



Metro

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

**SUBJECT: STATE ROUTE 1 – LOYOLA MARYMOUNT UNIVERSITY DRIVE (LMU)
TO FIJI WAY
INTERSTATE 405 SOUTHBOUND HIGH OCCUPANCY VEHICLE LANE –
WATERFORD TO INTERSTATE 10**

ACTION: APROVE SUPPLEMENTAL FUNDS

RECOMMENDATION

Authorize the Chief Executive Officer to program up to:

- A. \$2.14 million in supplemental funding for the State Route 1 – Loyola Marymount University (LMU) Drive to Fiji Way Widening project using Proposition C 25% funds, increasing the total cost of the project from \$7.407 million to \$9.547 million;
- B. \$4.9 million in supplemental funding for the Interstate 405 Southbound High Occupancy Vehicle (HOV) lane from Waterford to Interstate 10 using Congestion Mitigation Air Quality (CMAQ) funds, increasing the total construction cost from \$32 million to \$36.9 million.

ISSUE

In letters dated February 22, and March 9, 2005, respectively, the California Department of Transportation (Caltrans) requested that the Los Angeles County Metropolitan Transportation Authority (Metro) provide up to \$2.14 million in additional dollars to fully fund the State Route 1- LMU Drive to Fiji Way Widening project and up to \$4.9 million in supplemental funding for the I-405 Southbound HOV project. The cost increases are primarily due to industry wide shortages of concrete and steel, and an increase in the cost of asphalt concrete and fuel.

Cost increases of up to \$5 million per project in the aggregate may be approved administratively through the Board adopted Highway Project Increase Process. This process entails notifying Board members of Caltrans request for supplemental funds. If no objections are received within the 10-day notification period, staff may administratively approve Caltrans request. For State Route 1, Board objection has been received requiring formal Board approval of the supplemental funding request. Subsequent to receiving objection on the State Route 1 project, Caltrans requested additional funding for the I-405 project. Formal Board approval is also being requested for this latter project.

POLICY IMPLICATIONS

Through various programming actions, the Board has committed funding to the State Route 1 and I-405 Southbound HOV projects. Both projects are contained in the baseline of the adopted Long Range Transportation Plan (LRTP) and are consistent with the funding priorities identified in the Short Range Transportation Plan (SRTP). Providing supplemental funding to these projects would be consistent with the Metro Board adopted highway priorities.

Through the update of the LRTP, Caltrans in coordination with Metro are updating the costs for those projects contained in the SRTP and LRTP to reflect the most current costs for steel, concrete, asphalt and fuel. These revised project costs will be brought to the Board for approval through the adoption of the LRTP scheduled for later this calendar year. Prior to the adoption of the LRTP, cost increases approved by the Board to allow ready-to-go projects to start construction will need to be considered in the overall future funding allocated to the Highway program.

ALTERNATIVES CONSIDERED

The Board may reject the requests for supplemental funding or could defer approval and request that Caltrans re-bid the projects. Neither of these alternatives is recommended, as both projects are construction ready. The Route 1 LMU Drive to Fiji Way and the I-405 projects are funded through the STIP with both the Metro Board and CTC approving the advancement of STIP funds through an AB 3090 project replacement agreement for the Route 1 project in February and May 2004, respectively; and through GARVEE Bond financing for the I-405 project in December February 2003. The AB 3090 guidelines require award of a construction contract within one year of CTC programming approval, while the GARVEE Bond guidelines require that a construction contract be awarded within a reasonable period of time. Should the Board not approve the request for supplemental dollars these two projects would not be built.

Deferring approval and requesting that Caltrans re-bid the projects is also not recommended as additional delays will likely result in increased costs as high demand and short supply are expected to continue to drive steel and concrete prices upward. Further, for the Route 1 project, the California Coastal permit could expire requiring Caltrans to again undertake the lengthy process of obtaining a new permit.

FINANCIAL IMPACT

There is no impact to the FY 2005 budget. Reimbursements for construction expenditures will not be experienced until the FY 2006 budget year. In FY 2006, sufficient Proposition C 25% funds will be budgeted to cover construction expenditures for the Route 1 project. Federal funds are not budgeted by Metro. Rather, sponsors obtain reimbursement through

Caltrans. Since federal CMAQ dollars will be providing the supplemental funding for the I-405 project, no Metro budgeting is necessary for these dollars.

Los Angeles County Transportation Improvement Program (TIP) 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 (FY) 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 released by Caltrans. The additional CMAQ dollars for FFY 2004 comes from the Supplemental Minimum Guarantee funds that Congress appropriated. As additional appropriated funds are only available for obligation in the FFY 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 obligations lower the number and amount of projects seeking obligation in FFY 2005 and beyond, so that Metro can comfortably program this additional funding, without impacting the existing commitments in the Los Angeles County TIP. Other separate actions in upcoming reports to the Board will recommend uses for the remaining CMAQ funds.

BACKGROUND

Route 1

At its October 1995 meeting, the Metro Board of Directors approved this project along with seven other Playa Vista projects in its 1996 STIP priorities for Los Angeles County. In March 1996, the CTC adopted the 1996 STIP including the nine Playa Vista projects. Caltrans completed the Environmental Document and Project Report in 2000, with the Plans, Specifications and Estimate completed in 2002. Since this project is contained in the Coastal Zone, a California Coastal Commission Construction Permit had to be obtained. Prior to the approval of the construction permit, the California Coastal Commission required street, drainage and landscaping design changes. Caltrans revised their plans and obtained the permit in 2002.

