



BRIEFING: MARCH 20, 2018 BOARD MEETING AGENDA ITEM #5

TO: Chairman Richard and Board Members

FROM: Terry Ogle, Interim Director of Infrastructure Delivery

DATE: March 20, 2018

RE: Consider Amending the Agreement with Caltrans for the State Route 99 Realignment Project

Summary of Recommended Action

Staff recommends that the inter-agency agreement with the California Department of Transportation (Caltrans) HSR12-06 be amended, in order to increase the budget by \$29.2 million to cover estimated additional costs for the acquisition of right-of-way, utility relocations and Loss of Business Goodwill (LBG) for the realignment of the State Route 99 (SR 99) which requires additional funding before the end of the Fiscal Year (FY)17/18. Staff further recommends that the agreement be extended from December 2018 to December 2019 to allow for the Authority to work through outstanding contract close-out items, if any.

Background

The California High-Speed Rail Authority (Authority) is realigning SR 99 from Ashlan Avenue to Clinton Avenue in the City of Fresno in order to construct a portion of the high-speed rail alignment along this section of SR 99. This approximately 2.5-mile long realignment project is within the limits of Construction Package 1 (CP 1) and is designed to create adequate space for high-speed rail between the Union Pacific Railroad alignment and SR 99.

In February 2013, the Authority and Caltrans entered into an inter-agency agreement (HSR12-06) to design, advertise, award, construct, and provide construction management services for \$260.9 million, with a project completion date of June 2018.

To date, approximately 80% of the SR 99 relocation project is complete. Authority staff anticipates that major work on the project will be complete by the end of 2018 with potential contract close-out items extending into 2019. The current contract budget for right-of-way acquisition and utilities relocation is \$45 million. However, these estimates have been affected because of utility relocation discussions, specifically related to the LBG and major utility relocations with PG&E and AT&T.

In November 2017, Caltrans reevaluated the right-of-way cost and the updated assessment yielded an estimate of \$54.1 million for acquisition and utility relocation and a projection of \$17.6 million for LBG for a total of \$74.2 million, exceeding the budgeted amount of \$45 million. This increased the overall right-of-way and utility relocation cost estimates by \$29.2 million. This request for additional funding is only to cover the right-of-way and utility relocation costs associated with the realignment of SR 99.

Prior Board Action

On August 2, 2012, the Board approved Resolution #HSRA 12-23, authorizing the Chief Executive Officer to enter into an interagency agreement with Caltrans to complete plans, specifications and estimate, right of way services, and construction activities for the roadway improvements for the SR 99 realignment. This included advertising and awarding the project to a private construction contractor, realignment of the existing SR 99 infrastructure, preparation of sub-ballast for the high-speed rail project, and the performance of construction management services.

On February 14, 2017, the Board approved Resolution #HSRA 17-05, which amended HSR12-06 by \$35.0 million and extended the schedule to December 31, 2018. This action provided for a total not-to-exceed amount of \$260.9 million.

Discussion

The right-of-way acquisition and utility relocation for the SR 99 re-alignment is a critical component for the completion of CP 1, which has been identified as a Priority Level 1, consistent with the Business Plan, and the re-prioritization exercise undertaken by the Authority at the direction of the Board in May 2017. As such, staff proposes to execute an amendment with Caltrans in order to support delivery of the critical tasks to avoid delays or further cost overruns to this priority item.

This proposal is for the Authority to further amend the HSR12-06, in order to cover the estimated additional costs for the acquisition of right-of-way, utility relocations and LBG to a total not to exceed contract value of \$290.1 million. This amendment will be funded and the work performed before the end of the financial year FY17/18.

Legal Approval

The Chief Counsel and legal staff have confirmed that amending HSR12-06 by \$29,200,000 million, as proposed in this memorandum, complies with all applicable Board policies and Authority regulations, and state and federal law.

Budget and Fiscal Impact

The baseline budget developed for and included in the Draft 2018 Business Plan includes the costs associated with this request. This request has two impacts, one to the current year funding allocation and one to the Total Program Budget. This item proposes to shift \$29,200,000 from the 2017-18 fiscal year funding allocation for CP 1 Design-Build Contract Work (currently at

\$447,500,268) to the 2017-18 fiscal year funding allocation for SR-99 Realignment (currently at \$60,804,000).

2017-18 Fiscal Year Budget Impact

Contract Name	Contract/Activity Number	Current FY Contract/Activity Budget	Budget Change	Funding Source
Caltrans SR-99	HSR12-06	\$60,804,000	\$29,200,000	State funding
TPZP	HSR13-06/CP-1 DB Contract Work	\$447,500,268	(\$29,200,000)	State funding

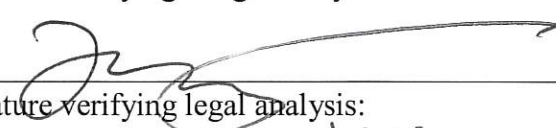
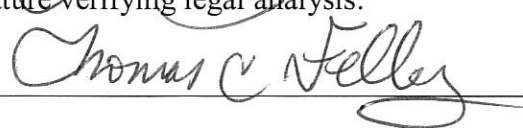
In addition, in order to balance out the Total Program Budget, this item proposes to reduce the CP 5 Design-Build Contract work budget by \$29,200,000. The result of this action will reduce the CP 5 Design-Build Contract Work budget to \$418,300,268 (\$447,500,268 - \$29,200,000), resulting in a net-zero overall Total Program Budget change.

This budget reallocation is a short-term solution needed to facilitate work on SR 99, and the CP 5 budget balance will need to be reassessed for total funding needs. CP 5 is the anticipated contract to build the track and systems associated with CP's 1-4.

Authority staff will manage the increased costs of the pending contract change with this revised budget through the end of the 2017-18 fiscal year with no additional augmentation of the Caltrans SR 99 agreement budget, unless a Board action occurs.

Total Program Budget Impact

Contract Name	Contract/Activity Number	Current Total Program Contract/Activity Budget	Budget Change	Funding Source
TPZP	HSR13-06/CP 1 DB Contract Work	\$1,495,207,844	\$29,200,000	State Funding
N/A	CP 5 Design-Build Contract Work	\$347,096,000	(\$29,200,000)	State/Federal Funding

REVIEWER INFORMATION	
Reviewer Name and Title: Russell Fong Chief Financial Officer	Signature verifying budget analysis: 
Reviewer Name and Title: Thomas C. Fellenz Chief Counsel	Signature verifying legal analysis: 

Recommendations

Staff recommends that the inter-agency agreement with Caltrans HSR12-06 be amended, in order to increase the budget by \$29,200,000 million to cover estimated additional costs for the acquisition of right-of-way, utility relocations and LBG for the realignment of the State Route 99 (SR 99) which requires additional funding before the end of the Fiscal Year (FY) 17/18. Staff further recommends that the contract be extended from December 2018 to December 2019 to allow for the Authority to work through outstanding contract close-out items, if any.

Attachments

- Draft Resolution #HSRA 18-04
- Resolution #HSRA 17-05
- Resolution #HSRA 12-23