



Buy America Utility Relocation Challenges in California

May 16, 2013

The passage of Moving Ahead for Progress in the 21st Century (MAP-21) has modified the applicability of Buy America (BA) as it relates to utility relocations. To ensure compliance with Buy America, utility owners must now sign utility agreements that certify their intention to comply. Five major utility owners in California have stated that they cannot currently comply with the Buy America provisions and therefore will not sign utility agreements. In addition, the California Division of the Federal Highways Administration now requires utility agreements to be executed prior to the approval of a right of way certification (RW Cert). A RW Cert is required to meet milestones required to obtain funding approval from the California Transportation Commission (CTC).

Scope of Projects in California

The California Department of Transportation currently has over 650 contracts under construction valued in excess of 12.4 billion dollars. Just this year alone Caltrans delivered over 2.3 billion dollars worth of projects. A significant majority of these projects involve utility relocations by utility owners who have expressly stated that they are currently unable to comply with MAP-21's Buy America provisions and therefore will not agree to execute a utility agreement that binds them to comply.

Projects currently in construction impacted by Buy America

Caltrans currently has over \$2.5 billion on 10 projects in or near construction that has either been suspended due to Buy America or will be within the near future. Just four of these projects alone account for over 20,000 jobs and over \$2 billion dollars.

The inability to obligate funding for project construction as scheduled will lead to a cumulative loss of federal obligation authority that not only forgoes the benefits derived from the lost projects but also places additional downstream projects in jeopardy for timely funding and construction.

This not only affects transportation in the State, but will also have a large impact on the State economy as many jobs will be lost. The State will also be liable for project delays and wasted work and material costs.

Projects where funding will not be allocated due to Buy America

Currently there are approximately 38 projects not yet in construction that will be held in limbo due to Buy America issues on utility relocations. Current figures on these projects identified with Buy America issues total over \$3.2 billion in construction dollars.



Notable Projects Currently in Jeopardy due to Buy America:

Gerald Desmond Bridge The Gerald Desmond Bridge (GDB) is a vital link in the nation's trade system. Built in the 1960's, the bridge will be completely replaced due to deterioration and unsafe conditions. Designated as a National Highway System Intermodal Connector Route, the GDB is part of the Federal Strategic Highway Network. It is a critical structure with nearly 15% of the nation's waterborne cargo trucked across its decking.

The GDB provides a critical access route for the Port of Long Beach and surrounding communities. Caltrans has been working with the Port of Long Beach, Federal Highway Administration and the Los Angeles County Transportation Authority for several years to bring this project to fruition. The project will extend the eastern limits of State Route 710. The new bridge will include:

- Three lanes in each direction for improved traffic flow.
- Emergency lanes on both sides to reduce traffic delays and safety hazards from accidents and vehicle breakdowns.
- A 200-foot vertical clearance that will accommodate newer, "greener" vessels.
- A reduction in the bridge's steep grades for further improvements to traffic flow.

Utility Issues: The project involves a major relocation of Southern California Edison (SCE) utility facilities in nine phases. SCE has confirmed that relocations for phases 1, 3, and 5 are temporary and phase 2 relocations are 100 percent SCE, therefore, BA does not apply. Permanent relocations in phases 4, 6-9 are subject to BA certification. At this time SCE cannot certify that the steel and iron materials for those phases are compliant with the BA requirements. Therefore, phases 4, 6-9 will reach an impasse as SCE cannot comply with Buy America laws.



Design Build Partners: Port of Long Beach, Caltrans, FHWA, Los Angeles County Metropolitan Transportation Authority (Metro)

Project Open: Summer 2013

Construction Cost: \$1 billion over 5 years

Estimated Jobs: 3000 jobs per year of construction



State Route 91 The State Route 91 Corridor Improvement Project (“91 Project”) will relieve congestion on the only major link between urbanizing Orange & Riverside Counties in Southern California – home to more than 5 million residents. One of the most congested highways in the nation, the project will extend the internationally renowned 91 Express Lanes, add a general purpose lane in each direction, reconstruct numerous interchanges, and provide reliable express bus transit service to job centers in Southern California. The project will greatly benefit national goods movement by easing congestion on one of only three east-west highway routes linking the Ports of L.A. and Long Beach with the rest of the nation. The project also provides major relief and connectivity to Interstate 15, which connects the San Diego border region with Las Vegas and the western U.S.

This Design-Build project is being administered by Riverside County Transportation Commission (RCTC) a local partner in Southern California. The 91 Project has received national recognition through receipt of a TIGER III grant and a TIFIA loan of up to \$451 million. Riverside County continues to experience one of the highest unemployment rates in California and among urban regions over 1 million people.

