State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

# Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: October 27-28, 2004

PASSED BY
CTC
OCT 2 8 2004
CALIFORNIA
TRANSPORTATION COMMISSION

Reference No.: 2.5e.
Action Item

Cindy McKim

From: CINDY MCKIM
Acting Chief Financial Officer

Prepared by: Ross Chittenden
Division Chief
Transportation Programming

Ref: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS RESOLUTION FA-04-03**

## RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve the following Resolution.

## FINANCIAL RESOLUTION:

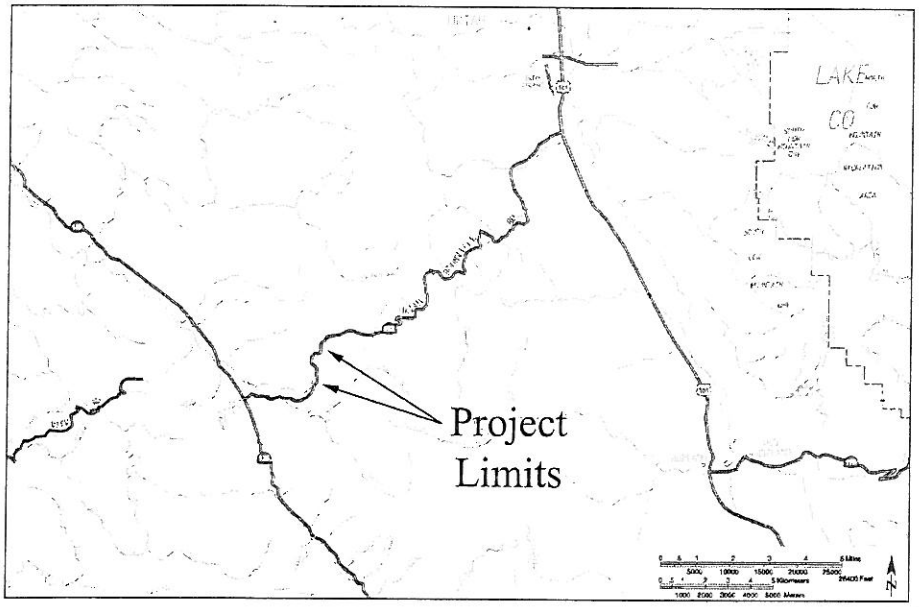
Resolved that $3,350,000 be allocated from the Budget Act of 2004, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide additional funds for the projects listed below.

## SUMMARY AND CONCLUSIONS:

This resolution allocates $3,350,000 of additional State and Federal funds for the four (4) previously approved projects listed below:

| Project | Dist-Co-Rte | Original Vote/G11 Amount | Award Amount | Current Budget Amount | Current Allocation Revision | Revised Budget Amount | Total Increase Vote/Award |
|---|---|---|---|---|---|---|---|
| 1 | 1-Men-253 | $1,800,000 | $1,760,500 | $2,136,550 | $280,000 | $2,416,550 | 37% A |
| 2 | 3-Nev-80 | $96,000,000 | $93,220,000 | $105,492,000 | $2,500,000 | $107,992,000 | 16% A |
| 3 | 7-LA-5 | $2,756,000 | $2,003,500 | $2,403,500 | $60,000 | $2,463,500 | 23% A |
| 4 | 7-LA-10 | $1,563,000 | - | $1,563,000 | $510,000 | $2,073,000 | 33% V |

| Project # / Allocation Amount / Recipient / County / Dist-Co-Rte / Postmile | Location / Project Description / Reason for Supplemental Funds | EA / PPNO / Budget Year / Prgm Codes / Program | State Federal Current Budget Amount | State Federal Additional Allocation | State Federal Revised Total Amount |
|---|---|---|---|---|---|
| **2.5e. Supplemental Funds for Previously Voted Projects** | | | | | **Resolution: FA-04-03** |
| 1<br>$280,000<br>Department of Transportation<br>Mendocino<br>01N-Men-253<br>2.3/2.7 | Near Boonville, from 2.0 to 2.5 miles east of Route 128.<br>Restore roadway.<br><br>Supplemental funds are needed to close out construction contract. | 386601<br>0220B<br>1998-99<br>301-0042<br>301-0890<br>20.20.201.130<br>SHOPP | $245,450<br>$1,891,100 | -<br>- | $245,450<br>$1,891,100 |
| | | 2004-05<br>302-0042<br>302-0890<br>20.20.201.130<br>SHOPP | -<br>- | $32,000<br>$248,000 | $32,000<br>$248,000 |
| | | | $2,136,550 | $280,000 | $2,416,550 |



