



**Metro**

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**PLANNING AND PROGRAMMING COMMITTEE  
JULY 19, 2006**

**SUBJECT: PROGRAMMING COST CHANGES – STATE HIGHWAY AND  
SOUNDWALL PROJECTS**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and File this Annual Report on the Metro Policy for Programming Cost Changes for STIP and Federal/Local Funded State Highway and Soundwall Projects for FY 2005-2006 (Policy).

**ISSUE**

As required by Board Policy for Programming Cost Changes to State Highway and Soundwall Projects, staff has prepared the Annual Report (Attachment A) listing the various instances the Policy was utilized in the past fiscal year to address cost changes. The Policy was used to address cost increases on four freeway projects and one State highway project. For each project, staff prepared a standardized one-page report, which was distributed to the Board, and per the Policy, the cost increases were administratively approved after 10 days.

**BACKGROUND**

The Board first adopted the Policy on March 25, 1999 to streamline the Metro review and approval process for Caltrans requested cost, schedule and/or scope changes of projects in design and/or construction. At that time, the Policy covered only STIP funded state highway projects, but on June 23, 2000, the Board revised the Policy to include federal and local funding as well. Most recently, on October 26, 2005, the Board further amended the Policy to include changes to federal/local funded soundwalls up to a maximum of \$1,000,000 per package. (Attachment B)

Upon receiving a request from Caltrans consistent with the Policy, staff reviews the engineering issues with Caltrans to determine if the proposed change is warranted. If so, staff prepares and distributes a one-page report to Board members. The CEO is authorized to

approve the cost change administratively if there are no objections from the Board within the 10-day comment period. Under the policy, cost increases are limited to \$5 million cumulatively per project. (The policy can also be used for cost neutral changes between two or more projects in a major corridor.)

During FY2005-2006, staff processed five (5) cost change requests from Caltrans as summarized in Attachment A. For the year, the total cumulative cost changes that Metro approved under the Policy totaled \$5,974,055. In three of the cost change requests, the final design estimates increased due to the costs of concrete and steel. The other two cost changes resulted from an arbitration settlement and a claims settlement. No soundwall project was reported this year.

As a point of clarification, during FY 2005-2006, staff also received other cost change requests from Caltrans, which were not addressed under this Policy. These other cost change requests were approved via other Board actions, and therefore, are not included in Attachment B.

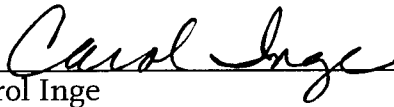
### **NEXT STEPS**

Staff will continue to process requests for cost increases in the future as required by the Policy and will update the Board at the end of the 06/07 Fiscal year.

### **ATTACHMENTS**

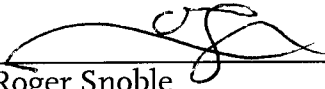
- A. Annual Report Summary (FY 2005-2006) – Administratively Approved – STIP, Federal and Local Funded State Highway Projects - Scope, Schedule And Cost Changes (July 1, 2005 to June 30, 2006)
- B. Board Policy for Programming Cost Changes for State Highway Projects (Approved June 23, 2000; Amended October 26, 2005)

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Carol Inge  
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Countywide Planning and Development



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Roger Snoble  
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ATTACHMENT A

ANNUAL REPORT SUMMARY (FY 2005-2006)  
 ADMINISTRATIVELY APPROVED  
 STIP FEDERAL AND LOCAL FUNDED STATE HIGHWAY PROJECTS  
 SCOPE, SCHEDULE AND COST CHANGES  
 (July 1, 2005 to June 30, 2006)

Line No.	Project Name	EA Project Number	Sponsor	Original Cost (\$)	Cost Changes		Type of Funds		Cumulative Cost Changes (\$)	Approval Date	Comments
					Amount (\$)	%	STIP	Fed. Prop C			
1	SR-14 HOV Lanes from Sand Canyon Road to Escondido Canyon Road	07-125604	Caltrans	31,941,000	432,167	1.3%		X	432,167	10/17/05	The cost increase was to address Caltrans arbitration settlement with the Contractor.
2	I-710 Freeway Improvement (PCH to Downtown Long Beach)	07-22030	Caltrans	6,099,000	897,000	14.7%		X	1,329,167	1/17/06	In a lengthy freeway segment relinquishment process, the per-unit price for two major material items had seen significant cost increases.
3	Expansion of Route 1 between LMU Dr. and La Tijera Blvd.	07-1661A1	Caltrans	3,190,000	926,000	29.0%		X	2,255,167	3/30/06	The additional requested amount was to cover the updated Engineer's estimate which reflected increased costs due to rebidding the project and changes in Caltrans design standards.
4	US-101 between Vermont Avenue to I-10	07-1186C3 & 07-1186C4	Caltrans	2,037,000	228,888	11.2%		X	2,484,055	5/5/06	Additional support costs were needed to negotiate and settle a Contractor's claim.
5	SR-134/Hollywood Way Interchange Improvement	07-188501	Caltrans	35,439,000	3,490,000	9.8%		X	5,974,055	5/10/06	The final design estimate resulted in a cost increase due to the increase of building materials.

