



MEMORANDUM

TO: Dale E. Bonner, Secretary
Business, Transportation and Housing Agency

FROM: Cindy McKim, Director
California Department of Transportation

DATE: August 11, 2010

SUBJECT: Impacts of Budget Impasse

The absence of Fiscal Year 2010-11 Budget Authority has an immediate result of restricting the Department of Transportation's (Department) ability to initiate construction projects, award contracts and make payments to vendors. It also prohibits the Department from providing travel advances or reimbursement for our construction employees working in remote areas. Many of these employees are not financially able to front the costs and wait for reimbursement. Should the Budget Impasse continue through the end of August 2010, transportation fund cash balances may be depleted resulting in potential suspension of ongoing construction projects. Delayed and suspended construction projects and non-payment to vendors prevents the economic stimulation and job creation that result from the Department's normal activities. During the 2008/09 fiscal year budget impasse, payment for over 96,000 invoices was delayed resulting in more than \$215,000 in penalties. In addition, State tax revenue is impacted by delaying income to construction contractors and their employees. Furthermore, suspension of ongoing construction projects results in penalty payments to construction contractors resulting in significantly increased project costs.

The Department currently has \$9.5 billion worth of projects in construction. There are another \$1.5 billion worth of projects being delayed, including \$977 million the Commission plans to allocate at the August 11-12 meeting, that have been allocated with 2010/11 fiscal year funds contingent upon the passage of the budget.

The Department will also delay \$937 million worth of contracts that were allocated with prior year funds but where the contracts have not yet been awarded. While these contracts are funded from existing budget authority, the forecasted depletion of cash in the transportation funds at the end of August make award of these contracts imprudent. Between projects contingent upon budget passage and those held due to projected fund depletion, the Department has projects on hold totaling over \$2.4 billion.

In addition, \$647 million of bond funded projects are being delayed until the Treasurer's Office can complete a bond sale, this number includes \$216 million in previously delivered projects and an additional \$431 million expected to be deferred at the August Commission meeting.



Between bond funding sales, cash depletion issues and delays in the budget process, the Department cannot move forward with over three billion dollars in new projects that are ready for construction and may lead to suspension of ongoing contracts. A partial list of the projects impacted is identified below.

Without a budget and with the uncertainty of available cash for contracts after September, the Department will not be awarding new contracts. This impasse will cause a delay in new construction starts and delay the creation or saving of jobs.

Major projects allocated by CTC in April, May, June and July with 09/10 funds that have not yet been awarded:

- Colorado River Bridge (Joint project with Arizona). \$22 million (D8)
- Rehabilitate roadway on Shasta 5. \$35 million (D2)
- Cold plane and overlay pavement on Colusa 5. \$32 million (D3)
- Rehabilitate roadway on Sacramento 5. \$92 million (D3)
- Rehabilitate roadway on Solano 80. \$16 million (D4)
- Rehabilitate roadway on Sacramento 99. \$20 million (D3)
- Construct HOV lane on Riverside 215. \$24 million (D8)
- Widen undercrossing to six lanes in Murietta at Route 15 in Riverside. \$27 million (D8)
- Widen from 4 to 8 lanes on Route 4 in Antioch. \$57 million (D4)
- Convert to 4 lane expressway on Route 46 in Kern. \$45 million (D6)
- Rehabilitate roadway on Lake 53. \$14 million (D1)
- Rehabilitate roadway on Los Angeles 60. \$21 million (D7)
- Rehabilitate roadway on Los Angeles 210. \$47 million (D7)
- Widen roadway to add median and shoulders on San Bernardino 58. 21 million (D8)
- Replace broken slabs on San Joaquin 5. \$21 million (D10)
- Replace pavement on Kern 5. \$37 million (D6)
- Construct Carmenita Interchange improvement on Los Angeles 5. \$50 million (D7)

Projects approved by CTC at June 30-July 1 Meeting contingent upon passage of 2010 Budget Act:

- Westside Parkway-Phase IV. \$24 million, Local STIP (D6)
- Construct aux lanes, ramp improvement in Orange Co. \$6 million Local STIP (D12)
- Construct new Interchange on 101 in Nipomo. \$10 million, Local STIP (D5)

Select projects to be voted in Aug that will be contingent on 2010 Budget Act which could not be Awarded:

- Prunedale Improvement Project on Monterey 101. \$91 million (D5)
- I-80 rehab in Sac, \$95 million (D3)
- I-5 rehab in Sac, \$13 million (D3)
- Schuyler Heim Bridge replacement on Los Angeles 47. \$230 million (D7)
- Rehabilitate roadway on Modoc 139. \$24 million (D2)
- Rehabilitate roadway on Siskiyou 97. \$20 million (D2)
- I-80 rehab in Oakland, \$14 million (D4)
- 101 Rehab in San Rafael \$21 million (D4)
- Two projects totaling \$99 million to rehab 101 in Ventura Co. (D7)
- Replace failed concrete pavement on Madera 99. \$33 million (D6)
- I-5 rehab in San Diego, \$12 million (D11)