PROJECT DESCRIPTION

This project is located in Mendocino County, five miles east of Booneville on Route 253. During the El Nino season of 1998, the highway sustained major damage at three locations. After emergency work was completed, the project was to make permanent repairs to this section of Route 253. The project will install drainage wells, construct retaining walls and stabilization trenches, and construct a soldier pile tieback wall to stabilize the failed areas.

FUNDING STATUS

The project was programmed in the State Highway Operation and Protection Program (SHOPP) for $1,800,000 for construction in FY 1998-99. In June 1999, the construction contract was awarded to Gordon N. Ball Incorporated for $1,760,500. Additional Resolution #G-12 allocations for $376,050 were also approved to pay for the repair of sink holes and slides within the project limits, which were created by the heavy rains occurring while the project was under construction. This request for $280,000 in supplemental funds to close out the project results in an overall increase of 37% over the awarded amount for this project.

REASON FOR COST INCREASE

This supplemental funds request is necessary to pay the contractor for arbitration claims settlement. The construction of this project was completed and the contract was accepted on March 21, 2000. However, upon receiving the Proposed Final Estimate (PFE), the contractor submitted exceptions to the PFE seeking reimbursement for an additional $890,000. Most of the claims in extra costs are due to unforeseen work associated with differing site conditions.

The Department followed the Claims Resolution process as described in Section 9-1.07B, "Final Payment and Claims" of the Standard Specifications. The Board of Review was not able to resolve all of the contractor's claims and the contractor then filed for arbitration. The arbitration hearing was scheduled for May 24, 2004. However, prior to the arbitration, the contractor agreed to resolve all claims, including interests, for a settlement amount. The claim settlement report was finalized on August 31, 2004, and after applying the remaining project funds, the Department is requesting an additional $280,000 in order to close out this construction contract.

FUNDING OPTIONS

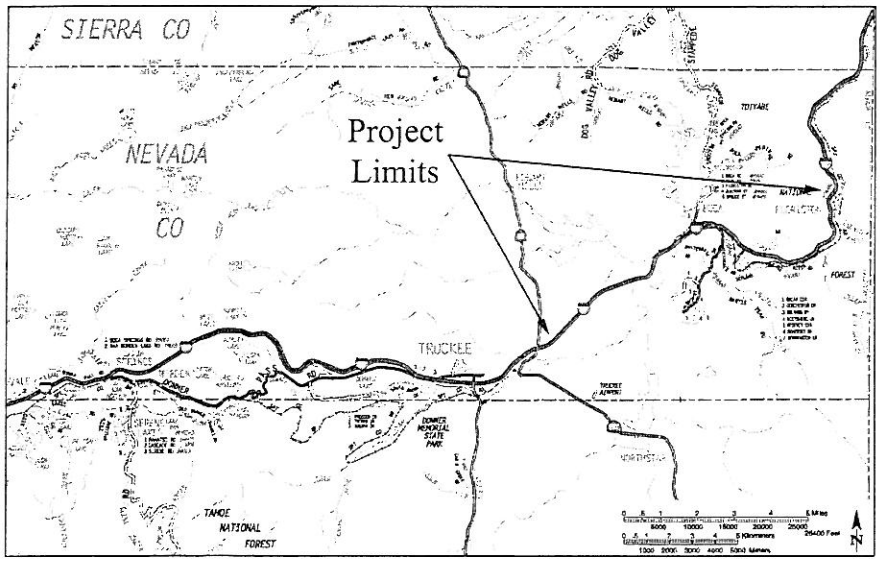
OPTION A: Approve this request as presented above for $280,000 to allow the close-out of this project.

