



Administration and Projects Committee Meeting **MINUTES**

MEETING DATE: July 3, 2013

MEMBERS PRESENT: Robert Taylor, Julie Pierce, Mike Metcalf, Tom Butt, Newell Arnerich

STAFF PRESENT: Randell Iwasaki, Ross Chittenden, Susan Miller, Randy Carlton, Hisham Noeimi

MINUTES PREPARED BY: Mari Shine

- A. **CONVENE MEETING:** Chair Taylor convened the meeting at 8:00 am.
- B. **PUBLIC COMMENT:** None.
- C. **APPROVAL OF MINUTES:**

ACTION: The Committee approved the Minutes, 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

CONSENT CALENDAR

ACTION: Item 15 was removed from the Consent Calendar by Commissioner Arnerich. The remainder of the Consent Calendar was approved, 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

- 1.0 **Monthly Project Status Report.**
- 2.0 **Monthly Accounts Payable Invoice Report for May 2013.**
- 3.0 **Monthly Cash and Investment Report for May 2013.**
- 4.0 **Listing of Construction Change Orders (CCOs) greater than \$25k for contracts less than \$15M, and greater than \$50k for contracts larger than \$15M.**
- 5.0 **Quarterly Project Funding Plans – Major State Highway Projects.**

- 6.0 I-680 Auxiliary Lanes – Sycamore Valley to Crow Canyon – Segment 2 (Project 1106 S2) –Contract Acceptance and Closeout for Construction Contract No. 360 (Tree Removals).**
- 7.0 State Route 4 – Railroad Avenue to Loveridge Road (Project 1405) – Contract Acceptance and Closeout for Landscape Construction Contract No. 241.**
- 8.0 I-680/SR 4 Interchange Improvements (Project 1117/6001) Authorization to Execute Agreement No. 372 with WMH Corporation for Environmental and Final Design Services.**
- 9.0 State Route 4/State Route 160 Connector Ramps (Project 5001).**
 - 9.1 Authorization to Execute Cooperative Agreement No. 90.14.27 with Caltrans for Construction and Construction Management Services.**
 - 9.2 Authorization to Execute Agreement No. 373 With AECOM for Construction Management Services.**
- 10.0 State Route 242/Clayton Road Ramps (Project 6002/6004) – Authorization to Execute Amendment No. 1 to Agreement No. 321 with WMH Corporation for Project Approval Services and Environmental Documentation (PA/ED) Services.**
- 11.0 Authorization to Execute Amendment No. 1 to Agreement No. 369 with Kinder Morgan for Design Services.**
- 12.0 East Bay Regional Park District – Atlas Road Bridge (Project 3111), Request for Appropriation of Measure C Funds for Construction and Construction Management.**
- 13.0 City of Martinez – Martinez Intermodal Station - Phase 3 (Project 4002/27001), Request for Appropriation of Measure J Funds for Construction and Construction Management.**
- 14.0 Interstate 80/San Pablo Dam Road Interchange Improvements (Project 7002) – Exercise of Eminent Domain Agreement.**
- 15.0 Acceptance of Retiree Healthcare Actuarial Valuation Results.**

ACTION: This item was approved by the Committee, 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

DISCUSSION:

Commissioner Arnerich pulled this item in order to have a general discussion.

Randy Carlton, the Authority's Chief Financial Officer, gave a brief overview of the matter, including the Authority's policy to fund retiree healthcare. Commissioner Pierce asked if future policy changes to current employees would pertain to the retirees as well. Mr. Carlton indicated that there may be a legal question to consider in terms of changing a vested benefit.

Mr. Carlton stated that there is no budget impact because the 9.8% rate payroll for retiree healthcare is staying the same as the past two years. He pointed out that the future is shown on page 15 -8, where you see the "ARC" (Annual Required Contribution) steady at 9.8%. Benefits are based upon what active employees receive, which is 95% of lowest HMO plan. For retirees who reach 65 and are Medicare eligible, the Medicare insurance premium is much less. 95% cap can pay the entire premium for retirees as they turn 65, inclusive of reimbursement of Medicare Part B premiums.

Commissioner Arnerich asked if changes for current employees affect retirees. Mr. Carlton responded that we would end up with two different types of benefits and we would want legal counsel involved. Commissioner Arnerich requested that staff provide the Board with a few comments to clarify the eligibility requirements.

