State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: March 15-16, 2006

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

PASSED BY
CTC
MAR 1 6 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-05-11**

RECOMMENDATION:

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

FINANCIAL RESOLUTION:

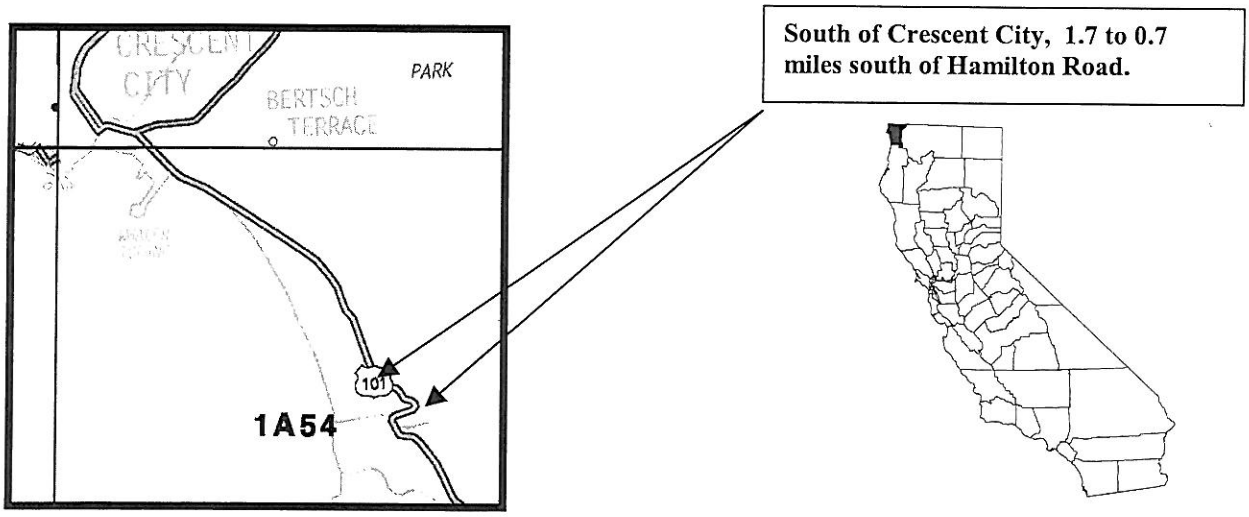
Resolved that $4,093,000 be allocated from the Budget Act of 2005, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide additional funds to close out construction contracts.

SUMMARY AND CONCLUSIONS:

This resolution allocates $4,093,000 of additional State and Federal funds for the previously approved projects listed below:

Project	Dist-Co-Rte	Original Allocation Amount	Award Amount	Current Budget Amount	Current Allocation Revision	Revised Budget Amount	Total Increase Vote/Award
1	01-DN-101	$3,030,000	$3,030,000	$3,830,000	$347,000	$4,177,000	9% A
2	04-Nap-29	$37,889,000	37,889,000	$41,877,900	$3,746,000	$45,623,900	9% A
Total		$40,919,000	$40,919,000	$45,707,900	$4,093,000	$49,800,900	9%

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-05-11**
1 $347,000 Department of Transportation Del Norte 01N-DN-101 21.0/22.0	Near Crescent City, 1.7 miles to 0.7 miles south of Hamilton Road. Construct a tieback wall, reconstruct fill, and replace asphalt concrete. Supplemental funds are needed to close out this contract.	457001 01-1028 2004-05 302-0042 302-0890 20.20.201.130 SHOPP	$440,000 $3,390,000	- -	$440,000 $3,390,000
		2005-06 302-0042 302-0890 20.20.201.130 SHOPP		$40,000 $307,000	$40,000 $307,000
			$3,830,000	$347,000	$4,177,000



PROJECT DESCRIPTION

This project is located in Del Norte County near Crescent City, from 0.7 to 1.7 miles south of Hamilton Road. The project will construct a viaduct structure to rebuild the two southbound lanes.

FUNDING STATUS

The project was allocated $3,030,000 on August 11, 2004, using delegation authority under Resolution G-00-11. An additional allocation of $800,000 was made on May 19, 2005, using the same delegation authority. This request for $347,000 in supplemental funds is needed to cover the final invoices and close out this contract.

REASONS FOR COST INCREASE

In August 2004, an emergency contract (force account with limited bidding) was initiated to replace the failing timber wall with a soldier pile tieback wall. Construction began in September 2004. During construction, it was discovered that the soil in the area was not suitable to support a retaining structure such as a soldier pile wall. The Department changed the design from a retaining wall to a viaduct structure. This change in design, and the need to work during winter months, caused delays

and resulted in the need for $800,000 in supplemental funds. These funds were approved in May 2005.