BOARD POLICY  
FOR PROGRAMMING COST CHANGES FOR  
STIP AND FEDERAL/LOCAL FUNDED  
STATE HIGHWAY PROJECTS  
(Approved June 23, 2000; Amended October 26, 2005)

To assure an expeditious and reasonable technical review and assessment of requests for the disposition of cost savings or for additional funding for freeway projects listed in the State Transportation Improvement Program (STIP) and for federal/local funded projects in the HOV Lane Program, and for federal/local funded soundwall projects, the MTA establishes the following Policy:

I. Caltrans Responsibilities:

- a. Caltrans will continue its current internal process of rigorously reviewing, assessing and scrutinizing all proposed contract cost changes as provided for in its Construction Manual and Standard Specifications; and its approval process that requires approval by the Resident Engineer, the Project Manager and District management, and for certain specialized projects, concurrence by Headquarter personnel with specialized expertise.
- b. Caltrans shall keep MTA informed on the status of all projects in the STIP and TIP Call For Projects and federal/local funded soundwall projects, including the progress against the original schedule as established during the first STIP or TIP Call For Projects program and the status of all change orders and the use of contingency funds.
- c. Caltrans shall provide MTA with copies of the Project Study Report (PSR), the Project Report (PR), the environmental document, the Plans, Specifications and Estimates (PS&E), the construction plans and the bid contract package for each STIP Project and for each federal/local funded project in the HOV Lane Program, and for each federal/local funded soundwall project.
- d. Caltrans shall submit requests for additional funds to MTA approximately 12 weeks before the Board meeting date to allow MTA staff sufficient time to review the request, and if appropriate, prepare a Board Report for the next appropriate Board Meeting.

- e. Caltrans will notify MTA staff of its monthly Project Management Information Meetings so MTA staff can attend to ensure ongoing project specific monitoring that will enable early identification of potential changes including cost increases/reductions.
- f. Caltrans will continue to deal with issues involving the benefits of a freeway project, the impacts on the community and the mitigation measures proposed for a project.

## II. MTA Staff Responsibilities

- a. MTA will maintain a log and a running total of all cost increases and cost savings in Caltrans project funding that would impact Los Angeles County STIP Shares.
- b. MTA will make appropriate adjustments in TIP Call For Projects Freeway HOV/Gap Closure category funding marks to reflect the running total of all cost increases granted or for all cost savings for STIP and TIP Call For Projects projects.
- c. MTA staff, in consultation with Caltrans or the local sponsoring agency and concurrently with Caltrans' internal review process, will review and evaluate all requests for additional funds for STIP and federal/local funded projects in the HOV Lane Program and federal/local funded soundwall packages and make appropriate recommendations to the Board. Typically, qualifying soundwall projects along individual freeways will be grouped together into a "package" for contracting and cost efficiencies.
- d. Project cost-change requests accumulative to \$5,000,000, including requests for cost neutral changes between projects in a major corridor, for STIP projects and for federal/local funded projects in the HOV Lane Program, and cost-change requests accumulative to \$1,000,000 per soundwall package for federal/local funded soundwall projects, may be approved by the CEO after a thorough staff engineering technical review demonstrates the changes are technically warranted. The CEO shall submit to the Board an informational report for each cost increase requested at least two weeks before administrative approval of the request. Furthermore, an annual report shall be presented to the Board summarizing all requests approved by the CEO.
- e. Before the MTA staff makes recommendations for supporting a request for supplemental funds for STIP projects and for federal/local funded projects, a thorough review and assessment of the reasons for the cost increases and the benefits that will be derived from the additional costs shall be conducted. MTA staff will coordinate with the staff of each Board Member in whose district the project is located during the review and assessment of each cost increase

request. There must be reasonable benefit/value added to Los Angeles County before staff can recommend support for additional funding.

- f. Reasons for requests for additional funds include: project scope changes (including cost neutral changes), added environmental mitigation measures, STIP Amendments, inflation and changing economic cycles, bids higher than Engineer's Estimate/programmed amount, delay in projects due to weather, unforeseen circumstances, or transfer of work between projects.
- g. MTA staff will participate in Caltrans monthly Project Management Information Meetings to monitor projects to enable early identification of potential changes including cost increases/reductions.

