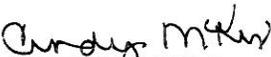


Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 28-29, 2008

From: 
CINDY McKIM
Chief Financial Officer



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

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-07-11

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-07-11, allocating an additional \$1,400,000 for the State Highway Operation and Protection Program (SHOPP) project identified below.

ISSUE:

Additional funds are needed for a previously approved SHOPP project in order to complete construction.

RESOLUTION:

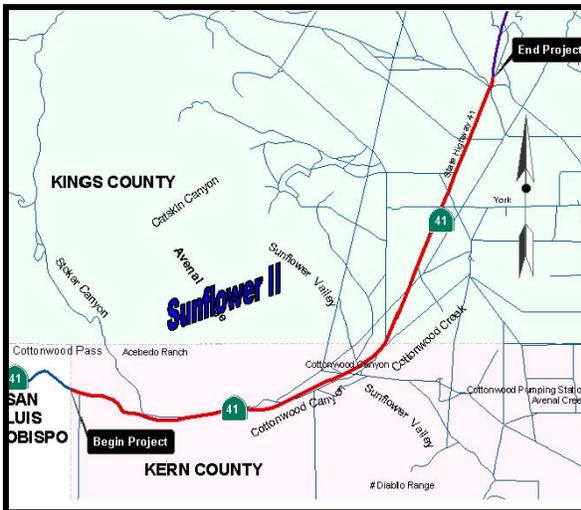
Resolved, that \$1,400,000 be allocated from the Budget Act of 2006, Budget Act Items 2660-303-0042 to provide additional funds for the project identified below.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original allocated Amount</u>	<u>Original Award Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	06-Ker-41	\$23,703,000	\$33,469,000	\$33,469,000	\$1,400,000	\$34,869,000	4.2%

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-07-11
1 \$1,400,000 Department of Transportation Kern 06S-Ker-41 Var	Near Cholame in Kern County and San Luis Obispo County, from San Luis Obispo County line to Kings County line. Supplemental funds are needed to complete construction.	3829U3 06-3321 2005-06 302-0042 302-0890 20.20.201.120 SHOPP	\$3,839,000 \$29,630,000	\$161,000 \$1,239,000	\$4,000,000 \$30,869,000
			\$33,469,000	\$1,400,000	\$34,869,000

RECOMMENDATION:

The Department recommends that this request for \$1,400,000 be approved to allow the Department to complete construction.



PROJECT DESCRIPTION:

The project is located on Route 41 in Kern County. The project realigned lanes, provided standard shoulders, improved sight distance and added a passing lane.

FUNDING STATUS:

This SHOPP project was voted in November 2005 for \$23,703,000. No bids were received and bidders were contacted to explain this anomaly. Department performed a bottoms-up estimate based on discussions with Industry Experts concerning the type of work and location. The project was then modified and a certified engineer's estimate was prepared to account for the current market. The construction estimate was increased to \$33,469,000 resulting in a supplemental vote in June 2006 for an increase of \$9,766,000 or 39.5 percent over the original engineer's estimate. The project was awarded for \$31,562,425 in October 2006 using 43 percent of the budgeted five percent contingency.

REASONS FOR COST INCREASE:

The majority of the cost increases on this project are due to repair and stabilization of cut slopes. During the construction of the project, two of the cut slopes failed within the project limits. In addition to the repair and stabilization costs of these slopes, the contractor incurred additional delay and overhead costs. Other cost increases were the result of right of way fencing relocation for acquired property in litigation, impacts related to appropriate handling of discovered archeological remains, and Quality Control/Quality Assurance (QCQA) incentive payments that had not been funded in the contracts supplemental funds. The project is approximately 90 percent complete.

This request for supplemental funds is due to the current full commitment of the remaining contingency funds to complete the project as planned and for the expected final payments to the contractor to close out construction. This request for \$1,400,000 in supplemental funds will be used to finalize the payment to the contractor and complete construction.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,400,000 to finalize the payment to the contract and close out the current construction contract.

OPTION B: Deny this request and rescope the project by eliminating all possible remaining work. The project is very close to completion, rescoping of the project would likely fail to secure enough savings to cover present valid contractor claims for time impacts associated with the slope repair work.

RECOMMENDED OPTION:

The Department recommends that this request of \$1,400,000, as presented in Option A above, be approved to finalize the payment to the contract and close out the current construction contract.