To close out the project, $347,000 in additional funds are still needed. The main reasons for the additional funding needs are as follows:

1) Excess material deposited at a nearby, privately owned disposal site, was rejected by the owner because it contained wood chips. Rejection of the deposited materials occurred on August 17, 2005, after the disposal operation was completed. This required the contractor to re-handle and dispose of the excess materials at another disposal site farther from the project. Additional cost, $55,000.
2) Expedited removal of the detour, final clean up and opening the highway prior to the 4th of July peak travel period. Additional cost, $160,000.
3) Labor surcharge covering the contractor for statutory payroll items was not submitted until November 2005, and was found to have errors. It was re-submitted in January 2006. Additional cost, $56,000.
4) Interest through April 2006 to cover payment delays. Additional cost, $26,000.
5) Estimated bond premium due as a result of the increase in total cost of the contract. The billing from the contractor was made January 2006 at a District Claims meeting. Additional cost, $7,000
6) The contractor submitted a bill in the amount of $75,000 for additional labor, equipment and small tool rentals. A Claims meeting was held on January 2006 to assess the contractor claims. Based upon a detailed analysis of each item in the bill, a mutually negotiated settlement amount of $43,000 was determined due the contractor. Additional cost, $43,000.

Construction started on this project with traffic being diverted onto a detour with narrow lanes (11-foot lanes and 1-foot shoulder). The Department had the option of terminating this contract in June 2005, using the funds already allocated ($3,030,000 + $800,000) and restarting a new non-emergency contract to complete the project. This would have left the detour in place for an extended period of time, inconveniencing the traveling public and creating a safety concern during the peak summer travel season. The highway at this location is at a steep 7% grade and summer traffic includes recreational vehicles, bicycles, and commercial trucks. Additionally, had this emergency contract been terminated at that point, an additional cost of approximately $70,000 would have been incurred for contract demobilization and re-mobilization. The Department determined that keeping the existing contract, and seeking supplemental funds, was the right business decision in order to complete construction, minimize travel inconvenience and to ensure public safety.

FUNDING OPTIONS

The Department reviewed the following options:

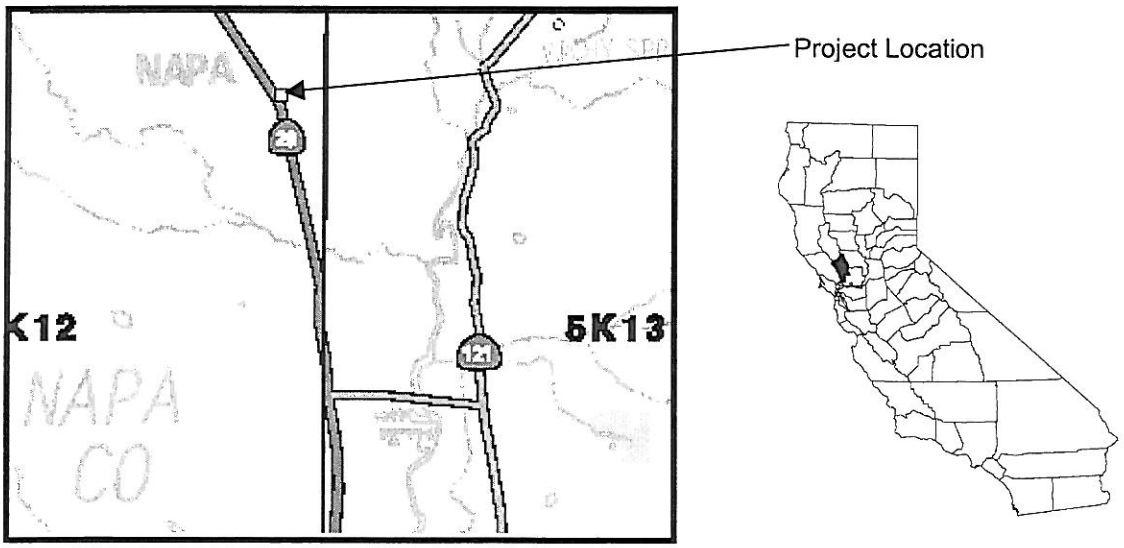
OPTION A: Approve this request, as presented above, for $347,000 to allow final payment to the contractor and close out this contract.

OPTION B: Allow the contractor to pursue contract claims through legal action.

RECOMMENDED OPTION

The Department recommends that this request for $347,000, as presented in Option A above, be approved to settle construction claims and close out the contract.

