

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 25-26, 2008

Reference No.: 2.1c.(1b)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross Chittenden
Proposition 1B Program
Manager

Subject: **CMIA PROJECT BASELINE AMENDMENT**
RESOLUTION CMIA-PA-0708-007

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve a project baseline agreement amendment to the Corridor Mobility Improvement Account (CMIA) Program, contingent upon approval of the San Bernardino Associated Governments (SANBAG) Board resolution pledging that any future cost increases for right of way or construction can be funded by SANBAG from resources with their authority.

ISSUE:

The Department, in conjunction with SANBAG, proposes to amend the Interstate 215 (I-215) North (Segments 1 and 2) Project (PPNO 0247P) programmed in the CMIA program. The proposed changes are consistent with those proposed by SANBAG in its Regional Transportation Improvement Program (RTIP) submittal for the 2008 State Transportation Improvement Program.

The amendment implements a corrective action plan to fully fund the right of way (R/W) components of the project. SANBAG is requesting changes in Regional Improvement Program (RIP) funding to increase R/W Support from \$3,444,000 to \$10,090,000 (\$6,646,000 increase), increase R/W Capital from \$24,705,000 to \$49,705,000 (\$25 million increase) and reduce Construction Capital from \$162,900,000 to \$137,900,000 (\$25 million decrease). The net change in RIP funding for the project is an increase of \$6,646,000 in FY 2008-09. SANBAG is also adding \$9,157,000 of locally controlled funds to the project. The net increase in the total project cost is \$15,803,000 over the \$408,282,000 included in the project baseline agreement.

The project baseline amendment also proposes minor revisions to the project schedule.

BACKGROUND:

The I-215 Segments 1 and 2 project, which is part of the overall I-215 North Corridor project, extends from south of Rialto Avenue to south of Massachusetts Avenue. The project will construct a combination of high occupancy vehicle, mixed-flow and auxiliary lanes. The total cost for this project is approximately \$424 million. SANBAG and the Department have been working

collaboratively on the I-215 Segments 1 and 2 project, as well as the entire corridor. The Department is performing all the right of way work, including acquisition and utility relocation, while SANBAG is the lead on the remaining design and construction phases.

1) Increase in R/W Cost

The cost estimates for R/W Capital, which includes acquisition and utility relocation, for the I-215 Segments 1 and 2 project has increased by \$34,157,000, from \$62,748,000 to \$96,905,000. In addition, R/W Support has increased by \$6,646,000, from \$3,444,444 to \$10,090,444. The Department's right of way staff has completed a recent cash flow analysis, which identified that most of the increased funding is needed in FY 2008-09 if the current schedule is to be maintained.

The R/W costs have increased for several reasons. Some preliminary cost estimates for businesses were made based on outside visual evaluation of parcels. Once authorization was obtained to enter the properties and the buildings, formal appraisals were made and the impacts to the operations and equipment of businesses were evaluated, resulting in dramatic increases in the cost estimates for acquisition and relocations of these properties. Also, parcels on adjacent segments that had been acquired through the condemnation process are now working through the courts towards settlements. Some of these settlements have greatly surpassed the initial offers. Based on the nature of these settlements for adjacent segments, the estimated cost for acquiring the remaining parcels on the remaining corridor, including Segments 1 and 2, has been adjusted.

2) Current Construction Cost

The project's environmental (PA&ED) and design (PS&E) is essentially complete. The 95 percent engineer's construction estimate for the I-215 Segments 1 and 2 is \$25 million less than previous estimates that are the basis for the current programmed amount. The 95 percent estimate took into consideration the September 2007 I-215 Segment 3 construction bid results and current market conditions, and represents a nine percent reduction from the previous estimate (\$275.8 million). The lower estimate is due to the current construction climate and not to any reduction in improvements. The Department has reviewed and concurs with the revised construction estimate. The project team is confident that the actual bids will be in line with the engineer's estimate since it is based on the I-215 Segment 3 actual bid results. The advertisement, bid and award for Segments 1 and 2 will occur within one year.

