



PLANNING AND PROGRAMMING COMMITTEE
October 19, 2005
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
October 20, 2005

**SUBJECT: STATUS OF STATE HIGHWAY SYSTEM IMPROVEMENTS
IN LOS ANGELES COUNTY**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file report on the status of State Highway System improvements in Los Angeles County.

ISSUE

A combination of higher right-of-way, energy, surety, and commodity prices coupled with fewer bidders on large construction projects has dramatically increased the estimated costs for transportation system improvements over the past two years. This report summarizes the anticipated countywide impact of these cost increases for Metro's planned State Highway System improvements for Los Angeles County.

BACKGROUND

The Board of Directors approved a set of Los Angeles County State Highway System improvement projects in the 2001 Long Range Transportation Plan (LRTP). In late 2002, it became apparent that \$1.4 billion in project specific commitments from the State of California's Traffic Congestion Relief Program (TCRP) would not materialize due to massive deficits in the State General Fund. In response, the Board adopted working priorities in April 2003 to guide staff in directing resources to ready-to-go transportation capital improvements.

State Highway System Projects Under Construction

The April 2003 working priorities have allowed numerous projects to proceed to construction, including the following State Highway System improvements:

- I-405/ US 101 Connector Widening: Ventura Blvd to Kester Ave (completed);
- I-405 Carpool Lane: SR-90 to I-10 (under construction);
- I-405 Carpool Lanes: Waterford Street to I-10 (under construction);
- US 101 Freeway Ramp Realignment at Center Street (under construction);

- I-405/ US 101 Connector Gap Closure (under construction);
- I-405 (northbound) Carpool Lane: Greenleaf Ave to Burbank Ave (under construction);
- SR-14 Carpool Lanes: Pearblossom Highway to Avenue P-8 (under construction); and
- I-5-SR 118 to SR 14 Carpool Lanes (under construction).

For these projects, prompt delivery avoided additional cost increases such as those that are now being reported for those projects not yet underway.

State Highway System Cost Increases and Value Engineering Efforts

Overall, the cost increases to the State Highway System improvements illustrate the cumulative impact of changes in project scope, right-of-way, energy, surety, construction, and commodity prices. While Metro is experiencing cost increases in transit and other areas, this report focuses only on the freeway mode of the State Highway System in Los Angeles County. Taken together, these freeway projects that were once thought to cost approximately \$1.74 billion are now estimated to cost approximately \$3.26 billion (for a net increase of \$1.52 billion). The Board of Directors already has committed additional funds in the net amount of \$370 million, which now leaves an unmet remaining need of \$1.15 billion.

Value engineering and appropriate changes in scope are aggressively being pursued with Caltrans to reduce the estimated \$3.26 billion cost of these State Highway System improvements. Federal standards for safety and environmental mitigation are often set very high for the Interstate System, making most value engineering and environmental mitigation efforts subject to Federal Highway Administration (FHWA) approval. Caltrans is responsible for working with the FHWA to address their concerns and reduce costs wherever possible.

Other Project Cost Increases

In addition to these freeway projects (see lists in Attachment A), Caltrans also has experienced cost increases on State highway projects such as interchanges and conventional highway widenings funded through the Regional Surface Transportation Improvement (RSTI) Call for Projects modal category. Some of these projects include:

- Sepulveda Blvd/I-105 Westbound Off-Ramp widening;
- I-5 Western Avenue Interchange modifications; and
- Arbor Vitae Interchange, southern half.

For many of these projects, Metro is a funding partner with the Caltrans Interregional Improvement Program and, in some cases, other agencies. Therefore, Metro would be responsible only for a portion of the increased cost.

NEXT STEPS

We will be developing a comprehensive 2006 Los Angeles County Transportation Improvement Program recommendation that properly balances these additional State Highway System needs with other transit and arterial street improvements identified in our Long and Short Range Transportation Plans and programs. In November, we plan to return

to the Board of Directors to program the 2006 State Transportation Improvement Program funds, a portion of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) funds, and TCRP repayments. The recommendation will cover State Highway System projects and other projects that require additional funding in the short term. Any necessary adjustments and longer term funding will be addressed in the Long Range Transportation Plan update that is currently being developed.

