

Memorandum

To: Chair and Commissioners

Date: December 05, 2008

From: JOHN F. BARNA, JR.

File: Book Item 63 & 64
ACTION

Ref: Placer 80 Capacity and Operational Improvement Project Amendment

ISSUE: Should the Commission approve the proposed CMIA programming actions reflected in Agenda Items 63 & 64?

RECOMMENDATION: Staff recommends that the Commission approve the proposed CMIA programming actions proposed by the Placer County Transportation Planning Agency to reduce the CMIA funding for Phase 2 and increase the scope and CMIA funding for Phase 3 of the I-80 Corridor Project.

BACKGROUND: The Corridor Mobility Improvement Account (CMIA) program, consisting of 54 corridor projects, was adopted by the Commission on February 28, 2007. In developing the program, the Commission considered mandates as provided in the Bond Act, as well as Commission's policies and expectations identified in the CMIA program guidelines.

Under the Bond Act, a CMIA project must be on the state highway system or on a major access route to the state highway system on the local road system. To include a project in the CMIA program, the Commission must find that it "improves mobility in a high-congestion corridor by improving travel times or reducing the number of daily vehicle hours of delay, improves the connectivity of the state highway system between rural, suburban, and urban areas, or improves the operation or safety of a highway or road segment." The Bond Act also requires the Commission, in adopting a program for the CMIA, to find that the program is geographically balanced, consistent with the north/south split that applies to the STIP (40% north, 60% south), and to find that it "provides mobility improvements in highly traveled or highly congested corridors in all regions of California." Further, the Bond Act requires the Commission to find that the program targets funding "to provide the mobility benefit in the earliest possible timeframe." It also mandates that the inclusion of a project in the CMIA program be based on a demonstration that the project can commence construction or implementation no later than December 31, 2012.

Commission policies reflected in the CMIA program guidelines include provisions for program updates and allow Caltrans and regional agencies to request program amendments in the same manner as for STIP amendments, except that CMIA program

amendments will not add new projects that were not included in the nominations for the initial program received by the Commission on or before January 16, 2007.

Since the adoption of the CMIA program, the Commission approved a Financial Accountability Implementation Plan that allows funds to be de-allocated from a project at contract award when the cost to award the construction contract is lower than the total sum of allocated funds. However, funds de-allocated from the project at contract award, will remain available to address any cost increases necessary to complete the project. De-allocated bond funds may be utilized to supplement a funding plan for another project or contract only upon prior Commission approval. In this case the project sponsor must commit to funding any cost increases to ensure the completion of both projects – the original project where the savings were utilized and the resulting new project using the savings in bond funds. Additionally, when a bond funded project is proposed to be combined with another project(s) for construction contract purposes, the project sponsor will provide a plan that reflects the cost of the combined project and each of its individual segments for Commission approval. This plan must discuss impacts of the combined project on the delivery of the bond funded project, including benefits, risks, and funding commitments to complete the combined project. The Commission continues to emphasize its intent that the use of CMIA bond funds will be limited to the cost of construction, and that bond funds will not be utilized to cover project cost increases. As a condition of adopting a project into the CMIA, the Commission resolved that all project cost increases beyond the February 2007 program adoption are the responsibility of the nominating and sponsoring agencies.

The current transportation construction bidding environment is encouraging. A Caltrans FY 07/08 report on the number of bidders related to 421 projects with an estimated cost of \$2.9 billion averaged at 7.7 bidders per project and the amount of the low bid averaged at 21.7% below the Engineers Estimate. In the last five months, Caltrans has opened bids on 134 projects estimated at \$1.2 billion and the same averages are reported at 7.9 and 17.6% respectively. Of the CMIA projects that have already been awarded, Commission Staff estimates that there could be over \$140 million in potential CMIA savings based on the proportional shares reflected in project baseline agreements. Although the savings add up to a substantial figure, Staff cautions that when considering the next steps the Commission takes into account the fact that the estimated cost at contract award very seldom equals the actual costs at the completion and closeout of a project.

In Agenda Items 63 & 64, the Placer County Transportation Planning Agency is requesting programming actions that reduce the CMIA funding for Phase 2 and increase the scope and CMIA funding for Phase 3 of the I-80 Corridor Project. The scope increase is the result of combining Phase 3B, nominated for funding but not included in the initial CMIA program, with Phase 3A which is included in the adopted CMIA program. Phase 2 of the I-80 capacity and operational improvement project adds HOV

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and auxiliary lanes in both eastbound and westbound between the Riverside/Auburn Blvd and Miners Ravine and began construction in July 2008. Phase 3A adds HOV and auxiliary lanes on the westbound side from SR 65 to Miners Ravine, and Phase 3B adds HOV and auxiliary lanes on the eastbound side in the same vicinity. Phase 3 is targeted to start construction in May 2009.

Staff has discussed this request with the Placer County Transportation Planning Agency, and finds the proposed programming actions are consistent with the intent of the CMIA program and policies and expectations communicated by the Commission. The improvements proposed for inclusion in Phase 3 of the I-80 Corridor will result in additional benefits and will further reduce traffic delays, enhance trip reliability, and improve safety for commercial, commuter and recreational trips. Additional savings in Daily Vehicle Hours of Delays and Daily Peak Duration Person Minutes, due to the implementation of Phase 3B, are estimated at 825 hours and 1,716,000 minutes, respectively.