

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 14, 2009

Reference No.: 2.1b.(1)
Information Item

From: CINDY McKIM
Chief Financial Officer

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Subject: **PROJECT AMENDMENT**
RESOLUTION CMIA-PA-0809-008
STIP AMENDMENT 08S-008
RESOLUTION TAA-08-09, AMENDING RESOLUTION TA-01-07

SUMMARY:

The California Department of Transportation (Department), in conjunction with the Kings County Association of Governments (KCAG) and the Tulare County Association of Governments (TCAG), proposes to amend the State Transportation Improvement Program (STIP), the Traffic Congestion Relief Program (TCRP), and the Corridor Mobility Improvement Account (CMIA) Program project baseline agreement for the Route 198 Expressway project (PPNO A4360B) near Hanford.

BACKGROUND:

The proposed amendment, in conjunction with proposed concurrent allocations, will accomplish the following goals:

1. Allow the Department to advertise and award a construction contract five months early.
2. Fully utilize all TCRP funding legislatively available for this project.
3. Avoid the use of CMIA funding for Right of Way.
4. Fully fund each component.
5. Create a CMIA reserve for unforeseen cost increases during construction.
6. Split off a follow-up landscaping project.

Prior STIP Changes Approved in June 2008

The following STIP programming changes were approved in June 2008 under Resolution G-08-11:

- Increased plans, specifications, and estimate (PS&E) programmed in the interregional improvement program (IIP) from \$2,600,000 to \$3,393,000. Prior to the project being programmed in the Proposition 1B CMIA program, the Department was in the process of splitting the project into three separate fundable segments due to the funding constraints. Additional PS&E work was then needed to combine the project back into a single project. Additionally, the project plans needed to be converted to English units in order to conform to the latest standard. These factors caused an increase to the cost of the PS&E.

- Increased IIP right of way support from \$0 to \$1,000,000, increased IIP right of way from \$0 to \$1,000,000, and decreased IIP construction from \$7,900,000 to \$5,107,000. Originally, funding for environmental mitigation was included in the construction estimate because it was assumed the mitigation would be accomplished in the construction phase of the project. After negotiations with the United States Fish and Wildlife Service, it was agreed that the mitigation would be accomplished through the acquisition of land bank credits to account for the loss of habitat caused by construction of the project. At the time this strategy was developed, construction funds were not programmed. To expedite the completion of the mitigation process, right of way capital funds were used to purchase the land bank credits.

The above changes were not previously addressed in a CMIA baseline amendment.

New Cost Increases and Decreases

The Route 198 Expressway project near Hanford, from 1.3 miles east of Route 43 to 0.4 miles west of Route 99 near Visalia, has experienced the following cost estimate changes:

- Project approval and environmental document (PA&ED) has increased from \$1,549,000 to \$2,039,000. A portion of this increase can be attributed to the extended effort required in dealing with the United States Fish and Wildlife Service in order to obtain approval of the biological opinion and the necessary permit. There were additional studies and mitigation also required for the Migratory Bird Act that were not accounted for in the original resource estimate. Additional effort was also required to update the existing freeway agreements with Kings and Tulare Counties, which was not accounted for in the original resource estimate.
- PS&E has increased from \$5,046,000 to \$5,768,000. The increase is due to converting the plans from metric units to English units, and significant rework of private canal crossings at the request of the canal owners.
- Right of way support has increased from \$2,537,000 to \$3,137,000. The increase is due to changes in appraisal mapping and acquisition delays, which resulted in a large number of re-appraisals and condemnations. The appraisal mapping was revised when utility companies changed easement requirements and when property owners requested changes.
- Construction support has decreased from \$10,000,000 to \$9,514,000. This is a revised estimate based on the final design.
- Right of way capital has increased from \$12,981,000 to \$22,300,000. There are several issues that have contributed to the increase in acquisition costs. This project is in a rural agricultural area. Recently, additional air restrictions have increased the required acreage for each dairy cow, which has caused the value of dairy farmland to increase 300 to 400 percent. In addition, over 100 unrecorded utility easements were identified that had to be added to the acquisition cost. Late in the design process several proposed public access roads were changed to private vehicle access easements, which required the State to include payment of long term maintenance of these roads in the acquisition cost. Fifteen parcels (approximately 25 percent of the total number of parcels) are involved in the condemnation process. Typically, the settlement on these condemnation parcels is 25 to 30 percent higher than the original estimate. The remainder of the increase, approximately \$4.7 million, is a result of increased utility relocation costs. The original utility relocation estimates were made prior to input from the utility companies. The District recently received new estimates from the

utility companies for the relocation of their facilities. Included in those estimates were 17 additional utility crossings that were not included in the original estimate.

- Construction capital has decreased from \$92,254,000 to \$77,249,000, which includes a CMIA reserve of \$7,009,000. The decrease results from lower unit prices that are consistent with today's bidding environment, particularly for imported borrow, asphalt concrete, box culverts, and mobilization. In addition, now that design is complete, the bid quantities are known and many are lower than at the inception of the CMIA program.

