



## Board Report

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### ~~PLANNING AND PROGRAMMING COMMITTEE~~

~~OCTOBER 14, 2015~~

### CONSTRUCTION COMMITTEE

OCTOBER 15, 2015

**SUBJECT: I-5 SOUTH CORRIDOR IMPROVEMENTS**

**ACTION: APPROVE PROGRAMMING RECOMMENDATIONS**

#### RECOMMENDATION

CONSTRUCTION COMMITTEE RECOMMENDED (3-0) authorizing the Chief Executive Officer to:

- A. APPROVE programming \$50.111 million in supplemental funding for the **I-5 Carmenita Road Interchange project**, consistent with the attached Unified Cost Management Process and Policy for Measure R Projects analysis in Attachment A, and an increase in project funding from \$369.770 million to \$419.881 million; and
- B. ENTER into a Local Advance Construction (AC) agreement (Attachment B) with the California Department of Transportation (Caltrans) for the use of up to \$97 million in local funds to finance the construction of the I-5 South Segment 2 project until such time that federal funds already programmed to the project become available.

#### ISSUE

##### A. I-5 South/Carmenita Road Interchange Cost Increase

In a letter dated August 21, 2015, the California Department of Transportation (Caltrans) requested that the Los Angeles County Metropolitan Authority (LACMTA) program \$50.111 million in supplemental funding for the I-5 South/Carmenita Road Interchange project. The request for supplemental funding is attributed to the following:

The Carmenita Road Interchange project was originally programmed for \$379,730,000 per Funding Agreement Number MOU.P0006376A-02. However, due to the awarded bid being lower than the Engineering Estimate, construction capital funds were reduced by \$9,960,000 at the time of award to reflect the bid amount. The current budget for the project is \$ 369,770,000.

The project is in construction, and is 68 percent complete. The anticipated cost at completion for the project is \$ 419,881,000 based on a Caltrans cost estimate dated in September 2015. Please see Attachments C and D, the letters from Caltrans for the supplemental fund request and the project

cost estimate.

This is an increase of \$50,111,000 over the current budget. Please see Attachment A, the Unified Cost Management Process and Policy for Measure R Projects analysis, for more information about the funding strategy to be employed to meet this increased cost.

#### B. I-5 South Segment 2 Local Advanced Construction (AC)

Following the state funding allocation Caltrans proceeded to seek the required federal obligation of the \$97 million in CMAQ funds programmed to the project. However, due to the concurrent authorization of several other large federal projects in Los Angeles County there is insufficient federal obligation authority this year for Caltrans to immediately access the \$97 million in CMAQ funds. In the near term, Caltrans staff is recommending the use of Local Advance Construction (AC) to maintain the current project delivery schedule.

### **DISCUSSION**

#### A. I-5 South/Carmenita Road Interchange Cost Increase

The cost increases by components are as follows:

1. \$29,415,000 for right of way capital, and \$6,029,000 for right of way support.
2. \$667,000 for Project Approval and Environmental Document (PAED) and Plans, Specifications and Estimates (PS&E).
3. \$14,000,000 for construction support.

The increase in right of way capital is due to many parcels going through condemnation, resulting in full acquisitions for some parcels, which were originally budgeted for partial acquisition. Relocation of businesses was also extremely complicated and resulted in many months of delay in the relocation of utilities. Also, there were many complicated and difficult utility relocations on this project that required more time and 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 on the utility relocations and the construction of the project.

Also, additional geotechnical drilling had to be done during the construction phase because access to properties was not available during the design phase. The increases in the cost of the PAED and PS&E phases were due to underestimating the effort required to complete these phases, and inadequate contingencies to address delivery risks in these phases.

Caltrans recommends programming the project cost increase of \$35.444 million in Right of Way Capital and Right of Way Support with future Regional Improvement Program (RIP) County Shares, the project cost increase of \$14.667 million in Construction Support, PAED and PS&E with State

fund.

B. I-5 South Segment 2 Local Advanced Construction (AC)

Advanced Construction for federal highway projects is analogous to a Letter of No Prejudice (LONP) that Metro has employed for federal transit projects. Advanced Construction would commit the use of local funds in place of federal funds to finance the cost of work until such time that the programmed federal funds become available. In this specific situation it is highly unlikely that any local funds in addition to those already committed to the project would be needed prior to the availability of the federal funds. Nevertheless, the paperwork required by Caltrans stipulates that this is a possibility.

The construction and construction support of the I-5 South Segment 2 project is fully funded as follows:

- \* \$52 million in local Proposition C 25%;
- \* \$20 million in state Regional Transportation Improvement Program (RTIP);
- \* \$28 million in State Highway Operational and Protection Program (SHOPP); and,
- \* \$97 million in federal Congestion Mitigation and Air Quality (CMAQ) funds.