OPTION B: Since all work has been completed and contract is accepted, denial of this request would most likely results in the contractor pursuing further legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

RECOMMENDED OPTION

The Department recommends that this request for $280,000, as presented in Option A above, be approved to allow this project to be closed out.

| Project # / Allocation Amount / Recipient / County / Dist-Co-Rte / Postmile | Location / Project Description / Reason for Supplemental Funds | EA / PPNO / Budget Year / Prgm Codes / Program | State Federal Current Budget Amount | State Federal Additional Allocation | State Federal Revised Total Amount |
|---|---|---|---|---|---|
| **2.5e. Supplemental Funds for Previously Voted Projects** | | | | | **Resolution: FA-04-03** |
| 2<br>$2,500,000<br>Department of Transportation<br>Nevada<br>03N-Nev-80<br>17.7/28.0 | Near Truckee, west of Fibreboard undercrossing to the west end of the Truckee River Bridge.<br>Roadway Rehabilitation.<br><br>Supplemental funds are needed to complete the construction contract. | 3A21U1<br>4236<br>2000-01<br>301-0042<br>301-0890<br>20.20.201.120<br>SHOPP | $8,667,530<br>$91,574,470 | -<br>- | $8,667,530<br>$91,574,470 |
| | | 2001-02<br>301-0042<br>301-0890<br>20.20.201.110<br>SHOPP | $500,000<br>$2,000,000 | -<br>- | $500,000<br>$2,000,000 |
| | | 2003-04<br>302-0042<br>302-0890<br>20.20.201.120<br>SHOPP | $210,700<br>$2,289,300 | -<br>- | $210,700<br>$2,289,300 |
| | | 2003-04<br>302-0042<br>302-0890<br>20.20.201.110<br>SHOPP | $21,100<br>$228,900 | -<br>- | $21,100<br>$228,900 |
| | | 2004-05<br>302-0042<br>302-0890<br>20.20.201.120<br>SHOPP | -<br>- | $211,000<br>$2,289,000 | $211,000<br>$2,289,000 |
| | | | $105,492,000 | $2,500,000 | $107,992,000 |



PROJECT DESCRIPTION

This project is located in Nevada County near Truckee from 0.1 km West of Fibreboard Undercrossing to the west end of Truckee River Bridge. The project is located in the environmentally sensitive Truckee River Canyon in the High Sierra and is the major travel and goods movement route between Northern California and Nevada and all points east. This project will rehabilitate roadway sections, crack and seat pavement, place Portland Cement Concrete (PCC) pavement, pave the medians, construct concrete barriers, and replace ten bridge structures.

FUNDING STATUS

The project was programmed in the 2000 State Highway Operations Protection Program (SHOPP) for $96,000,000 for construction in FY 2000-01. In July 2000, funds were allocated for the programmed amount. The project was awarded to Granite Construction Company on November 27, 2000, for $93,220,000. During construction of the contract, Resolution #G-12 allocation requests totaling $9,522,000 were approved to pay for contract change orders (CCO's) and item overruns. These cost increases were primarily due to quantity discrepancies, stage construction revisions, winter closure costs, traffic control, stormwater runoff permit changes, and design changes. In addition, Resolution #G-11 allocations totaling $2,750,000 were approved to perform emergency deck replacement for a bridge within the project limits. This request for $2,500,000 in supplemental funds, to resolve some of the contract disputes and to begin the close out of the construction contract, results in an overall increase of 16% over the awarded amount of this project.

REASON FOR INCREASE

This supplemental funds request is needed to pay for four contract disputes that were made during the construction of this project and to minimize future accrued interest costs of these disputes.

Issue #1

The roadway structural section of the project is comprised of Portland Concrete Cement (PCC) pavement over an asphalt concrete (AC) underlayment. Due to concerns raised by local residents during construction, the Department revised the traffic staging, management, and control plans in order to mitigate and reduce disruptions to traffic, local residents, and businesses, without compromising public safety. Due to these staging changes, it became more difficult to control the asphalt concrete leveling grade during its placement and resulted in a non-uniform profile of the underlayment. These irregularities were filled in by PCC. In accordance with the original contract provisions, payment for the PCC was based on a theoretical volume; therefore, the contractor was not paid for the additional PCC pavement placed. The contractor and the Department have discussed and have agreed to the volume of additional PCC pavement placed and the cost for its placement.

Issue #2 and #3

During various stages of the bridge construction, harder rock and deeper competent rock formations than those indicated in the log of test borings were encountered, resulting in difficult or additional drilling at some river pile locations. The Department recognized that differing site conditions existed at these piers and agreed that additional compensation is warranted for the direct cost of additional pre-drilling, additional permanent steel casing, drilling time, and mobilization of additional equipment.

