



COMMITTEE TRANSMITTAL

December 9, 2013

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Update on the Interstate 405 Improvement Project

Regional Planning and Highways Committee Meeting of December 2, 2013

Present: Directors Bates, Donchak, Harper, Lalloway, Miller, Murray, Nelson, and Spitzer
Absent: None

Committee Vote

This item was passed by the Members present.

Directors Miller and Harper voted in opposition.

Committee Recommendations (Reflects a change from staff recommendations)

- A. Reaffirm the Board of Directors' October 22, 2012, decision selecting Alternative 1 as the locally preferred alternative and recommend that the California Department of Transportation select Alternative 1 in the Measure M Project K final environmental impact report/environmental impact statement.
- B. Build Alternative 1 in a manner that does not preclude additional freeway capacity in the future.
- C. To maintain the public trust in delivering Measure M, implement Project K and all projects included in the Renewed Measure M Transportation Investment Plan as expeditiously as possible to avoid delay and financial risk.



Committee Recommendations (continued)

- D. On a regional basis, continue to monitor and work collaboratively with the California Department of Transportation on solutions or actions proposed in the California High-Occupancy Vehicle Lane Degradation Action Plan that was prepared as required by the federal Moving Ahead for Progress in the 21st Century Act.

- E. Continue working with federal, state, and regional partners to explore managed lane concepts countywide as part of the Orange County Transportation Authority Long Range Transportation Plan. Direct staff to include a countywide study that incorporates technical and outreach elements in the Long Range Transportation Plan Action Plan.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Staff Report



December 2, 2013

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Update on the Interstate 405 Improvement Project

Overview

On November 8, 2013, the Orange County Transportation Authority Board of Directors directed staff to continue development of Measure M Project K, which adds one general purpose lane in each direction on Interstate 405 between Euclid Street and Interstate 605, while simultaneously working with federal, state, regional, and local partners on managed lanes issues. Progress related to these actions is included with this report along with recommendations to expedite delivery of Measure M Project K. In order to accomplish this, as well as respond to community input and recognize varying perspectives, Orange County Transportation Authority staff proposes moving forward, adding one general purpose lane in each direction between Euclid Street and Interstate 605.

Recommendations

- A. Reaffirm the Board of Directors' October 22, 2012, decision selecting Alternative 1 as the locally preferred alternative and recommend that the California Department of Transportation select Alternative 1 in the Measure M Project K final environmental impact report/environmental impact statement.

- B. Build Alternative 1 in a manner that does not preclude additional freeway capacity in the future, and defer any decision to build beyond the Measure M Project K commitment until after one lane in each direction is constructed, the West County Connectors Project is complete and inter-county studies of Interstate 405 in Los Angeles County are completed.

- C. To maintain the public trust in delivering Measure M, implement Project K and all projects included in the Renewed Measure M Transportation Investment Plan as expeditiously as possible to avoid delay and financial risk.
- D. Continue to monitor and work collaboratively with the California Department of Transportation on solutions or actions proposed in the California High-Occupancy Vehicle Lane Degradation Action Plan that was prepared as required by the federal Moving Ahead for Progress in the 21st Century Act.
- E. Continue working with federal, state, and regional partners to explore managed lane concepts countywide as part of the Orange County Transportation Authority Long Range Transportation Plan. Direct staff to include a countywide study that incorporates technical and outreach elements in the Long Range Transportation Plan Action Plan.

Background

The environmental clearance phase of project development for the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) began in March 2009. The draft environmental impact report/impact statement (DEIR/EIS) was released on May 18, 2012.

The build alternatives included in the environmental document include:

Alternative 1: Add one general purpose (GP) lane in each direction on I-405 from Euclid Street to I-605. Alternative 1 is Measure M Project K.

Alternative 2: Add two GP lanes in each direction, including the single Measure M Project K lane from Euclid Street to I-605, as well as a second GP lane in the northbound direction from Brookhurst Street to the State Route 22 (SR-22) /7th Street interchange, and in the southbound direction from the Seal Beach Boulevard on-ramp to Brookhurst Street.

