

TO: Regional Transportation Commission

FROM: Sarah Christensen P.E.

RE: Highway 1 State Park to Bay/Porter Auxiliary Lanes and Bus on Shoulder Project Amendment to Construction Cooperative Agreement with Caltrans, Amendment to Measure D Five-Year Program of Projects for Highway Corridors Category

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) approve the attached resolution ([Attachment 1](#)) to:

1. Program an additional \$4,570,000 of Measure D-Highway Corridors revenues for the Project; and,
 2. Authorize the Executive Director to negotiate and execute Amendment 1 to the Cooperative Agreement with Caltrans ([Attachment 2](#)) for the construction component of the Highway 1 Auxiliary Lanes and Bus on Shoulder Project between State Park and Bay/Porter interchanges which includes replacement of the Capitola Avenue bridge and a new bicycle/ pedestrian overcrossing at Mar Vista Drive (Caltrans Coop 05-0419) to add the additional Measure D – Highway Category funding.
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BACKGROUND

In July of 2020 RTC submitted grant applications to the California Transportation Commission (CTC) to fund a package of projects included in the Watsonville-Santa Cruz Multimodal Corridor Program. The grant programs included cycle 2 of the Senate Bill 1 (SB1) Solutions to Congested Corridors Program (SCCP) and Local Partnership Program (LPP). The CTC adopted the final program of projects on December 2, 2020, providing \$52,837,000 of SCCP and \$14,394,000 of LPP funds for construction of the Highway 1 State Park to Bay/Porter Auxiliary Lanes and Bus on Shoulder, plus Mar Vista bicycle/pedestrian overcrossing Project (Phase 2 of Figure 1). The funding is this Project’s part of the total \$107.2 Million SB1 grant award that also included improvements along Soquel Drive. Included in the funding plan was \$4,929,000 in State Transportation Improvement Program (STIP) and \$10,000,000 of Measure D-Highway Category funds previously

programmed by the RTC. The grant application was based on an Engineer’s Estimate (EE) of \$67.4 million, plus contingencies and state furnished materials.

In 2022, the RTC entered into a Cooperative Agreement with Caltrans (Caltrans Coop 05-0419) outlining the roles and responsibilities for the construction component of the Highway 1 Auxiliary Lanes and Bus on Shoulder improvements between the State Park Drive and Bay Avenue/Porter Street interchanges, which includes the replacement of the Capitola Avenue Overcrossing and a new bicycle and pedestrian overcrossing at Mar Vista Drive (Project). The Cooperative Agreement identifies Caltrans as the implementing agency responsible for advertising, awarding, and administering the construction contract and RTC providing design services during construction. RTC completed the final design and right of way components of the Project in 2022.

