

Metro Board Approved Policy

Programming Cost Changes for STIP

Adopted: March 25, 1999

Historical Perspective

This policy was amended on June 23, 2000, October 26, 2005 and July 23, 2009.

The MTA first adopted the Policy on March 25, 1999 to streamline the review and approval process for Caltrans requested cost, schedule and/or scope changes for projects in design and/or construction and capped administrative approval at \$5 million in the aggregate per project. The Policy can also be used for cost neutral changes between two or more projects in a major corridor. Originally, it covered only STIP funded State Highway Projects. On June 23, 2000, MTA revised the Policy to include federal and local funding. On October 26, 2005, the Policy was further amended to include changes to federal and local funded Soundwalls up to a maximum of \$1 million per package (Attachment B). Most recently, on March 26, 2009, MTA approved the Caltrans Cost Control procedure to control cost changes for highway and Soundwall projects.

**BOARD POLICY
FOR PROGRAMMING COST CHANGES FOR
STIP AND FEDERAL/LOCAL FUNDED
STATE HIGHWAY PROJECTS**

(Approved March 25, 1999; Amended 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 Metro 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 Metro 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 Metro 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 Metro staff of its monthly Project Management Information Meetings so Metro 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 Responsibilities

- a. Metro 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. Metro 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. Metro 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 request 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 Metro 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. Metro staff will participate in Caltrans monthly Project Management Information Meetings to monitor projects to enable early identification of potential changes including cost increases/reductions.