

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: August 19, 2024

To: Street and Transportation Projects Oversight Committee
Matthew W Szabo, Office of the City Administrative Officer (CAO), Chair
Sharon Tso, Chief Legislative Analyst (CLA)
Randall Winston, Office of the Mayor (Mayor)

From: Christine Sotelo, P.E., Principal Civil Engineer
Bridge Improvement Division
Bureau of Engineering



Subject: THE BUREAU OF ENGINEERING FISCAL YEAR (FY) 2024-2025 MOBILITY AND LA RIVER PROJECTS - GLENDALE BOULEVARD-HYPERION AVENUE VIADUCT IMPROVEMENT PROJECT: RECEIPT OF BIDS AND REQUEST FOR BUDGET INCREASE

BACKGROUND:

The Glendale Boulevard – Hyperion Avenue Viaduct Complex (Project) is located between Atwater Village in the Northeast Los Angeles Community planning area and the Hollywood Community planning area of the City of Los Angeles (City). Completed in 1929, the Viaduct Complex spans the Los Angeles River, Interstate 5 (I-5), and Riverside Drive, and consists of the following structures:

- Hyperion Avenue viaduct over Riverside Drive (53C-1882)
- Hyperion Avenue viaduct over I-5 (53-1069)
- Hyperion Avenue viaduct over the Los Angeles River (53C-1881)
- Southbound Glendale Boulevard Bridge over the Los Angeles River (53C-1883)
- Northbound Glendale Boulevard Bridge over the Los Angeles River (53C-1884)

Of the five structures comprising the Viaduct Complex, Hyperion Avenue viaduct over I-5 is the only component that is part of the State Highway System. The other four structures are under the City's jurisdiction.

The scope of the Project is to seismically retrofit and rehabilitate the existing viaduct complex along the historical corridor of Hyperion Avenue and Glendale Boulevard. Work includes the widening of bridges, streamlining approach roadways, and upgrading various elements, including sidewalks, ADA ramps, and bicycle lanes, to meet current infrastructure standards. While implementing the major overhaul, this project aims to preserve all historical elements: replication of historical railing, preservation of historical pylons, and refurbishment and/or replication of existing light poles. Work also includes re-alignment of the I-5 northbound off-ramp, the addition of bicycle and pedestrian access ramps, green space, and creation of an infiltration basin to protect the water quality of the LA River. A bicycle lane will be added to each side of

Glendale-Hyperion Viaduct
Scope Change and Budget Increase
September 6, 2024

Hyperion Avenue within the project area as part of roadway re-configuration

The historic Glendale-Hyperion Bridges are on Caltrans' mandatory seismic retrofit list and may be subject to substantial damages if a maximum probable earthquake occurs. This Project will upgrade five bridges to withstand an earthquake event, restore the bridge's historical appearance, improve circulation and safety for motorists, bicyclists, and pedestrians, and provide access to the Los Angeles River Bike Path. The Federal Highway Bridge Program (HBP) will fund 88.53% of participating construction work, with State Proposition 1B (Prop 1B) and City's fund to cover the rest of the cost.

Current Budget

Upon the completion of design, the Bureau of Engineering (Engineering) submitted the Request for Construction Authorization (RFA) package to Caltrans Division of Local Assistance in August 2022. To expedite the approval of the RFA, Caltrans Local Assistance advised Engineering staff to limit the construction cost estimate to approximately \$76M which includes contingency. The City also allocated \$9.2M for Construction Engineering services for a total construction budget of \$82.7M. Limiting the construction budget to \$82.7M overall was to prevent the total project cost from exceeding \$100M which would trigger high-cost project procedures per Caltrans Local Assistance Procedures Guideline Chapter 6 (DLA-OB-10-01) which is a lengthy and complicated process. Engineering's burden of local match based upon the approved programming was \$8,303,024.21. See table below:

Local Match			
	<i>HBP (Federal)</i>	<i>LBSRP (Prop 1B)*</i>	<i>Non-Participating Items</i>
Construction	\$ 66,194,000.00	-	\$ 2,752,574.05
Construction Engineering (15%)	\$ 9,929,100.00	-	-
Contingency (10%)	\$6,619,400.00	-	\$ 275,257.41
Total Base Amount	\$ 82,742,500.00	-	\$ 3,027,831.46
Total Local Match (11.47%)	\$ 9,490,564.75	(\$ 4,215,354)	-
Total City Portion of Local Match (HBP–Prop1B+non-Participating)			\$ 8,303,042.21

*Note: Prop 1 B funds provides a contribution to the required local match and is therefore not included in the City's Burden of local match.

The understanding between Caltrans Local Assistance and Engineering was to proceed with bid and award utilizing the programmed amount of \$69M without Contingency and if the bids received were higher than the programmed amount, Caltrans Local Assistance would work collaboratively with Engineering to process the high-cost procedures and program additional construction funds to award the project.