ATTACHMENTS

A. Status Report on Los Angeles County State Highway System Improvements

Prepared by: David Yale, Director of Regional Programming
Programming and Policy Analysis



Carol Inge
Interim Chief Planning Officer



Roger Snoble
Chief Executive Officer

Status of Los Angeles County State Highway System Improvements

Report to: Planning and Programming Committee
Executive Management and Audit Committee

Prepared by: Countywide Planning and Development

October 19 and 20, 2005

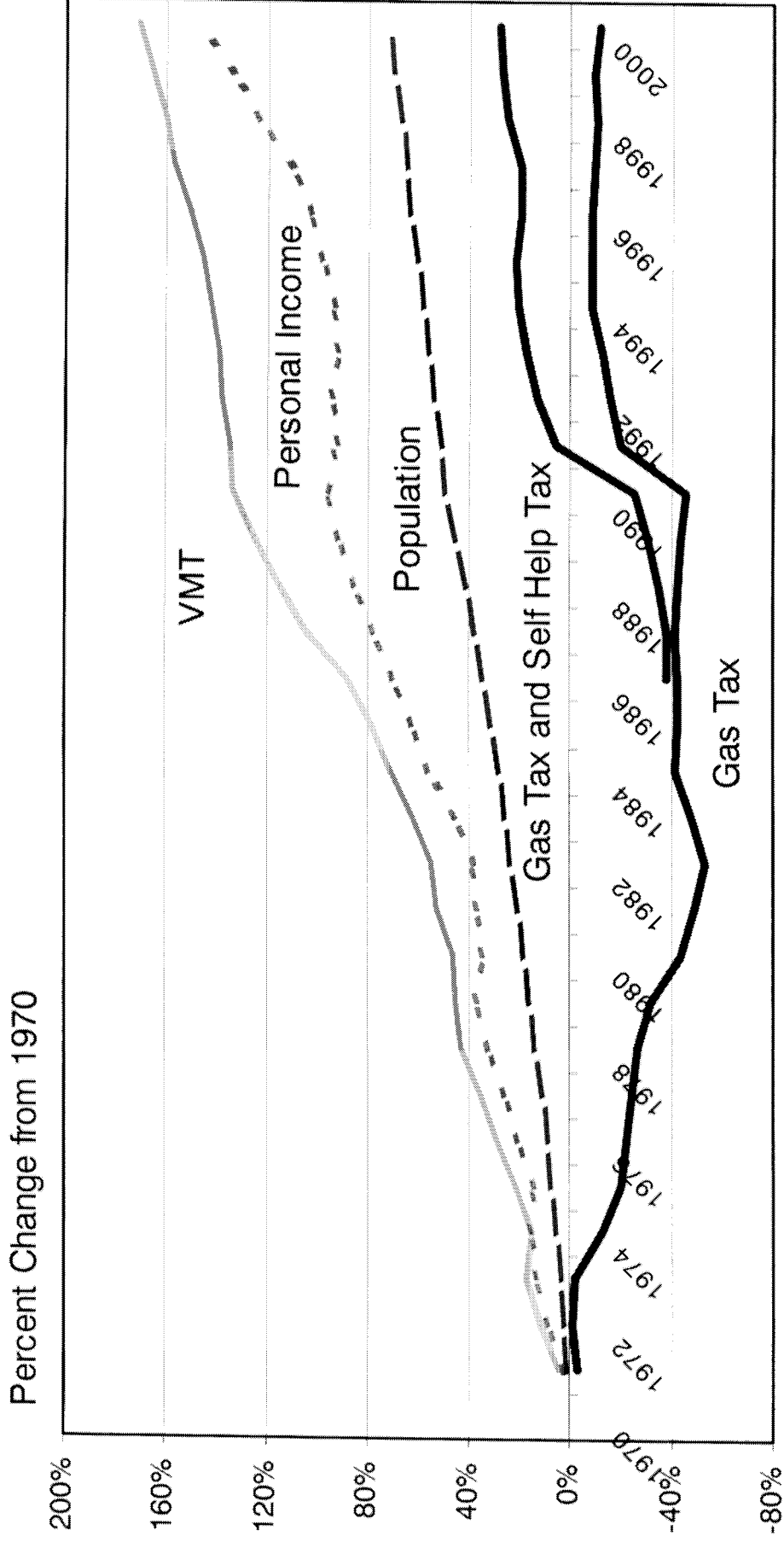


Metro

Metro Plans and Pays for State Highway System

- Metro plans and pays for State Highway System improvements in Los Angeles County
- State Highway System traditionally relied upon per gallon gas taxes
 - State and local agencies use gas taxes for highway O&M costs
 - Metro uses gas taxes for transit uses
- Construction and right-of-way costs rising dramatically

Declining Gas Tax Effectiveness



Source: Southern California Association of Governments

Gas tax does not keep pace with measures of State Highway System use (VMT = Vehicle Miles Traveled)



Local Taxes Backfilling Unmet Commitments

- Per gallon gas tax no longer available for State Highway improvements, just O&M
 - 16 years since last gas tax increase
 - 1989 State Transportation Blueprint legislation
- Local funds used to backfill unmet State commitments