Alternative 3: Add one GP lane in each direction (Measure M Project K), and add one high-occupancy toll (HOT)/express lane in each direction between the SR-73 and the SR-22. The HOT/express lane would be combined with the existing high-occupancy vehicle (HOV) lanes providing two HOT/express lanes in each direction on I-405 between SR-73 and I-605.

On October 22, 2012, the Orange County Transportation Authority (OCTA) Board of Directors (Board) selected Alternative 1 as the recommended

alternative to forward to the California Department of Transportation (Caltrans) for the I-405 Improvement Project. Alternative 1 delivers the Measure M Project K scope and responds to public input related to right-of-way impacts in Fountain Valley, parking impacts in Westminster, and bridge re-construction concerns in Costa Mesa. In addition, Alternative 1 does not necessitate the relocation of the soundwall along Almond Avenue in the City of Seal Beach.

High-Occupancy Vehicle Degradation

On April 8, 2013, Caltrans presented the OCTA Board with information about the degraded status of HOV lanes in Orange County, and on September 23, 2013, Caltrans presented the 2011 California HOV Degradation Determination Report and Action Plan Summary. Caltrans reported the I-405 HOV lanes are degraded during peak travel times. Potential ways to address degraded HOV conditions include increased enforcement, prohibiting inherently low-emission vehicles in HOV lanes, changing the minimum HOV lane vehicle occupancy requirements from two or more persons per vehicle (HOV2+) to three or more persons per vehicle (HOV3+), adding a second HOV lane, and/or converting the HOV lanes to HOT/express lanes.

New Concepts

On April 22, 2013, the OCTA Board directed staff to screen two new concepts for improvements to I-405. Concept A builds Measure M Project K, converts the existing single HOV lane to a single HOV/express lane in each direction, and adds a second GP lane in each direction. Concept B builds Measure M Project K and adds a second GP lane in each direction as in Alternative 2, but truncates the second northbound GP lane at Valley View Street.

OCTA staff presented the findings of Concept A and B screening, as well as a review of public input received on the supplemental DEIR/EIS at the September 23, 2013 OCTA Board meeting. The OCTA Board recommended at that time that Concept B be precluded from further study.

Current Status

On November 8, 2013, the OCTA Board directed staff to:

- Continue developing Measure M Project K (Alternative 1)
- Further explore HOT/managed lane policy issues with partners and stakeholders
- Initiate countywide public outreach on all I-405 alternatives
- Continue to look at HOV lane concepts
- Provide information related to the costs of project delay
- Develop and present toll policy options

In order to be responsive to the Board, staff has begun to implement the actions approved by the Board on November 8, 2013. However, if the Board approves the staff recommendations in this report, all I-405 Improvement Project Alternative 3 specific activities would cease. Staff would continue to explore policy issues associated with the development of HOT/managed lanes with Caltrans and our regional partners as part of a comprehensive system-wide discussion, but not specifically in relation to the I-405 Improvement Project.

A status report on the November 8, 2013 requested actions is included as Attachments A–E.

Discussion

Since the release of the DEIR/DEIS, there has been significant input received from community members, business leaders, elected officials, and community stakeholders. In addition, there are multiple perspectives regarding mobility solutions for the I-405 corridor. To date, a consensus has yet to be reached on the best technical and long-term solution to address growing traffic congestion in the I-405 corridor.

The differing perspectives, along with recent conversations about the Moving Ahead for Progress in the 21st Century (MAP-21) regulations and HOV lane degradation, are delaying the ability to deliver the mobility benefits promised to the voters of Orange County in Measure M.

