

# Memorandum

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 5, 2013

Reference No.: 4.10  
Action Item

From: NORMA ORTEGA  
Chief Financial Officer

Prepared by: Rachel Falsetti  
Division Chief  
Transportation Programming

Subject: **STATE ROUTE 99 CORRIDOR BOND PROGRAM PRUDENT RESERVE POLICY  
RESOLUTION R99-P-1213-04**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) reduce the State Route 99 Corridor Program Reserve from \$67,598,000 to \$25,000,000 to address unforeseen expenses for the ongoing State Route 99 Corridor Construction Program.

## **BACKGROUND:**

At its October 2012 meeting, the Commission established a \$69 million program reserve and specified that the reserve be reevaluated quarterly. The initial reserve was calculated as ten percent of the value of the construction contracts under construction or about to begin construction. At its December 2012 meeting, the Commission approved a \$1,402,000 allocation from the reserve, leaving \$67,598,000 in reserve. The intention of the Department was to come back with a more detailed project-specific analysis of risks which has now been done.

In January 2013, the Department project delivery teams conducted a project-specific worst case risk analysis for every Route 99 bond funded project currently under construction or about to begin construction. The teams identified and quantified risks that might not be addressed by existing contingency funds, such as:

- Potential claims,
- Delays caused by short work windows,
- Excessive water and related pumping costs,
- Delay costs due to utility relocations,
- Railroad conflicts,
- Right of way condemnation costs,
- Storm water pollution prevention, and
- Nesting migratory birds.

A summary of the team analysis and reserve attributed to each project is shown in Table 1, which totals to \$25,000,000.

To date, two contracts valued at about \$19 million have completed construction while an additional 19 contracts valued at about \$655 million are under construction and one contract valued at about \$11 million has yet to be awarded. After de-allocations due to project savings, about \$111 million dollars remains for a program reserve and additional programming. Of this, approximately \$8 million is in the North part of the state and \$103 million is in the South part of the state.

Table 1 below lists the remaining projects along with the risk reserve proposed based on the project specific risk analysis. The total need in the North is \$8.1 million and the total needed in the South is projected to be \$16.9 million. Therefore, the total risk reserve needed for the projects is \$25 million.

However, to keep important projects moving, the Department is recommending that \$5.0 million be allocated to the City of Elk Grove at the March Commission meeting. To make this work, the City of Elk Grove has agreed to fund up to \$5.0 million dollars of local city funds toward any cost overrun on any other previously allocated ongoing North State Route 99 funded project. In effect the North State risk reserve will become a combination of the unallocated remainder of Route 99 bond funds and City of Elk Grove funds.

The Department is currently working with the City of Sacramento toward a similar arrangement to allow the Elkhorn Boulevard Northbound Off-ramp project to proceed at some point in the future.

By extension, the total \$25 million of SR99 reserve is made up of \$20 million of SR99 bond funds and \$5 million of City of Elk Grove funds. Should additional reserve funds be needed in either the North or the South the corresponding local agency will be responsible for the additional funds needed as agreed to in the baseline agreements.

**Table 1: Route 99 Bond Risk Analysis Summary by Project**

Co	Project	SR 99 Const Allocation	Reserve Amount	Worst Case Risk Notes
<b>Route 99 Bond (North)</b>				
BUT	Butte SR 99 Chico Auxiliary Lanes	\$20,592,000	\$2,000,000	Risks include structure items, SWPPP line items, and traffic control.
SAC	Add Aux Lane Calvine to north of Mack Rd on SR 99	\$5,056,000	\$0	No additional bond needs. Any additional needs funded by SACOG per the cooperative agreement.
SUT	Sutter 99 Segment 2	\$43,731,000	\$2,800,000	Risks include environmental permit, trestle work, short construction window, SWPPP elevation, claims.
SUT	State Route 99/113 Interchange	\$13,833,000	\$1,800,000	Potential for additional SWPPP requirements and potential for additional construction support needs.
SUT	SR 99/Riego Road Interchange	\$15,764,000	\$1,500,000	Environmental construction windows and water issues with adjacent farmers.
TEH	Los Molinos Phase 1	\$1,784,000	\$0	Construction complete.
TEH	Los Molinos Phase 2	\$2,371,000	\$0	Construction 95% complete and within budget.
<b>North Total:</b>		<b>\$103,131,000</b>	<b>\$8,100,000</b>	

<b>Route 99 Bond (South)</b>				
FRE	North Fresno 6-Lane	\$17,270,000	\$0	Construction complete.
FRE	Island Park 6-Lane	\$47,613,000	\$0	No risks identified. No reserve needed.
KER	South Bakersfield 8-Lane Widening	\$22,822,000	\$0	No risks identified. No reserve needed.
KER	North Bakersfield Widening	\$9,600,000	\$0	No risks identified. No reserve needed.
MAD	Reconstruct Interchange @ Avenue 12	\$43,002,000	\$2,400,000	Permit restrictions for migratory birds.
MER	Arboleda Road Freeway	\$78,360,000	\$0	No risks identified. No reserve needed.
MER	Freeway Upgrade & Plainsburg Road I/C	\$53,098,000	\$700,000	Risks include RW capital/support, and construction support.
SJ	SR 99 Widening in Manteca and San Joaquin Phase 1	\$31,644,000	\$800,000	Risks include RW capital/support, and construction support.
SJ	SR 99 Widening in Manteca and San Joaquin Phase 2	\$31,543,000	\$800,000	Risks include RW capital/support, and construction support.
SJ	SR 99 Widening in Manteca and San Joaquin Phase 3	\$3,653,000	\$2,500,000	Risks include RW capital/support
SJ	SR 99 (South Stockton) Widening	\$79,456,000	\$6,600,000	C&M Agreement with BNSF RR not yet executed. RW capital/support, and construction support are risks.
TUL	Goshen to Kingsburg 6-Lane	\$68,863,000	\$0	Post R/W cert utility relocation in progress. Low risk.
TUL	Goshen to Kingsburg Landscape	\$3,752,000	\$0	Follow-up landscape replacement project. Low risk.
TUL	Tulare to Goshen 6-Lane North Segment	\$38,727,000	\$3,100,000	C&M Agreement not yet executed. Railroad indicates they may change their permit requirement to require more RW.
<b>South Total:</b>		<b>\$529,403,000</b>	<b>\$16,900,000</b>	
<b>Corridor Total:</b>		<b>\$632,534,000</b>	<b>\$25,000,000</b>	

**RESOLUTION:**

Be it Resolved, that the California Transportation Commission does hereby reduce the State Route 99 Corridor Program Reserve from \$67,598,000 to \$25,000,000.