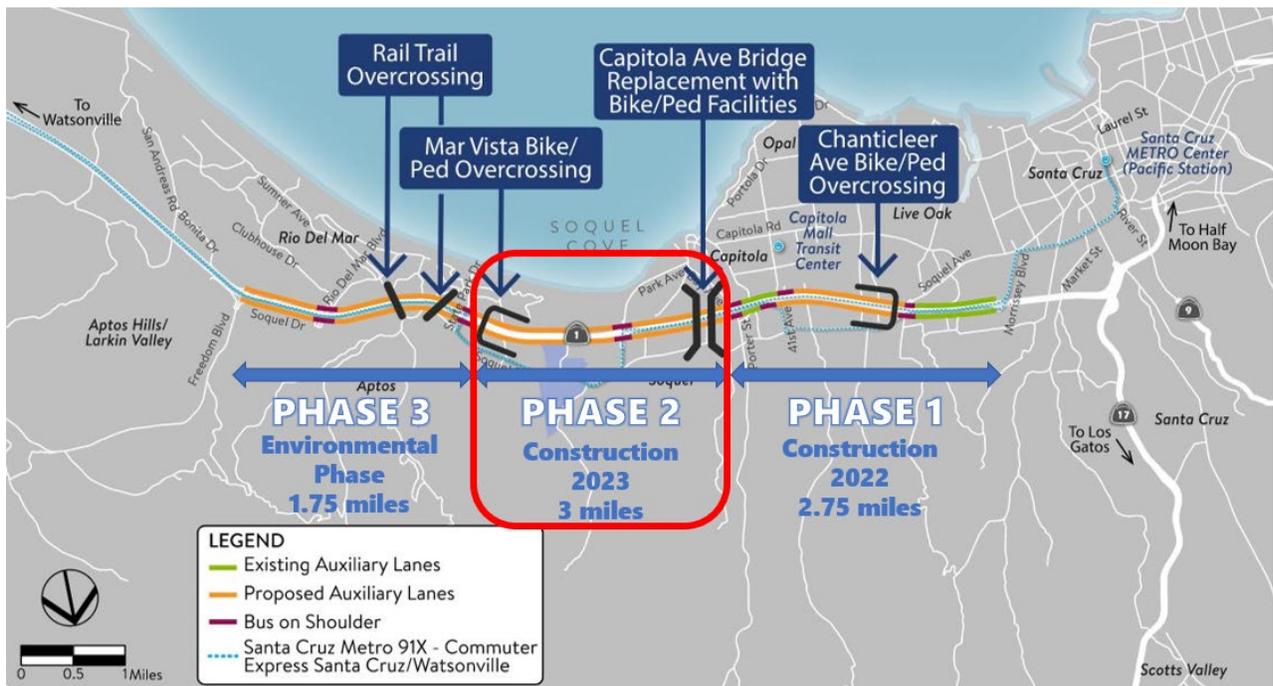


Figure 1 - Phase 2 Project includes auxiliary lanes and a bus on shoulder facility in both directions of Highway 1 (State Park Drive to Bay Avenue/Porter Street), replacement of the Capitola Avenue local roadway overcrossing, retaining walls, soundwalls, and a new bicycle/pedestrian overcrossing at Mar Vista Drive.

DISCUSSION

The project was advertised for construction bids by Caltrans with an Engineer’s Estimate of \$67,388,615 (Bid Items Only) which was based on the most recent available unit prices including bid prices received on the Phase 1 project between 41st Avenue and Soquel Drive in fall of 2022. Two

bids were received on April 25, 2023, with the low bid being \$72,398,200 by Granite Construction Company. Caltrans is recommending award of the construction contract, which is \$5,009,585 (7.4%) higher than the engineer's estimate.

The market has changed significantly between the 2020 grant application, certification of the cost estimate in 2022 and the bid opening last month. Labor and material costs have increased due to unusually high inflation caused by supply chain and other external factors. Receiving only 2 bids on a project of this size indicates that construction contractors are busy and there is a high demand for construction work. Caltrans contacted the bidders, analyzed the bids, and determined that the bids were reasonable based on current bidding conditions. Caltrans analysis showed consistency among the bid prices, indicating a fair total bid price.

RTC staff and Caltrans recommend awarding the contract rather than re-advertising the construction contract. Re-advertisement would require changing the scope, which would require additional engineering and would delay construction by a season. There would also be no guarantee that more competitive bid prices would result from the readvertisement. In fact, the delay to re-scope and re-advertisement could result in higher bid prices due to inflation.

An additional \$5,262,900 is needed to cover the difference between the originally programmed funds and the amount needed to award the contract. Per agreements with Caltrans and the CTC, RTC is responsible for cost overruns as the project sponsor. Caltrans has indicated that \$692,900 of the costs can be covered by the state's G-12 fund, which is available to STIP-funded projects implemented by Caltrans. G-12 funds are a contingency for cost over-runs and do not impact RTC's future STIP shares. Staff recommends backfilling the remaining shortfall of \$4,570,000 with Measure D – Highway Corridors category funds. A revised funding table for Amendment 1 to Cooperative Agreement 05-0419 is included as Attachment 2 which shows the proposed STIP G12 and Measure D Highway Category funds needed to award the contract.

An amendment to the Cooperative Agreement with Caltrans for the construction component of the project is required to update the funding plan so Caltrans can award the construction contract. **Staff recommends the RTC approve the attached resolution (Attachment 1) authorizing the Executive Director to negotiate and execute Amendment 1 to the Cooperative Agreement with Caltrans (Attachment 2) subject to final negotiations and approval by legal counsel as to form, to amend the**

Measure D Highway Corridors 5-year program of projects to program an additional \$4,570,000 in Measure D funds.

FISCAL IMPACT

RTC as the project sponsor is responsible for funding cost overruns on the Project. Depending on actual Measure D revenues, interest rates, and the timing of other projects, the RTC may need to secure financing as early as FY24/25 to meet all current funding commitments for the Measure D-Highway category. There is sufficient capacity in the 30-year program to issue debt in support of this proposed programming and all prior commitments. RTC staff continues to monitor the Cash Flow Model and other Measure D program categories to determine the best strategy, including timing, for securing financing on a program wide basis.