Due to the State budget shortfall, the STIP funds for this project were placed on hold. To meet the California Coastal Commission construction start requirements, Caltrans performed some minor mobilization work. Due to construction readiness, the Metro Board in February 2004 approved this project for an advancement of Proposition C 25% funds through an AB 3090 project replacement agreement. The CTC approved the AB 3090 project funding agreement in May 2004. Caltrans reviewed the engineer's estimate to incorporate their previous mobilization efforts in June 2004 and advertised the project for construction in January 2005. Bids were received in February 2005. Due to volatile prices for steel, concrete, asphalt and fuel and increasing the contingency from 5% to 10% resulted in the lowest bid being approximately \$2.14 million higher than the engineer's estimate.

I-405

This project was originally funded through the 2001 Call for Projects for construction. Caltrans completed the Environmental Document and Project Report in September 2001, with Plans, Specifications and Estimates completed in May 2004. Similar to the Route 1 project, this project was approved by the Metro Board to receive STIP funds. With the State Budget Shortfall, the STIP funds were placed on hold. To mitigate the funding impact, the Metro Board at its December 2003 meeting authorized the Chief Executive Officer to propose to the CTC to fund the project through GARVEE financing. The CTC approved this request at their December 2003 meeting. The GARVEE bonds were issued in February 2004. The Metro/Caltrans Funding Agreement was executed in November 2004 and the project was advertised for construction in January 2005, with bids received in February 2005. Due to volatile prices for steel, concrete, asphalt and fuel and increasing the contingency to 6.5% resulted in the lowest bid being approximately \$4.9 million higher than the engineer's estimate.

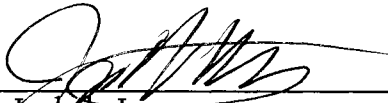
NEXT STEPS

Upon Board approval of the supplemental funding, amendments to the Funding Agreements for each project between Metro and Caltrans will be executed. Caltrans will also be given Letters of No Prejudice to enable them to proceed with the Construction Contract awards. Further, efforts will continue to update costs for Caltrans LRTP projects. The Board, through the adoption of the LRTP, will consider the revised costs.

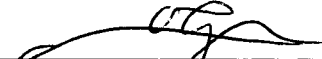
ATTACHMENTS

- A. Caltrans Letter Requesting Additional Funds for Route 1 dated February 22, 2005.
- B. Caltrans Letter Requesting Additional Funds for I-405 project dated March 9, 2005.

Prepared by: Jon Grace, Transportation Planning Manager, South Bay Area Planning Team
Adrian Alvarez, Transportation Planner Westside Area Planning Team



James L. de la Loza
Chief Planning Officer



Roger Snoble
Chief Executive Officer

ATTACHMENT A

STATE OF CALIFORNIA – BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Arnold Schwarzenegger, Governor

DEPARTMENT OF TRANSPORTATION

District 7
100 South Main Street, Los Angeles, California 90012
(213) 897-5354



February 22, 2005

07-LA-1 EA 1660U1
Lincoln widening

Mr. Jon Grace
Project Manager
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza, Mail Stop: 99-22-03
Los Angeles, California 90012-2952

Dear Mr. Grace:

This letter is a request for additional funding on the LA-1 project. The current programmed dollars are \$7,407,000 in the AB3090; however, the current project need based on the lowest bidder has been estimated at \$9,547,000, which results in additional funding of \$2,140,000. The Department recommends that this request for \$2,140,000 be approved to allow this project to be constructed.

In the past several months, bids have been substantially higher than the Engineer's Estimate. The main reasons were industry wide shortage of concrete and steel, and an increase in cost for asphalt concrete and fuel. Consistent with the past several months of bid results, the sum of the bid on Minor Concrete – Curb and Gutter, Asphalt Concrete and electrical items was \$1,068,590 higher than the EE. The extensive use of steel in electrical associated items is attributed to the increase in the contractor's bid for the contract.

Readvertising or redesigning this project will not produce lower bids or reduce cost as demonstrated by the bids being within nine percent of each other.

Should you have any questions, please contact me at 213.897.5354 or my assistant Hossein Eftekhari at 213.897.9955.

Sincerely,

A handwritten signature in black ink that reads "Gabe Hamidi".

Gabe Hamidi, P.E.
Project Manager, South

Cc: Jimmy Shih, PPM
Fekade Mesfin, Design

DEPARTMENT OF TRANSPORTATION

District 7
100 South Main Street, Los Angeles, California 90012
(213) 897-5354



March 9, 2005

07-LA-405 EA 195904
HOV and Auxiliary Lane

Mr. Adrian Alvarez
Project Manager
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza, Mail Stop: 99-22-05
Los Angeles, California 90012-2952

Dear Mr. Alvarez:

This letter is a request for additional funding for the Addition of HOV and Auxiliary Lane project on Southbound Route 405. The current programmed amount for construction is \$32,000,000 (\$27,252,000 from GARVEE Bonds and \$4,748,000 from Proposition C 25%). The bids for this contract were opened on February 3, 2005. The current project amount needed, based on the lowest bidder, has been estimated at \$36,900,000. This resulted in a shortfall of \$4,900,000. Hence, The Department recommends that this request for the additional funding of \$4,900,000 be approved to allow this project to be awarded and constructed.

The major overrun categories that lead to exceeding the Engineer's Estimate are items involved with concrete such as Concrete Barrier, Structure Concrete, Concrete Pavement and Lean Concrete Base. This overrun is a reflection of an industry wide material shortage of concrete, which have increased its cost.

It is anticipated that re-advertising this project will not produce lower bids or reduce cost as demonstrated by the bids being within 6.6% of two other competitive bids and will only delay this sensitive GARVEE and Proposition C 25% funded project

Should you have any questions, please contact me at 213.897.7722 or my assistant Jatinder Gaur at 213.897.6246.

Sincerely,

Edward Andraos, P.E, PMP.
Project Manager, Central Area
Program/Project Management

Cc: Jimmy Shih, PPM
Sam Ekrami, PPM

