

**DEPARTMENT OF TRANSPORTATION**

DISTRICT 7

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*Serious drought.  
Help save water!*

August 21, 2015

Mr. Phil Washington  
Chief Executive Officer  
Metro  
1 Gateway Plaza  
Los Angeles, CA 90012

Dear Mr. Washington:

The California Department of Transportation (Caltrans) appreciates the opportunity to partner with Los Angeles County Metropolitan Transportation Authority (Metro) on the Interstate 5/ Carmenita Interchange project. We want to bring to your attention project cost increases and recommended course of action.

The Interstate 5/Carmenita Interchange project was originally programmed for \$379,700,000 per Funding Agreement Number MOU.P0006376A-02. However, due to the awarded bid being lower than the Engineering Estimate, the State construction capital funds were reduced at the time of award to reflect the bid amount. The current budget for the project is \$ 367,825,000 after the reduction.

The project is in construction, and is 68 percent complete. The anticipated cost at completion for the project is \$ 417,936,000. This is an increase of \$50,111,000 over the current budget. The cost increase by component are as follows: \$29,415,000 for right of way capital, \$6,029,000 for right of way support, \$14,000,000 for construction support, and Project Approval and Environmental Document (PAED) and Plans, Specifications and Estimates (PS&E) for \$667,000.

The increase in right of way capital is due to many parcels going to condemnation, and some parcels becoming full acquisitions, which were originally partial acquisition. The business relocations were also extremely complicated and resulted in many months of delay that impacted utility relocation. Also, there were many complicated and difficult utility relocations on this project that required much more coordination than anticipated.

The increases in right of way support and construction support were due to delays in acquiring properties and relocating businesses. These delays had a domino effect that delayed the utility relocations and the construction of the project. Also, additional geotechnical drilling had to be done during construction because access to properties were not available during design.

Mr. Phil Washington  
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Page 2

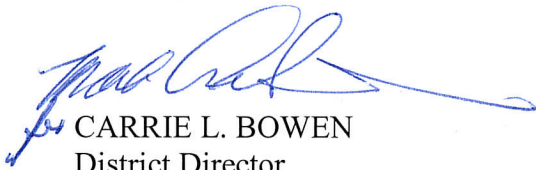
The increases in PAED and PS&E were due to underestimating the effort required to complete these phases, and inadequate contingencies to address delivery risks in these phases.

Caltrans recommends the following to address the project cost increases:

1. Fund Right of Way Capital increase of \$29,415,000 with future Regional Improvement Program (RIP) County Shares.
2. Fund Construction Support increase of \$14,000,000 with State Transportation Improvement Program (STIP).
3. Fund Right of Way Support increase of \$6,029,000 with future RIP County Shares.
4. Fund PAED and PS&E increase of \$667,000 with \$132,000 with IIP and \$535,000 with STIP.

If you have any questions regarding this matter, please contact Robert So, Deputy District Director, Program and Project Management, at (213) 897-0362.

Sincerely,



CARRIE L. BOWEN  
District Director

c: Gregg Magaziner, Metro, Executive Officer  
Robert So, Caltrans, Deputy District Director, Program/Project Management  
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