Given the varying perspectives and the fact that consensus has not yet been reached, it appears the project could continue to be delayed. This will result in inflationary cost increases, as well as delay to the project's mobility benefits envisioned as part of the Renewed Measure M Transportation Investment Plan. The I-405 is the most heavily traveled freeway in Orange County, carrying

more than 300,000 vehicle trips in some sections each day. Traffic volumes on the I-405 are expected to increase significantly, and Orange County's population is expected to grow approximately 11 percent by 2040.

Project delay costs could ultimately reach more than \$3 million per month, assuming annual increases to support and capital costs of four percent and three percent respectively. For example, as noted on Attachment E, delaying a decision on Alternative 3 to May 2014 is expected to cause a one-year project delivery delay, with an added cost of \$41.5 million. Introducing new alternatives not currently in the EIR/EIS could further delay the project and increase costs.

Measure M Scope

While some community members advocate for Alternative 2, there are multiple reasons why this alternative is not being recommended. First and foremost, Alternative 2 goes beyond the scope of Measure M without funding to cover the additional cost. The overall Measure M freeway program relies on significant external funding and has a minimal margin for variance. This is even more critical given a 36 percent reduction in revenues as a result of the recession. Additionally, because OCTA is only in the third year of a 30-year sales tax measure, it is very early to add scope to the Measure M program. It is important to deliver on the promises made to Orange County voters as part of the original Measure M Investment Plan to ensure continued trust by the public.

The Renewed M Transportation Investment Plan includes \$6.6 billion in freeway construction projects, and the \$1.3 billion I-405 project represents nearly 20 percent of the entire M2 freeway program. Given the size of the I-405 Improvement Project, any significant change in schedule or scope will have notable impacts.

In addition, while OCTA has benefitted from competitive bids and one-time external revenue opportunities, the ability to deliver the Measure M freeway program still requires an infusion of \$720 million of external funding by 2041. While achievable, any significant schedule change or scope increase could put the entire M2 freeway program at risk.

Finally, Caltrans has shared concerns that Alternative 2 would preclude future opportunities to address HOV lane degradation. Alternative 2 would leave no room to add more HOV lanes within the widened freeway footprint. Additional capacity beyond Alternative 2 could require additional right-of-way, potentially impacting homes and businesses along the corridor.

In addition, Alternative 2 is not included in the 2012 Southern California Association of Governments (SCAG) – Regional Transportation Plan (RTP). A selected alternative must be included in the RTP. There is a process to amend the RTP to modify the listed projects; however, given the emphasis of the 2012 RTP on improving air quality as required by SB-375 by managing the growth of vehicle miles travelled, a proposal to amend the RTP to add more GP freeway capacity would be highly scrutinized.

Deferring Additional Capacity

Staff is proposing a phased approach to delivering improvements on I-405 where Measure M Project K is delivered first and longer term solutions for added lane capacity are deferred. Deferring longer term solutions to resolve congestion on I-405 beyond the Measure M Project K completion offers OCTA time to complete the West County Connectors Project and consider inter-county studies related to the I-405 in Los Angeles County. This also provides OCTA with the opportunity to have a more comprehensive, countywide discussion of managed lanes, and it is recommended these discussions take place within the context of the OCTA Long Range Transportation Plan (LRTP) and follow-up actions. A draft LRTP is scheduled to be completed in spring 2014, and it is recommended that a study for analyzing managed lanes be included in the LRTP follow-up actions. This study should include a technical analysis as well as a countywide outreach program.

High-Occupancy Vehicle Lane Degradation

Orange County has made an extensive investment in its HOV lane system with carpool lanes on almost every freeway segment, direct connector ramps, and HOV drop ramps to arterials in some locations. These lanes were intended to offer travel time savings to higher occupancy vehicles and cannot operate effectively when demand exceeds capacity. It is recommended that OCTA work collaboratively with Caltrans on any solutions or actions proposed as a result of the California High-Occupancy Vehicle Lane Degradation Action Plan that was prepared by Caltrans as a requirement under state law and MAP-21. This will require further discussions between Caltrans, OCTA, SCAG, and the Federal Highway Administration (FHWA). Recent discussions with FHWA officials indicate that FHWA is only beginning to understand the full impact of MAP-21 requirements, degradation reports, and possible remedial actions in response to these reports. These discussions will need to include monitoring proposed solutions, benefits, and potential delivery schedule impacts to all Measure M freeway projects including Measure M Project K.

