DRAFT Local Assistance
Highway Bridge Program Advisory Committee Meeting
May 26, 2021—Workshop Summary

Attendees

Matt Randall, Placer County
Chris Sneddon, Santa Barbara County
Michael Chung, San Joaquin County
Rebecca Neves, City of Placerville
Jesse Gothan, City of Sacramento
José Luis Cáceres, SACOG
Mark Samuelson, DLA
Linda Newton, DLA
Daniel Hawk, FHWA
Andy Chou, DLA
Jason Vivian, Tulare County
Ross McKeown, MTC
Jon Pray, CTC
Bobby Zezoff, DLA
Susan Herman, CSUS

Discussion Topic

Currently there are 53 high cost projects out of 813 projects in the Highway Bridge Program (HBP). The high cost projects come to a total of $2.27 billion out of a Program total of $4.86 billion. This results in 6.5% of the projects utilizing 46.7% of the funding. With an annual programming capacity of $289 million, the HBP is currently at a 16.8-year program.

In March 2021, HBP managers presented an analysis of different programming caps for high cost bridges. The HBP Advisory Committee (Committee) suggested a tiered approach with differing percentages of federal and local match funds depending on the cost of the project.

Current Proposal

HBP presented a proposal for the tiered approach for high cost bridge projects with either a Right of Way (RW) or Construction (CON) phase exceeding $80 million. The below tables summarize a tier for on system and off system projects, respectively:

On-System

		Coming up with Cap					Example Scenarios				
Tier	Cost Range, $	On-system reimbursement rate	High cost adjustment rate	High cost reimbursement rate	Cost at high end	HBP contribution at high end (Tier Cap)	Project Phase Cost	HBP contribution @ 80% (w/out cap)	Tier Cap	HBP contribution (w/ cap)	Local contribution (w/ cap)
1	0-80	80%	100%	80%	$ 80	$ 64	$ 80	$ 64	$ 64	$ 64	$ 16
2	81-125	80%	90%	72%	$ 125	$ 90	$ 125	$ 100	$ 90	$ 90	$ 35
3	126-175	80%	80%	64%	$ 175	$ 112	$ 175	$ 140	$ 112	$ 112	$ 63
4	176-200	80%	75%	60%	$ 200	$ 120	$ 200	$ 160	$ 120	$ 120	$ 80

Off-System

		Coming up with Cap					Example Scenarios				
Tier	Cost Range, $	Off-system reimbursement rate	High cost adjustment rate	High cost reimbursement rate	Cost at high end	HBP contribution at high end (Tier Cap)	Project Phase Cost	HBP contribution @ 88.53% (w/out cap)	Tier Cap	HBP contribution (w/ cap)	local contribution (w/ cap)
1	0-80	88.53%	100%	88.53%	$ 80	$ 71	$ 80	$ 71	$ 71	$ 71	$ 9
2	81-125	88.53%	90%	79.68%	$ 125	$ 100	$ 125	$ 111	$ 100	$ 100	$ 25
3	126-175	88.53%	80%	70.82%	$ 175	$ 124	$ 175	$ 155	$ 124	$ 124	$ 51
4	176-200	88.53%	75%	66.40%	$ 200	$ 133	$ 200	$ 177	$ 133	$ 133	$ 67

Note: 1. All dollar values shown above are in Millions.

- High cost bridge projects are any projects with the total RW phase greater $20 million or the total CON phase greater than $35 million.

- The proposal assigns a high cost project into a Tier (Tier 1, 2, 3, or 4). Each tier has a cap on a dollar amount that HBP will contribute to the project. The actual HBP participation towards the project will follow normal reimbursement ratios (80% or 88.53%) until that cap dollar amount is reached, based on the tier the project has been assigned.

- A project phase is only in one tier. A project with a CON phase cost of $150 million would be in Tier 3. It does not calculate anything from Tier 1 or Tier 2. The same reimbursement rate (with a cap) applies to the entire phase of the project.

    - An example with a tier cap; an on-system project phase costs $150 million and is assigned to Tier 3. HBP reimbursement rate is 80%, up to the cap of $112 million. This project would be limited to receive $112 million of HBP funds.

- The proposal includes a “high cost adjustment rate” that decreases as projects get more expensive.

- In the tables above, the green section calculates scenarios for projects in a certain Tier. The yellow highlighted cells can be changed to show what the HBP and Local contributions would be based on the project phase’s cost (highlighted orange).

- In the tables above, the peach section calculates how the tier caps are determined. The peach section is not used in determining the specific contributions of various funding scenarios.

- To avoid discrepancy caused by a straight percent conversion, projects are eligible up to the cap of the tier they’re assigned to.

    - An example of a straight percent conversion shows; an on-system project phase costs $80 million would be assigned to Tier 1, eligible for reimbursement of $64 million. If the project phase cost is $81 million, it’s assigned to Tier 2 and would be eligible for reimbursement of only $58 million. This shows that a straight percent conversion is not feasible for a tiered proposal.

- Once a project phase is authorized by FHWA, the reimbursement rate is set and does not change. The total amount the HBP will program is capped at a dollar amount by Tier.

- It is possible to have a bridge with RW phase in Tier 1 and CON phase in Tier 2.

- CON Tier is assigned the time of High Cost Agreement development and may be revised at award. CON Tiers may not be changed after award.

Discussion

FHWA to everyone: Would it be too complex to have the scale slide evenly from 81 million to 200 million? Matching the 100%-75% sharing.

