

Item 21: Highway 1 HOV Lane Project- Supplemental Funding Request

Changes Shown in Underline and Strikeout Format

AGENDA: February 7, 2008

TO: Regional Transportation Commission

FROM: Kim Shultz, Senior Transportation Planner

REGARDING: Highway 1 HOV Lane Project – Supplemental Funding Request

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission review and provide comment on the supplemental funding request in the amount of \$1.375 million to complete the Project Approval/Environmental Documentation (PA/ED) process for the Highway 1 HOV Lane Project as part of the 2008 *Regional Transportation Improvement Program* (RTIP).

BACKGROUND

At the RTC meeting of January 2008, staff and consultants presented information on the total amount of funds needed. The funds will allow the completion of the preliminary design and environmental assessment process (referred to as Project Approval/Environmental Documentation – PA/ED) for the Highway 1 HOV Lane project. The total cost, including consultant services and staff oversight, was estimated as \$3.159 million. Of that amount, \$1.784 million was successfully programmed by the RTC through the 2006 *State Transportation Improvement Program* (STIP) Augmentation in April 2007. That leaves an unfunded balance of \$1.375 million that staff proposes be considered as part of the 2008 Regional Transportation Improvement Program (RTIP).

The table below provides an overview of the current estimated costs and original budget, broken down by the consultant team (Nolte Associates), associated project support costs, the amount funded through the 2006 STIP and the remaining unfunded need.

	Nolte Associates	Project Support Costs	Total
Current Estimated Cost to Complete PA/ED Activities	\$8,985,000	\$1,974,000	\$10,959,000
Original Project Budget	\$6,525,000	\$1,275,000	\$7,800,000
Increase in Project Costs	\$2,460,000	\$699,000	\$3,159,000
2006 STIP Approved	\$1,475,000	\$309,000	\$1,784,000
Unfunded Need - Proposed 2008 RTIP Request	\$985,000	\$390,000	\$1,375,000

**Item 21: Highway 1 HOV Lane Project- Supplemental Funding Request
Changes Shown in Underline and Strikeout Format**

At the January meeting, the RTC requested that staff revisit the amount of funds being requested and clarify the reasons for the increased costs and potentially reduce the amount of funds being requested through the 2008 RTIP. Before presenting that material it bears repeating that the primary reasons for the increase in costs over the original scope of work are two fold:

(1) unexpected project delays; and, (2) extra work items requested of the consultant. The most prominent of those items are identified below:

- **Release of the updated Regional Travel Demand Model was delayed over one year from AMBAG's original commitment date of November 2003; and,**
- **The level of engineering design work, originally negotiated to the 15 percent level has steadily increased to the 35 percent level** in response to Caltrans requests for greater engineering detail in review of proposed design exceptions to reduce the project footprint, hence the project costs and impacts through the corridor; and,
- **Reassessment of the location and engineering detail for three proposed bike/pedestrian crossings** of Highway 1 for environmental analysis; and,
- **Updating survey records** to current standards for the central section of Highway 1 before beginning the preliminary engineering process; and,
- **Updating the Project Study Report** and conceptual design engineering for the Highway 1 Soquel/Morrissey Auxiliary Lanes project to compete for Congestion Management Improvement Account (CMIA) funds to construct the project; and,
- **Protocol was adopted that buried cultural resources could not be disturbed** unless absolutely necessary, forcing a delay of any necessary archaeological excavation until after a preferred alternative has been selected, thereby extending the project schedule and management activities.

DISCUSSION

Staff has reviewed the proposed funding request with the consultant team, and the associated project support costs, as directed by the RTC. Through this process, the specific task budget for the consultants has been reduced by \$260,000. Staff recommends adding this savings to the contingency budget, increasing the contingency from \$250,000 to \$510,000, rather than reducing the requested funding for consultant services in the event changes occur outside of the control of the RTC or the consultant team. The 2008 *Regional Transportation Improvement Program* (RTIP) is the last opportunity to allocate funds to this project in the remaining two years of the anticipated PA/ED process.

The project consultant, Nolte Associates, has prepared a memorandum (Attachment 1) that supplements the previous funding request reviewed at the January RTC meeting and provides

**Item 21: Highway 1 HOV Lane Project- Supplemental Funding Request
Changes Shown in Underline and Strikeout Format**

greater detail and reasons for costs increasing over the original project budget. Chris Metzger, Nolte Project Manager, will present this material at the RTC meeting.