3) Corrective Action Plan

SANBAG, working cooperatively with the Department, has identified a number of alternatives and has developed a corrective action plan, which is attached to this book item. The issue that is being addressed with this corrective action plan is the \$6,646,000 R/W Support cost increase and the \$34,157,000 R/W Capital cost increase for Segments 1 and 2.

The corrective action plan analyzes the risks and opportunities presented by six alternatives described in the plan. The primary focus of the corrective action plan is to avoid risks that would delay the I-215 Segments 1 and 2 project and the adjacent CMIA projects for the I-215 Segment 5 and the I-210/215 interchange connector. A summary of the alternatives is described below. The attached Corrective Action Plan contains additional information for each alternative considered.

Alternatives 1 through 5 seek to implement a corrective action plan that addresses the R/W cost increase only. These alternatives do not consider the reduction in the construction estimate.

- Alternative 1 considers reducing scope on the I-215 Segments 1 and 2 Project to keep the R/W cost within budget. This alternative would delay the project for the time needed to re-design and result in a project that would not meet the purpose and need of the programmed project.
- Alternative 2 considers reallocating federal funds from construction and adding Measure funds. This alternative would delay the Segments 1 and 2 project due to the time needed to prepare and process a Federal Transportation Improvement Program (FTIP) amendment, obtain FHWA authorization, and amend the agreements.
- Alternative 3 considers programming additional measure funds. This alternative would require SANBAG to stop work on other high-priority projects or to borrow funds, which would increase the project cost.
- Alternative 4 considers a STIP amendment to redirect STIP-RIP funds from adjacent segments (I-215 Segment 5 or I-210/215 interchange connector) to fund the R/W costs. Federal funds currently programmed for construction on the I-215 Segments 1 and 2 Project would be redirected back to those projects if the construction savings on Segments 1 and 2 are actually realized at bid opening. This alternative would delay projects of equal priority that are on the same delivery schedule.
- Alternative 5 would revise SANBAG's RTIP to add \$25 million in the STIP for R/W without reducing the amount of STIP-RIP funds programmed for construction. This alternative would require SANBAG to deprogram another large, much needed project such as the I-215/Barton interchange. This option also has statewide implications whereby another project in a different county would need to be delayed from FY 2008-09 to free up programming capacity in that year.

Alternative 6 considers the revised construction estimate as part of the corrective action plan.

- Alternative 6 proposes to fund the R/W Capital cost increase by taking advantage of the \$25 million reduction in the construction estimate and programming additional measure funds. Alternative 6 is the recommended alternative described in the "ISSUE" section of this book item.

Alternative 6 does carry the risk that the actual construction bid amount or construction contract close-out amount could exceed the remaining funds programmed for construction. SANBAG staff recognize this risk and will request that the SANBAG Board adopt a resolution pledging that any future cost increases for R/W or construction be funded by SANBAG from resources within their authority. A draft of the SANBAG resolution is attached to this book item. SANBAG staff will be able to report on the status of adoption of this resolution at the Commission's June 25-26, 2008 meeting.

RESOLUTION:

Be it Resolved, that the California Transportation Commission does hereby amend the Corridor Mobility Improvement Account Program (PPNO 0247P) to reflect the changes proposed in the attached project baseline agreement amendment.

Attachment

CORRIDOR MOBILITY IMPROVEMENT ACCOUNT

Project Fact Sheet

Lead Agency: San Bernardino Associated Governments (SANBAG) **Fact Sheet Date: 04/30/08**

Contact Person	Deborah Barmack, Executive Director/Garry Cohoe, Director of Freeway Construction		
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Project Information:

County	Caltrans District	PPNO *	EA *	Region/MPO/ TIP ID*	Route / Corridor *	Post Mile Back *	Post Mile Ahead *
SBd	8	0247P	0071V	00713	215	6.5	8.9

* NOTE: PPNO & EA assigned by Caltrans. Region/MPO/TIP ID assigned by RTPA/MPO. Route/Corridor & Post Mile Back/Ahead used for State Highway System.