Issue #4

At the beginning of the 2002 construction season, the American Dipper, a species of birds protected by the Migratory Bird Treaty Act, was discovered nesting at three river crossing bridges. Planned demolition work on these bridges had to be postponed while the birds were relocated. The delay and work stoppage caused by the American Dipper nesting issue was presented to the Disputes Review Board (DRB) in May 2004, and the contractor received a favorable ruling. The DRB determined that the contractor should be compensated for delay costs including equipment down time, demobilization and remobilization.

Although the Department was aware of the nature of these disputes, the contractor did not submit any of the dispute costs until the project was nearly completed. Only then could the Department review and analyze the merit and cost of these disputes. To improve future dealings with such disputes, the Department is implementing new contract language that will require a contractor to provide the dispute costs in a timely manner.

The construction contract was completed and accepted on September 30, 2004. The proposed final estimate (PFE) date is scheduled for the last week of November 2004. Project funding had been fully expended on change orders and item overruns, and the present contingency balance for the project has been exhausted. The supplemental funds amount being requested will only address the direct costs pertaining to these specific contract disputes. Future resolution of the time-related-overhead costs, and other claims that may surface after the PFE submittal, will be addressed through later supplemental funds requests.

FUNDING OPTIONS

OPTION A: Approve this request as presented above for $2,500,000 to begin the project acceptance process, pay for the four contract disputes, and limit the interest payments of approximately $20,000 per month.

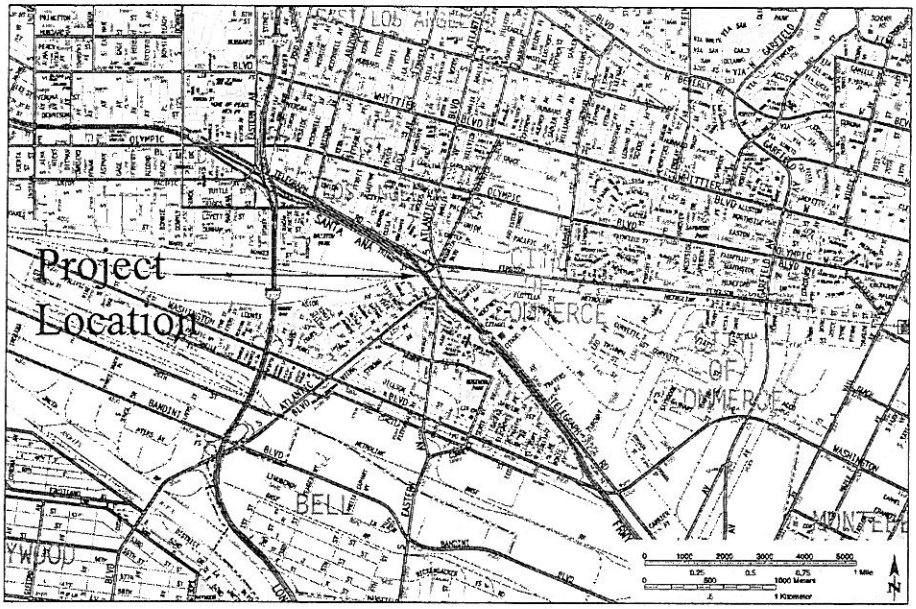
OPTION B: Deny this request and direct the Department to deliver the project within the allocated funds. Since all work has been completed and contract is accepted, denial of this request would most likely result in the contractor pursuing legal actions to recuperate the cost. The future cost to resolve these issues would most likely be greater than the current request and would include accrued interest.

OPTION C: Deny and direct the Department to resubmit the supplemental funds request when the PFE and the claims process have been completed. The Department has considered this option and determined that due to the amount of funds involved and the time it may take to resolve these claims, the additional interest incurred will significantly add to the overall cost of the project.

