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REVISED

PLANNING AND PROGRAMMING COMMITTEE
MARCH 19, 2008

**SUBJECT: REVISED PROGRAMMING FOR 2008 LOS ANGELES COUNTY
TRANSPORTATION IMPROVEMENT PROGRAM**

**ACTION: APPROVE PROGRAMMING RECOMMENDATIONS TO
INCLUDE HIGHWAY CONSTRUCTION COST INCREASES**

RECOMMENDATIONS

- A. Approve programming of \$54.4 million in state ~~Regional Improvement Program (RIP)~~ Los Angeles County Metropolitan Transportation Authority (LACMTA) funds to help Caltrans meet a \$153.1 million support costs shortfall for the highway construction projects listed in Attachment A, contingent on Caltrans securing programming from the California Transportation Commission (CTC) for the remaining \$98.7 million from off-the-top grandfathered funds and Interregional Improvement Program (IIP) funds; and
- B. Authorize the Chief Executive Officer to negotiate and execute agreements and/or amendments with Caltrans as needed to address approved programming.

ISSUE

The LACMTA adopted its 2008 Los Angeles County Transportation Improvement Program (LA County TIP) proposal on November 29, 2007, using support cost data that Caltrans District 7 provided before October 2007. On January 10, 2008, Caltrans District 7 provided updated support cost needs for Los Angeles County state highway projects that amounted to an additional \$153.1 million for the projects shown in Attachment A. Of the \$153.1 million in additional funding needed, the State requested that we provide \$54.4 million from its ~~County Share of RIP-LACMTA~~ funds. Staff now must revise its 2008 LA County TIP submittal to reflect these additional support cost needs.

POLICY IMPLICATIONS

The CTC and Caltrans want us to adopt the revised support cost elements and program the changes as part of our 2008 LA County TIP submittal. Should we not revise its submittal to reflect the revised support costs, the CTC could reject its adoption of the 2008 LA County TIP. A delay in adoption of the 2008 LA County TIP could prevent us from meeting our planned funding commitments for these highway projects that are in the Long Range Transportation Plan (LRTP) for Los Angeles County, and could jeopardize CTC approval of allocation requests for existing projects.

OPTIONS

The Board could elect not to approve or even defer approval of the Caltrans support costs increase. We do not recommend this option, as approval ensures that: 1) the State honors its commitment to fund grandfathered project support costs; and 2) sufficient funding is available to complete critical project phases and maintain current project implementation schedules.

FINANCIAL IMPACT

Of the ~~The~~ \$54.4 million in funding recommended for programming, \$11 million will be provided from the County's 2008 State TIP share ~~or future County State TIP Shares~~, and \$43.4 million in LACMTA funds. The projects identified in Attachment A are included in the baseline 2008 LRTP Update and are consistent with Board-adopted funding priorities. The \$54.4 million required of us will reduce reserves established for highway cost increases in the LRTP.

DISCUSSION

On October 31, 2007, we met with Caltrans Headquarters and Caltrans District 7 staff to discuss emerging support cost allocation and increase issues. Then, at the Regional Transportation Planning Agencies (RTPA) meeting held on November 7, 2007, Caltrans Headquarters staff notified the statewide RTPA group that, to account for recent cost increases, Caltrans had updated its project support costs and overhead assumptions statewide to approximately 35% of overall project costs. In doing so, Caltrans Headquarters staff presented a new process for addressing capital outlay support costs on projects that are funded with a combination of Caltrans and regional funds. Any changes in support costs estimated to be greater than 10% over the currently programmed amounts would require RTPA approval and a debit from the applicable County Share. Caltrans District 7 finally reported the precise Los Angeles County impact of these policies on January 10, 2008, as mentioned above.