Legislative Districts	Senate: 32, 31 Assembly: 62, 63	Congressional: 42
Implementing Agency (by component)	E&P (PA&ED): Caltrans R/W: Caltrans	PS&E: SANBAG CON: SANBAG
Project Title	I-215 North Segments 1 & 2 - HOV and Mixed Flow Lane Addition	

Location - Project Limits - Description and Scope of Work (Provide a project location map on a separate sheet and attach to this form)
 On I-215 in San Bernardino - construct HOV lanes, mixed flow lanes and auxiliary lanes. Segment 1 is from south Rialto Avenue to south of 9th Street. Segment 2 from south of 9th Street to south of Massachusetts Avenue. The corridor project is included in the 2004 SCAG RTP as a Baseline Project.
 Will provide consumers more housing and transportation choices by supporting the corridor management strategy of increasing alternative modes of transportation - buses on the freeway, car and vanpools, access to Metrolink and access to transit centers.
 Will reduce dependency on single occupant vehicle trips by adding HOV Lanes on I-215.
 Will address recurrent peak period congestion at lane drops that narrow the freeway. Addresses non-standard on and off-ramps that are currently accessed from the inside lane.

Description of Major Project Benefits

Daily Vehicle Hours of Delay Saved	15,636 Hrs.
Daily Peak Hour Person-Minutes Saved	1,141,440 Min.

Other: Will foster increased car and van-pooling by developing an HOV facility, provides a foundation for developing and expanding the district's HOV system, alleviates operational issues caused by lane drops, will better meet driver expectations by eliminating non-standard on and off-ramp design. Off ramp reconfiguration will balance access and foster economic development within the corridor.

Corridor System Management Plan	Month/Year
Lead Agency:	Caltrans
Plan Adoption Date:	Jun-08
Plan Implementation Date:	Sep-08

Expected Source(s) of Additional Funding if the Current Funding Plan Proves Insufficient
 N/A

Project Delivery Baseline (Milestones)	Month/Year
Begin Environmental Phase (PA&ED)	1/1/92
Draft Environmental Document Milestone Document Type:	9/1/99
Draft Project Report Milestone	6/1/92
End Environmental Phase (PA&ED Milestone)	12/1/05
Begin Design Phase	1/1/01
End Design Phase (Plans, Specifications, and Estimates Milestone)	6/15/09
Begin Right-of-Way	1/1/01
End Right-of-Way (Right-of-way Certification Milestone)	Cert 3W 4/1/09
Begin Construction Phase	9/15/09
End Construction Phase (Construction Contract Acceptance Milestone)	9/15/13
Begin Closeout Phase	9/15/13
End Closeout Phase (Closeout Report Milestone)	9/15/15

NOTE: The CTC Corridor Mobility Improvement Account (CMIA) Program Guidelines should have been read and understood prior to preparation of the CMIA Fact Sheet. The CTC CMIA Guidelines and a template of this Project Fact Sheet are available at: <http://www.dot.ca.gov/hq/transprog/> and at: <http://www.ctc.ca.gov/>



2008 Project Programming Request (Funding Information)

(dollars in thousands and escalated to the programmed year)

Date: 04/28/08

County	CT District	PPNO	TCRP Project No.	EA
SBD	8	0247P	57	0071V
Project Title: Interstate 215 North Segments 1 & 2				

Existing Total Project Cost									Implementing Agency
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	
E&P (PA&ED)	816							816	Caltrans
PS&E	26,792							26,792	San Bernardino Associated
R/W SUP (CT)	3,444							3,444	
CON SUP (CT)									
R/W	62,748							62,748	Caltrans
CON		314,482						314,482	San Bernardino Associated
TOTAL	93,800	314,482						408,282	
Proposed Total Project Cost									
E&P (PA&ED)	816							816	
PS&E	26,792							26,792	
R/W SUP (CT)	3,444	6,646						10,090	
CON SUP (CT)									
R/W	62,748	34,157						96,905	
CON		289,482						289,482	
TOTAL	93,800	330,285						424,085	