Committee member: What happens if bids come in and cost increases put a project into a different tier? When is HBP reimbursement rate locked in? Would require a change in tiers if bids come in substantially higher at award time.

> HBP manager: After SB-1 came in, some bids were almost double sponsors' estimated costs. Language in high-cost agreement will need to be clear about percent reimbursement if cost changes tiers.

Committee member: Will HBP be able to effectively manage the 80% reimbursement rate if a project has other federal funds?

> HBP manager: other federal funds are not included in the HBP funding calculations.

Committee member suggestion: Adding a new tier for bridges that cost over $200 million

Committee member: Concerned that caps are too low. Could these be higher, say $250 million? This proposal sets caps only $40 million higher than current cap of $80 million. Higher caps might create opportunities to work with high-cost bridge owners who would advocate to get more money into the HBP.

Committee member: Only one bridge in recent years has gone over $200 million (6th Street). There are a lot of bridge owners represented in the current cost range. With a very large project, e.g. $500 million On-System project, a sponsor could ask HBP to contribute $120 million. The rest is on the sponsor to come up with other sources and financing. How different is this, really, from having a $250 million cap?

HBP manager: Since 2010 the following have a phase cost over $200 million: 6th Street, Mt. Vernon, Gerald Desmond, I Street, Golden Gate (GG uses tolls). These are the minority among ~12,000 locally owned bridges.

Committee member: This does not account for inflation in steel and other costs that sponsors will have to pay from now until 2040. Bridges become more expensive the longer the sponsor waits to replace it. Example scenario: sponsor can't afford the local contribution, bridge is closed. Then…what? Does an earmark come through for the agency?

Also, dollar amounts will become stale over time. Consider adding a sunset timeline to require the policy be re-visited, say in 10 years.

Committee member: There are other controls on high-cost bridges already. Currently 60% of programming capacity is to be used for high-cost bridges (a temporary increase from 50%, to allow more high-cost work to be completed and off the books). Adding more tiers to go up to higher amounts would allow the policy to be consistent over time.

Issue of program lack of funding should not be borne by high-cost bridges. Caltrans management needs to take strong leadership and avoid bridge failure at all costs.

Committee member: Answer to "Why doesn't this plan have an inflation adjustment?" is simple: Because our program hasn't been adjusted for inflation since 2009.

Clarification to Committee member's proposal: add a Tier 5-6 and have the HBP contribute ~50%.

Committee member suggestion: Don't add a tier for bridges that cost over $200 million

Committee member: Program has an 18-year backlog. Over 100 projects are still waiting to enter the program. Hard decisions need to be made. Do not increase cap on HBP contribution. Consider a separate tier system for the RW phase with lower cost ranges than the proposed one, to further rein in costs. Even if we have increased program funds, we could still have a scenario where a few high-cost projects use all the funds.

Committee member: The message to sponsors now is "no new projects can be admitted into the program unless new constraints are introduced for those currently in the program".

Committee member: Yes, messaging is key. Local sponsors need to advocate for additional funding in the HBP. We will have to have a major bridge failure for significant new funding to happen. The proposed tiered approach seems fair, workable.

Committee member: The Governor's May revised budget has a one-time $500 million bump in funding for Alternative Transportation Program. Was HBP considered when those discussions happened with Governor's Office? HBP has current projects that include active transportation components.

HBP manager: Highway Infrastructure Program fund received $23.5 million for bridges.

Committee member: Our region puts STP funds on bridges, e.g. suicide prevention measures and median barrier on Golden Gate Bridge

Committee member: I like the proposal for the tiered high cap as presented. We have to limit our costs into the program and agree with other members that given the constraints, we have to limit costs somewhere and this seems like a good proposal.

HBP managers: In response to writing a policy to account for future costs, it is difficult to write policy to account for future project costs with a higher cap as HBP does not know how much funding the program will receive in the future. We cannot program for what do not have.

Committee member: Can we implement proposed policy now, and revisit next year in case HBP funding grows significantly and it becomes feasible to implement the higher cap that was suggested?

HBP manager: This will be discussed further at the June 17 HBP Advisory Committee. HBP managers prefer to have a long-term policy. HBP policies can be revised in the future as needed. For example, we've revised how High Cost projects are defined over time to correspond with the market. Tiered approach is not arbitrary; sponsors should be planning for their bridge assets and this provides set HBP contributions.

Committee member: There's never enough money to plan for bridge assets, plus pavement, Americans with Disabilities Act sidewalks, or signals. Ultimately, more funding is the best solution. Caltrans needs to take leadership and make bridges a higher priority at State level. Counties have made this a legislative priority.

Committee member: None of the reform proposals fixes the program. They only slow the hemorrhage. It would help to have a template or table that says, "If we have $500 million, or whatever amount, more in the program, we could do xx many high-cost bridges xx number of years sooner." We need this for lobbying.

Committee member: Is the goal of proposed policy to be a planning tool for agencies planning future projects—or to implement constraints on projects in the program now?

HBP manager: The policy proposal is for new high cost projects coming into the program. The increase to 60% programming was temporary to get current high cost projects off the books. It will go back to 50% of programming capacity on September 30, 2024.

HBP manager: Current HBP policy is for 4 years programming + 11 years of planning. Tiers for high cost can be added but not if it causes the programming timeline to extend beyond

11 years. Asking for $250 million as a cap is 12.5 years of programming based on the $20 million conversion policy. This is not feasible.