



**Metro**

Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 16, 2005**

**SUBJECT: HIGH OCCUPANCY VEHICLE LANE PROJECT ON INTERSTATE 5  
FROM ROUTE 118 TO ROUTE 14**

**ACTION: APPROVE SUPPLEMENTAL FUNDS**

**RECOMMENDATION**

Authorize the Chief Executive Officer to program up to \$15.8 million in additional funding for the Interstate 5 High Occupancy Vehicle (HOV) Lane project from Route 118 to Route 14 using the following funds sources:

- A. Up to \$8 million of allocated and unspent Traffic Congestion Relief Program (TCRP) funds, which will lapse on September 28, 2005, from the Route 71 project; and
- B. Up to \$7.8 million of additional Congestion Mitigation and Air Quality (CMAQ) funds;

OR,

- C. If the funds in recommendation A are not provided by the California Transportation Commission (CTC), up to an additional \$8 million in CMAQ and Proposition C 25% matching funds.

**ISSUE**

In a letter dated January 14, 2005, the State of California Department of Transportation (Caltrans) has requested that the Los Angeles County Metropolitan Transportation Authority (Metro) provide supplemental funds of \$15.8 million to fully fund the Interstate 5 HOV Lane project from Route 118 to Route 14. The cost increase is primarily due to time delay and greater than expected price escalations in concrete, reinforcing steel, and oil, as included in recently opened construction bids for the project.

**POLICY IMPLICATIONS**

The recommended action would keep this critical transportation project on schedule and provide benefits to mobility and air quality for Los Angeles County. The Interstate 5 project is critical to delivering Transportation Control Measures (TCMs) in the 2004 Regional

Transportation Improvement Program (RTIP). This project is identified as one of the TCM projects with implementation delays in the 2004 RTIP. The project is scheduled to be completed in year 2006 of the 2004 RTIP.

In addition, the project is an integral part of the I-5 HOV corridor between State Route 134 and State Route 14. Delaying the implementation of this project will adversely impact the construction schedules of the other two HOV lane projects in the corridor. The other two HOV lane projects (on the I-5 between State Route 170 and State Route 118 and between State Route 134 and State Route 170) are also identified as TCM projects with implementation delays in the 2004 RTIP. These other two projects are in design and both scheduled to begin construction in 2007 and finish construction in 2010.

### **ALTERNATIVES CONSIDERED**

The Board of Directors may reject the entire request for supplemental funds in recommendations A and B and abandon \$23.8 million in Grant Anticipation Revenue Vehicle (GARVEE) bond proceeds previously committed by the Metro and the California Transportation Commission (CTC). The Board could also strike only recommendation A, which transfers allocated but unspent TCRP funds from the Route 71 project.

If the Board were to reject the entire request for supplemental funds embodied in both recommendations A and B, Caltrans then would not be able to award the contract. The GARVEE bond funds would lapse and the CTC would redirect the funds to projects outside of Los Angeles County. We are not recommending this option because it would not accomplish the project and it would negatively impact the Metro's ability to propose or participate in future GARVEE bond projects for Los Angeles County.

If the Board were to strike only recommendation A, Caltrans would not spend the Route 71 TCRP funds. The funds would lapse and Caltrans would return them to the CTC for reallocation. We are not recommending this, as the funds are now available for use. Caltrans has indicated that they have no use for the funds on the Route 71 project, and there is no guarantee that the funds would be redirected to Los Angeles County if the funds were allowed to lapse.

### **FINANCIAL IMPACT**

The construction of the Interstate 5 HOV Lane project from Route 118 to Route 14 is currently funded with \$23,850,000 in GARVEE bond funds and \$2,010,000 in Proposition C 25% matching funds. The ultimate financial impact of the recommended additional funding depends upon a CTC action to approve the transfer of the Route 71 TCRP funds at its March 3, 2005 meeting. If the CTC approves the transfer in recommendation A, the Metro need only approve \$8.8 million of federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds, with no matching requirement from Proposition C 25% funds. Alternatively, if the CTC does not authorize the transfer of the Route 71 TCRP funds to the Interstate 5 project at its March 3, 2005 meeting, then recommendation B would permit our CEO to make up the difference and authorize the programming of up to \$14.0

million in CMAQ funds and up to \$1.8 million in Proposition C 25% funds, for a total of up to \$15.8 million.

