

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 8, 2013

Reference No.: 2.5e.(3)
Action Item

From: STEVEN KECK
Acting Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECT
RESOLUTION FA-13-09**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$560,000 in Regional Improvement Program (RIP) funds for the Salinas Road Interchange project (PPNO 0032G) in Monterey County.

ISSUE:

Additional funds are needed for one previously voted multi-funded project in order to complete construction.

RESOLUTION:

Resolved, that \$560,000 be allocated from the Budget Act of 2013, Budget Act Item 2660-301-0042, 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	05-Mon-1	CMIA ⁽¹⁾	\$24,750,000	\$14,140,000	\$0	\$14,140,000	0.0%
		RIP	\$0	\$938,000	\$560,000	\$1,498,000	59.7%
		Total	\$24,750,000	\$15,078,000	\$560,000	\$15,638,000	3.7%

Notes:

(1) Current CMIA allocation reflects de-allocation of \$10,610,000 in May 2010.

FUNDING STATUS:

The Commission programmed \$32,633,000 of Proposition 1B Corridor Mobility Improvement Account (CMIA) funds for construction in June 2007. The Commission allocated \$24,750,000 of CMIA funds for construction in May 2009. The construction contract was awarded in October 2009 with an authorized CMIA budget of \$14,140,000. In May 2010, the Commission de-programmed \$18,493,000 of CMIA funds.

In October 2012, the Department requested, and the Commission programmed and allocated, \$938,000 of RIP funds to complete construction. The additional cost was caused by contract change orders and claims related to new mitigation measures resulting from the change in status of an endangered species, a new general permit from the Regional Water Quality Control Board, Right of Way delays, higher than anticipated required payments for asphalt concrete price index adjustments, and hot mix asphalt quality control/quality assurance pay factors. Roadway construction work is now complete, and the contract is in the plant establishment period. At this time, an additional \$560,000 is needed to pay for additional costs for the work completed, and to complete the plant establishment period.

The contractor has filed approximately \$650,000 worth of Notices of Potential Claim that are still unresolved. Therefore, it is possible that another supplemental allocation will be required after the claims process is completed.

REASONS FOR COST INCREASE:

Since October 2012, the following changes have occurred, resulting in the need for an additional \$560,000 to complete construction:

- Item Overruns – A lawsuit was filed regarding a private access road that was part of the construction contract. As a result of the lawsuit, a wider and thicker access road was required, which increased the roadway excavation and cement treated base quantities. The additional cost of roadway excavation and cement treated base was \$245,000.
- Utility Delays – The previous supplemental allocation addressed delays claimed by the prime contractor. This supplemental allocation addresses an additional \$150,000 of delays claimed by a subcontractor. Prior to the previous supplemental allocation, the subcontractor had indicated verbally that they had no additional costs. Subsequently, the subcontractor filed a claim and provided substantiating documentation requiring payment.
- New Claims – The contractor has filed 80 new claims since the previous supplemental allocation. Five of those claims have been resolved totaling \$98,000. The largest of these claims, for \$69,000, compensated the contractor for aggregate base. As-built plans used to design the project indicated existing material, under the asphalt concrete, that could be re-used on the project. That material did not exist, so additional material had to be imported, and the cost of excavation increased.
- Temporary Drainage Facilities – The cost of providing temporary drainage during the life of the contract has increased by \$40,000 due to construction delays.

- Saturated Subgrade – The contractor encountered unanticipated saturated subgrade. A \$27,000 change order was issued to install a mattress drain to remove the excess water.

Lessons learned from this project include implementation of better project contingency cost controls, early resolution of contract change orders and potential claim issues, completion of utility work in advance of construction, and improved utility agreements. These lessons have been implemented in the management and oversight of the San Juan Road Interchange project in Monterey County.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$560,000 to complete construction.

OPTION B: Deny this request. Under this option, the Department would not be able to pay the contractor for work already completed. The contractor would be able to file a claim against the State, and if successful, the Department would be required to pay the outstanding balance with interest.

RECOMMENDED OPTION:

The Department recommends that this request of \$560,000, as presented in Option A above, be approved to complete construction.

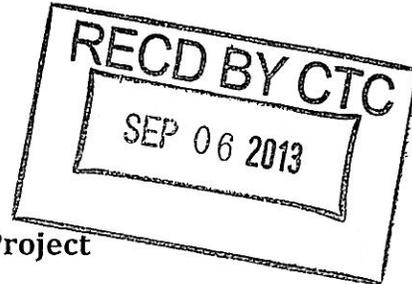
REVISE: Salinas Road Interchange Project (PPNO 0032G):