 - 18 “Self-Help” Sales Tax counties Statewide
- Failure of State to meet commitments tied to declining value of gas tax

\$1.2 Billion Local Funds Advanced To Cover Promised State Funds

Board Meeting(s)	Project(s)	Action	Amount (millions)
March 2003	Bus Procurement	Letter of No Prejudice (LONP)	\$ 27.8
Apr '03 & Feb '04	Bus Procurement	Letter of No Prejudice	122.2
March 2003	Metro Orange Line	Letter of No Prejudice	98.0
March 2003	Eastside Light Rail Transit	Letter of No Prejudice	166.9
Apr '03 & Feb '04	Exposition Light Rail Transit	Letter of No Prejudice	<u>16.7</u>
	LONP Subtotal		\$431.6
March 2003	Eastside Light Rail Transit	Advance TCRP with AB 3090	191.0
December 2003	US-101 Center Street Project	AB 3090	22.6
Apr '03 & Feb '04	San Fernando Valley North-South Transitway	Advance TCRP with Prop C 40%	18.0
Apr '03 & Feb '04	Metrolink	Advance with Prop C 10%-Commuter Rail	22.3
February 2004	STIP Projects (ready-to-go)	AB 3090	73.6
February 2004	Regional Surface Transportation Improvement (RSTI) Projects	Reprogram from STIP to Prop C	81.9
Apr '03 & Feb '04	Exposition Light Rail Transit	Advance TCRP with CMAQ and other funds	101.0
September 2004	Alameda Corridor East	Advance TCRP with Prop C 25%	85.0
September 2004	Non-Caltrans Call for Projects	Advance with Prop C 25%-Hwy	<u>192.7</u>
	TOTAL		\$ 1,219.7