SUMMARY

Staff recommends authorizing the Executive Director to negotiate and execute an amendment to the Measure D Five Year Program of Projects for the Highway category and the Cooperative Agreement with Caltrans for the construction component to increase funding for the Highway 1 Auxiliary Lanes and Bus on Shoulder improvements between the State Park Drive and Bay Avenue/Porter Street interchanges, which includes the replacement of the Capitola Avenue Overcrossing and a new bicycle and pedestrian overcrossing at Mar Vista Drive project.

ATTACHMENTS

1. Resolution
2. Draft Funding Table for Amendment 1 to Cooperative Agreement 05-0419

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RESOLUTION NO.

Adopted by the Santa Cruz County Regional Transportation Commission
on the date of May 4, 2023
on the motion of Commissioner
duly seconded by Commissioner

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE
AND EXECUTE AMENDMENT 1 TO THE COOPERATIVE AGREEMENT WITH
CALTRANS (CALTRANS COOP 05-0419) FOR THE CONSTRUCTION PHASE OF
THE HIGHWAY 1 AUXILIARY LANES AND BUS ON SHOULDER PROJECT
BETWEEN STATE PARK DRIVE AND BAY AVENUE/PORTER STREET AND
PROGRAM ADDITIONAL MEASURE D FUNDS FOR CONSTRUCTION

WHEREAS, Highway 1 is the most heavily traveled highway in Santa Cruz
County, is often congested and has safety concerns;

WHEREAS, Highway 1 serves as the backbone for the movement of
people and goods through the majority of the urban area in Santa Cruz
County, providing access to schools, commercial, residential, and
recreational destinations;

WHEREAS, the Measure D expenditure plan approved by voters of Santa
Cruz County in 2016 included auxiliary lanes between Soquel Avenue/Drive
and State Park Drive;

WHEREAS, in December of 2020 the California Transportation
Commission (CTC) awarded a grant of Senate Bill 1 funds to help fund the
construction component of the project;

WHEREAS, in 2022 the RTC entered into a Cooperative Agreement with
Caltrans for the construction component of the project, with Caltrans as the
implementing agency;

WHEREAS, the construction contract was advertised by Caltrans and bids
were opened in April of 2023 with a low bid by Granite Construction
Company in the amount of \$72,398,200;

WHEREAS, 2 responsive and responsible bids were received with the low
bid being above the engineer's estimate;

WHEREAS, additional funds are needed for Caltrans to award the
construction contract;

THEREFORE, BE IT RESOLVED BY THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION THAT:

1. The Executive Director is authorized to negotiate and execute Amendment 1 to the Cooperative Agreement with Caltrans for the construction component of the Highway 1 Auxiliary Lanes and Bus on Shoulder Project between State Park Drive and Bay/Porter interchanges (Coop 05-0419), subject to final negotiations and approval by legal counsel as to form; and
2. The Measure D-Highway Corridors 5-Year Program of Projects is hereby amended to program an additional \$4.57 million to fund the shortfall.

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSTAIN: COMMISSIONERS

Manu Koenig, Chair

ATTEST:

Guy Preston, Secretary

Distribution: RTC Fiscal, RTC Project Manager, and Caltrans Project Manager

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FUNDING SUMMARY NO. 02

<u>FUNDING TABLE</u>						
<u>IMPLEMENTING AGENCY</u> →			<u>CALTRANS</u>		<u>SCCRTC</u>	
Source	Party	Fund Type	CONST. SUPPORT	CONST. CAPITAL	CONST. SUPPORT	Totals
STATE	SCCRTC	STIP/RIP	0	5,621,900 ^{1, 2}	0	5,621,900
STATE	SCCRTC	SB1-LPP	0	14,394,000	0	14,394,000
LOCAL	SCCRTC	SB1-SCCP	7,760,000	44,077,000	1,000,000	52,837,000
LOCAL	SCCRTC	Local	0	14,570,000 ¹	0	14,570,000
Totals			7,760,000	78,662,900	1,000,000	87,422,900

¹Includes \$14,394,000 of match for SB1 LPP

²Includes \$692,900 G-12 funds