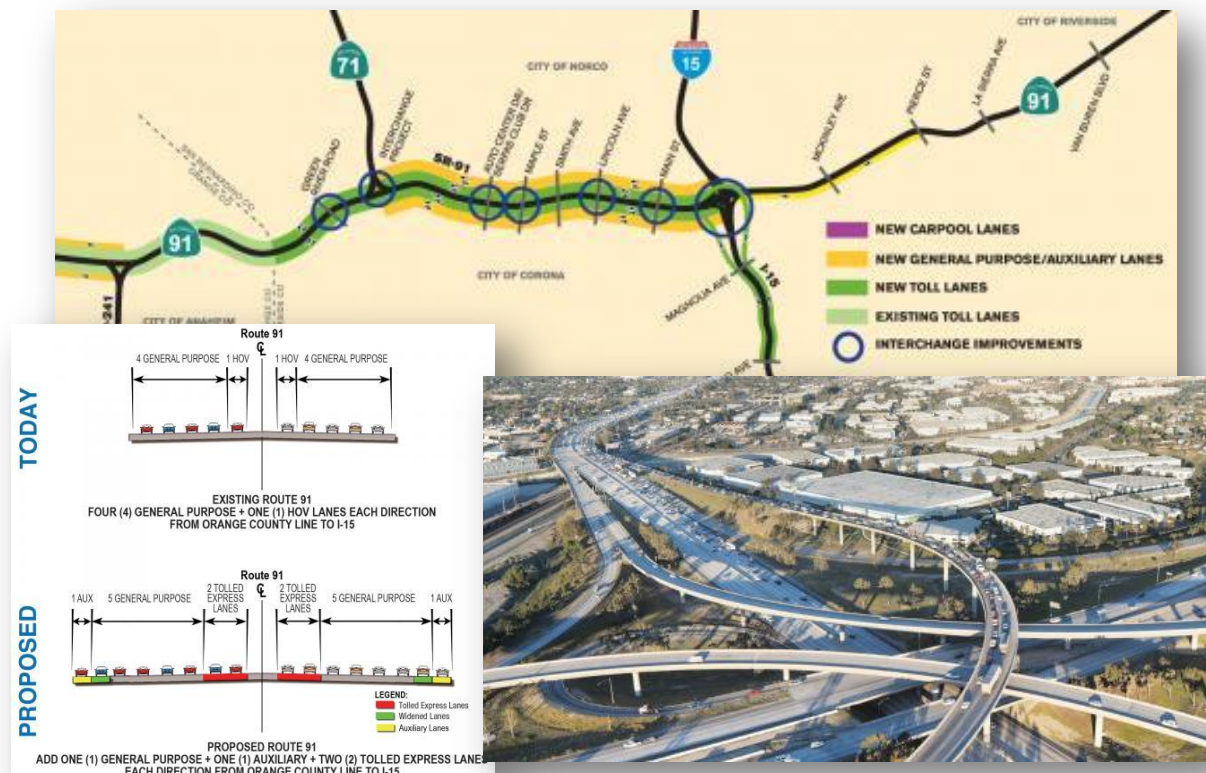
Utility Issues: Two major utility companies scheduled to begin relocation in June are unable to begin work due to their inability to comply with Buy America requirements. These scheduled relocations are only the first phase of a multitude of utility relocations required for the project. A notice to proceed has been issued to Atkinson/Walsh, A Joint Venture to begin design-build activities; delays and impacts will begin to accumulate in the immediate term if Buy America challenges are not resolved.

Project Open: Contract Awarded May 2013

Construction Cost: \$636 million

Estimated Jobs: 16,000

Delay Costs: \$95,000 per day beginning in June 2013





80/680/12 ICP The I-80/I-680/SR 12 interchange project is in the vicinity of the city of Fairfield, Solano County, California and is vital to the mobility of both the local area and the entire northern California region because it serves a multitude of destinations. It is a critical corridor for local and regional commute travel. During the past ten years, commute travel through the area has increased substantially in response to the growing Bay Area economy and expansion of employment centers; these changes have increased housing prices in the Bay Area, pushing residents farther east in search of affordable housing. By 2030, commute traffic is projected to constitute between 40% and 75% of the total number of vehicles traveling through the project area.

The project area is located along 13 miles of the three highways. The existing I-80/I-680/SR 12 interchange complex was constructed approximately 40 years ago, and current traffic demands result in congestion, delays, and unacceptable levels of service. The proposed improvements are designed to reduce congestion, accommodate anticipated increases in traffic, accommodate current and future commercial truck traffic, provide adequate access to truck scales, and address safety concerns

Utility Issues: Utility materials on this project required a two year lead time. The materials have been received and are now ready to be used on the project. However, the company does not have the ability to meet the BA certification requirements due to the variety of supplies, the complicated supply chain and lack of ability to track BA compliant materials thru inventory systems.

