

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 22-23, 2011

Reference No.: 2.5e.(3)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECT
RESOLUTION FA-11-20**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission allocate an additional \$1,700,000 for one State Highway Operation and Protection Program project identified below.

ISSUE:

Additional funds are needed for one previously voted project in order to complete construction.

RESOLUTION:

Resolved, that \$1,700,000 be allocated from the Budget Act of 2009, Budget Act Item 2660-302-0890 to provide additional funds for the project identified below.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original allocated Amount</u>	<u>Original Award Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	05-SLO-101	\$12,632,000	\$8,016,000	\$8,780,000	\$1,700,000	\$10,480,000	19.4%

PROJECT DESCRIPTION:

The project is located on Route 101 in San Luis Obispo County in and near Arroyo Grande and Pismo Beach. The project will rehabilitate the roadway by sealing cracks, repairing localized areas of severe pavement failure, and placing asphalt concrete overlay.

FUNDING STATUS:

This SHOPP project was voted in April 2010 for \$12,632,000 and awarded for \$8,016,000 in October 2010. The current allotment is \$8,780,000 which includes \$764,000 in G-12 funds received in April 2010 to address damage caused by winter storms. An additional \$1,700,000 in supplemental funds are needed to cover the high cost of Hot Mix Asphalt which results in an overall increase of 19.4 percent over the current allocation.

REASONS FOR COST INCREASE:

Construction activities were suspended in December 2010 through January 2011 due to winter season weather conditions. The low temperatures during this period resulted in the delay of pavement activities and placement of asphalt overlay.

The cost increase for this project is mainly due to significant rise in the cost of Hot Mix Asphalt (HMA). Between July 2010 when bids for this project were opened and May 2011 when pavement activities began, the cost of HMA for this project increased by over 79 percent. This cost increase resulted in the need for an additional \$1,700,000.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,700,000 to complete construction as planned.

OPTION B: Deny this request and direct the Department to revise the scope to stay within the allotted budget amount. The Department has considered this option and determined that reducing the scope of this project would result in higher maintenance cost of the pavement in the future.

RECOMMENDED OPTION:

The Department recommends that this request of \$1,700,000, as presented in Option A above, be approved to allow the Department to complete construction of the project.