16.0 Legislative History.

End of Consent Calendar

REGULAR AGENDA ITEMS

17.0 Approval of Gray-Bowen/Zell Public Outreach Work Plan for Developing and Implementing the 2014 Countywide Transportation Plan (CTP).

ACTION: The Committee approved this item, 5-0, moved by Commissioner Arnerich with comments and seconded by Commissioner Pierce.

DISCUSSION:

Martin Engelmann, Deputy Executive Director, Planning, introduced this item as a status report and to provide information and direction on a county-wide plan for stakeholder

outreach, focus groups and polling for the 2014 Countywide Transportation Plan (CTP). The item came before the APC because it involves development of a possible expenditure plan for the future. The Board requested that it go to both committees; feedback will then be provided at the full Authority meeting.

Mr. Engelmann stated that 86% of the projects in Measure J will be constructed within the first 7 years of the *2011 Measure J Strategic Plan*; once that work is successfully completed, remaining revenue will go towards paying off the bonds. The Authority is currently seeking public input on new projects through our action plan on routes of regional significance. Recent estimates indicate that we have an \$11 billion dollar list of financially unconstrained projects including:

- Completing SR 4/I-680
- West county Cybertrain
- eBart to Brentwood
- Tri Valley, Vasco and I-580 improvements

The project schedule includes the release of a countywide plan draft in April 2014 and adoption of it in October 2014. The \$11 billion project list will eventually be constrained to a \$5 billion dollar list, then a \$2.5 billion list. That smaller list will set the priorities for the 2017 RTP.

Each project has to be environmentally cleared, so the next thing to be released will be the CTP Environmental Impact Report in draft form in April 2014, and final adoption of the CTP in October 2014.

Key points introduced by Mr. Engelmann included:

- Round table discussions have taken place with the Gray-Bowen team, the county-wide planning consultants, and Authority staff
- Barbary Coast is doing overall public outreach
- The new Director of External Affairs (DEA) joins CCTA in August
- Gray-Bowen and Zell will lead the public outreach process for the CTP and will conduct a poll to determine what the voters see as the next new projects

Staff is requesting approval to schedule the outreach/polling as follows:

- Approval to kick off the stakeholder interviews, to develop questions and conduct focus groups, with polling targeted for September/October, reports at year end
- Conduct public meetings related to release of draft CTP in April 2014. After the plan is adopted in October, continue with outreach so there will be activity in 2015 as we work toward a \$2.5 billion expenditure plan
- Prepare for submittal of a financially constrained project list to MTC, stating our priorities for the next RTP

Mr. Engelmann introduced Bill Gray of Gray-Bowen. Mr. Gray pointed out the need to do polling first and then create focus groups to refine questions related to ballot measures. He recommended starting with the focus groups this time to define questions. He outlined the elements of the program: communications strategy, strategic planning, staff expectations, resources, and history, then the launch of the 2014 CTP update.

Recent meetings featured a round table/visioning session with Staff, facilitated by Circle Point's Scott Steinwart, to discuss the future of Contra Costa County: topics discussed included emergent technologies; differing approaches to local street and road maintenance vs. capital improvements; new highways vs. improving existing; ferries, busses, etc., along with discussion of how best to integrate the Authority's new DEA, as well as a review of draft focus group protocols.

Eric Zell emphasized that polling will include all of Contra Costa in order to discern how the public sees CCTA's work since 1988. They need to understand the successes of how the money has been spent, resulting in traffic relief, new projects, and new programs. This is the first poll in over two years.

Commissioner Arnerich commented that it may make sense to wait until Highway 4 and the Caldecott are completed before the polling begins.

Commissioner Metcalf commented that perhaps the polling might open some difficult conversations.

Mr. Zell clarified that the focus groups would be made up of randomly-invited registered voters. The goal of the conversations is to tell the story of CCTA's successes since 1988 and see how the taxpayers feel about how their money was spent.

Commissioner Pierce stated that she would be willing to hold a special APC meeting mid-August to discuss communication regarding the opening of the Caldecott Tunnel Fourth Bore.

18.0 Status Update State Route 4 Widening – Loveridge Road to SR160 (Projects 1406/3003 and 1407/3001).

ACTION: This item was presented for information only.

DISCUSSION:

Susan Miller, Director of Projects, introduced this item with a Power Point presentation on the history and status of the SR4 Loveridge to SR160 Widening Project.

Ms. Miller stated that Segment 1 (Somerville) is nearly finished but cannot open since it is in the middle of the project. The Board approved funding at its April meeting to accelerate the Loveridge project to finish closer to the Segment 1 completion. It is anticipated that Loveridge and Somerville will open in late 2013/early 2014 and a ribbon cutting event is being planned.