Follow-up Landscaping Project (PPNO A360Y)

Because landscaping projects have long establishment periods, and the landscaping project will be funded solely with IIP funds, it is proposed to remove this landscaping portion from the CMIA regular reporting requirements.

Federal Demonstration Funding

The CMIA baseline agreement showed \$2,400,000 of Federal Demonstration - High Priority Project (Demo (HPP)) programmed for construction. Of the \$2,400,000 federal apportionment, obligational authority is 85 percent or \$2,040,000, which is the amount actually available for project expenditures. In addition, KCAG received a new \$588,000 earmark of Federal Demonstration - Transportation, Community, and System Preservation (Demo (TCSP)) funds. Of the \$588,000 federal apportionment, obligational authority is 85 percent or \$500,000, which is the actual amount available for expenditure.

Proposed Changes

The Department, in conjunction with KCAG and TCAG, proposes to:

- Make the programming changes shown in the following tables.
- Split off a follow-up landscaping project (PPNO A4360Y) to be funded with \$4,500,000 programmed in the IIP, with PA&ED programmed in FY 2009-10, PS&E and right of way support programmed in FY 2010-11, and construction support and construction programmed in FY 2011-12.
- Amend the CMIA baseline agreement to be consistent with the above changes and to incorporate the STIP technical adjustments that were approved in June 2008 under Resolution G-08-11.

The proposed programming changes are summarized below (\$1,000s):

EXISTING PROGRAMMING:

Component	CMIA	RIP (Kin)	RIP (Tul)	IIP	TCRP	Demo (HPP)	Demo (TCSP)	Total
PA&ED		1,549						1,549
PS&E			800	3,393	853			5,046
R/W Sup		674	863	1,000				2,537
Con Sup				10,000				10,000
R/W		5,254	6,727	1,000				12,981
Con	71,600			5,107	13,147	2,400		92,254
Total	71,600	7,477	8,390	20,500	14,000	2,400		124,367

PROPOSED PROGRAMMING (A4360B):

Component	CMIA	RIP (Kin)	RIP (Tul)	IIP	TCRP	Demo (HPP)	Demo (TCSP)	Total
PA&ED		1,549					490	2,039
PS&E			800	4,105	853		10	5,768
R/W Sup		674	863	1,600				3,137
Con Sup				5,014	4,500			9,514
R/W		5,254	6,727	5,281	5,038			22,300
Con	71,600				3,609	2,040		77,249*
Total	71,600	7,477	8,390	16,000	14,000	2,040	500	120,007

* The current construction estimate of \$77,249,000 includes a CMIA reserve of \$7,009,000 for unforeseen cost increases during construction.

PROPOSED PROGRAMMING (A4360Y):

Component	CMIA	RIP (Kin)	RIP (Tul)	IIP	TCRP	Demo (HPP)	Demo (TCSP)	Total
PA&ED				100				100
PS&E				295				295
R/W Sup				5				5
Con Sup				500				500
R/W								
Con				3,600				3,600
Total				4,500				4,500

The Department will request an allocation for CMIA construction and TCRP construction, right of way, and construction support in February 2009.

This project was approved for future consideration of funding in October 2008 under Resolution E-08-17.

Project Delivery Schedule

The proposed project milestone dates are shown below:

Milestone	A4360B Existing	A4360B Proposed	A4360Y* Proposed
Begin Environmental Phase	7/1/98	7/1/98	1/2/10
Circulate Draft Environmental Document	9/1/01	9/1/01	N/A
Draft Project Report	9/1/01	9/1/01	N/A
End Environmental Phase	6/1/03	6/1/03	7/15/10
Begin Design Phase	6/1/03	6/1/03	7/15/10
End Design Phase	10/1/08	10/1/08	1/20/12
Begin Right of Way Phase	3/1/06	3/1/06	10/1/10
End Right of Way Phase	5/1/09	5/1/09	12/1/11
Begin Construction Phase	8/1/09	8/1/09	6/1/12
End Construction Phase	2/1/12	2/1/12	7/1/16
Begin Closeout Phase	2/1/12	2/1/12	8/1/16
End Closeout Phase	8/1/13	8/1/13	2/1/18

* PPNO A360Y – follow up landscaping to be removed from CMIA tracking.

RESOLUTION:

**Resolution CMIA-PA-0809-008,
STIP Amendment 08S-008,
and Resolution TAA-08-09**

Resolved, that the California Transportation Commission hereby amends the 2008 State Transportation Improvement Program (STIP), the Traffic Congestion Relief Program (TCRP #111), and the Corridor Mobility Improvement Account (CMIA) baseline agreement for the Route 198 Expressway project (PPNO A4360B) in Kings and Tulare Counties to redistribute funding between phases and create a landscape project (PPNO A4360Y) in accordance with the information described above; and

Be it further resolved that the Commission hereby amends the 2008 STIP at the end of the 30-day notice period.