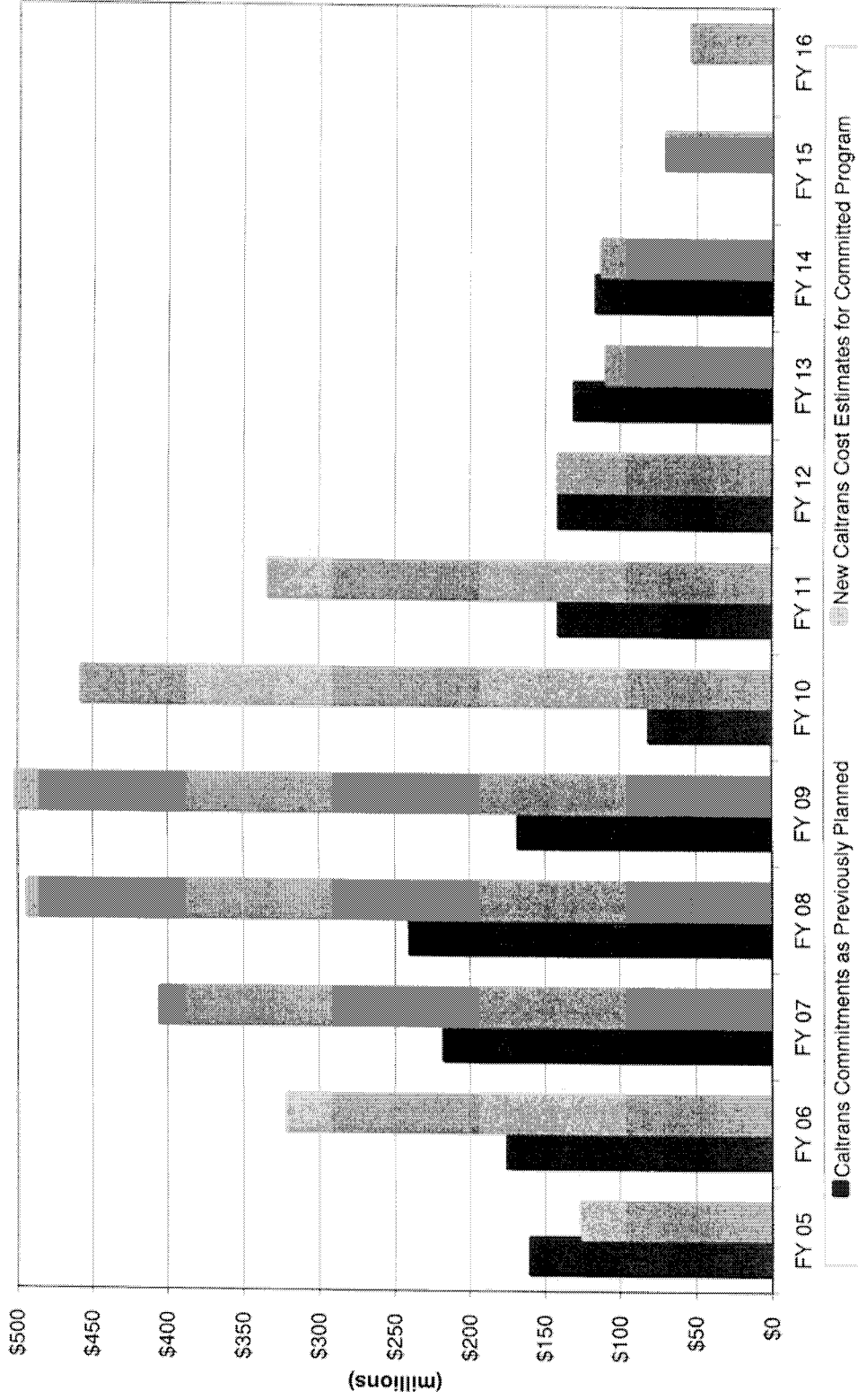
Cost of Programmed LA County State Highway System Improvements

- **State Highway System improvement costs previously programmed by Metro have increased by \$1.52 billion**
 - Metro already committed to pay \$370 M for these projects
 - Very substantial increases avoided on projects under construction
 - Action pending on \$1.15 B remaining increase through 2016
- **Right-of-way and construction cannot proceed without Metro approval**



