State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Tab 99

Memorandum

To: CHAIR AND COMMISSIONERS
CALFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 11-12, 2010

Reference No.: 2.5e. - **REVISED**
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS RESOLUTION FA-10-01**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional $19,000,000 for the Route 405 project (PPNO 0837A/C) in Los Angeles County.

ISSUE:

Additional funds are needed for one previously voted State Transportation Improvement Program (STIP) project in order to resolve claims on this construction contract.

RESOLUTION:

Resolved, that $19,000,000 be allocated from the Budget Act of **2009**, ~~Non~~ Budget Act Items 2660-301-0042 **and 2660-301-0890**, to provide additional funds for the project identified below.

Dist-Co-Rte	Current Budget (All Funds)	Budget Adjustment	Revised Budget	% Increase Above Current Budget
07-LA-405	$124,868,000	$19,000,000	$143,868,000	15.2%
		($2,179,300 RIP, $16,820,700 FTF)		

Project # Allocation Amount Recipient RTPA/CTC County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Item # Fund Type Program	Current Amount by Fund Type	Additional Amount by Fund Type	Revised Amount by Fund Type
2.5e. Supplemental Funds for Previously Voted Project					**Resolution FA-10-01**
1 $19,000,000 Department of Transportation LACMTA Los Angeles 07S-LA-405 25.9/29.5	Route 405 from Route 90 to Route 10. Construct HOV lanes. Supplemental Funds are needed to resolve claims on the construction contract. Total Revised Amount: $143,868,000.	1178U1 07-0837A/C GFRIP/02-03 301-0042 SHA 301-0890 FTF RIP/02-03 301-0042 SHA 301-0890 FTF RIP/02-03 301-0042 SHA 301-0890 FTF RIP/09-10 301-0042 SHA 301-0890 FTF	 $2,373,000 $25,775,000 $460,000 $4,992,000 $4,441,000 $48,229,000	 - - - - - - $2,179,300 $16,820,700	 $2,373,000 $25,775,000 $460,000 $4,992,000 $4,441,000 $48,229,000 $2,179,300 $16,820,700

PROJECT DESCRIPTION:

The project is in Los Angeles County on Route 405 from Route 90 to Route 10. The project constructed HOV lanes, retaining walls, soundwalls and widened existing bridge structures along I-405 in both directions between Route 90 and Route 10.

FUNDING STATUS:

The Commission allocated $86,270,000 of STIP - Regional Improvement Program (RIP) for this project in June 2003. The project was awarded in September 2004 for $113,211,982. The total project allotment for the project was $124,868,000 ($94,032,100 RIP, $30,085,000 Los Angeles County Metropolitan Transportation Authority (LACMTA) and $751,000 City of Los Angeles).

Although construction was completed in June 2010, an additional $19,000,000 RIP is estimated to be needed to complete payment to the contractor for claims related to delays on the project. LACMTA will contribute an additional $4,000,000.

REASONS FOR COST INCREASE:

The Department has faced significant challenges with this project during construction. The project is located on one of the most congested sections of Route 405. Maintaining mobility for the public has been an on-going effort. In addition, there were extensive utilities located within the project limits, some of them very old. The project's budget and schedule has been significantly impacted by redesign by utility issues; material, labor and equipment escalations; and delays.

Extensive freeway utilities were located within the project limits. A significant number of the utilities conflicted with the information available during the project design phases, hence, the utility relocation work was not completed as planned and scheduled. This has led to extensive delays to the contract work. This also caused changes in staging operations and resulted in inefficiencies during the construction phase. Due to physical constraints, relocation of a majority of these utilities was also dependent upon one another. In the meantime, the contractor had been delayed from completing the controlling items of work, resulting in increased contractor time related overhead costs and work item costs to the Department. Utility relocations specifically caused an estimated 187 day delay in the reconstruction of National Boulevard.

The other major significant delays were due to an existing pressurized old water line. To protect the existing water line which runs along the footing of the proposed soundwalls, retaining walls and Sawtelle and Braddock bridge abutments, the Department changed the foundation design from driven piles to cast-in-drilled-hole piles. Also foundations that crossed above the Metropolitan Water District waterline were redesigned to protect the pipe from any load increase to the waterline. Many work items were dependent on the completion of protecting the waterline. The Department calculated a 263-day project delay as a result of a waterline conflict with the Braddock and Sawtelle bridges.

The contract special provisions allow for compensation to the contractor for time related overhead costs through the Time Related Overhead (TRO) item, which the contractor bid at $14,000/day. Therefore, additional funds estimated in the amount of $6.3 Million is necessary to compensate the contractor for the 450 days of delay that the Department has estimated to have occurred on the project.

The contractor is also has submitted claims for item overruns, additional payment for items of work that were extended because of delays, such as traffic control and storm water management, and for disputed extrawork billings yet to be resolved. The amount needed to resolve these issues is estimated at $6.2 million.

In addition the contractor has submitted claims due to impacts caused by delays. The State has estimated that additional compensation is needed for inefficiencies caused by delays, material, labor and equipment escalations, and extended management and equipment costs. This amount is $10.5 million.

The total supplemental needed to resolve claims on this construction contract is estimated at $23 million. LACMTA will provide an additional $4 million of local funding. This additional $19 million from the State Highway Account and Federal Trust Fund will be used to resolve outstanding disputes requiring payment and close out the contract. If the Department is unable to resolve claims within the $23 million supplement, the Department will submit another supplemental funds request.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for $19,000,000 to resolve claims on this construction project.

OPTION B: Deny this request and require the contractor to pursue legal action.

RECOMMENDED OPTION:

The Department recommends that this request of $19,000,000, as presented in Option A above, be approved to resolve claims on this construction project.