State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: February 1-2, 2006

Reference No.: 2.5e.(1)
Action Item

PASSED BY
CTC
FEB 02 2006
CALIFORNIA
TRANSPORTATION COMMISSION

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross A. Chittenden
Division Chief
Transportation Programming

Ref: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS RESOLUTION FA-05-08**

RECOMMENDATION:

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

FINANCIAL RESOLUTION:

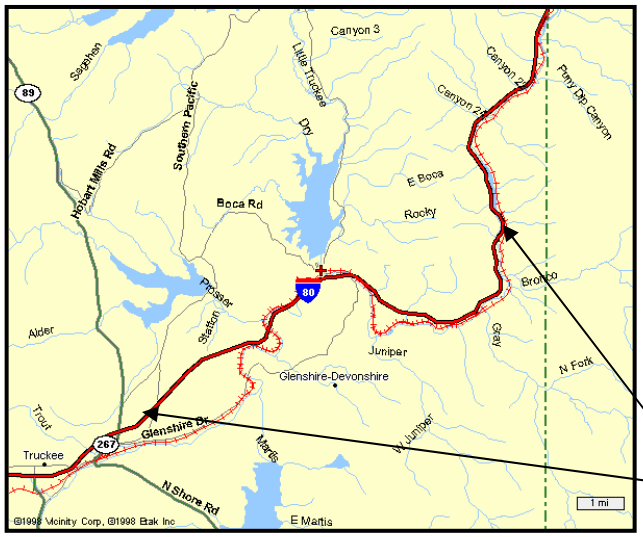
Resolved that $32,256,000 be allocated from the Budget Act of 2005, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide additional funds to allow the following six projects to be awarded.

SUMMARY AND CONCLUSIONS:

This resolution allocates $32,256,000 of additional State and federal funds for the previously approved projects listed below:

Project	Dist-Co-Rte	Original Vote Amount	Award Amount	Current Budget Amount	Current Allocation Revision	Revised Budget Amount	Total Increase Vote/Award
1	03-Nev-80	$96,000,000	$93,220,000	$107,992,000	$2,600,000	$110,592,000	3% A
2	04-Son-101	$51,327,000	N/A	$51,327,000	$19,200,000	$70,527,000	28% V
3	05-SB-101	$22,372,000	N/A	$22,372,000	$9,651,000	$32,023,000	43%V
4	10-Cal-4	$2,338,000	$2,423,500	$2,771,800	$40,000	$2,811,800	2%A
5	12-Ora-1	$2,704,000	$2,293,500	$2,722,500	$350,000	$3,072,500	13%V
6	12-Ora-Various	$985,000	N/A	$985,000	$415,000	$1,400,000	42%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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-08**
1 $2,600,000 Department of Transportation Nevada 03N-Nev-80 17.1/28.0	Near Truckee, from west of Fibreboard Undercrossing to the west end of Truckee River Bridge. Roadway rehabilitation to include: crack and seat pavement, PCC overlay, pave medians and concrete barriers. Supplemental funds are needed to settle construction claims. .	3A21U4 03-4236 2000-01/ 2001-02 302-0042 302-0890 20.20.201.110 SHOPP	$521,100 $2,228,900	- -	$521,100 $2,228,900
		2000-01/ 2004-05/ 302-0042 302-0890 20.20.201.120 SHOPP	$102,531,000 $2,711,000		$102.531,000 $2,711,000
		2005-06 302-0042 302-0890 20.20.201.120 SHOPP	- - $107,992,000	$309,000 $2,291,000 $2,600,000	$309,000 $5,002,000 $110,592,000



Project Limits

PROJECT DESCRIPTION

In Nevada County near Truckee, from Fibreboard Undercrossing to the west end of Truckee River Bridge. The work includes roadway rehabilitation activities, such as: crack and seat pavement, Portland Cement concrete overlay, paving medians, and constructing concrete barriers.

FUNDING STATUS

This project was funded in FY 2000-2001 from the State Highway Operation and Protection Program (SHOPP) and voted in July 2000 for $96,000,000, with a revised contract allotment of $107,992,000.

This contract was awarded at the beginning of the 2001 construction season. The majority of the work was completed in 2001, 2002, and 2003. Additional funds were requested and received for emergency work, change orders, and item overruns. The change orders and contract item overruns were primarily due to quantity discrepancies, stage construction revisions, winterization costs, storm water prevention program permit changes, and design issues. The G-12 authorization has been fully exhausted.

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$86,396,096	$86,396,096
Supplemental Work	$1,382,200	$17,938,524
Contingency Fund	$4,391,474	$200,000
State Furnished Materials and Expenses	$1,050,230	$1,590,230
G-11-Acid Flat Bridge Deck	$2,500,000	
G-11-Boca Bridge Joint Seals	$250,000	
G-12-Revise Design Profile, Additional Item work	$9,522,000	
Supplemental allocation (October 2004) -Resolution of Potential Claims	$2,500,000	
Resolution of Exceptions to the Proposed Final Estimate		$4,457,875
Totals:	**$107,992,000**	**$110,582,725**

Estimated Deficit: $2,590,725

REASONS FOR COST INCREASE

This request for supplemental funds is for resolution of outstanding claims that were filed by the Contractor as exceptions to the proposed final estimate.

