

Risks of Delaying Funding on Highway 1 High Occupancy Vehicle (HOV) Lane Project

The Santa Cruz County Regional Transportation Commission (RTC) began the preliminary design/environmental review phase of the Highway 1 HOV Lane project in July 2003. A delay in the completion/release of the regional travel demand model combined with other unforeseen circumstances and changes in the scope of services resulted in a 3 year delay and a \$3.0 million increase in the cost of completing this work (referred to as the Project Approval/Environmental Documentation (PA/ED) phase).

To date, the RTC has programmed over \$9.6 million in various funding sources for the project. The \$1.375 million requested in 2008 STIP funds for FY 2008-09 was to finance the last increment of consultant services and support activities to complete the PA/ED process. The California Transportation Commission's (CTC) staff recommendation is to delay allocation of funds to Fiscal Year 2011-12, or a 3 year delay in receipt of funds.

A preliminary estimate of the cost of this 3 year delay in completing the PA/ED process is \$3.5 to \$5.0 million (in current dollars). Attached is an itemization of the work elements that would either have to be substantially updated or redone, and the estimated cost of doing that work.

Agreement has recently been achieved with Caltrans on primary geometric components. The project has momentum and is moving forward to circulation of the Draft Environmental Document in late 2008. If funding is provided to keep the project on its current schedule, the EIR Notice of Determination will be filed and EA FONSI will be signed in late 2009 or early 2010. Assuming the availability of local funds through a successful transportation sales tax measure in November 2010, final design could begin soon thereafter with construction beginning on critical segments as early as 2013, with portions of the project open to the public as early as 2015.

If STIP funding is delayed until 2011 work on the PA&ED process will be severally interrupted. The EIR Notice of Determination and EA FONSI would slip to 2012 or 2013—or even later—and final design and construction would be similarly delayed. Moreover, delay in completing the environmental process may affect an option to place a transportation sales tax measure on the November 2010 ballot and jeopardize the outcome of that vote.

Delaying project construction three to four years would increase construction costs by 9-12%, based on an average escalation of 3% per year over the past several years in unit costs for key components. The total estimated cost of delaying completion of the environmental process and subsequent construction schedule by 3 years is estimated to be \$35 to 39 million.

Attachment:

1. Detail Cost of Delay to PA/ED Process, Nolte Associates, May 13, 2008.

Detail Cost of Delaying the Highway 1 PA/ED Process

Nolte Associates, Inc.

May 2008

The proposed 3 year delay in funding the final increment of work on the PA/ED phase of the Highway 1 HOV Lane project would have a substantial impact on the technical work already completed and require work to be updated or redone as summarized below:

- Traffic forecasting was performed to a 2035 horizon year, 20 years beyond an assumed opening date in 2015. Delaying project opening to 2017 or 2018 or beyond would require extrapolating or revising the traffic forecasts to a later horizon year.
 - The Travel Demand Model used would no longer be valid. The Traffic Operations Report would require a redo.
 - Traffic operations analysis based on 2035 volumes would need to be re-evaluated.
 - Added travel demand for the later horizon year may require design modifications to ensure project meets purpose and need.
Estimated cost \$1.0M

- If preliminary geometry must be revised in the 2011-2012 timeframe, start of final design would be delayed until at least 2013, as environmental re-evaluation will be needed to identify a preferred alternative. The project has been granted an exception because the preliminary design was done in metric units on metric base mapping. New engineering would require conversion to English units, necessitating new survey and topographic mapping.
Estimated cost \$1.5M ~ \$2.5M

- Revisions to the traffic engineering would require additional noise modeling and revisions to the visual simulations and visual impact analysis.
Estimated cost \$100K ~ \$120K

- Modifications to the archaeological and architectural Areas of Potential Effects could require additional field work, background research and documentation.
Estimated cost \$200K ~ \$250K

- Environmental technical studies, including bio resources, wetlands/other waters of the U.S., drainage/hydrology, and energy would need to be revised and updated.
Estimated cost \$300K ~ \$500K

- Public outreach efforts will need to be renewed with new exhibits, presentations ...
Estimated cost \$300K ~ \$500K

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