



# STAFF REPORT

## CITY of YORBA LINDA

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### 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 PUBLIC WORKS DIRECTOR

**SUBJECT:** RESOLUTION NO. 2022-5827 AUTHORIZING THE SUBMISSION OF THE CITY'S APPLICATION FOR COMPREHENSIVE TRANSPORTATION FUNDING PROGRAM TO FUND COST ESCALATION ON THE BASTANCHURY ROAD WIDENING PROJECT FROM CASA LOMA AVENUE TO EUREKA AVENUE (SI221005)

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### **RECOMMENDATION**

It is recommended that the City Council adopt Resolution No. 2022-5827 authorizing the submission of the City's request for the Comprehensive Transportation Funding Program (CTFP) funding to cover cost escalation on the Bastanchury Road Widening Project from Casa Loma Avenue to Eureka Avenue Project (SI221005).

### **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. 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 Bastanchury Road Widening Project that received notice of award in 2020), the projected CCI is significantly 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. OCTA worked closely with cities such as Yorba Linda to create this policy change to mitigate our current economic impacts. Bastanchury Road is one of the projects that meets the criteria and based upon the program year and adjusted rates of inflation, this project is eligible for \$375,536 in cost escalation from OCTA.

### **DISCUSSION**

The process for requesting the cost escalation requires that each agency with an eligible project obtain a resolution from their governing body that authorizes the request for OCTA to apply an escalation adjustment to the original allocation. As noted in the attached

resolution, the City is committed to meeting its original match rate and is also committed to providing additional local funding to match the anticipated OCTA escalation amount of \$375,536. Based on recent construction bids received for roadway construction projects, the City of Yorba Linda has seen a significant increase in material and labor costs and the cost escalation contribution from OCTA is warranted.

### **FISCAL IMPACT**

In 2020, the OCTA Board approved a funding recommendation in the amount of \$2.65 Million for the Bastanchury Road Widening Project. This amount represents a 50% initial contribution to the overall project as the City is obligated to match the remaining 50% with local funding sources. The project is currently budgeted in the City's FY 22/23 CIP Program with the net approved project budget totaling \$6,747,714. Accounting for increased CCI percentages, the anticipated increase for cost escalation will be \$375,536 in OCTA funds. Consequently, the City is obligated to provide an additional \$375,536 in local funds which are being proposed from the City's Local Fair Share Measure M2 funds. If approved, the total project budget would increase by \$751,072 for a new project budget of \$7,498,786. If the proposed CTFP application is accepted by OCTA, staff will return to Council to accept the funding and appropriate the City's share of the project cost increases. It should be noted that due to increases in engineering support costs and the need to adjust the project contingency to be proportional to the new total project cost, it is anticipated that staff may need to return to the Council with an additional appropriation request at the time of contract award.

### **ALTERNATIVES**

The City can forego the application for additional funds from OCTA, 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**

Resolution No. 2022-5827

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