The Department issued the proposed final estimate for the project on February 15, 2005, and received a list of exceptions to the proposed final estimate from the Contractor on March 15, 2005. Since that time, the Department and the Contractor have been working to resolve the outstanding issues. A brief summary and status of the exceptions is included below.

Exceptions to the Proposed Final Estimate

The Contractor's Exceptions to the Proposed Final Estimate were made in 8 separate categories and contained 79 total claims. To date, the Department has resolved 69 of the claims presented. The contractor has dropped six claims. Four claims have been determined to have no merit. The contractor may seek resolution to one of the unresolved claims through Arbitration and is not included in this request.

The Contractor listed an amount of $11,052,543 in their Exceptions to the Proposed Final Estimate. The Department recommends resolution of the Exceptions to the Proposed Final Estimate in the amount of $4,457,875.55. This amount will resolve all outstanding claims except one, and falls into four major categories as described below.

Small or Administrative Claims

Many of the claims presented in the Exceptions to the Proposed Final Estimate were small or administrative in nature and represented issues that had not been fully resolved at the time of the Proposed Final Estimate. These claims are all resolved at this time and have a total value of $1,235,031.

Asphalt Concrete Related Claims

Three of the claims presented by the Contractor in its Exceptions to the Proposed Final Estimate are related to placement of asphalt concrete. The three claims include a protested item adjustment, problems with certain portions of the stage construction plans, and inefficiencies related to a change order for additional variable depth asphalt. During the project, a change was initiated by the Department to change the roadway profile. This changed the project from a defined thickness asphalt overlay to a variable thickness asphalt overlay in order to accomplish the new design profile. The contractor's claim contends that the additional asphalt caused inefficiencies and additional costs related to asphalt placement. These inefficiencies and additional costs include reduced production, additional traffic control, additional grade setting, and additional grinding. After evaluation of the contractor's claims, the Department recognizes additional costs of $800,078.22 related to all three asphalt issues. The contractor is in agreement with this amount.

Time Related Overhead and Time Related Impact Costs

Two of the claims presented by the contractor in their Exceptions to the Proposed Final Estimate are for overhead and impact costs related to delays associated with the Cast in Drilled Holed Piles (CIDH). Direct costs were already paid for differing site conditions, drilling deeper, and nesting bird delays. The unresolved overhead and impact costs have since been resolved through the partnering process, and the Department has approved the settlement amount $1,570,585.33. The Contractor is in agreement that this amount fully resolves the Contractor's claim for Time Related Overhead, winter jobsite costs, and extended or increased costs for traffic control, water pollution control, labor and material escalation, and interest.

Wage Order 16

This claim is similar to claims made on other contracts statewide based on the Industrial Welfare Commission's Wage Order No. 16 which required employers to authorize a 10-minute rest period for every four hours worked.

The Industrial Welfare Commission's (IWC) Wage Order No. 16 took effect on January 1, 2001 and required all contractors to comply with the provisions of the wage order. All employers are required to authorize and permit employees to take a 10-minute rest period for every four (4) hours worked. Wage Order No. 16 was adopted on October 23, 2000, and became effective on January 1, 2001. This contract bid November 14, 2000, in between the adopted and effective dates.

The Contractor claimed that compliance with Wage Order No. 16 resulted in loss of productivity and inefficiencies that they could not have contemplated at the time of bid. The costs submitted to date for this claim are $1,540,391.

Based on previous Dispute Review Board (DRB) recommendations and an interim ruling by an arbitrator, the Department faces exposure for additional costs incurred by the Contractor for complying with Wage Order 16.

While the Contractor may have had knowledge on this contract at bid time that the laws were changing, correspondence from the contracting industry during that interim time frame indicates a level of confusion in how the law would be implemented.

An arbitrator may determine that it is reasonable to provide time extensions and costs for idle men and equipment, delays, and inefficiencies for an order not contemplated at bid time. The Department's Construction office and Legal office have recommended this claim be settled.

The District recommends a lump sum payment of $852,181 for settlement of the Wage Order 16 dispute on this project, which recognizes a labor inefficiency of 20 minutes per day. No equipment or delay time was recognized. The Department's Construction office, Legal office, and the Chief Engineer have agreed to this amount.

The Contractor and affected subcontractor have indicated this amount would be accepted as full settlement for the Wage Order No. 16 claims, and no additional claims would be pursued.

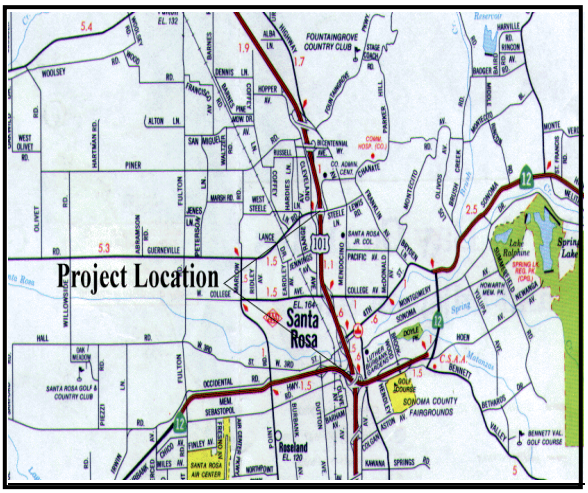
DISCUSSION

The above claim resolutions represent the final resolution of all contract disputes with the exception of one subcontractor. This subcontractor intends to pursue a claim ($1,300,000) through the arbitration process. If the subcontractor prevails, the Department will need to seek additional supplemental funds to resolve this claim.

