

**DEPARTMENT OF TRANSPORTATION - District 4 Toll Bridge Program**

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May 13, 2009

Contract No. 04-0120F4  
04-SF-80-13.2 / 13.9  
Self-Anchored Suspension Bridge  
Letter No. 05.03.08-000017

Michael Flowers  
Project Executive  
American Bridge/Fluor, A JV  
375 Burma Road  
Oakland, CA 94607

Dear Michael Flowers,

### **CCO 77 and First Shipment**

In preparation for the first shipment to leave China, we have had several discussions with your representatives in China regarding CCO 77 and the data requirements.

The purpose of CCO 77 was to supplement existing required inspection with a green tag process, with the goal of formalizing in-process and timely acceptance of materials. In addition, the information was to be entered into a database with the intent to replace the Welding Reports. Currently, the Department is signing off on green tags, even though the documentation is still pending.

Per the Contractor's presentations, the welding database continues to be behind schedule. For example, as of April 30, the OBG was still at Week 51 with unresolved issues and no Tower data had yet been entered. It appears that the Contractor now wants to use the database as a way to formalize documentation prior to shipment, instead of keeping up with the Welding Reports.

In terms of billing, the Department has paid the Contractor about 34% of the CCO total for work up to Feb 2009, including 100% of the Adjustment of Compensation at Lump Sum (ACLS) items for the database and PDF files of all documents, even though these items have not been completed. Starting in March, the Department started to question the Extra Work at Unit Price (EWUP) billing, as the backup documentation is inconsistent over the four categories.

Upon review of all bills to date for the EWUP portion of the CCO, the Department has noted various discrepancies. In some months, invoices have been submitted for the same person twice (i.e. Hu Wei Bing, Hu Weibing), or for people with names that appear to be misspelled (i.e. Lin Wei Wei, Liu Wei Wei, Lui Wei Wei). There have been statements made that all names associated with CCO 77 are working on it full time, even though some are shown to have signed only one green tag a month, while others are working full time inspecting but not signing any green tags. Again, the purpose of the CCO is not to pay for inspection already required by the contract, but for the additional step of green tagging.

The intent of the CCO is to cover the costs of green tagging until the end of fabrication. To facilitate the process, the Department is prepared to discuss paying the extra work portion of the billing as a lump sum item instead of per man-month, based on perceived progress. The progress payment each month would then be divided into green tagging and database. If the documentation

for a component is not ready by the month after which it was green tagged, meaning that the Department cannot verify the information in the database, then the Department will not pay for that portion of the work in that month.

Please contact Peter Siegenthaler or Jason Tom if you would like to discuss further or have any questions.

Sincerely,

GARY PURSELL  
Resident Engineer

cc: Rick Morrow  
Pete Siegenthaler  
File: 05.03.08