The AC arrangement is a temporary measure for the CMAQ funds. As of June 2015 all of the state STIP and SHOPP funds have been allocated by the California Transportation Commission to allow Caltrans, as the lead agency and construction manager for the project, to advertise and award the construction contract. Metro budgets the Proposition C 25% funds each year as necessary.

## **DETERMINATION OF SAFETY IMPACT**

There is no impact to safety by approving this action.

## **FINANCIAL IMPACT**

A. I-5 South/Carmenita Road Interchange Cost Increase

Of the \$50.111 million in supplemental funding recommended for programming, \$35.444 will be provided from the future Regional Improvement Program (RIP) County Shares and \$14.667 million will be from the State Highway Account (SHA).

B. I-5 South Segment 2 Local Advanced Construction (AC)

Fully obligating and expending available federal highway funds makes the Los Angeles County Metropolitan Transportation Authority eligible for a share of additional obligation authority awarded to regions that support Caltrans in accessing obligation authority unused by other states each year. Additionally, LA Metro receives new obligation authority every year that over the construction period of the I-5 South Segment 2 project is sufficient to meet the \$97 million CMAQ commitment and all other federal projects programmed in LA Metro's Transportation Improvement Program (TIP). Absent the use of Local AC, the construction of the I-5 South Segment 2 project could be delayed for up to 6 months, triggering escalation and support cost increases not now budgeted for the project.

### Impact to Budget

#### A. I-5 South/Carmenita Road Interchange Cost Increase

The funding of \$15,000,000 Measure "R" Highway Capital (20%) Fund for FY16 for the I-5 South/Carmenita Road Interchange project is included in Account 54001 - Subsidies to Others, in cost center 0442, under project number 460341, Task 01. The recommendation will not impact the project budget for the current fiscal year. Since this is a multi-year contract/project, the Managing Executive Officer will be accountable for budgeting the cost in future years for LACMTA's share within the updated project budget. The source of funds for this project is Measure R 20% Highway, which is not eligible for bus or rail operations.

#### B. I-5 South Segment 2 Local Advanced Construction (AC)

The funding of \$52,900,000 of Measure R 20% Highway for FY15 for the I-5 South HOV Widening project is included in Account 54001 - Subsidies to Others, in cost center 0442, under project number 460336, Task 01. The recommendation will not increase the project budget for the current fiscal year. Since this is a multi-year contract/project, the Managing Executive Officer will be accountable for budgeting the cost in future years for LACMTA's share within the updated project budget. The source of funds for this project is Measure R 20% Highway, which is not eligible for bus or rail operations.

### **ALTERNATIVES CONSIDERED**

#### A. I-5 South/Carmenita Road Interchange Cost Increase

The Board may choose not to approve the supplemental funds. This alternative is not recommended as the completion of the project will be further delayed and the total cost of buttoning-up the project into a safe condition for a period of suspended construction will increase the cost to Metro even further.

The Board may also elect to fund the supplemental funds request with Measure "R" Highway Capital (20%) Fund instead. This alternative is not recommended as it will prevent us from maximizing our ability to deliver other projects that might have relatively low cost and high benefits.

#### B. I-5 South Segment 2 Local Advanced Construction (AC)

If the MTA Board does not authorize this recommendation, the construction of the I-5 South Segment 2 project could be delayed for up to 6 months, triggering escalation and support cost increases not now budgeted for the project.

### **NEXT STEPS**

#### A. I-5 South/Carmenita Road Interchange Cost Increase

Upon Board approval of the recommendation for supplemental project funding, an amendment to the funding agreement with Caltrans will then be executed.

B. I-5 South Segment 2 Local Advanced Construction (AC)

Upon Board approval of the recommendation, the agreement will be amended with Caltrans.

**ATTACHMENTS**

Attachment A - Analysis of Unified Cost Management Process and Policy for Measure R Projects

Attachment B - Local AC Form 3-I

Attachment C -Letter from Caltrans August 21, 2015, "Informing Project Cost Increase and Recommended Course of Action for I-5 South/Carmenita Road Interchange project"

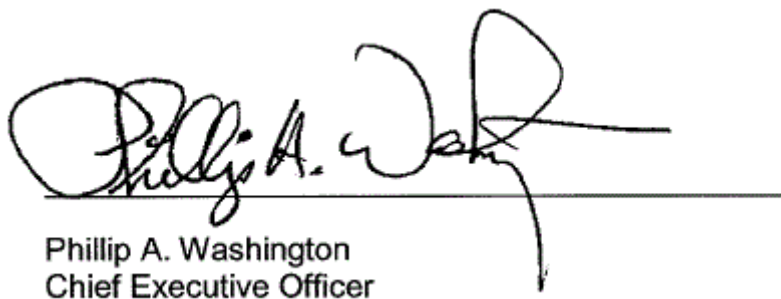
Attachment D -Letter from Caltrans September 15, 2015, "I5 South/Carmenita Road Interchange Project"

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