RECOMMENDATION

The Department recommends that $2,600,000 in supplemental funds be approved in order to settle the above construction claims.

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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-08**
2 $19,200,000 Department of Transportation MTC Sonoma 04N-Son-101 19.5/21.6	In Santa Rosa, from Route 12 to Steele Lane. Widen from 4 to 6 lanes for high occupancy vehicle lanes.	245411 04-0789A			
		RIP / 2004-05			
	Supplemental funds are needed to award this project.	301-0042	$4,316,000	-	$4,316,000
		301-0890	$33,313,000	-	$33,313,000
		20.20.075.600			
	Debit to RIP and IIP shares due to G-12 adjustment: RIP - $10,123,000 IIP - $3,744,000	RIP / 2005-06			
		301-0042		$1,608,000	$1,608,000
		301-0890		$12,408,000	$12,408,000
		20.20.075.600			
	(Related items under 2.5b(2) and 3.4.)				
		IIP / 2004-05			
		301-0042	$1,418,000	-	$1,418,000
		301-0890	$10,942,000	-	$10,942,000
		20.20.025.700			
		IIP / 2005-06			
		301-0042	-	$595,000	$595,000
		301-0890	-	$4,589,000	$4,589,000
		20.20.025.700			
		IIP TEA/04-05			
		301-0042	$153,000	-	$153,000
		301-0890	$1,185,000	-	$1,185,000
		20.20.025.731			
			$51,327,000	$19,200,000	$70,527,000



PROJECT DESCRIPTION

In Sonoma County, in Santa Rosa, from Route 12 to the Steele Lane Interchange. This State Transportation Improvement Program (STIP) project will widen Route 101 from four to six lanes for High Occupancy Vehicle (HOV) lanes. In addition, the project will increase capacity of the College Avenue and Steele Lane interchanges.

Other features of the project include:

- Construction of a collector-distributor road on northbound Route 101, between Route 12 and 3rd Street.
- Construction of auxiliary lanes between College Avenue and Steele Lane.
- Extending an existing southbound auxiliary lane between College Avenue and downtown Santa Rosa to Route 12.
- Replacing the Santa Rosa Creek Bridge.
- Replacing an existing pedestrian overcrossing with a new pedestrian undercrossing at Santa Rosa Creek Bridge.
- Constructing a new undercrossing at 6th Street.
- Constructing soundwalls at various locations.
- Replacing College Avenue Undercrossing.
- Constructing retaining walls at various locations.

FUNDING STATUS

The Plans, Specifications and Estimate (PS&E) for this Design Sequencing project was originally completed on June 21, 2004, and was ready-to-list on September 1, 2004. However, due to limited funding, the project did not receive an allocation until July 2005. The revised PS&E was submitted on May 16, 2005, and the project was ready-to-list again on June 30, 2005.

The project was voted at the July 2005 Commission meeting for $51,327,000. Project funding included $4,548,000 in Traffic Congestion Relief Program (TCRP) funds and $225,000 in Congestion Mitigation and Air Quality (CMAQ) funds. Concurrent with this request is a SHOPP amendment (Reference Item 3.4) to program a project that will be combined with this STIP project for construction. A concurrent allocation of $4,300,000 is also being requested under Reference Item 2.5b(2) (EA 2A500K) for the new SHOPP project.

Bids for this project were opened on December 7, 2005, and there were three bidders at 36%, 39% and 41% over the Engineer's Estimate. The amount needed to award, based on the lowest responsible bid, is $79,593,218. This request for $19,200,000 in supplemental funds results in an overall increase of 37% over the original allocation. The project will be awarded pending approval of the SHOPP allocation and these supplemental funds.

Vote Date	No. of Plan Holders	Bid Opening Date	Bid Expiration Date	No. of Bidders	Project Allotment	Amount needed to Award	% Over Original Allocation
07/2005	38	12/7/05	2/17/06	3	$51,327,000	$79,593,218	37%

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$51,396,700	$71,461,530
Supplemental Work	$1,164,350	$1,164,350
State Furnished Materials and Expenses	$869,100	$869,100
Contingency Fund (10% max)		
Standard (5%)	$2,671,850	$3,674,749
Risk Assessment		$2,423,489
Totals:	**$56,102,000**	**$79,593,218**

Total estimated Deficit-	**$23,491,218**
Proposed SHOPP funding	**- $4,300,000**
Estimated STIP Deficit	**$19,200,000**

REASONS FOR COST INCREASE

The bid items in the table below account for 70% of the cost increase. The higher bids for these items are indicative of the recent sharp increases in market prices for earthwork, aggregates, asphalt products, culverts, steel products and Portland Cement. The remaining 30% of the cost increase was spread through the remaining bid items.