Fund No. 1:	State Bond - Corridor Mobility Program (CMIA)								Program Code
	Existing Funding								20.XX.721.000
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									Caltrans
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		49,120						49,120	
TOTAL		49,120						49,120	
Proposed Funding									Notes
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		49,120						49,120	
TOTAL		49,120						49,120	

Fund No. 2:	RIP - State Cash (ST-CASH)								Program Code
	Existing Funding								20.XX.075.600
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	677							677	Caltrans
PS&E	10,442							10,442	
R/W SUP (CT)	3,444							3,444	
CON SUP (CT)									
R/W	24,705							24,705	
CON									
TOTAL	39,268							39,268	
Proposed Funding									Notes
E&P (PA&ED)	677							677	Transferred \$25M from construction capital savings to r/w capital. New RIP funds required for current expenditures that exceed current programmed amount plus estimated
PS&E	10,442							10,442	
R/W SUP (CT)	3,444	6,646						10,090	
CON SUP (CT)									
R/W	24,705	25,000						49,705	
CON									
TOTAL	39,268	31,646						70,914	



2008 Project Programming Request (Funding Information)

(dollars in thousands and escalated to the programmed year)

Date: 04/28/08

County	CT District	PPNO	TCRP Project No.	EA
SBD	8	0247P	57	0071V
Project Title: Interstate 215 North Segments 1 & 2				

Fund No. 3: RIP - State Cash (ST-CASH)									Program Code
Existing Funding									20.XX.075.600
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									San Bernardino Associated Govern
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		162,900						162,900	
TOTAL		162,900						162,900	
Proposed Funding									
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		137,900						137,900	
TOTAL		137,900						137,900	

Fund No. 4: TCRP (Committed) - Traffic Congestion Relief Fund (TCRF)									Program Code
Existing Funding									20.XX.710.870
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									Caltrans
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		5,517						5,517	
TOTAL		5,517						5,517	
Proposed Funding									
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		5,517						5,517	
TOTAL		5,517						5,517	

Fund No. 5: Demo - High Priority Projects Program (DEMO-ST)									Program Code
Existing Funding									20.30.010.680
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W	4,800							4,800	
CON		2,724						2,724	
TOTAL	4,800	2,724						7,524	
Proposed Funding									
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W	2,899							2,899	
CON		9,061						9,061	
TOTAL	2,899	9,061						11,960	



2008 Project Programming Request (Funding Information)

(dollars in thousands and escalated to the programmed year)

Date: 04/28/08

County	CT District	PPNO	TCRP Project No.	EA
SBD	8	0247P	57	0071V
Project Title: Interstate 215 North Segments 1 & 2				

Fund No. 6: Demo - Demonstration - TEA21 (DEMOT21)									Program Code
Existing Funding									20.30.010.680
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		2,063						2,063	
TOTAL		2,063						2,063	
Proposed Funding									Notes
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		2,063						2,063	
TOTAL		2,063						2,063	

Fund No. 7: CMAQ - Congestion Mitigation (CMAQ)									Program Code
Existing Funding									20.30.010.820
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W	28,359							28,359	
CON		38,897						38,897	
TOTAL	28,359	38,897						67,256	
Proposed Funding									Notes
E&P (PA&ED)									3
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W	29,339							29,339	
CON		37,917						37,917	
TOTAL	29,339	37,917						67,256	

Fund No. 8: RSTP - STP Local (STPL)									Program Code
Existing Funding									20.30.010.810
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		47,118						47,118	
TOTAL		47,118						47,118	
Proposed Funding									Notes
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON		47,118						47,118	
TOTAL		47,118						47,118	



2008 Project Programming Request (Funding Information)

(dollars in thousands and escalated to the programmed year)