Buy America has jeopardized the delivery schedule and funds for the I-80/I-680/SR 12 Interchange – Phase 1 project which is being delivered by Solano Transportation Authority (STA) and Caltrans, in collaboration with FHWA. The I-80/I-680/SR 12 Interchange – Phase 1 project is a \$750 million project that is being implemented through 7 individual construction packages. The Initial Construction Package for the I-80/I-680/SR 12 Interchange – Phase 1 project will require utility relocations for Pacific Gas & Electric (PG&E) and AT&T. PG&E and AT&T staff indicated they cannot comply with the “Buy America” requirements in the Utility Agreements for relocation of their facilities. Based on discussions with FHWA, this has jeopardized all federal funds currently programmed for the I-80/I-680/SR 12 Interchange – the Phase ‘s Initial Construction Package, and will jeopardize all future potential federal funding for the Phase 1 project.

The immediate issue is the potential loss of \$24 million in Transportation Corridor Improvement Fund (TCIF) funding and \$11.4 million in STIP funding for I-80/I-680/SR 12 Interchange – Phase 1 Initial Construction Package. This project is on a very critical timeline since a requirement of the TCIF program is to award the construction contract in 2013. In order to meet that timeline, the project needs to receive an allocation by the June 11, 2013 California Transportation Commission (CTC) meeting.

Project Open: September 2013

Construction Cost: \$56 million for Initial Construction Package 1 (Phase 1: \$750M total)

Estimated Jobs: 410 for Initial Construction Package 1 (Up to 3200 for Phase 1)



I-880 at 23rd and 29th: The I-880 Operational and Safety Improvements at 23rd and 29th Avenues Project is a critical Trade Corridor project which will facilitate goods movement in and out of the Port of Oakland as well as construct operational and safety improvements on I-880 at the existing overcrossings of 23rd Avenue and 29th Avenue in the City of Oakland. Improvements include replacing three freeway overcrossing structures, improving the northbound on and off ramps and the freeway mainline.

Utility issues: The I-880 Operational and Safety Improvements at 23rd and 29th Avenues Project will require utility relocations for several utilities. Two major utility companies (PG&E and AT&T) were scheduled to begin relocation last month but are unable to begin work due to their inability to comply with Buy America requirements.

The immediate issue is the potential loss of \$83 million in TCIF SHOPP and STP funding for the I-880 Operational and Safety Improvements at 23rd and 29th Avenues Project. This project is on a very critical timeline since a requirement of the TCIF program is to award the construction contract in 2013. In order to meet that timeline, the project needs to receive an allocation at the June 11, 2013 California Transportation Commission (CTC) meeting.

Project Open: Ready for Construction

Construction Cost: \$103 million

Estimated jobs: 840



Working on Buy America with Utility Companies

Caltrans is continuing to work with five of the major utility owners in the state to obtain their official stance concerning Buy America; Pacific Gas & Electric (PG&E), Southern California Edison (SCE), AT&T, Los Angeles Department of Water and Power (LADWP), and Verizon. Caltrans leadership has met personally with representatives from most of these companies and formal letters have been received from decision makers regarding Buy America challenges. None of the companies have stated that they will never comply. However, all have stated that they are currently unable to comply with the requirements of BA at this time. Utility companies cite many reasons and challenges that prevent them from participating in projects requiring Buy America Certification:

- Insufficient time and guidance
- Inability to evaluate materials in their supply chain
- Existing long-term contracts with their suppliers
- Supplier inability to verify or certify material compliance
- Lack of inventory system to track BA certification of materials
- Issues with acquiring and maintaining segregated inventory for applicable projects
- California Public Utilities Commission (CPUC) purchase requirements
- Insufficient lead time to order new materials
- Issues with reliability, durability, and safety of BA compliant products
- Potential conflicts with existing CFRs
- Legality of BA law as it applies to Utility Relocations

Several of these companies have pointed out that the sheer scope of their operations is evidence of the challenge. Southern California Edison indicates that they have over 90,000 miles of distribution lines while Pacific Gas & Electric notes that they have over 5,000 products used in their operations. The overriding theme seems to be that the utility companies need time to transition to the new demands of MAP-21 Buy America compliance.