Should the RTC still wish to reduce the consultant budget, major work items in the amount of \$300,000 have been identified which are not yet completed and are not essential to completing the PA/ED process. However, staff and the project consultants recommend including these activities in the proposed scope of work for the value added in considering project delivery and construction phasing, expanded community outreach prior to release of the draft environmental documents, and a feasibility study to consider expanding bike/pedestrian facilities along the Highway 1 corridor (Attachment 2).

Associated Project Support Costs

In addition to the increased consultant costs, staff identified a need for an additional \$390,000 in associated project support costs to complete the PA/ED process. The outstanding funding need is in large part a product of the \$216,000 shortfall in funds requested in the 2006 STIP (from a requested amount of \$2.0 million to the \$1.784 million granted) and costs previously unforeseen but subsequently included in the FY 07-08 budget for on-call right of way consultants (\$150,000) and the value analysis study (\$35,000). ~~The outstanding need is also a result of the course of the project, overall project support costs are~~

Through the course of the project, overall project support costs are estimated to increase by \$699,000 over the previous 5 year estimate of \$1.275 million, for an increased a revised total of \$1,974,000 over the currently anticipated 7 ½ year project period of the PA/ED process.

The increase in project support costs over the original estimate are attributed to the following items: \$300,000 in staff oversight for the extended duration of the project; \$290,000 for on-call consultant support (predominately right-of-way consultants) and the required value analysis study; \$19,000 for public information and outreach expenses for the Speaker's Bureau and public meetings associated with the release of the draft environmental document this spring/summer, and \$90,000 for contingency outside of the Nolte contract for unanticipated cost increases or project activities.

2008 RTIP Funding Request

In review of these items, staff does not recommend reducing the proposed \$1.375 million funding request from the 2008 RTIP, as this is effectively the last opportunity to program funds for this project within the current project schedule. Note that over 50 percent (\$510,000) of the proposed funding for consultant services (\$985,000) is designated as contingency to respond to currently unforeseen events. These funds would not be included in the consultant contract and would only be available to address unexpected activities upon the review and approval of the RTC.

If in the future some portion of the funds programmed to Highway 1 PA/ED activities, either consultant services or associated project support costs, are not needed the RTC can shift those funds to other projects. Since this project also has Regional Surface Transportation Program

**Item 21: Highway 1 HOV Lane Project- Supplemental Funding Request
Changes Shown in Underline and Strikeout Format**

(RSTP) funds programmed to it and RSTP funds are more flexible and desirable to project sponsors, especially local jurisdictions, staff will utilize the STIP funds first. Therefore any potential unused balance of funds would be in the form of RSTP dollars. Unlike with STIP funds, the RTC can amend the RTIP to shift the RSTP funds to other projects at any time.

It is worth noting that according to Caltrans Project Management staff, the rule of thumb for estimating PA/ED costs runs in a range of 6 to 10 percent of project construction costs. The Contra Costa Transportation Authority (CCTA) uses a 6 percent level of construction costs in estimating PA/ED costs. At a conservative estimate of \$300 million to construct the HOV Lane alternative, the staff's estimated cost to complete PA/ED activities of \$11.0 million is considerable less than the \$18 million estimated using the lower level of the range used by Caltrans or the CCTA, including an allowance of costs for Caltrans oversight.

SUMMARY

Staff has reviewed the proposed funding request with the consultant team, and the associated project support costs. Through this process, the working task budget for the consultants has been reduced by a \$260,000 (over 25 percent of the unfunded balance). Chris Metzger, Nolte Project Manager, will discuss the findings of a memo (Attachment 1) that supplements the previous funding request reviewed at the January RTC meeting. Staff does not recommend reducing the proposed \$1.375 million funding request from the 2008 RTIP, as this is effectively the last opportunity to program funds for this project within the current project schedule. If in the future some portion of the funds programmed to Highway 1 PA/ED activities are not needed, either consultant services or associated project support costs, the RTC can shift those funds to other projects.

Attachments:

1. Memorandum from Nolte Associates regarding supplemental funding needs to complete the Highway 1 HOV Lane Project PA/ED process, dated January 28, 2008.
2. Correspondence from the RTC Bicycle Committee supporting a feasibility study of bike/pedestrian facilities along the Highway 1 corridor, dated January 28, 2008.