



## Legislation Text

---

**File #:** HD-15-389, **Version:** 1

---

**DATE:** 7/13/2015

**TO:** Board of Harbor Commissioners

**FROM:** Duane L. Kenagy, P.E., Capital Programs Executive

**SUBJECT:** Gerald Desmond Bridge Replacement Program  
**Approval of an Adjusted Program Budget**

### Potential Action

It is requested the Board of Harbor Commissioners approve an Adjusted Program Budget of \$1.467 billion for the Gerald Desmond Bridge Replacement Program.

### Background

The Gerald Desmond Bridge (GDB) Replacement program is a critical infrastructure investment to the Port and the other stakeholders: Caltrans, FHWA, METRO, the City of Long Beach, as well as the residents and businesses of the region. The Port is the lead agency responsible for managing the overall program, including securing funding and managing the program budget and expenditures. As part of budget management, the Port monitors the current expenditures, identifies risks to the program and associated potential costs, and forecasts the total cost to complete. The Program includes design and construction of a new main-span cable stayed bridge, approach roadways and bridges, freeway interchanges, oil field abandonments and relocations, right of way easements and acquisitions, utility relocations, drainage systems, signage, striping, lighting, signals, intelligent transportation systems, building construction, landscaping, railroad facilities, demolition of the existing bridge and other related work.

### Discussion of Current Issues

The current GDB Replacement Program budget of \$1.2632 billion was approved by the Board in October 2013. Recently, a time extension of 725 days was issued for the design-build portion of the project which extended completion of the new bridge to June of 2018.

A risk-based Cost Estimate Review (CER) of the program budget was previously completed by the Federal Highway Administration (FHWA) to forecast the program cost at completion. In late April 2015, at the request of the Port, an update of cost analysis was conducted with FHWA and Caltrans to determine a revised budget needed to complete the program based on changes in the project requirements and schedule.

The updated cost analysis forecasts a total program cost of \$1.467 billion, which is an increase of \$203.8 million over the previous forecast and approved budget. This forecasted cost at completion for the program is

based on current status of progress of the design and construction by the Design-Builder and is consistent with the Port's internal forecasts.

The largest increase is attributable to the Port/Caltrans directive to enhance the design of the towers for the main cable stayed span to strengthen assurance of the tower performance in a seismic event and the associated costs incurred due to the time extensions required to complete the enhanced design and incorporate those enhancements into the work.

Other factors include:

- Increased program administrative costs due to the extended duration of the project for Port and PM/CM staff, and Caltrans;
- Settlement of extended overhead and escalation costs incurred by the Design-Builder addressed in previous change orders;
- Re-establishment of recommended program contingency and risk register levels;
- Additional costs associated with new requirements for protection of the structure for terrorist or catastrophic incidents; and
- Increase in estimated cost for demolition of the existing Gerald Desmond Bridge.

### **Financial Impact**

Elements of the current budget approved in October 2013 and the proposed July 2015 Adjusted Program Budget are summarized below.

	<b>Current Program Budget <u>10/21/2013</u></b>	<b>Adjusted Program Budget <u>7/13/2015</u></b>	<b><u>Variance</u></b>
Preliminary Engineering	\$ 50,100,000	\$ 50,940,000	\$ 840,000
Right of Way & Utilities	\$ 289,800,000	\$ 277,500,000	(\$ 12,300,000)
Contract Management	\$ 97,800,000	\$ 145,000,000	\$ 47,200,000
Bridge Construction	\$ 700,400,000	\$ 778,650,000	\$ 78,250,000
Bridge Demolition	\$ 24,900,000	\$ 42,050,000	\$ 17,150,000
Program Contingency & Risk Register	<u>\$ 100,200,000</u>	<u>\$ 172,860,000</u>	<u>\$ 72,660,000</u>
	<b>\$1,263,200,000</b>	<b>\$1,467,000,000</b>	<b>\$203,800,000</b>

To accommodate the additional \$203.8 million, it is requested the Board approve an Adjusted Program Budget of \$1.467 billion. As of June 1, 2015, \$629.6 million has been expended to design and construct the new bridge.

The proposed July 2015 Adjusted Program Budget is consistent with the adopted FY 2015 and FY 2016 Department budgets.