If the Board approves the recommended actions, the estimated timeframe for delivery of Measure M Project K would be:

- March 2014 Issue Request for Qualifications
- August 2014 Issue Draft Request for Proposals
- January 2015 Issue Request for Proposals
- August 2015 Issue design-build notice to proceed
- 2015 – 2020 Design/construct the project

Summary

Staff is recommending OCTA reaffirm the Board decision on October 22, 2012 to select Alternative 1 and take actions to expedite delivery of Measure M Project K, while taking a more incremental approach to delivering lane capacity beyond what is defined in Measure M. This will deliver mobility benefits more quickly and minimize risks associated with delays and the resulting inflationary cost increases. In addition, it is recommended OCTA work collaboratively with Caltrans on solutions or actions proposed as a result of the California High-Occupancy Vehicle Lane Degradation Action Plan, as well as work with federal, state, and regional partners to explore managed lanes concepts for the longer-term within the context of the OCTA LRTP.

Attachments

- A. Interstate 405 Improvement Project OCTA Board of Directors Recommendations November 8, 2013
- B. Timeline for Implementation of Tolling Policies for Alternative 3
- C. Interstate 405 Improvement Project Communications Plan
- D. Alternative High-Occupancy Vehicle Lane Concepts to Address Degradation
- E. Interstate 405 Improvement Project Costs of Delaying Decisions to May 2014

Prepared / Approved by:

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ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Attachment A

**Interstate 405 Improvement Project
Orange County Transportation Authority Board of Directors
Recommendations
November 8, 2013**

No.	Recommendation	Status
1	Continue forward on the current track to develop Alternative 1	The Interstate 405 Program Management Consultant contract with Parsons Transportation Group is being finalized, and the notice-to-proceed will be issued once the required California Department of Transportation pre-award audit is completed in January 2014.
2. 2a.	Direct the OCTA Chief Executive Officer to coordinate: A meeting with Malcolm Dougherty and all Southern California counties and their elected designees to discuss toll road policy by March or April 2014	OCTA's Chief Executive Officer (CEO) has met with Caltrans Director Malcolm Dougherty twice in the past month. OCTA's CEO also has contacted all Southern California county transportation commission CEOs to schedule a summit with elected officials to discuss statewide managed lanes issues. The date of the summit has not been set, but it is anticipated to take place in January 2014.
2b.	A meeting with Washington, D.C. equivalents to discuss the same	Staff has discussed the issue of the 180-day timeframe to respond to federal high-occupancy vehicle lane degradation findings with Federal Highway Administration (FHWA) officials and continue to pursue flexibility in application of the requirements and any implementation actions. FHWA officials in Washington, D.C. are also aware that the OCTA Board of Directors has directed staff to amend OCTA's Federal Legislative Platform for 2014 to address the degradation compliance issue provided in Moving Ahead for Progress in the 21 st Century Act (MAP-21). OCTA will be addressing this issue with the Congressional transportation committees as they look to reauthorize the upcoming transportation bill.

**Interstate 405 Improvement Project
Orange County Transportation Authority Board of Directors
Recommendations
November 8, 2013**