Projects in Construction

**In Danger of Construction Delay
or Losing Federal Funding**

Project	County	Route	Agency	Risk	Utility Cos	Value \$M
Willits Bypass - 100000005	Mendocino	101	CT	High	PG&E, AT&T	\$164.2
Petaluma River Bridge - 400000736	Sonoma	101	CT	High	AT&T, PG&E	\$77.0
Marin Sonoma Narrows - 400000733	Sonoma	101	CT	High	PG&E, Verizon	\$52.0
10/605 - 700000431	Los Angeles	10/605	CT	High	SCE, LADWP	\$55.5
I-5 South Segment 3 - 700001833	Los Angeles	5	CT	High	SCE	\$89.4
I-5 South Segment 4 - 700001834	Los Angeles	5	CT	Med	SCE	\$141.6
405 (DESIGN BUILD) - 700000107	Los Angeles	405	LA Metro	Low	LADWP	\$1,636.0
ED 49 Overlay/Upgrade - 300000510	El Dorado	49	CT	Low	EID	\$0.7
I-5 North - 700021119 [Magnolia to Buena Vista]	Los Angeles	5	CT	Low	SCE	\$195.8
Bi-Counties - 812000211	Riverside	215	CT	Low	SCE, So. Cal Gas	\$137.2
Total						\$2,549,400,000
						\$2.5 Billion



Projects Not Yet in Construction

In Danger of Construction Delay or Losing Federal Funding

Project	County	Route	Agency	Risk	Utility Cos	Value \$M
Orangewood and Walnut -	Tehama	Co Rd	Tehama Co	High	PG&E, AT&T	1
Shasta Rehab & Restore - 200000262	Shasta	299	CT	High	PG&E	39.4
Nelson Lane Bridge -	Placer	Co Rd	City of Lincoln	High	PG&E, AT&T	8
Gilardi Overcrossing - 300000473	Placer	80	CT	High	PG&E, PCWA	27.1
I-880 at 23rd & 29th - 400000160	Alameda	880	ACTA, City of Oakland	High	AT&T, PG&E	103
80-680-12 ICP - 400021131	Solano	80/680/12	STA	High	AT&T, PG&E	56.4
Sol 12 Left Turn Pocket - 400000832	Solano	12	CT	High	PGE	9.1
Fransisquito Creek Bridge - 400000678	San Mateo	101	CT	High	PGE, AT&T	9.3
College Ave. Improvements - 400000693	Sonoma	101	CT	High	AT&T, PG&E	2.5
San Pedro Creek Bridge - 400000743	San Mateo	1	SMCTA	High	PGE, AT&T	8.5
Sonoma 1 Sub Drainage - 400001213	Sonoma	1	CT	High	PG&E	1.4
San Antonio Curve - 400000733	Sonoma	101	CT	High	PG&E	52.1



Projects Not Yet in Construction - Cont.

Project	County	Route	Agency	Risk	Utility Cos	Value \$M
Goleta Drainage - 500000055	Santa Barbara	101	CT	High	SCE	17.2
Piedras Blancas - 5000000576	San Luis Obispo	1	CT	High	PG&E	43.6
California Avenue Ramp - 6000000306	Kern	99	CT	High	Verizon	1.1
Baldwin Prk/West Covina - 700000085	Los Angeles	10	CT	High	SCE, Verizon	126.5
Gerald Desmond Bridge - 700000379	Los Angeles	710	Port of Long Beach	High	SCE	1000
I-5 South Segment 2 - 700001832	Los Angeles	5	CT	High	SCE, Verizon, AT&T	131.9
I-5 South Segment 5 - 700001835	Los Angeles	5	CT	High	SCE, Verizon	124
6th Street Bridge - 700000494	Los Angeles	110	Port of LA	High	LADWP	5.9
Route 138 Widening/Buffer - 800000609	San Bernadino	138	CT	High	SEMPRA, SCE, AT&T, VERIZON	85.5
91 CIP - 800000136	Riverside	91	RCTC	High	SEMPRA, SCE, AT&T, VERIZON	636



Projects Not Yet in Construction - Cont.

Devore Interchange - 800000366	San Bernadino	15	SANBAG	High	SEMPRA, SCE, AT&T, VERIZON	65.7
Hinkley Bypass - 800000010	San Bernadino	58	CT	High	SEMPRA, SCE, AT&T, VERIZON	194.9
Kramer Junction - 800000616	San Bernadino	58	CT	High	SEMPRA, SCE, AT&T, VERIZON	199.5
Victorville Reconstruction - 800000621	San Bernadino	15	CT	High	SEMPRA, SCE, AT&T, VERIZON	30.8
Stevinson Rehab - 100000407	Merced	165	CT	High	AT&T, PG&E	5
710 Bridge - 700020870	Los Angeles	710	CT	High	AT&T, SCE	89.3
Ventura 101 Thousand Oaks - 700000201	Ventura	101	Thousand Oaks	High	SCE	40.9
12th Avenue Overcrossing - 600000488	King	198	CT	Low	SCE	15.5
Genesee - 1112000102	San Diego	5	CT	Low	AT&T, MCI	93.1
Total						\$3,224,200,000
\$3.2 Billion						