Date: 04/28/08

County	CT District	PPNO	TCRP Project No.	EA
SBD	8	0247P	57	0071V
Project Title: Interstate 215 North Segments 1 & 2				

Fund No. 9: Loc Funds - SBD Co Measure I (XSBD)									Program Code
Existing Funding									LOCAL FUNDS
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	139							139	San Bernardino Associated Govern
PS&E	16,350							16,350	
R/W SUP (CT)									
CON SUP (CT)									
R/W	4,884							4,884	
CON		6,143						6,143	
TOTAL	21,373	6,143						27,516	
Proposed Funding									
E&P (PA&ED)	139							139	
PS&E	16,350							16,350	
R/W SUP (CT)									
CON SUP (CT)									
R/W	5,805	9,157						14,962	
CON		786						786	
TOTAL	22,294	9,943						32,237	

Fund No. 10:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON									
TOTAL									
Proposed Funding									
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON									
TOTAL									

Fund No. 11:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON									
TOTAL									
Proposed Funding									
E&P (PA&ED)									
PS&E									
R/W SUP (CT)									
CON SUP (CT)									
R/W									
CON									
TOTAL									

I-215 Map and Project Highlights

Segment 5 & I-215/SR 210
Direct Connectors

95% PS&E

Start Construction
August 2009

Segments 1 & 2

100% PS&E

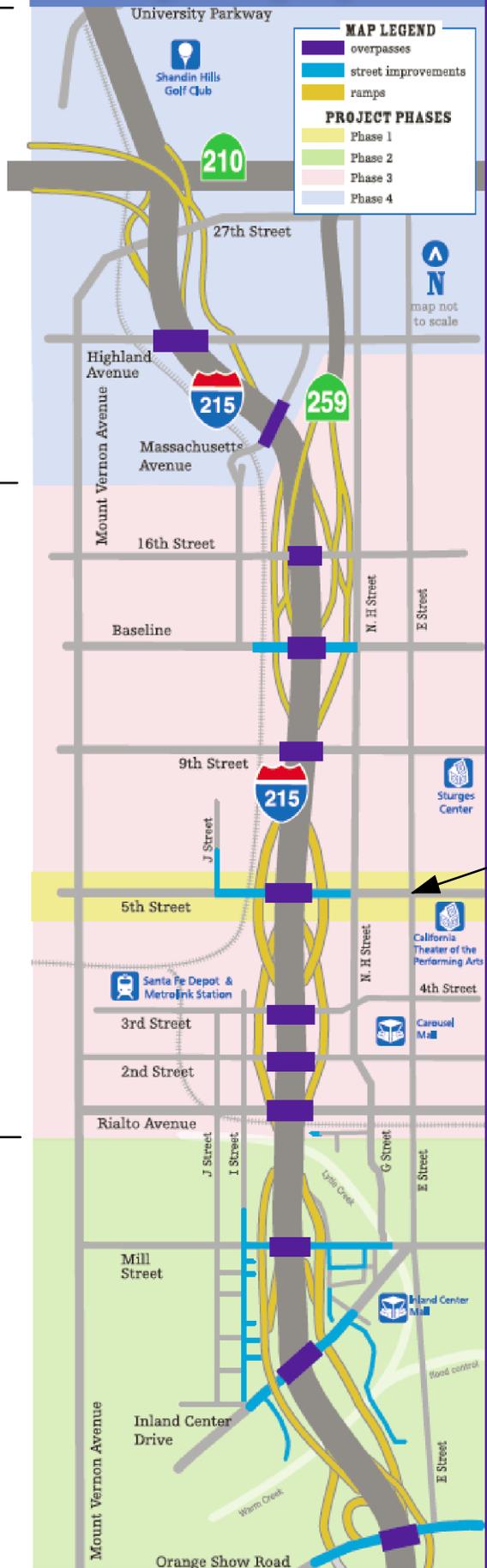
Start Construction
September 2009

5th St Bridge

Under Construction

Segment 3

Under Construction



Corrective Action Plan

I-215 North Segments 1&2-HOV and Mixed Flow Lane Addition

Project Description

The I-215 corridor project through the City of San Bernardino will add an HOV and mixed flow lane in each direction for a total of five lanes between Orange Show Road and SR-210, a distance of 7.5 miles. In addition, the interchange ramps will be reconfigured to eliminate the fast-lane entrances and exits, and mitigate the weave problems on the mainline. This project is a center piece of the County's Measure. The total cost of the corridor improvements is in excess of \$700M. See attached map.