Metro

Projects Not Yet Underway: \$1.15 B More



Highway Projects Under Construction

Project Description	RTE	2003 SRTP	Approved Cost Increase (1)	Additional Cost Increase	Total New Escalated Costs	Prior	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
I-5 Carpool Lanes: SR-118 to SR-14 (not incl soundwall) -- GARVEE	5	\$ 45.68	\$ 4.37	\$ -	\$ 50.05	0.00	13.63	18.16	18.26									
I-10 Carpool Lanes: Baldwin Ave to I-605	10	\$ 74.30	\$ -	\$ -	\$ 74.30	74.30												
SR-14 Carpool Lanes: Pearblossom Hwy to Ave P-8	14	\$ 40.83	\$ -	\$ -	\$ 40.83	3.86	4.37	13.52	13.44	4.75	0.89							
SR-57/SR-60 Carpool Lanes Direct Connectors (NB 57 to EB 60, WB 60 to SB 57)	57/60	\$ 64.85	\$ 5.51	\$ -	\$ 70.46	38.01	9.40	20.75	2.30									
US-101 Fwy and Ramp Realignment at Carter St	101	\$ 24.26	\$ 6.31	\$ -	\$ 30.57	10.87	4.70	7.00	7.00	1.00								
I-405 (SB) Carpool Lanes: Waterford St to I-10 -- GARVEE (R)	405	\$ 59.46	\$ (14.37)	\$ -	\$ 45.09	8.69	4.60	13.00	10.80	8.00								
I-405 Carpool Lanes: SR-90 to I-10	405	\$ 147.84	\$ 21.59	\$ -	\$ 169.53	37.60	22.13	45.70	42.00	21.10								
I-405 (NB) Carpool Lanes: Greenleaf to Burbank	405	\$ 6.24	\$ 0.15	\$ -	\$ 6.40	1.02	0.15	3.13	2.10									
I-405 Carpool Lanes: Century Blvd to SR-90	405	\$ 35.90	\$ 0.49	\$ -	\$ 36.39	20.13	12.83	3.35	0.08									
I-405 / US-101 Connector Widening (NB 405 to EB 101; from north of Ventura Blvd to Kester)	405/101	\$ 10.27	\$ -	\$ -	\$ 10.27	10.27												
I-405 / US-101 Connector Gap Closure (NB 405: Connect Greenleaf to north of Ventura Blvd) -- GARVEE	405/101	\$ 36.91	\$ 6.03	\$ -	\$ 44.94	13.24	5.80	16.50	9.40									
I-710 Fwy Improve: FCH - Downtown Long Beach	710	\$ 6.59	\$ -	\$ -	\$ 6.59	0.50	0.35	0.25	4.26	1.24								
SUB-TOTAL - Under Construction		\$ 555.13	\$ 30.29	\$ -	\$ 585.42	\$ 218.49	\$ 77.96	\$ 142.35	\$ 109.64	\$ 36.09	\$ 0.89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

