



STAFF REPORT

CITY of YORBA LINDA

PUBLIC WORKS DEPARTMENT

DATE: OCTOBER 4, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JAMIE LAI, P.E., DIRECTOR OF PUBLIC WORKS / CITY ENGINEER
PREPARED BY: RICK YEE, P.E., DEPUTY DIRECTOR PUBLIC WORKS

SUBJECT: RESOLUTION NO. 2022-5825 AUTHORIZING THE RE-SUBMISSION OF THE CITY'S APPLICATION FOR COMPREHENSIVE TRANSPORTATION FUND PROGRAM (CTFP) FOR THE LAKEVIEW AVENUE WIDENING BETWEEN ORIENTE DRIVE AND BASTANCHURY ROAD (SI201003) AND RESOLUTION NO. 2022-5826 AUTHORIZING THE SUBMISSION OF THE CITY'S CTFP FUND APPLICATION FOR COST ESCALATION ON THE AFOREMENTIONED PROJECT

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt Resolution No. 2022-5825 authorizing the re-submittal of the City's application for CTFP funds for the Lakeview Avenue Widening between Oriente Drive and Bastanchury Road Project (SI201003); and
- 2) Adopt Resolution No. 2022-5826 authorizing the submission of the City's fund application for cost escalation for the Lakeview Avenue Widening between Oriente Drive and Bastanchury Road (SI201003).

BACKGROUND

The Orange County Transportation Authority (OCTA) Board of Directors recently approved a temporary policy change to the CTFP Guidelines to assist local agencies in dealing with recent extraordinary cost increases and inflation on construction and right-of-way acquisition projects. Two options are available for local agencies to accommodate these inflationary cost increases: Option 1) Re-submittal of an entire project (with cost adjustments and minor adjustments to scope allowed) for consideration in the current Call for Projects, and Option 2) Request of a cost escalation that allows additional OCTA funds to be granted to an already awarded project (based upon recent construction industry cost indexes). Within the existing CTFP Program Guidelines, OCTA ordinarily accommodates the cost of inflation through application of the Construction Cost Index (CCI) towards projects that are programmed several years out beyond the initial award year. However, for projects that were awarded funds several years ago (such as the City's Lakeview Avenue Widening Project that received notice of award in 2021), the projected CCI is significantly

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underestimated versus current rates of inflation. Accordingly, OCTA is allowing an adjustment to the CCI for projects that meet the eligibility criteria for additional funding.

DISCUSSION

The Lakeview Avenue Widening Project meets the criteria for both options and OCTA has indicated that agencies can submit requests under both programs. However, it should be noted that while both applications will be considered by OCTA, in the event that both applications are awarded, the City will be required to make a selection of only one option.

Under Option 1, the City stands to receive a larger funding contribution and increase for the project versus Option 2 due to OCTA's allowance for minor scope additions and overall cost adjustments to the project. In this scenario, OCTA would fund approximately \$1.08 Million. Since the project had recently undergone a major refinement in the final design scope and cost, it is timely that these increases can be accommodated with the re-application. The cost increases primarily stem from construction costs increasing since creation of the initial cost estimate dating back to 2010, refinement of design plans from 2010 which included several private property improvements negotiated during the right of way acquisition phase. In this scenario, the City would essentially be re-submitting the project which would compete against the current slate of projects being proposed for the Call for Projects by other agencies. There is a possibility that while the original project was awarded funds in a prior Call for Projects, the Lakeview Avenue Project could potentially not receive funding in this round due to a more competitive slate of projects. Therefore, Option 2 is also being pursued concurrently.

Under Option 2, the City would retain the originally awarded OCTA funding amount and would also be eligible to receive additional funds being awarded in the amount of \$101,239 based on the cost escalation policy. Under this scenario, minor scope adjustments would not be permissible. It should be noted that approval of these options is mutually exclusive, and the potential increases would only be approved singular and not combined. Therefore, the City's cost contribution amount would increase proportionally based on which option is approved, by an estimated amount of \$201,441.25 (Option 1) or \$33,746 (Option 2). Note that if only Option 2 (or neither option) is approved by OCTA, there will be a construction budget shortfall for which the City will need to pursue alternate additional funding.

FISCAL IMPACT

The original Project (SI201003) budget in the Fiscal Year 2021/2022 Capital Improvement Program was approved in the amount of \$714,173. Of that amount, \$639,280 in construction level costs are funded proportionally at 75% OCTA share and a 25% City match. If OCTA approves the updated project submission (Option 1) the overall project construction cost

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would rise to \$1,445,045 and obligate the City to contribute 25% of that amount (\$361,261.25). If OCTA approves a cost escalation (Option 2), the overall project cost would increase by \$134,985 for a total project construction cost of \$774,265 and obligate the City to contribute 25% of that amount (\$33,746). Once and if OCTA approves one of the above-mentioned submission options, City staff will return to Council and request an additional appropriation to cover the budget increase based on OCTA's approved increase. The table below summarizes the budgetary impact that each application option has on the City's project budget:

Application/Option	Construction Amount	City's 25% Obligation	City's Potential Additional Contribution (Beyond CIP Budget)
Current Construction Budget	\$639,280.00	\$159,820.00	N/A
Option 1 (Re-Application)	\$1,445,045.00	\$361,261.25	\$201,441.25
Option 2* (Cost Escalation)	\$774,265.00	\$193,566.25	\$33,746.25*

*Please note that if only Option 2 (or neither option) is approved by OCTA, there will be a construction budget shortfall for which the City will need to pursue alternate additional funding.

ALTERNATIVES

Option 1 Alternative: Do not accept staff's recommendation and do not adopt Resolution No. 2022-5825; however, this will forfeit the City's application and ability to receive 75 percent of the revised project costs in Measure M2 grant funds for the widening of Lakeview Avenue from Oriente Drive to Bastanchury Road.

Option 2 Alternative: Do not accept staff's recommendation and do not adopt Resolution No. 2022-5826; however, this is not recommended as OCTA is only allowing the escalation policy on an interim basis due to the unique conditions affecting construction contracts at the current time.

ATTACHMENTS

Attachment 1 - Resolution 2022-5825

Attachment 2 - Resolution 2022-5826
