is a concurrent request for \$1,000,000 for this related project.

REASON FOR INCREASE

The cost increase is primarily due to an increase in the unit price of Asphalt Concrete (AC) and roadway excavation. The total quantity of the AC and roadway excavation items on the project have not changed since the Plans, Specification and Estimate (PS&E) was completed in June 2005. Unprecedented increases in prices over the past 4 months have necessitated this request for increased allocation. Recent bid prices for these items received from similar type and size projects in proximity to this project were used in determining the new item costs. The phase I project just completed in this area has also provided a basis to estimate the true costs and nature of this work.

FUNDING OPTIONS

OPTION A: Approve this request, as presented above, for \$9,388,000 million to allow this project to be advertised.

OPTION B: Deny this request and direct the Department to downscope the project to remain within the programmed amount. The Department has reviewed the project scope of work and is unable to identify any option that would make good business sense. The parent project has already been segmented into two phases for construction, Phase I (PPNO 3215U) was just completed.

OPTION C: Deny this request and direct the Department to reprogram this project in a future funding cycle of the SHOPP. The Department has considered this option. In response to funding shortfalls this project was originally deferred from the 2003-2004 Fiscal Year to the 2005-2006 Fiscal Year. Additional delay to rehabilitate the pavement and raise the grade will further accelerate advanced deterioration of the roadway and continue exposure of the traveling public to flooding of the state route. Project 05-45260, a follow-on State Transportation Improvement Program (STIP) truck climbing lane project, which was split from this project for construction, will be Ready to List on 3/1/06. It is dependent on the successful completion of this project to begin its construction in July 2006.

RECOMMENDED OPTION

The Department recommends that this request for \$9,388,000, as presented in Option A above, be approved to allow this project to be advertised.