Ms. Miller's presentation noted that all the projects along the corridor have improved mainline geometrics and improved local circulation via new ramp configurations and local street improvements.

Key points of the update:

The baseline budget was \$600 million. Comparing baseline to current costs, \$527 million is needed; available funding is \$537.7; therefore, there is a programmatic corridor reserve of about \$11 million. More favorable bid prices brought construction costs down by \$97 million. Approximately \$62.6 million was either returned or not needed in the case of ECCRFFA funds.

Challenges and potential risks exist for weather and nesting bird delays, and a concrete-cracking issue on Somerville Road in which the Design Review Board (DRB) ruled in Caltrans favor, but the contractor may still pursue. Another potential issue is earthwork: when existing soil conditions do not meet requirements, contract change orders will need to be written to address any changes/additional work.

Commissioner Arnerich pointed out that \$11 million is unencumbered at this point.

Commissioner Metcalf requested that the baseline year be noted.

Commissioner Pierce remarked on the evolution of going from Caltrans doing everything, to being partners with Caltrans, to now CCTA doing most of the award, advertising and administration of projects with Caltrans as a minor player.

19.0 Adoption of the Authority's Investment Policy for FY 2013-14.

ACTION: This item was approved by the Committee 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

DISCUSSION:

Randy Carlton, Chief Financial Officer, introduced this item, calling for the Board to approve a resolution to adopt the investment policy for the 2013-14 fiscal year, in the interest of remaining current and maintaining transparency of policy as an agency; there are no substantial state law issues that bear addressing.

Mr. Carlton stated that CCTA purchases its investments with the intent to hold them to maturity, making adjustments when warranted. The threshold on non-government issuers is now limited to 5% per issuer. He stated that the Authority's goal has been to purchase securities from American companies and recommended to move forward to Board for adoption.

Commissioner Arnerich asked for clarification of the threshold on non-government issuers being limited to 5% per issuer and asked if that were 5% of total portfolio value. Mr. Carlton indicated that it is based on the total portfolio.

Commissioner Arnerich stated that he measures a portfolio by yield and quality of portfolio, not total return, as yield doesn't recognize unrealized and realized gains. Mr. Carlton stated that he looks at both the yield and total rate of return. The Authority purchases short-term-type instruments only from American companies and only the highest grade credit quality available.

Discussion followed as to investing conservatively while maximizing return. Mr. Carlton stated that cash that had been accumulated in advance of the 2012 bond sell is now being reinvested so that our return is again consistent with our measurement tool.

Mr. Carlton recommended moving the item with resolution attached.

20.0 Amendment No. 5 to the 2011 Measure J Strategic Plan.

ACTION: This item was approved by the Committee, 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

21.0 State Route (SR) 4 Sand Creek Road Interchange and 4-Lane Widening (Projects 5002/5003) – Construction of SR 4 Second Sand Creek Road Overcrossing and Widening of Westbound SR 4 Sand Creek Bridge.

ACTION: Items 21.1 – 21.3 were approved as a group by the Committee, 5-0, moved by Commissioner Pierce and seconded by Commissioner Metcalf.

21.1 Authorization to Execute Amendment No. 1 to Agreement No. 331 with Parsons Brinckerhoff for Construction Management.

21.2 Authorization to Execute Amendment No. 1 to Agreement No. 335 with Mark Thomas & Company, Inc. for Design Support Services During Construction.

21.3 Authorization to Execute Amendment No. 1 to Cooperative Agreement No. 90.14.25 with Caltrans (District Agreement 04-2266) and the SR 4 Bypass Authority.

22.0 Caldecott Fourth Bore Project (Project 1698/1001)

22.1 Caldecott Fourth Bore Project – Interim Status Update

ACTION: Item 22.1 was presented as information only.

DISCUSSION:

Ross Chittenden introduced Cristina Ferraz, Caltrans Project Manager for the Caldecott Tunnel Fourth Bore Project, noting that this was the first regular discussion with the Committee since January of 2012.

Mr. Chittenden commented that the construction contract is on track to complete on-time, however, there are additional costs due to differing geological conditions and other factors that require funds to be transferred from the project reserve to the construction allotment. The contract was awarded well below the engineer's estimate and \$45 million below the second bidder. The low bid was based on a very aggressive schedule. The California Transportation Commission removed \$16.6 million in State-controlled funds and about \$55 million was help in reserve to complete the project.