The corridor is divided into four segments. Segment 3 and 5th Street bridge, a component of Segment 1&2, are currently under construction. The 95% plans for Segments 1,2 & 5 (Segments 1&2 have been combined for construction) have been submitted to Caltrans for their review and right-of-way is well underway and on target to meet the November 2008 certification. Construction will commence on the remaining segments in the summer of 2009. The four corridor construction projects are shown by the attached map. Shown in yellow is the 5th Street bridge, Segment 3 is the green, Segment 1&2 is the pink, and Segment 5 and the I-215/SR-210 Direct Connectors is the blue.

Eight types of funds, including CMIA funds, were required to obtain full funding on an improvement project of this magnitude. Segments 1&2 and 5 have a total of \$108,120,000 of CMIA funds allocated, approximately 15% of the corridor's cost.

Issue

SANBAG and Caltrans have been working collaboratively on the I-215 North corridor. Caltrans is performing all the right-of-way work, including acquisition and utility relocation, while SANBAG is the lead on the design and construction phases. The cost estimates for the right-of-way are provided by Caltrans based on their review of the right of way requirement plans, the utility plans which identify required relocations, and their actual appraisal and acquisition work. The cost estimates from Caltrans for right of way capital, which includes acquisition and utility relocation, for Segments 1&2 has increased from \$62.7

million to \$96.9 million, and for the overall corridor from \$109.4 million to \$159.2 million. In addition, right-of-way support has increased from \$3.4 million to \$10.1 million for Segments 1 and 2. Caltrans' Right-of-Way Department has completed a recent cash flow analysis that has identified that most of the increased funding is needed in FY 2008/09 if the current schedule is to be maintained.

The right of way costs have increased for several reasons. Some preliminary cost estimates for businesses were made based on outside visual evaluation of parcels. Once authorization was obtained to enter the properties and the buildings, formal appraisals were made and the impacts to the operations and equipment of businesses were evaluated, resulting in dramatic increases in the cost estimates for acquisition and relocations of these properties. Also, parcels on Segment 3 that had been acquired through the condemnation process are now working through the courts towards settlements. Some of these settlements have greatly surpassed the initial offers. Based on the nature of these settlements the estimated cost for acquiring the remaining parcels on the corridor has been adjusted.

On the design side, the 95% engineer's construction estimate for Segments 1&2 is \$25M less than the programmed amount. The 95% estimate took into consideration the September 2007 Segment 3 construction bid results. The lower bids were due to the current construction climate and not to any reduction in improvements. Caltrans has reviewed and concurred to the 95% construction estimate. We are confident that the actual bids will be in line with the estimate since it is based on Segment 3 actual bid results, and the bids for Segments 1&2 will be obtained within one year.

The issue that is being addressed with this Corrective Action Plan is the \$34.2M right-of-way capital cost increase for Segments 1&2.

Solution

To cover the \$34.2M right-of-way capital cost increase a variety of fund types and alternatives were considered. First, the shortfall was reduced to \$29.7M by transferring \$4.5M of Segment 3 construction cost savings (Federal funds) not required to cover the Segment 3 right-of-way cost increase. The six funding alternatives to cover the \$29.7M overage were studied.

Alternative 1 - Reduce the proposed improvements. The I-215 corridor improvements have been reviewed and Value Engineered numerous times over

the many years of project development resulting in the minimum improvements that are needed to meet the purpose of the project.