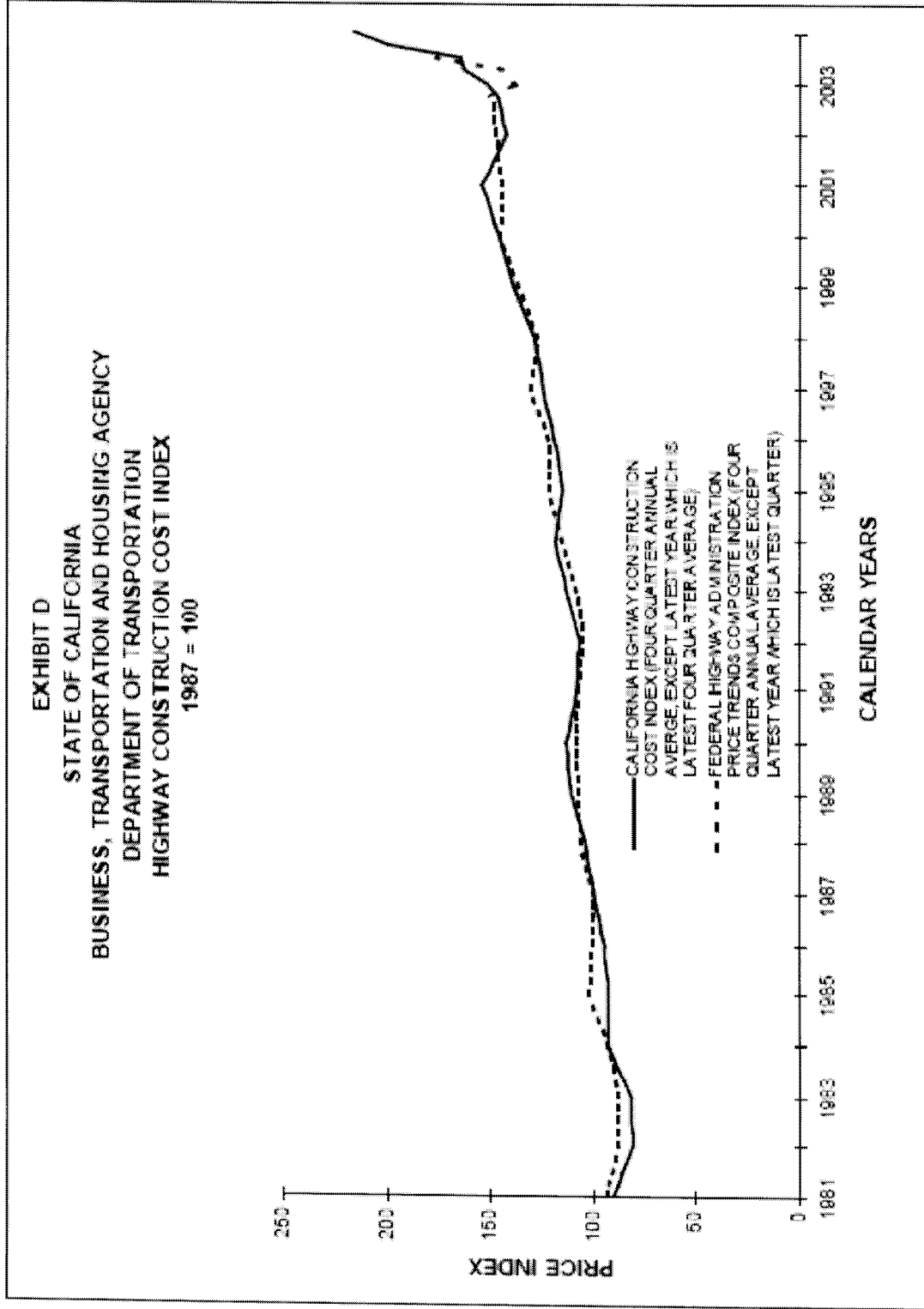
(1) Cost increases were approved by the CTC and/or Metro Board of Directors.
(2) New Project costs less than originally programmed by Metro Board of Directors.

