

Broadway - Re: FW: Q on B-Way

From: Jennifer Burdick
To: rlowes@cfrac.org
Date: 12/7/2012 9:56 AM
Subject: Re: FW: Q on B-Way
CC: broadway@tucsonaz.gov; Diane Robles
Attachments: 2012_8-30_CTFSession_RTAPresentation_slides.pdf

Dear Mr. Lowes,

Diane Robles forwarded your email (below), and asked me to respond to you. I was remiss not to do so sooner than today. I hope you will forgive the delay.

Your questions touch on 2 primary areas: 1) substantial changes to the RTA Plan, and 2) cost estimates versus actual construction costs. I will do my best to address each separately, and hopefully, clearly. Please let me know if you have follow-up questions or need me to clarify anything.

1) Substantial changes

At the August 30, 2012 Broadway Citizens Task Force meeting, Jim DeGrood presented information to the Task Force that covered a number of relevant topics, including this one. I have attached a copy of his presentation, which was embedded the larger meeting powerpoint. (I will add it as a separate item to the project web page for easier reference and access.)

Per Arizona Revised Statute 48-5309 (E):

"An estimated cost to complete one or more elements of the RTA Plan that exceeds the expenditure limitations of the RTA Plan... by the following or greater percentages:

- a. Ten percent for a single element of the plan.
- b. Fifteen percent for any two elements of the plan.
- c. Twenty percent for three or more elements of the plan."

An element is a group of a certain type of transportation projects. There are 4 elements in the RTA Plan, funded with RTA funds as follows:

- Roadway Improvements, \$1.2 billion
- Safety Improvements, \$180 million
- Environmental and Economic Vitality Improvements, \$115 million
- Public Transit Improvements, \$534 million

Broadway is one of 35 projects included in the Roadway Improvements element. Broadway's total approved budget - \$72,347,000 - equates to approximately 6% of the overall Roadway Improvements element's budget. If Broadway were to exceed its projected budget by 10% or more, such an exceedance would **not** trigger a 10% increase of the Roadway Improvements element.

A 10% exceedance *could* be experienced if multiple projects come in over-budget, and the combined total of the overruns equals \$120,000,000. However, the likelihood of that happening is greatly tempered by the Value Engineering Analysis process that RTA employs to identify cost-saving solutions that can be employed if projects begin to overrun, and by the actual costs of construction versus original cost estimates (area 2).

2) Cost Estimates versus Actual Construction Costs

Your concern about projects going over budget is not uncommon. Until projects get closer to actual construction, it is difficult to pin down whether there is cause for concern, or not. However, one common practice used for transportation projects is to perform cost estimates at key phases of the project to begin narrowing down the costs. The key phases are:

- planning & design,
- final design,
- right-of-way finalization/utility construction, and finally
- to bid for construction.

In the case of the RTA projects, early cost estimates were performed in 2005 and helped to substantiate each project's costs. As each roadway project progresses through the four key phases, the original cost estimates are revised to reflect the more refined designs and construction plans. With respect to the City of Tucson's projects, we have put a few RTA projects out to bid for construction this year. All of the bids, as I understand it, have come in *under* the construction bid estimates. The trend for these projects has been a smaller project cost estimate at each key phase of the project, all the way through to the construction bids received.

This trend is for current projects, and is subject to change because construction costs are vulnerable to market fluctuations. However, the RTA is monitoring these projects closely. And, as mentioned above, the use of Value Engineering Analysis to help achieve cost-savings recommendations that can be employed when they are needed also helps to mitigate overruns.

I hope this is helpful information, and may help alleviate at least some of your concerns. If not, or if you have even further questions, please feel welcome to let me know. I am also able to meet with you and Diane to discuss, if that would be useful.

Very best regards,
 Jenn

 Jennifer Toothaker Burdick, Project Manager
 Broadway: Euclid to Country Club Roadway Improvement Project
 City of Tucson Department of Transportation

Direct: (520) 837-6648 Cell: (520) 390-7094
 Web: <www.tucsonaz.gov/broadway>

>>> On 11/20/2012 at 9:16 AM, "Diane Robles" <drobles@cfraz.org> wrote:
Hi Jen,

An email was sent to me by one of the staff here at Child & Family Resources. Can you answer his question?

Diane M. Robles, MBA/TM
Director of Facilities & Technology
Child & Family Resources, Inc.
2800 E Broadway Blvd
Tucson AZ 85716
Direct: (520) 321-3746
Cell: (520) 780-9087
Fax: (520) 325-8780
www.ChildFamilyResources.org



From: Russell Lowes
Sent: Friday, November 16, 2012 1:28 PM
To: Diane Robles
Subject: Q on B-Way

Hi Diane,

The question I have on the Broadway widening, is this. If there is a cost overrun that triggers the need to put the issue back on the ballot (I think a new vote is triggered at 10% cost overrun, per the initial RTA authorization), then can the project be re-designed in that overrun vote to reduce the widening and hence the cost, as well as creating approval for new funding (if additional funding is still needed after the re-design)?

In my view this RTA vote was promoted using ridiculously lowballed costs that will almost certainly have large overrun percentages. Same goes for widening Grant. Time will tell.

Thanks,

Russell Lowes, Accountant
Child & Family Resources, Inc.
520-321-3835
rlowes@cfraz.org



NOTICE: The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please notify the sender and delete the material from your computer.

Disclaimer added by CodeTwo Exchange Rules
www.codetwo.com