

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 22, 2012

Reference No.: 2.5e.(4)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-12-06**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$230,000 for the Route 99/145 Interchange Improvements project (PPNO 5355A) in Madera County.

ISSUE:

Additional funds are needed for one previously voted State Transportation Improvement Program (STIP) project in order to close out the construction contract.

RESOLUTION:

Resolved, that \$230,000 be allocated from the Budget Act of 2012, Budget Act Item 2660-304-6058, to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Funds	Original Allocated Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	06-Mad-145	STIP	\$5,100,000	\$3,079,000 ⁽¹⁾	\$230,000	\$3,309,000	7.5%
		Total	\$7,260,000 ⁽²⁾	\$5,239,000 ⁽²⁾	\$230,000	\$5,469,000	4.4%

Notes:

(1) Includes initial allocation and AB 608 adjustment of \$2,021,000.

(2) Includes \$2,160,000 of federal Demonstration funds.

PROJECT DESCRIPTION:

The project is located in the city of Madera, on Route 145 at Route 99. The project constructed improvements to the Route 99/145 interchange.

FUNDING STATUS:

The Commission allocated \$5,100,000 of Regional Improvement Program (RIP) funding for this project in October 2008. The construction contract was awarded in May 2009 with an authorized budget of \$4,789,000, which was comprised of \$3,079,000 RIP and \$1,710,000 federal Demonstration funds. The Commission approved an adjustment of \$2,021,000 to Madera County's RIP shares in June 2009 in accordance with AB 608. The approval of the share adjustment removed the Department's authority to adjust project allocations as specified in Commission Resolution G-09-12. Due to claims resolved through the Board of Review process, an additional \$450,000 of federal Demonstration funds were obligated to the project in May 2010, bringing the total project budget to \$5,239,000.

The construction contract was accepted by the Department in December 2010; however, an additional \$230,000 is needed to close out the construction contract.

REASONS FOR COST INCREASE:

The cost increase was caused by the following items that were not addressed in the contract plans:

- Two drainage systems were modified to accommodate the widening of the Route 145 structure over Route 99.
- Deteriorated pavement on Route 145 had to be removed and replaced.
- The bridge girder elevations were changed to provide adequate vertical clearance above a recent overlay on Route 99.
- Asbestos pipe was encountered, which required removal and disposal at a cost of \$70,000.

A Settlement Agreement and Mutual Release related to the first three items above was signed by the contractor and approved by the Department on March 26, 2012 in the amount of \$157,241.08. In addition, interest will accumulate at an annual rate of 6 percent beginning 150 days after the Settlement Agreement was approved.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$230,000 to close out the construction contract.

OPTION B: Deny this request and interest will start to accumulate on the balance owed to the contractor.

RECOMMENDED OPTION:

The Department recommends that this request of \$230,000, as presented in Option A above, be approved to close out the construction contract.