RECOMMENDED OPTION

The Department recommends that this request for $2,500,000, as presented in Option A above, be approved to allow this project to begin the close-out process.

| Project # Allocation Amount Recipient County Dist-Co-Rte Postmile | Location Project Description Reason for Supplemental Funds | EA PPNO Budget Year Prgm Codes Program | State Federal Current Budget Amount | State Federal Additional Allocation | State Federal Revised Total Amount |
|---|---|---|---|---|---|
| **2.5e. Supplemental Funds for Previously Voted Projects** | | | | | **Resolution: FA-04-03** |
| 3<br>$60,000<br>Department of Transportation<br>Los Angeles<br>07S-LA-5<br>12.9 | Near Commerce at Goodrich Boulevard, also on Route 710 PM 16.99/22.66. Rehabilitate roadway.<br><br>Supplemental funds are needed to close out construction contract. | 225701<br>3004<br>2001-02<br>301-0042<br>301-0890<br>20.20.201.120<br>SHOPP | $203,000<br>$2,200,500 | -<br>- | $203,000<br>$2,200,500 |
| | | 2004-05<br>302-0042<br>302-0890<br>20.20.201.120<br>SHOPP | -<br>- | $5,000<br>$55,000 | $5,000<br>$55,000 |
| | | | $2,403,500 | $60,000 | $2,463,500 |



PROJECT DESCRIPTION

This project is located in Los Angeles County at various locations on Route 5 at Goodrich Boulevard Overcrossing and on Route 710 from Imperial Highway Overcrossing to East Yard Overhead. This project rehabilitated the roadway sections within the project limits by removing the deteriorated existing Portland Cement Concrete pavement and replacing it with Rapid Strength Concrete pavement.

FUNDING STATUS

The project was programmed in the 2000 SHOPP for $2,756,000 for construction in FY 2001-02. In March 2002, funds were allocated for the programmed amount. The project was awarded to Pave-Tech, Incorporated for $2,003,500. During the construction of the project, additional Resolution #G-12 allocations for $400,000 were approved to pay for the repair of additional damaged pavement slabs within the project limits. This request for $60,000 in supplemental funds to close out the project results in an overall cost increase of 23% over the awarded amount of the project.

REASON FOR COST INCREASE

This supplemental funds request is necessary to pay the contractor for claims settlement. The construction of this project was completed and the contract was accepted on March 25, 2003. However, upon receiving the Proposed Final Estimate (PFE), the contractor submitted exceptions to the PFE seeking reimbursement for work performed. The additional cost is mainly due to higher final quantities for the rapid set concrete pavement, additional compensation for traffic control, and additional testing and sampling of materials.

The Department followed the Claims Resolution process as described in Section 9-1.07B, "Final Payment and Claims" of the Standard Specifications. The contractor has accepted the determination by the Board of Review on the claims, and has agreed to drop all claims for a settled amount. After applying the remaining project funds, an additional $60,000 is still needed for payment to the contractor and to close out this construction contract.

FUNDING OPTIONS

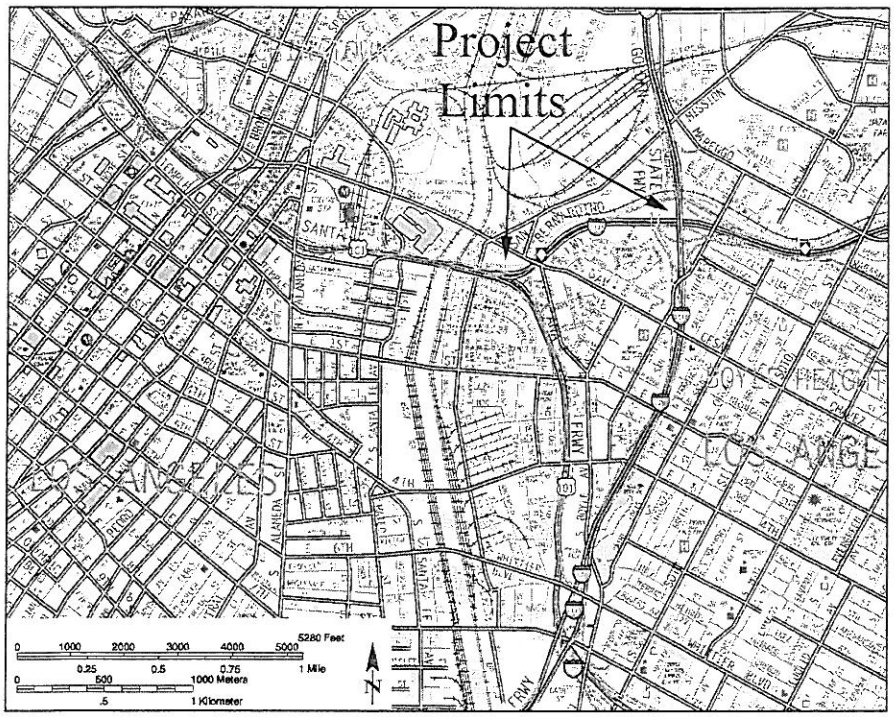
OPTION A: Approve this request as presented above for the $60,000 to allow the close-out of this project.