Highway Projects Not Yet Underway

Project Description	RTE	2003 SRTP	Approved Cost Increase (\$)	Additional Cost Increase (\$)	Total New Escalated Costs (\$)	Prior	Spending Cash Flow												
							FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	
SR 60 Carpool Lanes I-605 to Brea Cyn Rd	60	\$ 72.25	\$ 1.38	\$ 43.07	\$ 116.70	0.90	3.70	4.50	52.40	52.40	2.20	0.20							
I-5 Carpool Lanes SR-170 to SR-116	5	\$ 450.07	\$ 3.44	\$ 155.96	\$ 310.27		9.57	20.75	21.37	63.14	75.47	77.73	42.25						
I-5 Carpool Lanes SR-134 to SR-170 including Empire	5	\$ 289.79	\$ 10.52	\$ 189.32	\$ 499.62		10.60	22.95	23.64	101.03	127.96	131.80	71.64						
I-10 Carpool Lanes I-605 to Puente Ave	10	\$ 115.75	\$ -	\$ 50.22	\$ 165.97	0.50	3.20	31.19	32.01	32.52	32.78	33.76							
I-5 Carmanita Road Interchange Improvement	5	\$ 93.50	\$ 92.52	\$ 108.60	\$ 294.62	0.50	2.50	45.04	118.24	37.29	27.50	27.50	22.50	9.55					
I-5 Carpool & Mixed Flow Lanes I-605 to OC Line	5	\$ 377.79	\$ 232.21	\$ 557.85	\$ 1,167.85	4.80	0.00	11.80	13.16	103.04	159.53	163.95	211.43	137.98	114.68	118.12	73.48	55.89	
I-5 / SR-14 Carpool Lanes Direct Connector (N to/from S)	5/14	\$ 80.94	\$ -	\$ 45.66	\$ 126.60	2.84	2.08	3.93	20.02	46.81	45.17	5.75							
SUB-TOTAL - Not Yet Underway		\$ 1,180.88	\$ 340.07	\$ 1,150.69	\$ 2,671.84	\$ 9.54	\$ 31.65	\$ 144.57	\$ 280.85	\$ 436.22	\$ 470.60	\$ 440.70	\$ 347.81	\$ 147.53	\$ 114.68	\$ 118.12	\$ 73.48	\$ 55.89	
GRAND TOTAL - Under Construction and Not Yet Underway		\$ 1,736.01	\$ 370.36	\$ 1,150.69	\$ 3,257.06	\$ 228.03	\$ 109.61	\$ 286.92	\$ 390.49	\$ 472.31	\$ 471.49	\$ 440.70	\$ 347.81	\$ 147.53	\$ 114.68	\$ 118.12	\$ 73.48	\$ 55.89	

(1) Cost increases were approved by the CIP and/or Metro Board of Directors.
 (2) New Project costs less than originally programmed by Metro Board of Directors.