County	District	PPNO	EA	Element	Const. Year	PMBack	PMAhead	Route/Corridor					
Monterey	5	0032G	31592	CO	2008-09	99.9	R101.5	1					
Implementing Agency: (by component)		PA&ED	Caltrans			PS&E	Caltrans						
		R/W	Caltrans			CON	Caltrans						
RTPA/CTC:	Transportation Agency For Monterey County												
Project Title:	Salinas Road Interchange												
Location	Near Watsonville, from just south of Jensen Road to Trafton Road.												
Description:	Construct interchange and convert 2-lane highway to 2-lane expressway with access control and frontage roads.												
(DOLLARS IN THOUSANDS)													
FUND	TOTAL	Project Totals by Fiscal Year						Project Totals by Component					
		Prior	12/13	13/14	14/15	15/16	16/17	R/W	CON	PA&ED	PS&E	R/W Supp	CON Supp
RIP													
Existing	11,053	9,945	1,108					4,680	938	1,558	2,950	757	170
Change	560	0	0	560				0	560	0	0	0	0
Proposed	11,613	9,945	1,108	560				4,680	1,498	1,558	2,950	757	170
IIP													
Existing	1,510	1,510								1,510			
Change	0	0								0			
Proposed	1,510	1,510								1,510			
State Bond (CMA)													
Existing	18,568	18,568							14,140				4,428
Change	0	0							0				0
Proposed	18,568	18,568							14,140				4,428
Total													
Existing	31,131	30,023	1,108	0				4,680	15,078	3,068	2,950	757	4,598
Change	560	0	0	560				0	560	0	0	0	0
Proposed	31,691	30,023	1,108	560				4,680	15,638	3,068	2,950	757	4,598



Regional Transportation Planning Agency • Congestion Management Planning
Local Transportation Commission • Monterey County Service Authority for Freeways & Expressways
August 26, 2013

Andre Boutros
Executive Director
California Transportation Commission
1120 N Street, Room 2221 (MS-52)
Sacramento, California 95814



SUBJECT: Highway 1 / Salinas Road Interchange Project

Andre
Dear Mr. Boutros:

The Transportation Agency for Monterey County is writing to express support for a supplemental State Transportation Improvement Program allocation of \$560,000 for the Salinas Road Interchange project. The Salinas Road Interchange project began construction in April 2010 to replace an at-grade intersection with a full interchange and grade separated bridge. This request for supplemental funding will allow the California Department of Transportation to cover contractor claims that have arisen during the construction of the project, which is scheduled for completion by August 2014.

In August 2012, the Transportation Agency shifted \$1,108,000 of State Transportation Improvement Program funds to the Salinas Road Interchange project to cover initial cost increases. Once the roadway construction work was completed however, Caltrans encountered several additional contract item overruns. Enclosed is a memorandum prepared by Caltrans summarizing need for additional funding.

As the project sponsor, the Transportation Agency is responsible for any cost increases in excess of the contingency budget. Our agency is supportive of a supplemental State Transportation Improvement Program allocation for \$560,000 to help complete this vital safety and congestion-relief highway project, and appreciates your consideration of this request. Thank you for the opportunity to discuss these issues, if you have any further questions, please contact Michael Zeller of my staff at 831-775-0903.

Sincerely,

Debra L. Hale
Executive Director

ENC: Caltrans memorandum summarizing Salinas Road Interchange cost increases

SALINAS ROAD INTERCHANGE REQUEST FOR FUNDS INFORMATION

Background:

The Salinas Road Interchange Project (Project) began construction in April 2010 to convert the current at-grade intersection to a full, grade-separated interchange. The construction of this Project, both support and capital, was initially funded by the Proposition 1B Congestion Management Improvement Account (CMIA). In August 2012, when the Project was approximately 65% complete, the California Department of Transportation (Caltrans) requested additional construction funding from the Project Funding partner Transportation Agency for Monterey County (TAMC). The additional funds included \$938,000 in construction capital and \$170,000 in construction support. The cost increases were attributed to utility delays which added to the Project schedule and costs, adjacent property owner litigation claims, asphalt concrete index increase, and construction item overruns.

Issue:

To date, the Project construction is 95% complete and is in the plant establishment phase. Plant establishment is estimated to be completed by August 2014. The Project is in need of additional construction capital funding in the amount of \$560,000 to pay outstanding contract change order (CCO) requests and item overruns. Some of these CCOs address resolved claims. A future need of \$645,555 to resolve outstanding claims may be required after acceptance of the construction contract and completion of the claims process. Caltrans anticipates the acceptance of the construction contract by the summer of 2014 and the completion of the claims process by January 2015. The potential need of \$645,555 for claims is only an estimate at this time, and is based on what the contractor has listed on the claim prior to the resolution process. Therefore, the total for claims may be less than what is shown here.

Reason:

What has changed from last year's request? As stated above, Caltrans has completed all of the roadway construction work and is currently in the plant establishment phase. Since our last request, we have received and approved 12 CCOs. Five of the CCOs are resolutions for claims totaling \$98,468. We have also processed 13 supplemental CCOs to augment existing CCOs. The unanticipated CCOs are as follows:

CCO 9: Threatened California Tiger Salamander (the \$20,000 original estimate is now anticipated to be \$120,000)

This CCO was required to meet California Department of Fish and Game permit amendment requirements, primarily their request to install animal exclusion fence (Ertex Fence) throughout the Project at various times and locations during construction. This fencing is very expensive and requires more maintenance and monitoring than anticipated. The Project also required additional time to complete, and there were concerns with the larger number of endangered amphibians found during the pond modification.