Item	Engineer's Unit Price	Contractor Bid Price	Unit	Quantity	Engineer Total	Contractor Total	Cost Difference
Structural Concrete (Bridge)	$540	$986	M3	9,625	$5,197,500	$9,490,750	$4,293,250
Structural Concrete (Retaining Wall)	$525	~~$525~~ **$780**	M3	~~4,174~~ **4,178**	$2,193,450	$3,258,840	$1,065,390
Structural Excavation (Bridge)	$49	$125	M3	9810	$480,690	$1,226,250	$745,560
Structural Back fill (Retaining Wall)	$58	$120	M3	10936	$437,440	$1,312,320	$874,880
Roadway Excavation	$18	$35	M3	37600	$676,800	$1,316,000	$639,200
Asphalt Concrete (Type A)	$56	$90	TON	71800	$4,020,800	$6,462,000	$2,441,200
Asphalt Concrete (Open Graded)	$59	$95	TON	11200	$660,800	$1,064,000	$403,200
Class 4 Aggregate Sub base	$25	$51	M2	15300	$382,500	$780,300	$397,800
Cement Treated Base	$90	$255	M3	3670	$330,300	$935,850	$605,550
Bar Reinforcing Steel	$1.40	$1.80	KG	2,130,702	$2,982,982	$3,835,263	$852,280
450 MM Alternative Pipe Culvert	$140	$320	M2	2800	$392,000	$896,000	$504,000
Crack Existing Pavement	$3	$21	M2	37000	$111,000	$777,000	$666,000
						Total	$13,488,310

As noted above, the key bid item categories that had the greatest amounts above the Engineer's Estimate were structural concrete, asphalt concrete, earthwork, and paving aggregates.

After discussing the bid with all three bidders, they indicated that:

- Current market prices for earthwork, aggregates, asphalt products, culverts, steel products and Portland Cement seem to be the largest cause for the difference between the Engineer's Estimate and the Bids.
- The bidders also indicated that deep foundations in the designs of the new 6th Street Undercrossing and the replacement College Avenue Undercrossing pose unusual problems due to the depth and need for shoring. This led to higher bids in bridge items.
- Recent increases in labor cost and workers compensation were also factors in the high bids.
- Demand for labor, combined with a shortage of experienced labor, caused bid prices to be higher. This requires additional on-the-job training and also accounts for higher worker turnover.

BENEFITS OF AWARDING PROJECT NOW

Concurrent with the bid analysis, an option of re-packing the PS&E package (converting the Design Sequencing package to 100% PS&E) was also studied. This option will require 12 months and $500,000 in capital support resources.

The benefits of awarding the project now are:

- Avoids a 12 month delay to repackage PS&E, re-advertise and rebid the project.
- Avoids a cost escalation estimated at $7,100,000, due to a 12-month delay. (Assumes 10% per year).
- Avoids a possible delay in securing permit extensions (if needed), due to new regulations that may be in place in the future.
- Minimizes conflicts during construction, since both the prime and sub-contractors are involved in the two adjacent projects. In addition, close coordination and cooperation between the two adjacent contractors may also expedite the completion of both projects.
- Avoids additional daily delays from the existing bottlenecks on Route 101, within the limit of this project.

FUNDING OPTIONS

OPTION A: Approve this request for Supplemental Funds, as presented above for $19,200,000, to allow this project to be awarded to the current low bidder.

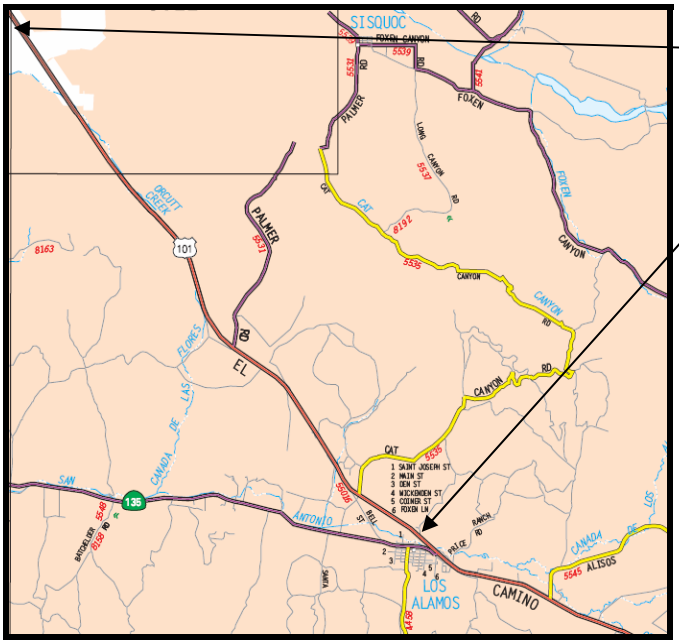
OPTION B: Deny this request and direct the Department to down scope the project to remain within the allocated amount and re-advertise project. The project includes only the minimum scope of work to accomplish the purpose and need of this project. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public since the project completion will be delayed by at least one year.

OPTION C: Deny this request and reject all bids; revise the project as necessary and re-advertise. This option was considered, there is no guaranty of having adequate number of bidders, nor, lower price bids in the future. In addition, project completion will be delayed by at least by one year.

RECOMMENDED OPTION

The Department and the Sonoma County Transportation Authority (SCTA) recommend that this request for $19,200,000, as presented in Option A above, be approved to allow this project to be awarded.