Projects under Construction that could be impacted if a prolonged Budget Impasse depletes cash balance to pay Construction invoices:

North Region

- \$43 Mil Rte 80 roadway rehabilitation project in the Truckee river canyon in District 3. 60% complete. Project currently has reduced lane widths that will not facilitate snow removal if stage not completed prior to winter.
- \$30 Mil Rte 28 drainage improvement project in District 3. 50% complete. If current stage not finished prior to winter, drainage will be insufficient and icing could cause undesirable winter driving conditions.
- \$60 Mil Rte 50 HOV project in District 3. 23% complete. Narrow lanes, incomplete soundwalls, large delay costs will remain in effect on this busy commute corridor in the Sacramento area if project shut down.
- \$40 Mil Rte 101 Mad River Bridge replacement in District 1. 42% complete. Falsework is in the floodplain and would have to remain over winter in violation of State permits.
- \$61 Mil Rte 5 operational improvement project in District 2. 90% complete. Current construction stage has short merge lanes and extended narrow lanes which would remain in place for an extended period.

Central Region

- \$48 Mil Rte 101 interchange reconstruction in city of Santa Barbara District 5. 72% complete. Construction detours would remain in place on city streets causing significant congestion for an extended period.
- \$24 Mil Rte 46 widening in District 6. 25% complete. Significant delay costs and staging detours for an extended period
- \$27 Mil Rte 180 new alignment in District 6. 20% complete. County road detours will remain in place for extended period and significant delay costs
- \$45 Mil Rte 198 widening in District 6 near Hanford. 21% complete. County and city road detours will remain in place for extended period and significant delay costs
- \$20 Mil Rte 99 Bridge Replacement in city of Merced District 10. 13% complete. Narrow lanes and falsework on Rte 99 will remain in place for an extended period impacting commute traffic with significant delay costs.
- \$17 Mil Rte 99 interchange reconstruction in city of Ceres District 10. 82% complete. Narrow lanes and falsework on Rte 99 will remain in place for an extended period impacting commute traffic with significant delay costs
- \$5 Mil Rte 4 roadway rehabilitation project in District 10. 0% complete. Surcharge is first order of work and must be in place this summer to comply with environmental permits.

District 4

- \$240 Mil Rte 24 Caldecott Tunnel at 10% complete
- SF-101 Doyle Drive
- \$145 Mil Ala-92 project at 62%
- \$320Mil SM-1 Devils Slide project at 62% complete
- Two Seismic projects just underway - A \$58 Mil at Ala-880 and a \$130 Mil at 5th Avenue



District 7

- \$134 Mil Rte 10 roadway rehabilitation project. 36% complete. Must complete this project prior to MTA project that will add HOT lanes. Delays will impact funding for future HOT lane project
- \$77 Mil Rte 10 roadway rehabilitation project. 36% complete. Must complete this project prior to MTA project that will add HOT lanes. Delays will impact funding for future HOT lane project
- \$123 Mil Rte 5/14 interchange improvement project. 59% complete. Very tall falsework will have to remain in place for an extended time along with considerable delay costs.

District 8

- \$33 Mil Big Bear Bridge at 50% complete. Very visible, political, and need to avoid delays into winter shutdown
- Three SBd-215 Corridor projects underway - 1 oversight, 1 nearly complete, and another is \$65 Mil at 13% complete. Very visible through San Bernardino
- \$53 Mil I-15 PCC slab replacement project at 67% complete. Visible and congested near Ontario airport and Mall
- Two large I-10 projects at Bob Hope Interchange - One \$22 Million at 20%, another \$42 at 70% complete.

District 11

- Three Rte 52 Projects around Santee totaling over \$160 Mil at about 75% complete. High political expectations and needed congestion relief
- Two Rte 905 projects - One \$63 Mil at 80% complete, another \$58 Mil at 30% complete. New Alignment, but high local expectations
- At least five I-15 Managed Lanes projects totaling over \$240 Mil. Mostly behind K-Rail, but high profile, and very visible.
- \$61 Mil Rte 76 project at 10% complete. New Alignment. Significant schedule impacts if environmental requirements not met.
- \$70 Mil Imp-78 Brawley Bypass project at 84% complete. New Alignment, and high local expectations

District 12

- \$92 Mil Rte 91 project at 60% complete. Highly visible and political
- \$200 Mil I-5 Gateway project is nearing completion, but considered very critical to not delay to meet local expectations
- \$10 Mil Bridge Widening at Camino Capistrano over I-5 at about 10% complete.
- The many 57 projects, 405/22, and 405/605 projects that are just getting underway

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