

MEMORANDUM

TO: Kim Shultz **DATE:** January 25, 2008

FROM: Chris Metzger **PROJ #:** SJ086000

SUBJECT: Highway 1 HOV Lane Project –
Funding Needs – Completion of
Environmental Document and
Project Report

This memo supplements our previous memo dated December 20, 2007, which presented our request for an additional \$2.46M in budget required to complete the Environmental Document (ED) and Project Report (PR) for the Highway 1 HOV Lane Project. Of the \$2.46M budget request, \$1.535 M was identified and requested in March of 2007. As a result of that request, \$1.475M was programmed in the 2006 STIP augmentation in March 2007. This memorandum provides support information related to the additional \$985,000 requested in December, 2007, over that programmed in the Spring of 2007. These funds are required to complete the PA/ED phase of the project and provide the services outlined in the December, 2007, memorandum.

Significant progress was achieved on the project in the March to December time frame. The Administrative Draft Environmental Document (ADED) was submitted to the Commission and Caltrans for review and comment. The Administrative Draft Project Report, including geometric support plans and design documentation, was also submitted for review and comment. The latter covered numerous technical design elements such as flood control, water quality and storm water treatment, and preliminary structural designs.

Ongoing changes in regulatory processes and requirements, combined with the submission, review, and comment resolution process, exposed and clarified some process requirements that are not consistent with the previously developed project scope and budget request. The major items that form the overriding basis of requesting the additional \$985,000 are as follows:

- Caltrans will require multiple reviews of the environmental document prior to circulation of the Draft ED and between circulation of the Draft and acceptance of the Final ED. Our original scope and our March request, anticipated a more streamlined process both prior to circulation of the Draft ED and while completing the Final ED. This is in large part due to additional scrutiny required by Caltrans acting as the lead agency for NEPA (a new arrangement since March).
- Caltrans will require 35% design development of both build alternatives prior to circulation of the Draft ED. Our March, 2007, estimate anticipated developing only the preferred alternative to a 35% design level after circulation of the Draft ED. (Our

original scope, reviewed by Caltrans, assumed a 15% level of design development effort throughout the project).

- There have been changes in the documentation requirements for the Environmental Document since March, most notably the requirement to address Green House Gases.
- Noticeable additional coordination efforts have been and are anticipated to be required to resolve project issues with the local and regulatory agencies. Specific examples include the time and effort required to study and resolve the Soquel Interchange geometry at the north bound off ramp (as yet unresolved), California Coastal Commission agreements, and resolution of the median width for the freeway (also still unresolved). Other anticipated coordination efforts include finalizing the geometry and related features in the 41st Ave to Park Avenue area.
- The recent experience on similar high profile, contentious projects relative to the volume and content of comments on the Draft ED which must be properly responded to has also influenced the proposed budget increase. Both the interest from and sophistication of the local public, as well as the number and level of involvement of special interest groups continues to increase noticeably. (As discussed later on in this memo, this could also be addressed by reducing the task budget and reserving a higher contingency).

There were 11 items presented in the December 20, 2007 memorandum requiring additional funding. The extra budget requested can be categorized relative to our original scope of work as follows:

- Supplemental efforts for original tasks where original budgets have been expended. Supplemental budget is required due to the extended project schedule;
- Replenishment of task budgets that were re-allocated for other critical activities not in the original scope; (For all items yet to be completed, the budget requests below reflect the impact of inflation versus the original estimates prepared in 2003);
- New budget for new work items not in the original scope.

The additional budget request of December, 2007, for items 2, 3, 5, 9 and 10 were essentially the same as requested in March 2007 for STIP augmentation and are not expanded upon in this memorandum. The budget increases for items 1, 4, 6 and 7 account for a significant portion of essentially all the \$985,000 increase. Item 11 is a contingency budget in the event new or existing work tasks are recognized, and reflects the dynamic nature of the environmental process.

The December, 2007, budget request of \$2.46M consisted of specific budget amendments of \$2.21M and contingency of \$250,000 for unforeseen activities. Following is a revised proposal for items 1, 4, 6, 7 and 11, and explanations for changes from the March 2007 request, by item. This revised request proposes reducing the specific item budgets and increasing the contingency budget to \$509,700. This reduces the specific task budget amendments by \$260,000 to \$1.950M.

1) Item 1: Task 1 Project Management.

Amount Requested in March, 2007: \$150,000

Amount Requested in December, 2007: \$387,500

Amount Requested January, 2008: \$300,000

Explanation for increase in Amount Requested from March to December:

Additional project duration is now anticipated due to multiple Caltrans review cycles, requiring on going coordination such as monthly PDT's, quality control on resubmitted documents as well as an increased number of public presentations, agency updates, and agency coordination meetings. Additional budget has been and will also be required for agency coordination to resolve engineering and environmental issues (field review(s) with Caltrans, Soquel Avenue Interchange design resolution; geometric design exception processing; California Coastal Commission, resource agencies). Significant additional meetings and efforts have been required to resolve geometric and documentation issues over the last 6-7 months, following submission of the Draft packages, and it is anticipated this level of effort will continue until the Draft Document is released. The above assumes a completion of PA/ED by Spring 2010.

