

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 24, 2012

Reference No.: 4.12
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Transportation Programming

Subject: **STATE ROUTE 99 CORRIDOR PROGRAM RESERVE POLICY**
RESOLUTION R99-P-1213-01

RECOMMENDATION:

The purpose of Resolution R99-P-1213-01 is to establish a State Route 99 Corridor Program Reserve of \$69 million to address unforeseen expenses for the ongoing State Route 99 Corridor Construction Program.

BACKGROUND:

Proposition 1B, approved by the voters in 2006, established the State Route 99 Corridor Program with an authorization of \$1 billion. Shortly thereafter the California Transportation Commission (Commission) programmed the full amount to thirteen projects. Subsequently, as construction award cost savings were captured, another four projects were programmed. For efficiency, several projects have been split into discrete construction contracts for a total of 22 construction contracts.

In its Accountability Implementation Plan– Supplement 2 (AIP), the Commission stated its intent to set aside a 10 percent reserve to be available to contribute to potential construction cost increases necessary to complete construction of the programmed projects. Upon project close-out, the remaining bond funds would be made available for re-programming by the Commission.

To date, three contracts valued at about \$24 million have completed construction while an additional nineteen contracts valued at about \$691 million were recently allocated. The committed support and Right of Way costs tally to about \$183 million dollars. After subtracting the non-project administrative overhead, about \$82 million remains for a program reserve and additional programming.

Consistent with the Commission's AIP the California Department of Transportation (Department) recommends that 10 percent of the \$691 million construction capital funding just starting construction, or \$69 million, be set aside as a program reserve. The Department further recommends that the reserve be reevaluated biannually.

RESOLUTION:

Be it Resolved, that the California Transportation Commission does hereby approve the establishment of a State Route 99 Corridor Program Reserve in the amount of \$69 million.