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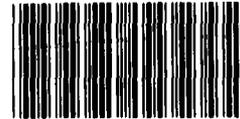


UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

DECEMBER 4, 1980

B-201354



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The Honorable Ted Weiss
Member, United States
House of Representatives
37 West 65th Street
New York, New York 10023

Dear Mr. Weiss:

Subject: West Side Highway Project
Cost Estimate (CED-81-33)

On October 18, 1980, you requested that we investigate the cost of the West Side Highway Project (Westway) and determine if New York State's current estimate of \$2.329 billion was based on a thorough analysis of all costs expected to be involved in Westway's construction. Further, if we concluded that the cost estimate was not accurate, you requested that we determine the correct cost.

The Federal Highway Administration (FHWA), Department of Transportation, collects and reviews the States' interstate highway cost estimates and submits estimates of the cost of completing the interstate system to the Congress periodically as required by 23 U.S.C. 104 (b)(5)(A). Westway was designated a part of the interstate system in November 1971 (I-478) and has been included in FHWA's cost estimates since 1972.

According to FHWA's Chief, Interstate Reports Branch, Office of Engineering, and its New York Division Office Area Engineer, Westway's current cost estimates are based on preliminary engineering designs that were developed originally by New York State for 1975 and approved by the Secretary of Transportation in 1977. Westway is not yet in the detailed design engineering stage where actual construction design specifications will be developed for contract bidding. Also, issuance of a U.S. Corps of Engineers' permit needed for Westway's landfill construction is being opposed by the Environmental Protection Agency and the

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U.S. Fish and Wildlife and National Marine Fisheries Services. Any delays or changes caused by this opposition will undoubtedly affect Westway's projected cost estimates and construction schedules. Therefore, we believe that detailed cost analysis at this time would not be conclusive. We have nevertheless reviewed the available cost estimate data from FHWA and have updated that data to the extent possible.

The most recent cost estimates provided by the States to FHWA are scheduled to be submitted to the Congress in January 1981. FHWA is currently reviewing those estimates but its revised cost figures have yet to be finalized and approved by the Department. We have therefore based the following information on the Westway cost estimates prepared for 1979 by New York State and FHWA, as submitted to the Congress.

The 1979 cost estimates follow:

	<u>New York State</u> <u>estimate</u>	<u>FHWA revised</u> <u>estimate</u>
	----- (billions) -----	
Cost to complete Westway, including costs not eligible for 90-percent Federal funding	<u>a/\$1.904</u>	\$1.119
Cost to complete Westway, including only costs eligible for 90-percent Federal funding	1.400	1.040

a/Includes highway construction from Lincoln Tunnel to 72d Street, which is not part of the designated 4.2-mile interstate segment from Brooklyn Battery Tunnel to Lincoln Tunnel.

The 1979 cost estimates included, among other things, funds for preliminary engineering, right-of-way and land acquisition, relocation payments, utility adjustments, grading and draining, demolition, surfacing and shoulders, interchanges, bridges and tunnels, erosion control, landscaping, and construction contingencies. However, because

the cost estimates were prepared early in 1978, they were based on the 1977 composite construction index--the latest annual index available at the time. Since then, FHWA has issued its 1979 index, which we used to adjust the cost estimates to represent 1979 dollars. Our computations were based on an adjustment factor of 1.425, derived from the 1979 composite construction index of 308.3 divided by the 1977 composite construction index of 216.4, as follows:

	1979 cost estimates (1977 index)	1979 cost estimates (1979 index)
Total Westway cost estimates:		
New York State	\$1.904	\$2.713
FHWA	1.119	1.595
Total Westway cost estimates eligible for 90-percent Federal funding:		
New York State	\$1.400	\$1.995
FHWA	1.040	1.482

Thus, by adjusting the latest completed Westway cost estimates to reflect the dollar value as of December 31, 1979, our analysis shows that \$1.482 billion would be eligible for 90-percent Federal funding, or \$1.334 billion in Federal funds. However, the actual cost to construct Westway may be much larger than this amount, as the projected construction period is 10 years, and our adjusted cost estimates do not reflect inflationary costs beyond 1979. The construction composite index has nearly tripled during the last 10-year period, but we have no way of knowing what will happen over the next 10 years.

We hope that this information will assist you. As requested, we are sending a copy of this letter to the Secretary of Transportation.

Sincerely yours,



Henry Eschwege
Director