Explanation for decrease from December to January:

Recommend moving portion of budget to contingency.

2) Item 4: Addition to Task 5 Preliminary Engineering.

Amount Requested in March, 2007: \$225,000

Amount Requested in December, 2007: \$442,000

Amount Requested January, 2008: \$442,000

Explanation for increase in Amount Requested from March to December:

The scope as defined in the March, 2007, request anticipated our final engineering product to reflect a 15% design level of development up to the Draft Environmental Document (DED), and 35% design development only for the preferred alternative after the DED. It has become necessary, in order to resolve issues, to meet Caltrans request to achieve a 35% design level of development for the draft ED, for both the TSM and the HOV alternatives. This requires additional design development work. In addition to geometric development requirements, additional engineering related items that are proposed that have an impact on budget include storm water treatment (changing Storm Water Data Report requirements), staging considerations, and preliminary structural

design and documentation. These additional requirements were identified from Caltrans review of the Administrative Draft Project Report submitted in August, 2007.

3) Item 6: Task 7 - Preparation and Circulation of Draft Environmental Document:

Amount Requested in March, 2007: \$ 0

Amount Requested in December, 2007: \$262,200

Amount Requested January, 2008: \$210,000

Explanation for increase in Amount Requested from March to December:

In March, 2007, the Administrative Draft ED was under preparation and on schedule and budget. Our scope at that time included one re-submittal to Caltrans and one review by FHWA prior to circulation of the DED. Since March, two major events have occurred. First, Caltrans has assumed the role of FHWA for NEPA review. This has added additional scrutiny and review cycles to the process. There are now four reviews planned by Caltrans prior to circulation. Second, legislation was passed requiring Green House Gas emissions be addressed in the environmental document. The extent of work required for this is not yet known. Other, less major, changes have occurred, including the implementation of a new formatting template for the ED in the spring of 2007. Some unresolved issues remain concerning the level of field studies required, with potential changes to past requirements.

Explanation for decrease from December to January:

Recommend moving portion of budget to contingency. Consistency and quantity of review comments through the various review cycles, especially relating to additional field work, can be monitored and documented as we move through the process. This reduction assumes minimal amount of work will be required to address GHG. Once specific requirements become understood, a review of the required effort can be performed.

4) Item 9 Task 9 – EIR / EIS Approval and Final Project Report.

Amount Requested in March, 2007: \$220,000

Amount Requested in December, 2007: \$400,900

Amount Requested January, 2008: \$280,900

Explanation for increase in Amount Requested from March to December:

The original scope for this task needs to be updated to meet the current Caltrans review requirements, and new legislation requirements, similar to the Draft Environmental Document process discussed above. In addition, as a result of the public interaction that

has taken place to date, as well as experience on recent similar projects, it is anticipated a large number of public comments on the environmental document will require a more significant effort to prepare and process the final environmental document for this project than was envisioned in 2003. Finally, additional changes in environmental processing requirements, such as on-going changes in wetlands, storm water treatment and special species requirements require additional effort to develop the ED for approval.

Explanation for decrease from December to January:

Recommend moving portion of budget to contingency. Consistency and quantity of review comments through the various review cycles, especially relating to additional field work, can be monitored and documented as we move through the process.

5) Item 11 Contingency.

Amount Requested in March, 2007: \$265,000

Amount Requested in December, 2007: \$250,000

Amount Requested January, 2008: \$509,700

Explanation for change in Amount Requested from March to December:

The amount of contingency remained essentially the same between March and December.

Explanation for increase from December to January:

As noted above, it is recommended that some specific task budgets be reduced and the money instead be kept in a contingency budget. Given the magnitude and complexity of the project, the dynamic nature of the process, and the lack of control the RTC holds over other agencies and political bodies, we highly recommend the RTC maintain this substantial contingency. The budgets now shown for the individual tasks essentially represent best case scenarios based on current, known conditions. With two years remaining in the process, it is highly likely changes outside the control of the RTC and/or the Nolte team will impact the scope of the project. It is understood that contingency funds can only be expended upon the review and approval of the RTC.

The specific items addressed herein represent \$897,600 of the additional \$985,000 budget request increase between March, 2007, and December, 2007. The remaining increase is attributable primarily to an expected increase public participation as a result of the current "speakers' bureau" outreach effort, and the on-going need to keep the public informed by providing updates to the project web-site, preparing and sending periodic mailers, etc.

A separate, detailed package is being developed that will provide information, by task and sub-task, of work accomplished and budget expended, and work yet to be performed with

approximated budgets. Previously documented changes to scope will be reflected in this detailed package and be supplemented with current proposed changes discussed herein.

Should the RTC still wish to reduce the budget, the following major items of work are yet to be completed and are not necessarily essential to completing PA/ED (though they are included due to the perceived high value they provide to the process and the community).

- Review and Implementation of Sustainable Design elements for the project (estimated budget: \$100,000).
- Additional Speakers Bureau presentations and public outreach efforts including preparation of materials therefore (estimated budget: \$100,000).
- Assessment of Fundable alternatives should the available funding not meet the project costs (estimated budget: \$50,000).
- Feasibility review of longitudinal bicycle path paralleling Route 1 (estimated budget: \$40,000)

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