Pros: 1) No additional funds required.

Cons: 1) Does not meet the purpose of the project.

2) Redesign will delay the project.

Alternative 2 - Reallocate \$25M of Federal funds and program an additional \$4.7M of Measure funds. The reallocation of Federal funds will require amending the Regional Transportation Improvement Plan, amending the cooperative agreement between the various parties, and obtaining FHWA's authorization to expend the funds. This process will delay the delivery of this project by four to twelve months. Delay of the right-of-way acquisition would also require that offers already made to the property owners would need to be withdrawn and re-offered once the funding is available. This scenario would entitle the property owners to "clogging damages" which can be a significant cost.

Pros: 1) New funding is reduced to \$4.7M of Measure.

2) No new or reallocation of State funds required.

Cons: 1) Delays the project

2) Increased right-of-way costs.

3) Additional funds will be needed if the construction bids for Segment 1&2 exceed the engineers estimate.

Alternative 3- Program an additional \$29.7M of Measure funds. The I-215 Corridor improvements are the last major improvements to be completed by the current Measure, which ends in 2010. The current fund balance includes the revenue to meet the current obligations, but since the end of the Measure is near, the Measure fund balance is low compared to the fund balance over the life of the Measure. To utilize \$29.7M of Measure funds will result in a fund balance which will not provide the necessary cash flow to front the construction expenditures until Federal and State reimbursement is received for the \$448M that will be under construction on this corridor in the next couple of years. The options to mitigate the cash flow issue are to stop early project development work on other much needed freeway projects and/or bear the interest costs of using a financial instrument.

Pros: 1) No new State funds are required.

2) The project is not delayed.

- Cons: 1) Measure fund balance will not be sufficient to front the corridor construction expenditures.
- 2) Require stopping work on other freeway projects or borrowing funds.

Alternative 4- Reallocate \$25M of STIP funds from an adjacent segment, backfill the STIP funds with reallocated Federal funds, and program an additional \$4.7M of Measure funds. The remaining segments of I-215 are going to construction at basically the same time. The reallocation of Federal funds will delay the segment that the STIP funds are being transferred from and will have increased costs for the reason stated in Alternative 2. Since all segments are needed to relieve the congestion and are of the same priority, and since all segments will be ready for construction at the same time, this alternative provides no benefits over Alternative 2. This alternative also requires an additional reallocation of STIP funds between projects.

- Pros: 1) New funding required is reduced to \$4.7M of Measure.
- 2) No new State funds required.
- 3) The allocated STIP funds remain in the same fiscal year.

- Cons: 1) Delays an adjacent segment.
- 2) Increased right-of-way costs.
- 3) Additional funds will be needed if the construction bids for Segment 1&2 exceed the engineers estimate.

Alternative 5 - Request the programming an additional \$25M of new STIP funds in FY 2008/09 and program an additional \$4.7M of Measure funds. SANBAG has programmed their full 2008 STIP allocation, will all but \$8M of the FY 2008/2009 funds programmed on the I-215. Therefore a project such as the I-215/Barton Interchange reconstruction in FY 2012/13 would need to be deprogrammed to cover the increase.

- Pros: 1) Does not require reallocating the existing programmed amounts.
- 2) The project is not delayed.

- Cons: 1) Requires the allocation of additional STIP funds in FY 08/09
- 2) Deprograms another much needed project.

Alternative 6 - Reprogram the estimated \$25M of construction cost savings programmed in the STIP FY 08/09 and program an additional \$4.7M of Measure funds. As stated above, the estimated construction savings take into consideration the bid results of Segment 3, a segment that adjoins Segment 1&2. The bids for Segment 1&2 will be received within the next year, therefore the risk of a large cost escalation is small.

Pros: 1) New funding required is reduced to \$4.7M of Measure.

2) Does not require additional State funds

3) The reallocated STIP funds remain in the same FY.

Cons: 1) Additional funds will be needed if the construction bids for Segment 1&2 exceed the engineers estimate.