### **Metro Budget Impacts**

In either case, there is no impact on the Metro's FY 2005 Budget because reimbursements for construction expenditures will not be experienced until the FY 2006 budget year. In FY 2006, Countywide Planning and Development will budget for the appropriate amount of funding from Proposition C 25% funds, if that is made necessary by the CTC action on March 3, 2005. There also would be no impact on the Metro's FY 2006 Budget from the CMAQ component of the Interstate 5 project funding. The Metro programs CMAQ funds in the RTIP, and unless CMAQ funds are used for a Metro-sponsored project, they would not appear in a Metro Budget.

### **Los Angeles County Transportation Improvement Program Impacts**

With respect to the Los Angeles County TIP, there is also no negative impact of this action. On January 5, 2005, Caltrans informed the statewide Regional Transportation Planning Agencies that Federal Fiscal Year (FFY) 2004 CMAQ funding was higher than previous estimates. In fact, Los Angeles County received \$149 million of CMAQ in FFY 2004, about \$40 million higher than previous targets that Caltrans had released. The additional CMAQ funding for FFY 2004 comes from Supplemental Minimum Guarantee funds that Congress appropriated. As additional appropriated funds are only available for obligation in the Federal Fiscal Year that they are made available, Caltrans already has secured the funds by obligating them on previously programmed Los Angeles County CMAQ projects. Going forward, those prior obligations lower the number and amount of projects seeking obligation in FFY 2005 and beyond, so that the Metro can comfortably program this additional funding, without impacting the existing commitments in the Los Angeles County TIP. We are recommending other separate actions in upcoming reports for using the remaining CMAQ funds.

### **BACKGROUND**

This Interstate 5 HOV Lane project from Route 118 to Route 14 was originally approved for environmental and design funding in the 1995 Call for Projects with project construction funded through the TCRP in 2000. Due to the ongoing State General fund deficits, the TCRP funds were no longer available to the project. To mitigate the impact, in April 2003, the Board approved a State Transportation Improvement Program (STIP) Amendment request to add the project to the STIP. The CTC approved the STIP Amendment at its June 2003 meeting. Subsequently, the Board, at its September 2003 meeting, authorized the Chief Executive Officer to propose to the CTC to fund the construction of the project through GARVEE bond financing, in response to the STIP cash flow problem. The GARVEE bonds were issued in Spring 2004. The Metro/Caltrans Funding Agreement was executed in September 2004. Caltrans advertised the project in November 2004.

The project was originally scheduled to begin construction in 2003 and be completed in April 2005. Due to the State Budget shortfall, this project was delayed by approximately two

year. Caltrans opened construction bids for the Interstate 5 project on January 6, 2005. The bid results indicated that the funds currently programmed for the construction of the project were insufficient for Caltrans to award the contract.

According to Caltrans, the cost overrun is mainly due to an industry wide material shortage of concrete and reinforcing steel, and an increase in oil prices resulting in higher costs for asphalt concrete and fuel. The Caltrans bid analysis revealed major overrun items, which include Portland Cement Concrete pavement (average of 157% of Engineer's Estimate), concrete barriers (average of 106% of Engineer's Estimate), structural concrete (average of 167% of Engineer's Estimate), and reinforcing steel (average of 222% of Engineer's Estimate). The bid price of the electrical items also exceeded the Engineer's Estimate by 158% due to extensive steel usage in these items.

Again, the State Budget impact played a significant part in the cost overrun. The project was originally scheduled for design completion in early 2003 and construction completion in April 2005. Although the design was completed in March 2003, Caltrans could not advertise the project until November 2004. The delay was attributed to the unavailability of the TCRP funds and the need for time to prepare and get the STIP Amendment and GARVEE bond financing plan approved by the CTC. Significant cost increases in construction materials occurred during this period of time.

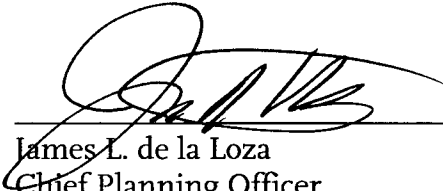
#### **NEXT STEPS**

Caltrans normally needs to award a construction contract within thirty days after opening bids. By the time the Board acts on this amendment on February 24, 2005, the bidder should have provided Caltrans an extension. Once the Board approves this request for supplemental funds, we will work with Caltrans and the CTC to secure approval of the transfer of TCRP funds from the Route 71 project at the CTC meeting on March 3, 2005. After the CTC action on March 3, 2005, our CEO will execute amended construction contracts and Caltrans can award the construction contract later in the month.

