

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: July 25-26, 2007

Reference No.: 2.8a.
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Rachel Fasletti
Acting Division Chief
Transportation Programming

Subject: **REQUEST TO EXTEND THE PERIOD OF PROJECT ALLOCATION FOR STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP) PROJECTS**

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve extension requests for the period of allocation for four State Highway Operation and Protection Program (SHOPP) projects totaling \$129,859,000, as shown in the attachment.

ISSUE:

The Department has experienced challenges in bringing four SHOPP projects for allocation and is not ready to request funds at the July 2007 Commission meeting. Therefore, the Department is requesting extensions to the allocation deadline for projects as shown in the attachment.

BACKGROUND:

Resolution G-03-19, State Transportation Improvement Program (STIP) Guidelines, adopted by the Commission on December 11, 2003, stipulates that the Commission may approve waivers to the timely use of funds deadline one time only for up to 20 months in accordance with Government Code section 14529.8. Although the STIP Guidelines do not apply to SHOPP projects, it is prudent to apply the same management practices relative to timely use of funds to SHOPP projects.

Time Extension/Waiver – Project Allocation Deadline

Project #	Dist-Co-Rte PPNO Project Description Reason for Project Delay:	Program / Year Extension Amount (\$X,000) CON (Construction)	Number of Months Requested Extended Deadline
1	04-Son-1 PPNO: 04-0750S Near Timber Cove – 0.7 miles North of Meyers Grade Road – Construct Tie Back Wall The Department is requesting a 6-month time extension for construction allocation. This project is programmed in the 2006 SHOPP for \$2,360,000 for construction. The project was identified as a priority 2 storm damage, which will go through an informal bid process. During the permit application process with the Coastal Commission, the use of concrete barrier was rejected. The Coastal Commission prefers the use of metal beam guard rail (MBGR). The change triggers a major redesign and additional coordination with all the functional units.	SHOPP / 06-07 \$2,360	6 months 12/31/07
2	04-Ala-L5706 PPNO: 04-0086L In Fremont – Fremont Maintenance Station (L5706) Near Mowry Avenue – Reconstruct Maintenance Station The engineer's estimate for this project was \$2,576,352 at RTL in June 2005. Hurricane Katrina followed in August of that year. Funds were voted in September 2005 and the project was advertised in October 2005. By the time bids were opened in November 2005, construction costs had spiked nationwide in response to the relief effort. The three legitimate bids reflected this, ranging from 31.1 to 47.4 percent over the estimate. The project was placed in the 2006 SHOPP for \$3,588,000, which was the bid cost from the second low bidder in November 2005. Unfortunately, building construction costs had continued to rise. Over the last two years, the Department has seen building costs increase statewide from 25 to 45 percent. Estimating sources such as RS Means, the California Construction Cost Index, and local agency cost data reported an average 28 percent increase in building costs for the third quarter of 2006. Due to the volatile bidding environment, the Division of Engineering Services (DES) revised their estimating procedures to use quarterly updates for materials and labor and to escalate construction costs to the midpoint of construction to more accurately reflect the risks that contractors experience as costs rise. A detailed PS&E estimate in November 2006, based on the midpoint of construction assumed to be November 2007, indicates the building estimate to be \$4,366,000. Paving and drainage costs have also increased, adding \$700,000 to the project cost. The Department is requesting a 12-month time extension for construction allocation. This project is programmed in the 2006 SHOPP for \$3,588,000 for construction. The current construction estimate is \$5,066,000 which is a \$1,478,000 shortfall. The Department is down scoping the project to remain within the programmed amount.	SHOPP / 06-07 \$3,588	12 months 6/30/08
3	04-Ala-880 PPNO: 04-0050G In Oakland – Fifth Avenue Overhead #33-27 – Replace Bridge The Department experienced challenges in securing project approval from Union Pacific Railroad (UPRR), which is impacted by the project. The Department received project approval from UPRR by an executed railroad agreement on June 28, 2007. Due to the timing of the completed railroad agreement so close to end of the 2006-07 fiscal year, the Department will not be ready to request the funds by June 30, 2007. Therefore, the Department is requesting a 6-month extension for the funds allocation. The Department expects to request an allocation by the December 2007 Commission meeting.	SHOPP / 06-07 \$122,055	6 months 12/31/07

Time Extension/Waiver – Project Allocation Deadline

Project #	Dist-Co-Rte	Program / Year	Number of Months Requested
	PPNO Project Description	Extension Amount (\$X,000) CON (Construction)	Extended Deadline
Reason for Project Delay:			
4	04-Ala-880 PPNO: 04-0040G In Oakland – Southbound Oak Street On Ramp – Construct Auxiliary Lane	SHOPP / 06/07 \$1,856	6 months 12/31/07
<p>The Department experienced challenges in securing project approval from Union Pacific Railroad (UPRR), which is impacted by the project. The Department received project approval from UPRR by an executed railroad agreement on June 28, 2007. Due to the timing of the completed railroad agreement so close to end of the 2006-07 fiscal year, the Department will not be ready to request the funds by June 30, 2007. Therefore, the Department is requesting a 6-month extension for the funds allocation. The Department expects to request an allocation by the December 2007 Commission meeting.</p>			