

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 10-11, 2008

Reference No.: 2.5d.  
Action Item

From: CINDY McKIM  
Chief Financial Officer

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Subject: **FINANCIAL ALLOCATION FOR PROJECTS WITH COSTS THAT EXCEED 20 PERCENT OF THE PROGRAMMED AMOUNT RESOLUTION FP-08-25**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution FP-08-25, allocating \$100,200,000 for one State Highway Operation and Protection Program (SHOPP) project described on the following pages.

## **ISSUE:**

The project described on the following pages is programmed in the 2006 SHOPP for \$73,202,000. The Commission approved a six-month time extension for construction which expires on December 31, 2008. The current estimate for the project is \$100,200,000, exceeding the programmed amount by 36.9 percent. The Department is ready to proceed with this project and is requesting an allocation at this time.

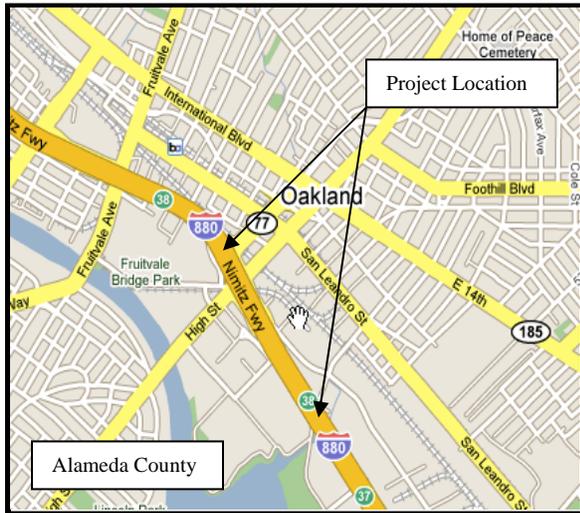
## **RESOLUTION:**

Resolved, that \$100,200,000 be allocated from the Budget Act of 2008, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide funds for the project described on the following pages.

Project #	Allocation Amount	Recipient County	Dist-Co-Rte Postmile	Location Project Description	EA PPNO Program/Year Prgm'd Amount	Budget Year Item # Fund Type Program Code	Total Amount by Fund Type
<b>2.5d. Allocations for Projects with Cost Increases Greater than 120 Percent</b>				<b>Resolution FP-08-25</b>			
1	\$100,200,000	Department of Transportation Alameda	04N-Ala-880 27.4/28	In Oakland, at High Street Bridge #33-40L/R, Route 77 off-ramp #33-145F, Route 880 off-ramp #33-146S, Sather #33-186W.  (A six-month time extension for allocation for FY 2007-08 funds programmed for CONST expires on December 31, 2008, per Waiver-08-29.)  Outcomes/Outputs: Replace 4 structurally deficient bridges to maintain structural integrity in the event of a major earthquake and reduce the risk to lives and properties.	165421 04-0040E SHOPP / 07-08  \$73,202,000	2008-09 302-0042 SHA 302-0890 FTF 20.20.201.113	\$9,200,000 \$91,000,000

**RECOMMENDATION:**

The Department recommends that this request for \$100,200,000 be approved to allow this project to be advertised.



**PROJECT DESCRIPTION:**

This project is located in Oakland, on Route 880 in Alameda County. The project will replace the High Street overhead structures on Route 880 as part of the Phase II Seismic Retrofit Program. The overhead consists of two parallel structures, one for each direction of travel. The project will reconfigure the Route 77/42<sup>nd</sup> Avenues interchange with Route 880 to a partial diamond interchange with at-grade intersections. The current structure is vulnerable to damage in the event of a major earthquake. Past studies determined that it is better to replace the structure rather than to retrofit the existing bridge. Furthermore, the existing structure has reached its useful design life and is in need of frequent repairs.

**FUNDING STATUS:**

This project is currently programmed in the 2006 SHOPP for \$73,202,000. The project construction capital cost is \$100,200,000. This request for \$100,200,000 results in an increase of \$26,998,000 (36.9 percent) above the current programmed amount.

**REASONS FOR COST INCREASE:**

The project cost increase is mainly due to an increase in the structure-related costs. Since 2006, the project's cost estimate has experienced significant fluctuations in the structures cost estimate. In mid 2007, the Department realized that the cost of the project would exceed 120 percent and a cost estimate of \$108,000,000 was reported to the Commission at the September 2007 meeting. A portion of the increase is related to cost escalation for delaying the start of construction to allow utility companies to relocate their facilities to permit construction to proceed. The cost estimate has fluctuated downward to the current final engineer's estimate of \$100,200,000. The Commission approved a six-month time extension for project allocation at the July 2008 to accommodate this utility relocation work.

**FUNDING OPTIONS:**

**OPTION A:** Approve this request, as presented above, for \$100,200,000 to allow this project to be advertised.

**OPTION B:** Deny this request and direct the Department to adjust the project to remain within the programmed amount. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public. Also, with the agreements, approvals and other constraints currently cleared, further delay to implement could jeopardize these clearances.

**RECOMMENDED OPTION:**

The Department recommends that this request for \$100,200,000, as presented in Option A above, be approved to allow this project to be advertised.