Glendale-Hyperion Viaduct
 Scope Change and Budget Increase
 September 6, 2024

Status Updates

With an approved RFA and Federal Authorization (E-76) from Caltrans Local Assistance, Engineering proceeded to Bid/Award on 9/7/23 with a bid opening date of 11/1/23. A single bid of \$212,902,971.50 was received on November 1, 2023. Caltrans asserted that they cannot fund the Project at this cost as it did not meet the criteria for justifying an unreasonably high bid per Caltrans Local Assistance Procedures Manual (LAPM) Chapter 15. Caltrans HBP/Local Assistance staff advised Engineering to reject the bid and investigate why only one bid was received. Therefore, the sole bid was rejected, and Engineering prepared to re-advertise the project.

Based on feedback from discussions with potential bidders, Engineering increased clarity by refining the specifications and providing more referential information to help the bidders price the work more accurately. Engineering also revised the original construction estimate to the latest cost data from 2023 which amounted to approximately \$135M. As advised previously by Caltrans Local Assistance and to avoid a lengthy review process as part of the high-cost agreement procedures, Caltrans once again advised Engineering to advertise the project without increasing the original cost estimate. The Board of Public Works advertised the Project again on May 31, 2024 and the plan holders were invited to a workshop on June 7th where Engineering presented the major features of the Project with a 3-Dimensional flyover video and animation to encourage more firms to bid.

The Board of Public Works received two bids on July 24, 2024:

Firm	Bid Amount
Stacy & Witbeck	\$208,824,888
Steve Rados	\$211,419,892

The two bids differ by 1.2% and are much higher than Engineering's updated estimate. Stacy & Witbeck's bid item prices are uniformly higher than Engineering's estimate for most of the 412 bid items while Rados' bid item prices are very high on structural items and are relatively comparable with Engineering's estimate on roadway and traffic items. The table below samples a few bid items with significant differences:

Bid Item Description	Stacy & Witbeck's Bid	Steve Rados' Bid	City's Updated Estimate
Prepare and Implement Stormwater Pollution Plan (for both Caltrans & City right of way)	\$6,517,393.50	\$1,500,000	1,088,250
Temporary Traffic Control on Riverside DR for Bridge Retrofit	\$917,800	\$200,000	\$250,000
Temporary Crash Cushion (multiple items for various traffic staging)	\$15,500 Each	\$500 Each	\$402.5 Each
Trench Shoring	\$5,225,600	\$979,800	\$979,800

Glendale-Hyperion Viaduct
 Scope Change and Budget Increase
 September 6, 2024

Structural Concrete, Bridge	\$6,269,400	\$17,496,000	\$5,832,000
-----------------------------	-------------	--------------	-------------

To determine why the bids received were much higher than Engineering's estimate, the following items were anticipated to play a factor:

- The construction of the Glendale-Hyperion project involves multiple trades and requires a team of various specialty firms. This increases the level of complexity in work coordination and management. Caltrans also requires 23% DBE participation which would expose the prime Contractor to additional risk if these small DBE firms face unforeseen hardship. Contractors tend to bid conservatively to cover for these scenarios.
- The construction duration will last 4 to 5 years. This is a relatively long project duration, and the bids fall on the heels of an enormous rise in construction cost in the past few years. The latest Caltrans price index shows current annual escalation in highway construction cost exceeds 10% annually for the last 4 years.

BOE submitted the bid results and a cash flow analysis of Stacy & Witbeck, the assumed low and responsive bidder, to Caltrans Local Assistance and requested an increase in Federal and State Proposition 1B funds to award the contract. Since the total project cost exceeds \$100M, Caltrans Local Assistance will require the City to commit the local match fund and enter into a High-Cost Agreement before obligating the grants.

FISCAL IMPACT STATEMENT:

The increase of the project budget will proportionally increase the local match amount. Engineering prepared a cash flow analysis assuming the contract would be awarded to the low bidder. A breakdown of the construction cost is summarized in the table below.

	Contract Cost + 10% Contingency	Construction Support (15% of Contract Cost)	Fund Source Total
Federal HBP Grant	\$194,064,400	\$26,463,327	\$220,527,727
Local Match	\$25,609,156	\$3,492,158	\$29,101,314
Proposition 1B	\$10,033,821	\$1,368,248	\$11,402,069
Financing Cost	Unknown at this time	Unknown at this time	
Total	\$229,707,377	\$31,323,733	\$261,031,110

The City's burden for local match has increased from \$8,303,042.21 to approximately \$29,101,314.

Caltrans Local Assistance traditionally sets an annual cap on the reimbursement amount. Depending on the annual cap, the City may need to prepare a financing plan to provide sufficient cash flow during construction. Engineering will report back to the Committee once a decision from Caltrans Local Assistance is received.

Glendale-Hyperion Viaduct
Scope Change and Budget Increase
September 6, 2024

CS/aa

cc: David Hirano, City Administrative Officer
Daisy Bonilla, City Administrative Officer
Salyna Cun, City Administrative Officer
Maria Souza-Rountree, City Legislative Officer
Deborah Weintraub, Bureau of Engineering
Andrew Asfour, Bureau of Engineering

Attachments: Summary of Bids Received on 7/24/24.