Cost of Highway Construction Has Increased Dramatically

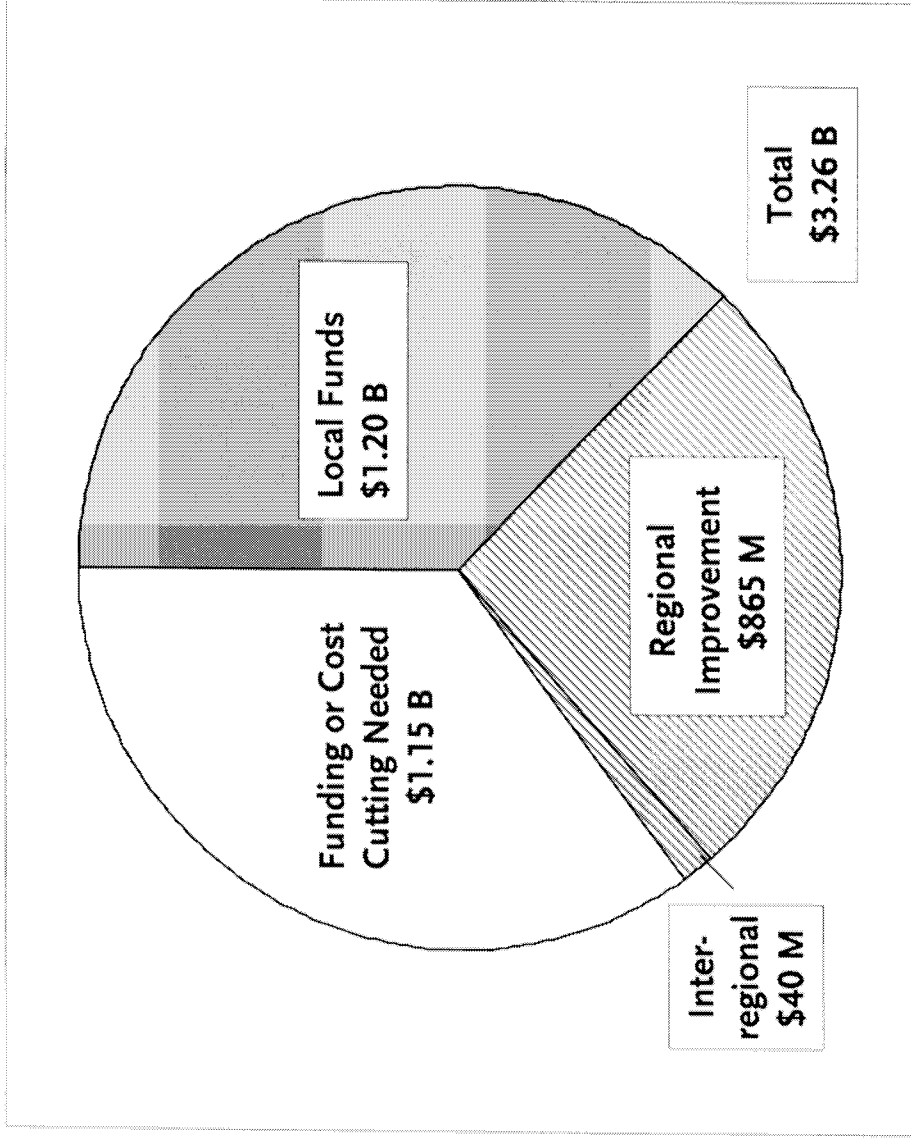


What's Causing Cost Escalation?

- **Construction cost are up 37%**
 - Highway Construction costs up 29.4 % in 2004
 - Up another 7.1% in first half of 2005
- **Why?**
 - Reinforcing steel rebar up 58%
 - PCC pavement up 24%
 - Surety bonds up due to perceived greater risk from terrorist attack and natural disasters
 - Energy costs up
 - Average of only 1.7 bids for projects over \$5 million
- **Right-of-way has also increased dramatically for projects not yet underway**
 - About half of \$1.15 B need is right-of-way related



Funding Needed for Los Angeles County State Highway Program



Los Angeles County State Highway Program: \$3.26 B

Note: The State TIP is the combination of the Interregional and Regional Improvement Program funds.

How Can Funding Needs Be Met?

- **Strengthen value engineering and cost-cutting efforts**
 - Kick-off meeting held with Caltrans Director Will Kempton
 - **Cost Savings on I-5/Carmenita Interchange already identified**
 - **More value engineering underway**

How Can Funding Needs Be Met?

- **Up to \$600 M is needed through 2011 to address part of this \$1.15 B need**
 - Costs beyond 2011 can be addressed in LRTP update
 - Value engineering results can be incorporated
 - State TCRP project commitment can be assumed
- **About half of new funds through 2011 are certain**

– 2006 State Transportation Improvement Program	\$300 M
– SAFETEA-LU increment (through FFY 2009)	\$250 M
– SAFETEA-LU Reauth. increment (through FFY 2011)	\$147 M
– TCRP Letter of No Prejudice Repayments	<u>\$104 M</u>
– Total	\$801 M
- **Both highway and transit needs are eligible uses of these new funds**



How Can Funding Needs Be Met?

- **New equitable State funding initiatives needed**
 - Equity means North/South split
 - State bonds (General Obligation or new revenues)
 - GARVEE Bonds or other ideas
- **Local tax increases**
 - Sales tax (Murray SB 314 (2003))
 - Other new revenues

How Can Funding Needs Be Met?

- **Traffic Congestion Relief Program (TCRP) Letter of No Prejudice repayments**
 - Orange Line opens, making Metro eligible for \$98 M
 - Expo EIR/EIS approval makes Metro eligible for \$6 M+
 - Repayments get credited to original source (Prop. C 25%)
- **Governor's signed SB 66 on September 29, 2005**
 - Requires CTC to assess and consider repayments owed to Metro and others

Next Steps

- **Seek TCRP repayment from California Transportation Commission on November 3**
- **Return to Metro Board with recommendation for 2006 Los Angeles County TIP (FY 2006 through FY 2011)**
 - **November 2 Technical Advisory Committee meeting**
 - **November 16 Planning and Programming Committee**
- **Metro Board Action on 2006 LA County TIP**
 - **December 8, 2005**
- **Address long term funding (beyond 2011) in Long Range Transportation Plan update**