No.	Recommendation	Status
2c.	Specifically identify the corridor city projects that will need to be funded in the next decade and beyond, and the dollar amounts associated with such an initiative	A letter was sent to the corridor cities on November 15, 2013 with the current list of capital improvement program projects that OCTA has on file. Cities were requested to submit any additional unfunded projects to OCTA by November 21, 2013. A response declining this offer was received on November 21, 2013, along with a request to meet collectively with corridor cities. They also expressed support for Alternative 2.
2d.	Meet and confer with the corridor cities to initiate its list of projects needed and the funding necessary from excess toll revenues from the project	OCTA's CEO called all corridor city managers regarding the above-referenced letter and the request for additional projects. A meeting with each corridor city is anticipated to be scheduled in the coming weeks.
2e.	Set out a timeline of no more than four months to secure an understanding of the issues in order to properly sequence and build support for a policy discussion that is too critical to continue to handle as presently sequenced	See Attachment B
3.	Initiate public outreach for all the Interstate 405 alternatives.	See Attachment C
4.	Continue to look at high-occupancy vehicle lane concepts.	See Attachment D
5.	Provide the opportunity costs to stay with Alternative 1 versus Alternative 3	See Attachment E
B1	<p>From November 4, 2013 Regional Planning and Highways Committee:</p> <p>Within 120 days develop and present to the Board of Directors high-occupancy toll/express toll policy options for Interstate 405, including options for free or discounted travel for high-occupancy vehicles.</p>	In progress



ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Attachment B

**Timeline for Implementation of Tolling Policies
for Alternative 3**

On November 8, 2013, the Orange County Transportation Authority Board of Directors directed staff to continue development of Measure M Project K, which adds one general purpose lane in each direction on Interstate 405 between Euclid Street and Interstate 605, while simultaneously working with federal, state, regional, and local partners on managed lanes issues. Recommendation 2e related to the development of tolling aspects of Alternative 3. It stated:

Set out a timeline of no more than four months to secure an understanding of the issues in order to properly sequence and build support for a policy discussion that is too critical to continue to handle as presently sequenced

Below is the anticipated timeline for such activities.

Regional Coordination

- Meeting with Southern California elected officials January 2014
- Development of regional perspective
- Communicate regional perspective to Caltrans

Guiding Principles for Excess Toll Revenue June 2014

- Gather lists of eligible projects
- Clarify definitions: “within and near project boundaries”
- Develop Interstate 405 Implementation Plan

Toll Policy / Traffic and Revenue Study

- Develop toll policy options March 2014
- Adopt a toll policy June 2014
- Complete an investment grade traffic and revenue study January 2015

Development Agreement with California Department of Transportation

- Negotiate Letter of Intent Spring 2014
- Negotiate a comprehensive development agreement December 2014
(With design-build and toll franchise elements)



ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Attachment C



**Interstate 405 Improvement Project
Communications Plan**

SITUATION ANALYSIS

The California Department of Transportation (Caltrans), in cooperation with the Orange County Transportation Authority (OCTA), is proposing to widen the Interstate (I-405) between State Route 73 (SR-73) and Interstate 605 (I-605). The purpose of the proposed improvement is to improve travel conditions for work, recreation, school, and commerce by increasing freeway capacity, improving traffic and interchange operations, and enhancing road safety to meet state and federal standards.

On November 8, 2013, the OCTA Board of Directors requested staff to continue community outreach on the no-build and three build alternatives included in the draft environmental impact report/environmental impact statement currently under consideration.

GOAL

Continue to share with project stakeholders the benefits of improving mobility on the I-405 corridor between the SR-73 and I-605 freeways. Outline the pros and cons of all alternatives under consideration. If a tolling alternative were to be selected, collaborate with the corridor cities to develop a list of projects that may be funded by excess toll revenue, if available.

OBJECTIVES

- Increase awareness of the I-405 Improvement Project and alternatives under consideration countywide
- Increase collaboration between OCTA, Caltrans, and the project corridor cities
- Increase awareness of Moving Ahead for Progress in the 21st Century Act (MAP-21), which requires that carpool lanes operate at 45 mph or more 90 percent of the time. Carpool lanes on the I-405 – as well as freeways throughout Orange County and statewide – are failing to meet this standard.

STRATEGY

Execute a comprehensive communications plan, in coordination with Caltrans, in an effort to educate the community and motorists about the importance of improving mobility on the I-405 corridor between the SR-73 and the I-605 freeways.