OPTION B: Since all work has been completed and contract is accepted, denial of this request would most likely results in the contractor pursuing legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

RECOMMENDED OPTION

The Department recommends OPTION A as presented above for $60,000 to allow the close-out of this project.

| Project # Allocation Amount Recipient County Dist-Co-Rte Postmile | Location Project Description Reason for Supplemental Funds | EA PPNO Budget Year Prgm Codes Program | State Federal Current Budget Amount | State Federal Additional Allocation | State Federal Revised Total Amount |
|---|---|---|---|---|---|
| **2.5e.** | **Supplemental Funds for Previously Voted Projects** | | | | **Resolution: FA-04-03** |
| 4<br>$510,000<br>Department of Transportation<br>Los Angeles<br>07S-LA-10<br>S0.0/S0.7 | In Los Angeles, from Route 101 to Route 5.<br>Upgrade median barrier.<br><br>Supplemental funds are needed to award the construction contract. | 135101<br>0224M<br>2003-04<br>302-0042<br>302-0890<br>20.20.201.020<br>SHOPP | -<br>$1,563,000 | -<br>- | -<br>$1,563,000 |
| | | 2004-05<br>302-0042<br>302-0890<br>20.20.201.020<br>SHOPP | -<br>- | -<br>$510,000 | -<br>$510,000 |
| | | | $1,563,000 | $510,000 | $2,073,000 |



PROJECT DESCRIPTION

This project is located in Los Angeles County in the City of Los Angeles on Route 10 from Cesar Chavez Avenue Overcrossing to southbound Route 5 Connector. Route 10 within the project limits is an east-west freeway with four to six lanes in each direction. The existing median within the project limits varies in width and is divided by metal-beam barriers. Safety-shaped concrete barriers were constructed on the easterly and westerly ends of the project limits. This project will fill in the safety-shape concrete barrier gap in this highway segment by replacing the metal beam barrier railings with safety shape concrete barriers. The project will also pave the median and roadway shoulder areas to reduce highway maintenance and lessen the exposure of maintenance workers to the danger of traffic.

FUNDING STATUS

The project was programmed in the 2000 SHOPP for $1,313,000 for construction in FY 2003-04. In June 2004, the project was allocated $1,563,000, with the cost increase due to an adjustment due higher contract item prices. The project was advertised and bid results were opened in September 2004. An additional $510,000 is needed to award this contract to the low bidder. This request for supplemental funds results in an overall increase of 33% over the vote amount for this project.

REASON FOR INCREASE

The contract bids were opened on September 9, 2004. Fourteen bid packages were issued to prospective bidders, and three bids were received for this project. The low bid is 35% above the Engineer's Estimate. The second and third-ranked bids are 4% and 10% above the low bid, respectively. The Department has reviewed all three bids and feels that competition was adequate. The apparent low bidder has been contacted and has agreed to extend his bid, pending approval from the Commission for the supplemental funds.

In comparing the bid items with the Engineer's Estimate, most of the cost increases are associated with mobilization, traffic control, asphalt concrete, and roadway excavation items. According to the apparent low bidder, difficulty in working in constrained workspace within the median area and limited work windows in this high traffic volume portion of Route 10 resulted in higher traffic control and material handling costs. Although allowances were included in the Engineer's Estimate for consideration of some of these factors, the contractor's bid contained costs significantly higher than anticipated. Additional supplemental funds are needed in order to award this project.

FUNDING OPTIONS

OPTION A: Approve this request as presented above for $510,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to deliver the project within the allocated funds. The Department has considered this option and determined that reducing the scope of work of this project and executing another project to complete the deleted work later would result in greater costs and more disruption to the traveling public.

RECOMMENDED OPTION

The Department recommends OPTION A as presented above for $510,000 to allow this project to be awarded.