

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 19-20, 2007

Reference No.: 2.5d.  
Action Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Rachel Falsetti  
Division Chief  
Transportation Programming

Subject: **FINANCIAL ALLOCATION FOR PROJECTS WITH COSTS THAT EXCEED 20 PERCENT OF THE PROGRAMMED AMOUNT RESOLUTION FP-07-26**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution FP-07-26, allocating \$153,800,000 for one project described on the following pages.

## **ISSUE:**

The project described on the following pages is programmed in the 2006 State Highway Operation and Protection Program (SHOPP) for \$122,055,000. The current estimate for the project is \$153,800,000, exceeding the programmed amount by 26 percent. The Department is ready to proceed with this project and is requesting an allocation at this time.

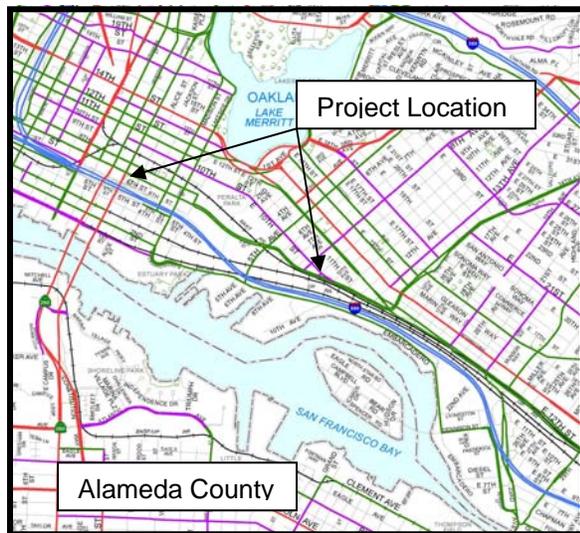
## **RESOLUTION:**

Resolved, that \$153,800,000 be allocated from the Budget Act of 2007, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide funds for the project described on the following pages.

| Project #   | EA            | Allocation Amount  | Allocation Amount |
|---|---------------|--|-------------------|
| Allocation Amount   | PPNO          | Recipient  | Program/Year      |
| RTPA/CTC  | PA&ED         | County   | Budget Year       |
| County  | PS&E          | Dist-Co-Rte  | Item #            |
| Dist-Co-Rte   | CON ENG       | Postmile   | Program Codes     |
| Postmile  | CONST         | Project Description  | State Federal     |
| Project Support Expenditures  |               | Project Description  | Total Amount      |
| <b>2.5d. Allocations for Projects with Cost Increases Greater than 120 Percent</b>                                      |               | <b>Resolution FP-07-26</b>   |                   |
| 1   |               |  |                   |
| \$153,800,000   |               | In Oakland, at Fifth Avenue Overhead, Br. No. #33-27.  |                   |
| Alameda   | 170601        | <b>Outcomes/Outputs:</b> Construct 1 new bridge to replace the existing bridge vulnerable to major damages in the event of a major earthquake. | 2007-08           |
| 04N-Ala-880   | 04-0050G      |  | 302-0042          |
| 30.1/31.1   | SHOPP/07-08   |  | 302-0890          |
|   | \$122,055,000 |  | 20.20.201.113     |
|   |               |  | \$153,800,000     |
| (For purposes of construction, this project is being combined with related item 2.5b.(1), project #3, under EA 274101.) |               |  |                   |

**RECOMMENDATION:**

The Department recommends that this request for \$153,800,000 be approved to allow this project to be advertised.



**PROJECT DESCRIPTION:**

This project is located in Oakland, on Route 880 in Alameda County where the route crosses over Fifth Avenue, the Union Pacific Railroad (UPRR) tracks, and the Lake Merritt Channel. The project is to replace the Fifth Avenue Overhead structure as part of the Phase II Seismic Retrofit Program. The current structure is vulnerable to damage in the event of a major earthquake. Past studies determined that it is better to replace the structure rather than to retrofit the existing bridge. Furthermore, the existing structure has reached its useful design life and is in need of frequent repairs. The new structure will be on the same alignment. It will be approximately 46 feet wider than the existing bridge to provide for standard shoulders and for a southbound auxiliary lane from the Oak Street on-ramp. The southbound auxiliary lane is a separate project which will be combined with this project for construction. Several freeway ramps and local streets will be modified or reconstructed to accommodate the new structure.

**FUNDING STATUS:**

The project is currently programmed in the 2006 SHOPP for \$122,055,000. This request for \$153,800,000 results in an increase of \$31,745,000 (26 percent) above the current programmed amount. The design plans for this project were completed in April 2005; however, the project could not go forward because a Construction and Maintenance (C&M) agreement could not be reached with UPRR at the time. Discussions with the railroad on mitigation measures were difficult, complex, and time-consuming. The project construction capital cost estimate in April 2005 was \$116,000,000. This cost was updated to \$122,055,000 in the 2006 SHOPP to account for an assessment at the time of the potential costs for railroad mitigation and resulting delays.

**REASONS FOR COST INCREASE:**

The project cost increase is a result of the delay in securing a C&M agreement with UPRR and additional mitigation measures included in the C&M agreement that were not anticipated at the time the project cost was updated in the 2006 SHOPP. The cost of railroad mitigations are subject to negotiations with UPRR and could not be accurately calculated during PS&E in April 2005 without a signed, approved C&M agreement. Additionally, a final award schedule could not be determined without the C&M agreement. The Department finally received the signed and approved C&M agreement on June 28, 2007. The railroad mitigation costs have increased by \$12.3 million above the original cost in the 2006 SHOPP cost estimate update. The cost for railroad mitigation measures assumed in the 2006 SHOPP update was \$10.7 million. The current cost of railroad mitigation measures is \$23 million. The following are some of the major mitigation items included in the C&M agreement:

- Temporary shooflies and signal modifications.
- Relocation of Hanlon Lead tracks.
- Track and lighting relocation for the East Oakland yard.
- Updated railroad flagging costs.
- Relocation of one of the Lake Merritt Channel railroad bridges required to maintain current railroad capacity in the area.

In addition, the uncertainty in finalizing the C&M agreement precluded an accurate forecast estimate of the various major contract items, especially steel, structural concrete, foundation piles, and asphalt concrete. With the approved C&M agreement, the Department anticipates that the project can be awarded in early 2008. The cost of material escalation due to the delay in reaching a C&M agreement with UPRR is estimated to be \$19.4 million. This increase is consistent with the bridge cost index that has been tracked over this time period.

**FUNDING OPTIONS:**

**OPTION A:** Approve this request, as presented above, for \$153,800,000 to allow this project to be advertised.

**OPTION B:** Deny this request and direct the Department to adjust the project to remain within the programmed amount. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public. Also, with the agreements, approvals and other constraints currently cleared, further delay to implement could jeopardize these clearances.

**RECOMMENDED OPTION:**

The Department recommends that this request for \$153,800,000, as presented in Option A above, be approved to allow this project to be advertised.