STAKEHOLDERS

- Motorists
- Residents
- Corridor Cities
- Merchants and Businesses
- Civic and Community Organizations
- Media (print, cable, online)

TACTICS

- Draft and mail a letter to the corridor cities regarding possible projects that could be funded by excess toll revenue, if available
- Coordinate a meeting with corridor city representatives to discuss the governance of excess toll revenue and possible future projects
- Create and mail a countywide collateral piece which includes information about:
 - All alternatives under consideration
 - MAP-21 and degradation
 - Project contact information including website and social media
- Distribute extra copies of the collateral piece to chambers of commerce, city halls, senior centers, and other public places
- Print and online advertisements directing interested stakeholders to seek more information on the project website
- Update project website and include information about recent board action and project next steps
- Update project fact sheet for distribution and post online
- Develop and execute a Social Media campaign
- Schedule civic and community presentations
- Develop and distribute cable advertisements
- Develop and distribute inserts in chamber of commerce and civic organization newsletters
- Distribute an e-newsletter to the project database
- Translate materials in Spanish, Vietnamese, and other languages as necessary

RESOURCES

Some costs could be absorbed by the Simon Wong Engineering pre-construction and construction outreach contract (C-2-2053). A countywide mailing would require a contract amendment.



I-405 90-Day Schedule Community Outreach Tasks

	NOV	NOV	NOV	DEC	DEC	DEC	DEC	DEC	JAN	JAN
Tasks	11	18	25	2	9	16	23	30	6	13
County Wide Mailer										
Design County Wide Mailer										
Translation (Spanish, Vietnamese)										
Print										
Mail										
Print and Online Ads										
Design										
Translation (Spanish, Vietnamese)										
Media Buys and Placement										
Corridor Cities Letter Regarding Possible Projects Funded by Excess Toll Revenue										
Draft and Mail Letter to Corridor Cities										
Cities Submit List of Unfunded Projects										
Webpage Updates										
Update with Recent Board Action and Project Next Steps										
Project Collateral										
Update Project Fact Sheet										
Design/Distribute Inserts for Chamber/Civic Organizations Newsletters										
Translation (Spanish and Vietnamese)										
Social Media Campaign										
Draft Social Media Campaign										
Create Pre-Approved Posts										
Post to Social Media Sites										
Civic and Community Presentations										
Develop List of Interested Parties										
Schedule Presentations										
Deliver Presentations										
Cable Advertisements										
Develop										
Distribute										
Project E-Newsletter										
Design Newsletter Template										
Provide Creative, Informative Content and Photos for Newsletter										
Distribute Newsletter to Project Database										



90-Day Countywide Community Outreach Budget

Mailer		Estimated
Postcard Printing		\$22,786
Printing of the addresses on the postcards		\$10,780
Postage		\$152,486
Mail House List (All registered voters in the OC)		\$7,260
Total		\$193,312

Translation		Estimated
Postcard and Newspaper Ads (Vietnamese)		\$87
Postcard and Newspaper Ad (Spanish)		\$76
Inserts for Chamber/Civic Organizations (Vietnamese)		\$173
Inserts for Chamber/Civic Organizations (Spanish)		\$152
Total		\$488

Facebook		Estimated
Facebook Ads (30 Day Campaign)		\$1,500
Total		\$1,500

Cable Ads		Estimated
Time Warner Cable		\$1,500
AT&T		\$1,500
Verizon		\$1,500
Total		\$4,500

Project Collateral		Estimated
Design of Inserts for Chamber/Civic Organizations		\$180
Newspaper Ads		\$120
Postcard		\$120
Total		\$420

Newspaper Ads		Estimated
Orange County Register (2 Print and Online Ads)		\$10,000
LA Times (1 Print Ad)		\$3,300
Daily Pilot (2 Print Ads)		\$1,000
Westminster Herald (2 Print Ads)		\$840
Nguoi View News (2 Print Ads)		\$700
Excelsior (2 Print Ads)		\$1,300
Huntington Beach Independent (2 Print Ads)		\$800
Total		\$17,940