Recommendation: Alternative 6, reprogram the estimated \$25M of Segment 1&2 construction cost savings programmed in the STIP and program an additional \$4.7M of Measure funds. The SANBAG Board has approved this reprogramming request.

It should be noted that Segment 1&2 have a right-of-way support cost increase of \$6.6M. A request for new STIP funds has been submitted to cover this increase.

Risks

The risk is that the construction bids for Segment 1&2 will exceed the engineer's estimate.

The I-215 corridor improvements were promised to the voters when they approved the Measure. This project is a high priority to SANBAG, the City of San Bernardino, and the region. SANBAG and our partners are committed to the completion of these improvements. If the construction bids exceed the programmed amount SANBAG will utilize funds that they have authority for to cover the overage as such time as it occurs. Options available to SANBAG include delaying other projects in order to utilize the Measure funds and/or to borrow funds that are backed by future revenue. SANBAG Board has ratified this funding commitment by passing a resolution which is attached.

RESOLUTION

WHEREAS, Interstate 215 through San Bernardino was designed and constructed in 1959, and

WHEREAS, in November 1989 the voters of San Bernardino County approved Measure I, a 20-year ½ cent transportation sales tax and Expenditure Plan to be administered by San Bernardino Associated Governments (SANBAG), and

WHEREAS, the Measure I Expenditure Plan created a Valley Freeway Improvement Program that dedicates approximately 42 percent of total Measure I revenues and most State Transportation Improvement Program (STIP) funding available to San Bernardino County to freeway improvements, and

WHEREAS, in keeping with the Measure I Expenditure Plan, SANBAG has always programmed 100 percent of STIP Highway Funds on State Highways in San Bernardino County, and

WHEREAS, the Measure I Expenditure Plan Valley Freeway Improvement Program names SR-71, SR-60, I-10 (West), I-10 (East) SR-210, I-215 North (through San Bernardino), and I-215 Bicuty (to Riverside) as the freeway projects to be funded with the dedicated revenues, and

WHEREAS, promised improvements to SR-71, SR-60, I-10 West, SR-210 have now been completed, as have most improvements to I-10 East, and construction of early phases is in progress on I-215 North, and

WHEREAS, I-215 North is a multi-phase project, to be delivered at a total cost in excess of \$700 million dollars, on which environmental, engineering design, and right-of-way work have been in progress for approximately 15 years thus far, and

WHEREAS, I-215 North is being funded by eight different federal, state, and local funding sources including Proposition 1B Corridor Mobility Improvement Account (CMIA) funds that comprise about 15 percent of the funds on the corridor, and

WHEREAS, SANBAG entered into an agreement with California Transportation Commission and Caltrans committing to the delivery of I-215 Segments 1&2 and 5, segments that have been allocated CMIA funds, and

WHEREAS, right-of-way capital and support costs for I-215 North Segments 1 and 2 were reported in early May 2008 by Caltrans to have undergone an unanticipated cost increase of \$40.7 million, and

WHEREAS, the current Measure ends in 2010, resulting in fund balances that are low, but have the revenue to meet the current obligations, and

WHEREAS, the engineer's construction cost estimate based on the 95 percent engineering design for Segments 1 and 2 has identified cost savings of \$25 million over programmed amount, and

WHEREAS, it is not fiscally prudent or responsible for SANBAG to cover the entire \$40.7 million right-of-way capital and right-of-way support cost increase with Measure I funds, and

WHEREAS, SANBAG understands that the actual cost of the corridor improvements will not be known until all the right-of-way is acquired and the construction is completed.

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) SANBAG is committed to the completion of the Interstate 215 North project as soon as possible, and
- 2) The right-of-way cost increase needs to be funded by identified construction cost savings prior to allocating new funds to the project, and
- 3) SANBAG has the fiscal capacity and is committed to cover unforeseen right-of-way and construction cost increases above the amounts currently identified using Measure I revenue and other funds within its authority, at such time as those cost increases occur.