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.(1)	**Supplemental Funds for Previously Voted Projects**				**Resolution FA-05-08**
3 $9,651,000 Department of Transportation Santa Barbara 05S-SB-101 84.1/90.9	In Santa Maria, from south of Santa Maria Way to Route 135/101 Separation. Widen to 6-lane freeway. Supplemental funds are needed to re-advertise this project. Debit to RIP and IIP shares due to G-12 adjustment: RIP - $5,961,000 IIP - $1,253,000	446011 05-4460 RIP / 2005-06 301-0042 301-0890 20.20.075.600 IIP / 2005-06 301-0042 301-0890 20.20.025.700	 $2,120,000 $16,365,000 $446,000 $3,441,000 $22,372,000	 $915,000 $7,059,000 $193,000 $1,484,000 $9,651,000	 $3,035,000 $23,424,000 $639,000 $4,925,000 $32,023,000



PROJECT LIMITS

PROJECT DESCRIPTION

In Santa Barbara County near the town of Santa Maria. This project proposes to widen the existing four-lane freeway (two lanes is each direction) to a six-lane freeway (with three lanes in each direction). The widening would be within the existing 46 to 56-foot median area. The existing inside shoulders would be removed and the entire median area paved to include two 12-foot traveled lanes, two 10-foot inside shoulders and a type 60 concrete median barrier placed in the area between the inside shoulders for the entire length of the project. There are also five locations where soundwalls are to be constructed.

HISTORY

The project was programmed in the 2004 STIP for $22,372,000 for Construction in FY 2005-2006. The project was allocated in July 2005 for $22,372,000. The project was advertised and bids were opened in September 2005; there was a single bidder at 39.4% over the voted amount. On November 22, 2005, the Department rejected the bid and decided to re-advertise the project for the following reasons:

- Lack of competition - one bidder.
- Errors in the contractor bid assumptions.
- High unit prices.

The Department has updated the bid specifications and the Engineer's Estimate to reflect current market trends.

FUNDING STATUS

As a result of the decision to reject the sole bid and re-advertise, the Engineer's Estimate was revised, and the amount needed to advertise is $30,772,000. This request for $9,651,000 in supplemental funds represents an overall increase of 43% over the original allocation. The project will be re-advertised in March 2006, pending approval of these supplemental funds. The re-advertisement and additional funds are supported by the regional transportation planning agency, the Santa Barbara Council of Area Governments (SBCAG).

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$20,013,900	$29,048,960
Supplemental Work	$894,000	$909,800
Contingency Fund	$1,064,000	$1,525,140
State Furnished Materials and Expenses	$400,100	$539,100
Totals:	**$22,372,000**	**$32,023,000**

Estimated Deficit: $9,651,000

REASONS FOR COST INCREASE

In preparation for re-advertisement, the Department updated the overall project specifications, including the new asphalt concrete specification, which uses Performance Graded (PG) system instead of the old industry standard of Aged Residue (AR) system. The overhead sign structures will also be updated to current standards.

The increased costs are primarily due to increases in materials, labor, and fuel, as evident in recent bid openings and conversations with contractors and suppliers regarding increased material cost. Bid openings for recent projects of similar type and scope have reflected substantial cost increases for certain items of work. Some of the cost increases can be attributed to the recent hurricane damage to petroleum refineries, resulting in material shortages for petrochemical products. Cost increases have been experienced in all items, but primarily there has been increases in asphalt concrete pavement, steel, Portland Cement concrete, petroleum based products, roadway and structure excavation.

The bid items in the table below account for 93% of the cost increase. The remaining 7% of the cost increase was spread through the remaining bid items.

Item	Original Engineer's Estimate Unit Price	Revised Engineer's Estimate Unit Price	Unit	Quantity	Original Engineer's Estimate Total	Revised Engineer's Estimate Total	Cost Difference
Temporary Railing (k-rail)	$25	$45	M	21700	$542,500	$976,500	$434,000
Roadway Excavation	$15	$25	M3	22300	$334,500	$557,500	$223,000
Class 2 aggregate base	$25	$40	M3	19100	$477,500	$764,000	$286,500
Asphalt Concrete	$55	$70	TON	69000	$3,795,000	$4,830,000	$1,035,000
Asphalt Concrete (OG)	$50	$80	TON	11900	$595,000	$952,000	$357,000
400 mm CIDH Concrete Piling (Barrier)	$85	$170	M	4360	$370,600	$741,200	$370,600
Structures Items (Bridge)	$2,837,000	$3,358,000	LS	LS	$2,837,000	$3,358,000	$521,000
Sound Wall (Masonry Block)	$150	$180	M2	5320	$787,350	$957,600	$170,250
Furnish Sign Structure (Truss)	$4		KG	68432	$273,728		$1,837,082
		$13	KG	162370		$2,110,810	
Install Sign Structure (Truss)	$2		KG	68432	$102,648		$157,144
		$2	KG	162370		$259,792	
"B" (Sign Foundation)	$1,000		M	36	$36,000		$359,000
		$2,500	M	158		$395,000	
Concrete Barrier (Type 60)	$85	$140	M	8150	$692,750	$1,141,000	$448,250
Sign Illumination	$58,000	$150,000	LS	LS	$58,000	$150,000	$92,000
Mobilization 10%	$1,717,000	$2,904,000	LS	LS	$1,717,000	$2,904,000	$1,187,000
Time Related Overhead	$1,899,000	$2,754,000	LS	LS	$1,899,000	$2,754,000	$855,000
Contingencies	$1,064,000	$1,525,140	LS	LS	$1,064,000	$1,525,140	$461,140
State Furnished Materials	$400,100	$539,100	LS	LS	$400,100	$539,100	$139,000
						Total	**$8,932,966**