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-05-11**
2 $3,746,000 Department of Transportation MTC Napa 04N-Nap-29 12.5/13.5	Trancas Street Interchange Project. In Napa on Trancas Street. Construct new interchange. (Contributions from other sources $1,176,000.) Supplemental funds are needed to settle construction claims and close out contract.	120611 04-0377A GFRIP / 00-01 2000-01 301-0042 301-0890 20.20.075.412	 $3,039,000 $23,581,000	 - -	 $3,039,000 $23,281,000
		RIP / 00-01 2000-01 301-0042 301-0890 20.20.075.612	 $1,647,000 $12,717,000	 - -	 $1,647,000 $12,717,000
		2003-04 301-0042 301-0890 20.20.075.400	 $66,800 $513,800	 - -	 $66,800 $513,800
		2003-04 301-0042 301-0890 20.20.075.600	 $36,100 $277,200	 - -	 $36,100 $277,200
		RIP / 04-05 301-0042 301-0890 20.20.075.600	 - -	 $430,000 $3,316,000	 $430,000 $3,316,000
			$41,877,900	$3,746,000	$45,324,900



PROJECT DESCRIPTION

The project consisted of the construction of the Trancas Street tight diamond Interchange to replace the Route 29 / Trancas Street at-grade intersection. The completed interchange included lowering the highway 30 feet below original grade, with on-ramps and off-ramps. Three structures were constructed over the depressed portion of Highway 29, the Trancas Street Overcrossing, the North Napa Undercrossing railroad bridge, and the North Napa Pedestrian Overcrossing. The project included construction of two soundwalls and three retaining walls, below-grade water collection and pumping facilities, as well as a drainage siphon system to carry the city of Napa's storm drain water from the west to the east side of the highway.

FUNDING STATUS

This project was programmed in the 2001 State Transportation Improvement Program (STIP) and was voted for $37,889,000 at the June 2001 Commission meeting. The project was awarded on December 19, 2001 for total of $38,284,000, including $395,000 in G-12 funds. Construction began February 6, 2002, and the project was accepted on June 15, 2005. The remaining $3,593,900 in G-12 funding was used during the construction to pay for construction change orders (CCO's). This supplemental funds request is to close out the contract and settle the list of exceptions totaling $5,212,740 submitted by the Contractor. The District reached agreement with the contractor to resolve all outstanding claims. A Claim Settlement Report has been signed by the District and is expected to have HQ approval soon. This supplemental fund request includes all amounts to close out the project.

REASON FOR COST INCREASE

The estimated deficit of $3,746,000 reflects the difference between the total allotment and estimated final expenditures to pay all pending project obligations and estimated claim settlement and interest. Forty thousand dollars ($40,000) of the claim is for work performed by the railroad company, for which the billing is still being processed. The $3,706,000 estimated claim settlement covers work determined to be within contractual entitlement ($1,176,030), resolution of outstanding claims ($2,119,960), and interest costs ($410,000).

Contractual entitlement ($1,176,030) includes adjustment to bid item quantities, outstanding CCO's, unpaid extra work bills, and item adjustments that were part of the contractor's exceptions to the proposed final estimate.

- $80,950 Bid Item Quantities: 40 various items related to drainage, fences, subgrade fabric, minor concrete and MBRR.
- $524,270 Outstanding Lump Sum CCO's: Contaminated materials disposal and trucking costs.
- $438,200 Extra Work Bills: Subgrade excavation, dewatering, other miscellaneous work.
- $132,610 Item Adjustments: 125% overruns in various items related to minor concrete, pavement marking/striping, drainage pipes, temporary fence, and water services.

Resolution of outstanding claims ($2,119,960) involves costs of excavation and related impacts, delay and drainage system replacement that were part of the contractor's exceptions to the proposed final estimate. Excessive groundwater, additional contaminated materials, unexpected man-made materials, and restrictions on disposal site affected construction operations.

- $806,380 Roadway Excavation and Related Impacts: Costs associated with inefficient excavation operations, type of trucks (end versus bottom dump), unexpected disposal site restrictions, and adjacent operations involving pump plant, retaining walls, siphon, and placement of sub-base.
- $1,243,580 Delay (7 months) due to excessive groundwater, wet slope, and determination of effective solution: Job site maintenance, equipment rental and overhead.

- $70,000 Drainage System Replacement: Failed drainage pipe due to type and installation of backfill material.

Interest costs totaling $410,010 reflects agreed rates ranging from 6% to 10% for different durations depending on when individual claim started.

The Prior G-12 requests were for the following items:

- $395,000 to award.
- $2,700,000 for item overruns (roadway excavation, minor concrete), change orders (utilities, drainage, retaining wall, grade adjustment, schedule acceleration), and state furnished materials (COZEEP).
- $893,900 for item overruns (k-rails, roadway excavation, AC, sub-grade, delineation), change orders (utilities, drainage, retaining wall, sound wall), state furnished materials (railroads work, COZEEP)

FUNDING OPTIONS

The Department reviewed the following options:

OPTION A: Approve this request for $3,746,000 to settle all obligations and claims and close out contract.

OPTION B: Allow the contractor to pursue contract claims through legal action. The total exposure in submitted claims is $5,212,740 as part of the exceptions to proposed final estimate.

RECOMMENDATION

At this time, based on detailed investigation and analysis of the contractor's claims, the Department recommends that the Commission approve the additional funds of $3,746,000 to pay all remaining project obligations and contract claims.