Early in 2012 the need was realized to move some contingency over to cover the ongoing construction. Caltrans is requesting that additional project reserve funds be transferred from the reserve to construction. The funding level requested is unlikely to be enough to finish the work. In fact, an additional \$6.5 million more than the funds held in reserve may be needed to complete the work. Staff has met with Caltrans Director Dougherty to seek additional funds; however, no additional State funds have yet been secured.

Ms. Ferraz stated that 85-90% of overall work is completed and the expectation is to open before the end of the year, with construction then being a four-year term. She commented that the original allotment was \$293 million. Due to savings of \$54 million the allotment was reduced to \$239 million. In early 2012 Caltrans requested that \$24 million be added to the allotment, so the current amount is \$263 million. Ms. Ferraz stated that Caltrans is requesting \$18.3 million be transferred from the project reserve to the construction allotment. This would leave approximately \$6 million in reserve.

Chair Taylor asked if there would be sufficient monies to complete the project considering the change orders, and whose responsibility any shortfall would be. Ms. Ferraz was unable to provide a response to this question.

Discussion ensued as to the way the numbers were being presented. Commissioners Arnerich and Pierce asked for a total project cost showing how it is broken out and who is paying for what; a total overview vs. net differences. Mr. Chittenden committed to bringing a revised presentation to the Authority Board on July 17.

Other points discussed among staff, Commissioners, and Caltrans:

The Commissioners need to explain this in plain terms to constituents. The information presented does not state if the project is within budget or if there is a firm commitment to an opening date. Ms. Ferraz provided a discussion of Director's Orders contracts for out-of-scope work funded by the state and under separate contract that affects our contractor. Mr. Chittenden stated that there is a separate budget to pay for any additional scope of work, namely improvement of Bores 1 and 2. Our project was Bore 4 and the separate contract is a response to some of our concerns about paying for any additional scope. This is all being done by Tutor Saliba under a separate procurement funded by the state. The goal is to keep the project from adding on work that is not related to Bore 4.

Mr. Chittenden noted that there are continuing negotiations between CCTA and Caltrans to get Caltrans and the state to cover the additional \$16.5 million to complete the project.

Randy Iwasaki stated that the Caldecott Fourth Bore is a 'marquee project', having received the largest national ARRA allocation - \$180 million. Any dollars saved go back into other projects. Providing additional Measure J dollars will replace funding on other projects.

Commissioner Metcalf requested clarification on the schedule, asking if the tunnel will be open by the end of the year or in October. Bill Bornman, Caltrans Construction Engineer, stated that the Fourth Bore is projected to open to traffic in October 2013.

Mr. Chittenden summarized the discussion by saying that the total funding picture will be consolidated before the Authority meeting. He pointed out that underground work is the most risky construction of all. The project had a total of two bids; the Tutor Saliba bid was \$50 million under the second bidder. As previously stated, the CTC removed \$16.6 million in state money from the project at the same time telling us we had to hold our funds whole (RM2 dollars and Measure J dollars). The project was bid very tightly with an aggressive schedule. Caltrans policy related to bid quantities and item adjustments turned much of the excavation work into a time and materials project in order to pay the contractor for the difference between their assumed production costs and what it really cost. Increased costs will be summarized into the following major categories: additional costs related to geology (excavation and changes in support categories), changes mandated by Caltrans or the State Fire Marshal and other changes.

Chair Taylor thanked the Caltrans presenters.

22.2 Authorization to Execute Amendment No. 4 to Cooperative Agreement No. 90.16.04 with Caltrans for Construction and Construction Management Services.

ACTION: This item was approved by the Committee, 5-0, moved by Commissioner Pierce and seconded by Commissioner Butt.

22.3 Authorization to Execute Amendment No. 5 to Agreement No. 261 with Parsons Transportation Group, Inc. for Design Services During Construction.

ACTION: This item was approved by the Committee, 5-0, moved by Commissioner Pierce and seconded by Commissioner Butt.

23.0 Correspondence and News Clippings.

24.0 Commissioner and Staff Comments:

24.1 Chair's Comments and Reports

24.2 Commissioners' Comments and Reports on Activities and Meetings.

24.3 Executive Staff Comments.

25.0 Other Business.

26.0 Adjournment to Next meeting. The meeting was adjourned at 11:06 am. The next meeting is scheduled for Thursday, September 5, 2013 at 8:30 am.