Discussion of Specific Bid Items

Temporary Railing (Type K):

The Department updated the estimate based on the "Labor Surcharge and Equipment Rental Rates (Updated)" effective October 1, 2005 through March 31, 2006. The published rental rate for temporary railing is $27.45 per meter. This does not include trucking, painting, movement(s), labor, removal or the required detail of dowelling (2 per rail) into the existing roadway. The above Engineer's Estimate includes these activities. Also, dowelling of the barrier is a daily occurrence for a small section to allow movement of equipment in and out of the median to perform work, thus increasing costs.

Sign Structure Truss:

The plans and specifications for the "Furnish Sign Structure (Truss)" item has been updated to the new 2004 Standard Plans, as required in the "Overhead Sign Structure/Signal and Lighting Standards Policy" memo revised August 5, 2005. This resulted in a $1,837,082 cost increase.

AC and PCC items were updated to reflect increase per industry trends. Mobilization, Contingency, and Time Related Overhead costs were increased to reflect higher overall project costs.

FUNDING OPTIONS

OPTION A: Approve this request as presented above for $9,651,000 to allow this project to be re-advertised.

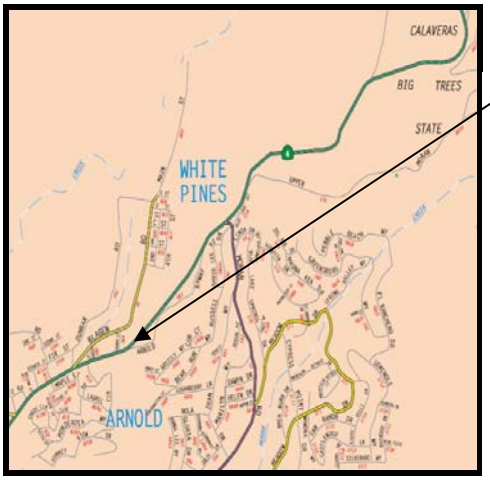
OPTION B: Deny this request and direct the Santa Barbara Council of Area Governments and the Department to downscope the project to remain within the allocated amount. The project includes only the minimum scope of work to accomplish the purpose and need of this project. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public.

OPTION C: Deny this request and direct the Santa Barbara Council of Area Governments and the Department to rescind the project and reprogram this project in a future funding cycle of the STIP. The Department had considered this option, however, the Department could not fully assess the impact of the delay of construction to the cost of the contract items, the traveling public and local community.

RECOMMENDED OPTION

The Department recommends that this request for $9,651,000, as presented in Option A above, be approved to allow this project to be re-advertised.

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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-08**
4 $40,000 Department of Transportation Calaveras COG 10N-Cal-4 R53.8/R54.9	Near Arnold, west of Black Springs Road. Construct eastbound passing lane and widen shoulder. Supplemental funds are needed to settle construction claims. G-12 funds have been previously exhausted; therefore, no G-12 adjustment to RIP shares.	455801 10-3294 RIP 2002-03/ 2004-05 301-0042 301-0890 20.20.075.600 RIP / 2005-06 301-0042 301-0890 20.20.075.600	 $318,000 $2,453,800 - - $2,771,800	 - - $5,000 $35,000 $40,000	 $318,000 $2,453,800 $5,000 $35,000 $2,811,800



Project Location

PROJECT DESCRIPTION

On Route 4 in Calaveras County near Arnold, west of Black Springs Road. The project includes constructing a passing lane and shoulder widening.

FUNDING STATUS

The project was programmed in the 2002 STIP and allocated in April 2003 for $2,338,000. The contract was awarded in December 2003, and all available G-12 funds ($348,300) were allocated on July 16, 2004.

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$2,190,060	$2,190,060
Supplemental Work	$68,700	$68,700
Contingency Fund	$137,790	$521,227
State Furnished Materials and Expenses	$26,950	$26,950
G-12 allocation	$348,300	$0
Totals:	**$2,771,800**	**$2,806,937**

Estimated Deficit: $35,137

REASONS FOR COST INCREASE

The proposed Final Estimate was mailed to the Contractor on October 26, 2004, and was returned with four (4) exceptions on November 4, 2004. The total amount of the exceptions was $134,613.07. The Board of Review, having considered the Contractor's unresolved claims and having made its investigations of the claims, has submitted its report and recommendations. Payment for each of the various claims is summarized as follows:

Description of Unresolved Claim	Cost Estimate of Needed Work	Cost
1. Additional Imported Borrow, plus interest.	359.06m^3 x $39.00/$m^3$ = $14,003.34 $14,003.34x 4.5x0.5%=$315.08 (interest)	$14,318
2. Adjustment for Increase of More Than 25% for Import Borrow, plus interest.	11,625m^3 x $1.80/$m^3$ = $20,925.00 $20,925.00x4.5x0.5%=$470.81 (interest)	$21,396
3. Cost for traffic control, due to overrun of Imported Borrow, plus interest. The Board recommends that the Contractor be compensated for the additional traffic control from day 27 (6/28/04) through 35 (7/12/04), a total of 9 days.	Thomas & Pratt at $1,688.50/day x 9days + 15% markup=$17,475.98 Pilot Car Labor at 72 hrs. and 9hrs. OT rate with markup=$4,473.61. Pilot Car Equipment at 79.5 hrs. at $9.81/hr. with a 15% markup= $891.24 For a total payment of $22,840.83. $22,840.83x4.5x0.5%=$513.92 (interest)	$23,355
	TOTAL	**$59,069**

Deducting the remaining unspent allocations results in the need for $40,000 in additional funds.

FUNDING OPTIONS

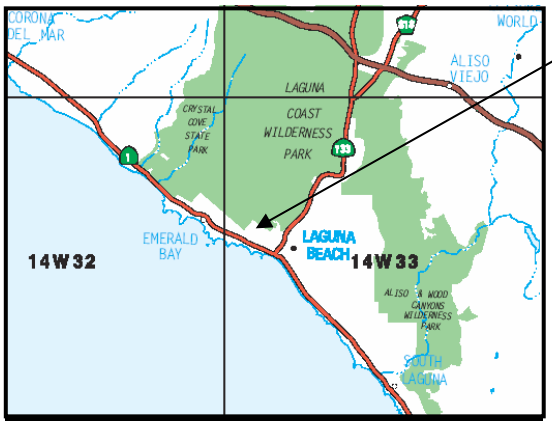
OPTION A: Approve this request, as presented above, for $40,000 in order to settle construction claims.

OPTION B: Deny this request. The Contractor would then be required to seek relief through the State Board of Control for just compensation.

RECOMMENDATION

The Department recommends that $40,000 in supplemental funds, as presented in Option A above, be approved to settle construction claims.

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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-08**
5 $350,000 Department of Transportation Orange 12S-Ora-1 12.1/13.4	Near Laguna Beach, on Pacific Coast Highway from south to north of Crystal Heights Drive. Storm water quality control. Supplemental funds are needed to settle construction claims.	0C3801 12-2321 2003-04 302-0042 302-0890 20.20.201.335 SHOPP	$313,000 $2,409,500	- -	$313,000 $2,409,500
		2005-06 302-0042 302-0890 20.20.201.335 SHOPP	- - $2,722,500	$40,000 $310,000 $350,000	$40,000 $310,000 $3,072,500



Project Location

PROJECT DESCRIPTION

In Orange County along the Pacific Coast Highway near Laguna Beach, at Crystal Heights Drive. The project will construct drainage systems and bioswales along the Pacific Coast Highway

FUNDING STATUS

This SHOPP project started construction in 2003, with an allotment of $2,293,500. Maximum G-12 adjustments of $429,000 have been reached and to date, $2,679,858.81 has been expended. An additional amount of $350,000 is requested to complete this project.

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$1,842,136	$2,200,000
Supplemental Work	$206,500	$206,500
Contingency Fund	$102,364	$623,500
State Furnished Materials and Expenses	$142,500	$42,500
Prior G12 allotment	429,000	
Totals:	**$2,722,500**	**$3,072,500**

Estimated Deficit: $350,000

REASONS FOR COST INCREASE

The project involves the construction of drainage systems and bioswales along the Pacific Coast Highway. To comply with the terms of the Cease and Desist Order issued by the California Coastal Commission, Contract Change Order (CCO) Numbers 15, 16, and 17 were added to the contract and significantly altered contract costs due to conditions encountered during construction.

CCO No. 15 was needed due to the costs increase associated with realignment of Drainage System 7. The final cost, including claimed amount, is $200,000. Item increases and force account work exceeded the initial estimate due to need to bypass conflict utilities identified during the realignment phase.

CCO No. 16 was needed due to the cost increase associated with the realignment of Drainage System 5. Item increases and force account work exceed the initial estimate due to difficult conditions encountered while constructing the riser. The location of the riser was modified from the initial change order following re-survey of the proposed tie-in culvert. The new alignment of the riser is now positioned at the number 2 lane. This move meant that the engineer's initial assessment of the progress and production rate increased from 15 working days to in excess of 60 working days to complete the task. The final cost, including claimed amount, is $500,000

CCO No. 17 was needed due to the cost increase associated with the realignment of Drainage System 1 and Drainage System 4, due to conflicts with Verizon Fiber Optic conduits. The scope of work to eliminate all conflicts resulted in the need to offset the proposed drainage systems, since the conflicts were discovered throughout the proposed alignment. This resulted in night work due to the day-time traffic constraints. The final costs to complete construction of Drainage System 1 and Drainage System 4 stands at $300,000.