CCO 10: New Construction General Permit (CGP) (the \$1,000 original estimate is now anticipated to be \$85,000)

This CCO was required due to the change in the State Water Resources Control Board's New Construction General Permit which governs water quality on construction contracts. Initial discussions assumed the construction contract would be completed in a timely manner. The construction contract took longer than expected to complete, and the contractor hired a subcontractor to act as the Qualified Storm Water Pollution Prevention Plan (SWPPP) Developer/Qualified SWPPP Preparer. The subcontractor inadequately prepared the storm water pollution prevention plan on 7 occasions. There are a number of disputes having to do with their work, including billing for the meetings we held to discuss their unacceptable work. Caltrans attempted to minimize these costs by having the Regional Water Quality Board issue a Notice of Completion, i.e. no more SWPPP work is required on the Project, as soon as the majority of the work was completed on the project. Note that there is also a Notice of Potential Claim (NOPC) having to do with this issue: NOPC 132.

CCO 18: Temporary Drainage Facilities (the \$40,000 original estimate was increased to \$80,000)

This CCO was required to provide temporary drainage throughout the Project during stage construction. This included moving water through an "active" area to a drainage facility during the rainy season, providing a temporary link during stage construction between existing and new facilities, and overcoming grade and/or alignment issues for multiple facilities. Due to the increased length of time that the Project was active, (3.5 years instead of the anticipated less than 2 years), there was more significant temporary drainage required than was originally planned. Constructing the permanent drainage facilities earlier in the Project schedule would have facilitated the movement of water through the construction project without the requirement of temporary drainage facilities, but the contractor was unwilling to schedule work to accommodate Caltrans' request.

CCO 35: A-line Edge Drain (the \$130,000 original estimate was increased to \$165,000)

This CCO was required due to unanticipated saturated grade on the new Highway 1 alignment. Upon review of as-built plans, and in consultation with our geotechnical engineers, it was determined that a mattress drain was required. The existing drains shown on the as-built plans were used to determine the limits of the saturated area for the original cost estimate. As work proceeded, the saturated area became much larger than anticipated. This could be attributed to the roadway profile along the new Highway 1 alignment being lowered by approximately 10 feet.

CCO 41: Utility Delay TIA (the \$150,000 original estimate increased to \$300,000)

This CCO was required due to a delay in the utility companies re-locating their facilities during construction. Initial discussions only involved the prime contractor for cost estimates. Later discussions involved the bridge subcontractor, the only subcontractor who was a part of the claim and whose claim greatly exceeded initial estimates. The claim included every possible item: labor escalation, materials escalation, idle equipment, etc. CCO was approved for payment to both prime contractor and subcontractor.

**CCOs 48 and 49: HMA Leveling (Northerly A Line, Jensen Road, and F/G/C lines)
(the \$320,000 original estimate was increased to \$550,000)**

This CCO was required due to a staging issue; conforming the existing Highway 1 into the new Highway 1 alignment. The plans called for a re-construction of the entire structural section of the existing Highway 1 through the area of conform. It wasn't feasible to excavate to the depth required and replace with structural material while accommodating traffic on the existing highway. The initial idea was to resolve this issue by placing an overlay at the conform section since the condition of the existing road indicated the existing structural section was adequate. When the overlay idea was discussed with design staff, they rebutted noting that the new structural section also corrected the roadway profile and brought it up to current standards. Accordingly, the CCO was written as a compromise so the profile would be corrected with HMA leveling courses. This allowed the existing road to accommodate traffic while correcting the profile. In hindsight, a design exception to correct the roadway profile should have been pursued diligently to allow the overlay option.

Item overruns include:

- \$209,294 in Roadway Excavation - This was attributed in part to the lawsuit outcome of widening the private access road from 20 feet to 24 feet, and a one-inch deeper structural section.
- \$35,579 Cement Treated Base (CTB) - The wider, deeper access road that was specified by the lawsuit outcome required a greater quantity of CTB than originally planned.

We have received eighty more NOPC's in addition to the 100 NOPC's received at the time of last year's Request for Funds. As mentioned earlier, the strategy will be to wait for these claims to be resolved, and request funding for the exact amount at the close out of the Project.

Timing of Request to TAMC

Although the construction office and project manager knew in December 2012 that the construction capital forecasts were more than the construction project funding if the new Notice of Potential Claims were realized, a precise dollar amount of the potential overrun, because of claims, could not be generated in confidence until all the contract work was completed and some of the claims were resolved. From December 2012 to current, supplemental CCOs, new CCOs, and the resolution of some claims have reduced our contingency balance. Providing a confident request for funds, while not going over the actual cost, would ensure no loss in TAMC funding. To date we have been able to pay the contractor, but will not be able to pay the near future billing in the amount of \$560,000 without additional construction capital funding. If we are unable to pay the future monthly billing, a 10% monthly interest rate would be added to total cost. In hindsight, we should have informed TAMC staff of the forecasted ongoing funding deficiency and sought guidance on a course of action sooner. Weekly meetings with the contractor, TAMC, and construction staff have been implemented on the San Juan Road Interchange Project which has the same Proposition 1 B CMIA funding as the Salinas Road Interchange Project.