#### **ATTACHMENTS**

- A. Letter from Caltrans, dated January 14, 2005.
- B. Project Scope of Work and Location Map

Prepared by: Carol Inge, Deputy Executive Officer, Transportation Development and Implementation  
Kevin Michel, Director, San Fernando Valley/North County Area Team  
David Yale, Director, Regional Programming, Programming & Policy Analysis  
David Z. Wang, Project Manager, San Fernando Valley/No. Co. Area Team



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James L. de la Loza  
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Chief Executive Officer

**DEPARTMENT OF TRANSPORTATION**

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**ATTACHMENT A**

*Flex your power!  
Be energy efficient!*

January 14, 2005

Mr. Kevin Michel  
Metropolitan Transit Authority  
One Gateway Plaza  
Los Angeles, California 90012

Dear Mr. Michel:

The bids for the I-5 High Occupancy Vehicle (HOV) lanes from Route 118 to Route 14 project were opened on January 6<sup>th</sup> 2005. A total of two bids were received, one for \$35,450,211.00 and the other for \$35,237,936.00. The lower of the two submitted bids was by Chumo Construction which is 55% over the Engineer's Estimate of \$22,733,836.00 (excluding Supplemental Funds, State Furnished Materials and Contingency). The second bid was within 0.6% of the low bid. There are no apparent irregularities (per 23 CFR 635.102) in either bid.

Within the past several months the Department has noticed that the contractors' bids have been coming in substantially over our engineer's estimate due to an industry wide material shortage of concrete and reinforcing steel, and by an increase in oil prices resulting in higher costs for asphalt concrete and fuel.

Analysis of the bid items, revealed that the major overrun categories are items involved with Portland Cement Concrete pavement (average of 157% of engineers estimate), concrete barriers (average of 106% of engineers estimate), structural concrete (average of 167% of engineers estimate), and reinforcing steel (average of 222% of engineers estimate). The extensive steel used in electrical associated items (average of 158% of engineers estimate) also increased the contractor's bid for electrical items.

There are many options to be considered, one of which is to re-advertising this project. This option does not guarantee lower bids or reduction in cost, as demonstrated by the bids being within a fraction of a percentage of each other. This option will simply delay the project and will add more interest charges to the existing GARVEE bonds.

Another option is to down-scoping the project. This option would significantly reduce the length of the HOV lanes that can be constructed, making the utility of the finished project questionable.

Our preferred option at this time is to seek additional funding and proceed with awarding the Contract. Since the lowest bid exceeds the current funding allocation, there is insufficient funding to award this Contract. The Department is therefore requesting that the Los Angeles County

*"Caltrans improves mobility across California"*

Mr. Kevin Michel  
Date : January 14, 2005  
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Metropolitan Transportation Authority (MTA) provide supplemental funds of \$15,790,000 to fully fund the project.

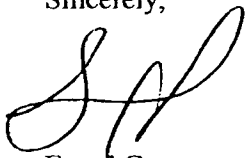
This request is made up as follows:

Low Bid (Chumo Construction)	\$ 35,237,936.40
Supplemental Funds	\$ 875,700.00
State Furnished Materials	<u>\$ 1,019,100.00</u>
Sub-Total	\$ 37,132,736.40
Contingency (10%)	<u>\$ 3,713,273.64</u>
Sub-Total	\$ 40,846,010.04
Funds to Meet 2004 Standards	<u>\$ 804,000.00</u>
Grand Total	\$ 41,650,010.04
Grand Total	\$ 41,650,010.00
Total Engineers' Estimate	- <u>\$ 25,860,000.00</u>
Total amount needed to award	\$ 15,790,000.00

Once MTA agrees to fund the difference between the programmed amount and the bid amount, the Department will take the necessary steps to inform the contractor, Chumo Construction, that efforts are being made to secure the additional funds necessary to award the contract and to request that they grant an extension to the normal thirty day period for contract award. This will give us approximately sixty days to secure the additional funds necessary to award the Contract.

We look forward to your favorable response and agreement to fund the difference in order for us to proceed with awarding this important Project. Should you have any questions or request any further information regarding this issue, please contact me at (213) 897-6746.

Sincerely,



Emad Gorgy  
Division of Program Project Management  
I 5, Office Chief

**Construction and Construction Support of HOV Lanes on Interstate 5  
between State Route 118 and State Route 14**

**SCOPE OF WORK**

**Project Description:** Construction of HOV Lanes on Interstate 5 between State Route 118 and State Route 14.

**Project Objective:** STATE shall use the Funds for the construction and construction support of the HOV Lanes on Interstate 5 between State Route 118 and State Route 14. The project will facilitate traffic flow, help reduce congestion and improve traffic safety.

**Project Limits:** On Interstate 5 from KP 63.4 to 73.4 (PM 39.4/45.6).

**Project Milestones:**

TASK	
Begin Construction	03/05
End Construction	05/07

**LOCATION MAP**

