

TO: Regional Transportation Commission
FROM: Karena Pushnik, Senior Transportation Planner
RE: Highway 1/17 Interchange Merge Lane Project Cost Increases

RECOMMENDATION

Staff recommends that the Regional Transportation Commission:

Consider Caltrans' request for \$5,532,000 of the region's share of State Transportation Improvement Program (STIP) funds for the Highway 1/17 Merge Lanes Project.

BACKGROUND

In 1988 over \$30 million in State Transportation Improvement Program (STIP) funds were first designated for improvements to the Highway 1/17 interchange. As is the case with many major construction projects, the cost escalated over the years as the project underwent an extensive public input process, the RTC asked Caltrans to redesign the project, the state diverted funds out of the STIP, and the cost of construction materials spiked. In 2001, the RTC programmed an additional \$10.8 million to the project and in 2004 the CTC pulled an additional \$2.4 million from the region's share of STIP funds to address cost escalation. In 2002, the environmental document was approved and by fall 2005 final design, right of way and utility relocation plans were completed. In September 2005, the California Transportation Commission (CTC) released the \$40 million in STIP funds that had been programmed to date for construction of the project.

When bids for construction of the project came in higher than the allocated amount (\$40 million), the CTC allocated an additional \$5.3 million for construction. \$4.2 million of the supplemental funds came from the state's G-12 fund, under which up to 10% of the STIP allocated construction amount plus \$200,000 can be allocated to a project. The balance came from the region's share of STIP funds. The project began construction in early 2006.

In total approximately \$54 million in STIP funds and \$3.3 million in state soundwall funds have been allocated to environmental, design, right-of-way, and construction of the Highway 1/17 Interchange Merge Lanes project since 1988. The project entails construction of a merge lane between Highway 17 and Morrissey/La Fonda, 5 bridges, soundwalls and retaining walls.

DISCUSSION

The Highway 1/17 Interchange Merge Lanes project has been under construction for approximately one year and construction is estimated to be 35% complete. However, due to "underground unknowns" an additional \$5.5 million is needed to complete construction of the project. Caltrans has submitted a request for supplemental STIP funding to cover additional costs

associated with issues such as: concrete found buried in the creek channels, bedrock found deeper than originally estimated, unmapped underground utilities, and additional rock slope protection at the creeks. A fact sheet with more detailed information is attached ([Attachment 1](#)).

According to Caltrans District 5, the only funding available to cover these cost increases is the region's share of State Transportation Improvement Program (STIP) funds. Prior to allocation of the STIP funds for construction, \$4.4 million was programmed in the State Highway Operation and Protection Program (SHOPP) for barrier replacements in the area. In the summer of 2006, the RTC's Interagency Technical Advisory Committee (ITAC) wrote a letter to Caltrans requesting the SHOPP funds remain programmed to the barrier replacement collision reduction project and that \$4.371 million in allocated STIP funds be returned to the region, since the commitment of STIP funds for the Highway 1/17 project has greatly reduced the availability of STIP funds for other needed local projects. A copy of that letter is attached ([Attachment 2](#)). Caltrans replied with a letter stating that the funding request through the SHOPP was initiated only if the STIP funds would not be available ([Attachment 3](#)). That SHOPP project and funds are no longer designated for this area. Staff has asked Caltrans to investigate if a portion of the Highway 1/17 Merge Lanes project cost increases could be funded by the SHOPP or other funds.

Due to timing of this supplemental fund request for the Highway 1/17 Merge Lanes project, this could impact how much STIP funding the CTC will program to Santa Cruz County as part of the 2006 STIP Augmentation (see separate agenda item) and will reduce the amount of funds available for programming to other local projects. Caltrans has already submitted the Supplemental Funds Request to Caltrans Headquarters for consideration by the CTC at its April meeting. Caltrans has noted that the project contingency balance is currently at or near zero and the additional funds are needed as soon as possible.

Caltrans staff will attend the Transportation Policy Workshop to answer questions.

See also the related item included in this Transportation Policy Workshop packet about the Draft 2006 Regional Transportation Improvement Program augmentation.

Staff recommends that the Commission consider the request by Caltrans for \$5.532 million of the region's share of State Transportation Improvement Program funds.

SUMMARY

The Highway 1/17 Interchange Merge Lanes project has experienced unanticipated conditions necessitating change orders to the construction project costs. Funding in the amount of \$5.532 million for these cost overruns is requested from the region's share of State Transportation Improvement Program funds. Caltrans has asked the California Transportation Commission to consider this request in April.

- Attachments:
1. Fact Sheet for the Highway 1/17 Interchange Merge Lanes Project
 2. June 22, 2006 ITAC Letter regarding SHOPP
 3. July 5, 2006 Caltrans Response Letter regarding SHOPP