Total Expenses		Estimated
		\$218,160



ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Attachment D

Alternative High-Occupancy Vehicle Lane Concepts To Address Degradation

Assumption	Potential Impact to Environmental Process	Anticipated Schedule Impact	Estimated Cost Increase (detail below)
Build Alternative 1 or 2, and modify carpool lane occupancy requirements. Change from two or more persons per carpool (HOV2+) to three or more persons per carpool (HOV3+). HOV3+ could either be on a full or part-time basis.	May require additional traffic and technical studies and re-circulation of the DEIR/EIS*	10 months	\$38.3 - \$41.1 Million
New alternative - Add one general purpose lane in each direction (M2 Project K) and add an HOV2+ lane to form dual HOV2+ lanes	Requires additional traffic and technical studies and recirculation of the DEIR/DEIS*	15 months	\$105.2 Million

*DEIR/EIS = Draft Environmental Impact Report/Environmental Impact Statement

Estimated Cost Increase Breakdown

Assumption	Phase	Estimated Cost Increase
Alternative 1 with HOV3+ occupancy (either full or part-time)	Construction	\$28,342,000
	Right of Way	\$1,401,000
	Environmental	\$500,000
	Project Support	\$8,042,000
	Total	\$38,285,000
Alternative 2 with HOV3 occupancy (either full or part-time)	Construction	\$30,561,000
	Right of Way	\$1,457,000
	Environmental	\$500,000
	Project Support	\$8,625,000
	Total	\$41,143,000
New Alternative - Add one general purpose lane in each direction plus add one HOV2+ carpool lane in each direction to form dual HOV2+ lanes	Construction	\$80,600,000
	Right of Way	\$2,956,000
	Environmental	\$700,000
	Project Support	\$20,928,000
	Total	\$105,184,000

Note: Cost increase estimates include additional DEIR/EIS effort, capital cost escalation of 3% and support cost escalation 4%



ORANGE COUNTY TRANSPORTATION AUTHORITY

Update on the Interstate 405 Improvement Project

Attachment E

**Interstate 405 Improvement Project
Costs of Delaying Decisions to May 2014**

The estimated cost of moving forward with a decision to recommend the Department of Transportation (Caltrans) select Alternative 1 and then modifying that decision to Alternative 3 later is \$41.5 million due to an approximate one year schedule delay and resulting cost increases in:

Construction	\$33.3 million
Right-of-way	\$1.5 million
Environmental	\$0.5 million
Project Support	<u>\$6.2 million</u>
	\$41.5 million

Capital cost increases include 3% escalation. Project support cost increases include 4% escalation. The chart above does not include scope changes and related cost increases that would affect the program management or public outreach contracts to address Alternative 3 as well as the additional project scope of Alternative 3 beyond the Measure M2 Project K scope.

The approximate one-year delay is based on comparing the Design-Build Notice to Proceed (NTP) date assuming there is a Preferred Alternative selection in December 2013 (current schedule) versus a Preferred Alternative selection in May 2014. Should Alternative 3 be selected in May 2014, the environmental document would need to be revised and finalized for the Notice of Determination and the Record of Decision. Either deferring the preferred alternative selection to May 2014 or changing the preferred alternative selection in May 2014 will impact the work and contract of the Program Management consultant and their development of the request for qualifications, the request for proposals, and the investment grade Traffic and Revenue Study. The delay to these activities delays the financing plan and the Design-Build NTP by approximately one year, resulting in a potential cost of delay of \$41.5 million or more. We should also be aware of other risks of delay such as the changes we are seeing in the bidding climate. Whereas several years ago, during the recession, we received construction bids 30-40 percent below the engineer's estimates, today, as the economy improves, we are seeing a slow but steady increase in costs, with bids much closer to the engineer's estimates.