Description of Unresolved Claim	Cost Estimate of Needed Work
CCO 15 -Realign Drainage System 7	$200,000
CCO 16 -Realign Drainage System 5	$500,000
CCO 17-Realign Drainage System 1 and 4	$300,000
	TOTAL $1,000,000

Estimated Deficit =$1,000,000 - $429,000 (Approved G12) - $100,000 (transfer State Furnish Material allotment) -$121,000 (remaining supplemental work allotment) **= $350,000**

FUNDING OPTIONS

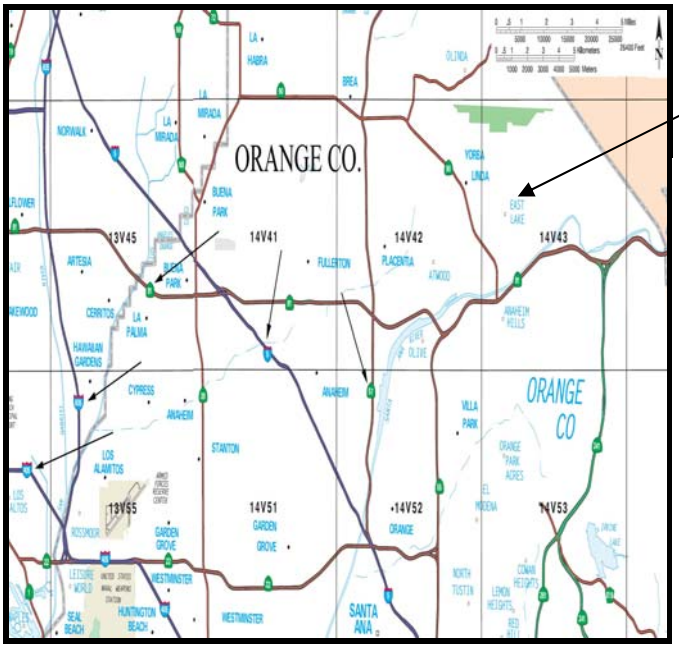
OPTION A: Approve this request, as presented above, for $350,000 to settle construction claims.

OPTION B: Deny this request. The Contractor would then be required to seek relief through the State Board of Control for just compensation.

RECOMMENDED OPTION

The Department recommends that $350,000 in supplemental funds, as presented in Option A above, be approved to settle construction claims.

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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-08**
6 $415,000 Department of Transportation Orange 12S-Ora-5 Various	In the City of Irvine. Install ramp-metering systems and construct maintenance vehicle pullouts. Supplemental funds are needed to award this contract.	0E1001 12-2530K 2005-06 302-0042 302-0890 20.20.201.315 SHOPP	$95,000 $890,000 $985,000	$48,000 $367,000 $415,000	$143,000 $1,257,000 $1,400,000



Various locations in Orange County on Routes 5, 57, 91, 405 and 605

PROJECT DESCRIPTION

This project is located at various locations in Orange County. This project proposes to install Ramp Metering Systems (RMSs) and Vehicle Detection Systems (VDSs), and construct Maintenance Vehicle Pullouts, at various locations in Orange County. The installation of RMSs and VDSs will enable the Department and the California Highway Patrol to accurately collect traffic data. This data will help the Department take appropriate actions in managing traffic systems and reducing congestion.

FUNDING STATUS

The project was voted in July 2005 for $985,000. Bids for this project were opened on September 22, 2005. There was only one bidder at 50% over the Engineer's Estimate. The amount needed to award, based on the sole bid, is $1,400,000. This request for $415,000 in supplemental funds results in an overall increase of 42% over the original allocation. The project will be awarded pending approval of these supplemental funds.

Vote Date	No. of Plan Holders	Bid Opening Date	Bid Expiration Date	No. of Bidders	Vote Amount	Amount needed to Award	% Over Vote Amount
07/2005	9	9/22/05	2/17/06	1	$985,000	$1,400,000	42%

Item	Present Allotment	Estimated Final Expenditures
Contract Items	$795,140	$1,194,507
Supplemental Work	$45,500	$46,300
Contingency Fund	$46,860	$61,693
State Furnished Materials and Expenses	$97,500	$97,500
Totals:	**$985,000**	**$1,400,000**

Estimated Deficit: $415,000

REASONS FOR COST INCREASE

The project Plan, Specifications and Estimate (PS&E) was completed on May 27, 2004, and the project was ready-to-list on February 17, 2005. Ramp Metering System modifications, at the various locations, accounts for 100% of the cost increase:

Item	Engineer's Unit Price	Contractor Bid Price	Unit	Quantity	Engineer Total	Contractor Total	Cost Difference
Modify Ramp Metering System (30 Locations)	$224,050	$645,250	LS	Lump Sum	$224,050	$645,250	$421,200
						Total:	**$421,200**

FUNDING OPTIONS

OPTION A: Approve this request, as presented above, for $415,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to downscope the project to remain within the allocated amount. The Department would be required to install meters at fewer locations.

OPTION C: Deny this request and direct the Department to reject all bids, make necessary revisions and re-advertise. There is no evidence that re-advertising would result in more bidders and a reduced bid amount.

DISCUSSION

The fact that there was only one bid for this project indicates that there may be a shortage of electrical contractors available to bid on projects in Orange County, resulting in an insufficient level of competition.

RECOMMENDED OPTION

The Department recommends that this request for $415,000, as presented in Option A above, be approved to allow the project to be awarded.