Caltrans has agreed to contribute \$98.7 million from their own resources to resolve the \$153.1 million Los Angeles County support costs increase. Caltrans has been able to do so using two funds sources: off-the-top grandfathered funds and Interregional Improvement Program funds. First, State TIP Grandfathered Project Policy provides that the projects remaining from the 1996 State TIP are "grandfathered" and their support costs do not count against local county shares (i.e., they come "off-the-top"), as long as the project's scope remains unchanged. As the 2008 LA County TIP has some grandfathered projects with varying degrees of scope changes, our staff and Caltrans District 7 staff have negotiated the \$74 million amount that will be programmed off-the-top according to statewide policies. Caltrans' second fund source is \$27.4 million in discretionary Interregional Improvement Program funds that Caltrans will request from the CTC to close a gap between what we were willing to recommend versus the total need.

Caltrans regularly revises project estimates to accommodate cost increases due to such items as right-of-way and construction materials, but they have not been consistent in revising project support costs concurrent with increases in staff salary, overhead, consultant services,

project redesign or other reasons. To address recent support cost overruns, Caltrans updated project support costs to approximately 35% of overall project costs. Caltrans also proposed a new process for addressing capital outlay support costs on projects funded with a combination of Caltrans and regional funds. Additional funding for support costs have been requested for the following projects and their amounts:

Interstate - 5 Carpool Lanes From Route 170 To Route 118

Caltrans has requested and we will contribute an additional \$17.5 million needed. Total project cost is revised from \$310.8 million to \$328.3 million.

Interstate - 5 South Carpool Lanes from Route 91 to Route 605

Caltrans will add \$41.4 million in Grandfathered RIP funds, \$23.7 million in IIP funds and we will contribute \$23.7 million. Total project cost is revised from \$1,155.3 million to \$1,244.1 million.

Interstate - 5/Route 14 Carpool Lanes Direct Connector

Caltrans has requested and we will contribute an additional \$4.5 million needed. Total project cost is revised from \$156.6 million to \$161.1 million.

Interstate - 10 Carpool Lanes From Route 605 To Puente Avenue

Caltrans has requested and we will contribute an additional \$7.7 million needed. Total project cost is revised from \$190.9 million to \$198.6 million.

Route - 138 Widening From 175th Street East To Largo Vista Road

Caltrans will contribute \$1.05 million in IIP funds and we will contribute \$1.05 million. Total project cost is revised from \$37.7 million to \$39.8 million.

Interstate – 5 South Carmenita Road Interchange And Grade Separation

Caltrans will provide \$32.6 million in additional Grandfathered RIP funds. Total project cost is revised from \$251.2 million to \$283.8 million. We are aware of an additional capital and support cost need of \$105 million for this project that will need to be addressed after Caltrans formally requests the additional funds.

NEXT STEPS

With Board approval, we will submit a revised 2008 County STIP to Caltrans and the CTC before May 2008. We also will process any funding agreements or amendments as required.

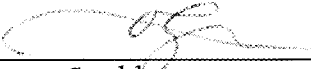
ATTACHMENT

- A. 2008 LA County TIP District 7 Support Costs Increase

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2008 Los Angeles County TIP

DISTRICT 7 SUPPORT COST INCREASES

(000s)

Project Description	Environmental Phase	Design Phase	ROW Support	Construction Support	TOTAL
Interstate 5 Carpool Lanes from Rte 170 to Rte 118	1,626	15,907	-	-	17,533
Interstate 5 South Carmemita Interchange and Grade Separation		16,652	3,994	11,968	32,614
Interstate 5 South Carpool Lanes from Rte 91 to Rte 605	10,859	20,967	9,560	47,320	88,706
Interstate 5/Rte 14 Carpool Lanes Direct Connector	-	-	-	4,500	4,500
Interstate 10 Carpool Lanes from Rte 605 to Puente Ave	-	2,642	2,081	2,944	7,667
Route 138 Widening from 175th Street to Largo Vista Road	-	-	-	2,115	2,115
GRAND TOTAL	12,485	56,168	15,635	68,847	153,135

FUNDING SUMMARY

Additional Grandfathered (Caltrans)	9,155	39,323	13,554	11,968	74,000
Additional IIP (Caltrans)				24,717	24,717
Additional RIP (LACMTA)	1,626	18,549	2,081	32,162	54,418
GRAND TOTAL	10,781	57,872	15,635	68,847	153,135

ROW = Right-of-Way