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ABF-CAL-LTR-000576

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333 Burma Road
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PROJECT: San Francisco Oakland Bay SAS Bridge Superstructure
Caltrans Contract No. 04-0120F4
ABF Job No. 660110

SUBJECT: EAST END OBG DETAILING IMPACTS AND DISRUPTIONS

Gentlemen:

American Bridge/Fluor Enterprises, Inc., Joint Venture (ABFJV) is in receipt of Department Letter No. 05.03.01-002306 dated July 1, 2008 regarding detailing impacts – OBG Lifts 12 to 14. In the letter the Department advises that it disagrees with ABFJV's allegation that the existing detailing delays for OBG Lifts 12-14 are "solely" attributable to the Engineer". The Department, in an attempt to establish that the Department was not "solely" responsible for the delay impacts advised that the "request to employ segmental fabrication methods rather than radial fabrication as designed...had significant impacts on the detailing effort." ABFJV disagrees with the Department's opinion. Had the Department provided "full and complete" Plans and Specifications at Project inception, as required, the current detailing delays for OBG Lifts 12-14, would not exist.

The Department, in Letter No. 2306, also advises that the subject of any delay was considered closed until now because ABFJV did not directly respond to Department letter 05.03.01-000485 dated August 23, 2007. Department letter 05.03.01-000485 did not request or merit a response. ABFJV, at the time considered the letter to be nothing more than the Department's attempt to absolve itself from responsibility for delays. ABFJV also believed that the statement "it is expected that we will continue to work together to minimize any issues" provided in the letter by the Department was true. Had ABFJV responded to the letter at that time and vigorously established the Department's "sole" responsibility for the delays, we were concerned that the working relationship of the parties would have been jeopardized.

Furthermore, ABFJV believes that the Department's statement that it considered "the subject of any delay was considered closed until now" because the Department received no post August 23, 2007 correspondence from ABFJV regarding the subject matter, was either provided in jest or in complete disregard of the facts. Numerous letters and submittals have been provided by ABFJV wherein delays attributable to design issues and RFI's have been discussed. These include but are not necessarily limited to Project Progress Report # 12 dated September 20, 2007, Project Progress Report # 13 dated October 20, 2007, Project Progress Report # 19 dated April 20, 2008 and Project Progress Report # 20 dated May 20, 2008. Additionally, the Department, in Department Letter No. 05.03.01-002297 dated June 30, 2008 confirms receipt of RFI delay information with the following statement; "It is noted that there also exists a fourth, RFI Schedule file which is considered by the Department as information only and will not be reviewed unless included in TIA submission." ABFJV believes that had the Department reviewed the provided RFI Schedule information, it would have been aware that the "subject of delays" was not closed.

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The following paragraphs document recent events regarding East End OBG detailing delay impacts and disruptions as well as the path forward discussed by the parties.

During a meeting conducted on Thursday, June 05, 2008 with representatives of ABFJV, Candraft-Tensor LLC (CTLLC) and the Department, the concerns of ABFJV and CTLLC regarding the detailing of the east end section of the Bridge, specifically those associated with Lifts 12 through 14 ("East End") of the Orthotropic Bridge Girder (OBG), were conveyed to the Department. The parties discussed ABFJV's schedule for performance and CTLLC's detailing impacts and disruptions resulting from the level of completeness or lack thereof of the Project Contract Plans for this work.

Pursuant to Standard Specification Section 5.1-04, "Coordination and Interpretation of Plans, Standard Specifications, and Special Provisions" and as discussed at the aforementioned meeting, due to the constant disruption and impacts to the detailing caused by the incompleteness of the Contract Plans, it has become at best difficult, if not impossible for CTLLC to quantify each individual impact and the ripple effect associated therewith. The Department has previously been notified of specific East End OBG Detailing disruptions in ABF-CAL-LTR-000536 dated May 13, 2008 and ABF-CAL-LTR-000247 dated August 6, 2007. Further, a summary (5 pages) and copy of all associated East End RFI's issued through June 26, 2008 is attached hereto.

In order to expedite the completion of CTLLC's detailing assignment, ABFJV has directed CTLLC to proceed with the balance of the detailing services for Lifts 12 through 14 (East and West Bound) through Segment Assembly Drawings on a "time and material" basis. Specifically, in an effort to obtain completion of this detailing by December 31, 2008 and in order to meet the planned milestone dates within the Baseline Schedule, CTLLC has increased their current staff performing the detailing services on the "East End" of the Project from approximately fifteen (15) detailers working forty (40) hours a week, to twenty-seven (27) detailers averaging approximately fifty (50) hours per week.

As a follow-up to the June 05, 2008 meeting, representatives of the Department and ABFJV traveled to CTLLC's Vancouver, BC office on June 24th and 25th for the purpose of reviewing CTLLC's current detailing effort for the East End and for further general and technical discussions. As a result of these discussions, the Department requested the following information from ABFJV. ABFJV's response to each request is provided in bold:

1. The applicable portion of the CTLLC pre-bid estimate for the detailing services associated with the East End. **ABFJV HAS REQUESTED THIS INFORMATION FROM CTLLC AND IT WILL BE PROVIDED TO THE DEPARTMENT UPON RECEIPT.**
2. Agreement between ABFJV and CTLLC for the performance of detailing services on the Project. **A COPY OF THE FULLY EXECUTED AGREEMENT BETWEEN ABFJV AND CTLLC IS ATTACHED.**
3. Copy of ABFJV correspondence to CTLLC authorizing CTLLC to proceed with the East End Services. **A COPY OF ABFJV LETTER NO. ABF-CTL-LTR-000206 DATED JUNE 10, 2008 IS ATTACHED.**
4. Copy of the Change Order to the ABFJV and CTLLC Agreement regarding the authorization of the above noted East End Services. **A COPY OF THE FULLY EXECUTED CHANGE ORDER WILL BE PROVIDED TO THE DEPARTMENT UPON RECEIPT.**

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5. Summary of CTLLC hours associated with Services performed on the East End detailing prior to June 10, 2008. **ABFJV WILL PROVIDE THE DEPARTMENT UNDER SEPARATE COVER A TIME SUMMARY WITH SUPPORTING DOCUMENTATION SUBSTANTIATING CTLLC'S TIME PERFORMING THE SERVICES DESCRIBED ABOVE FROM JANUARY 05, 2007 THROUGH APRIL 04, 2008 WHICH ABFJV CURRENTLY HAS IN ITS POSSESSION. HENCEFORTH, UPON RECEIPT FROM CTLLC, ABFJV WILL PROVIDE THE DEPARTMENT A TIME SUMMARY WITH SUPPORTING DOCUMENTATION FOR ALL SUBSEQUENT CTLLC TIME EXPENDED PERFORMING THE SERVICES DESCRIBED ABOVE AND WEEKLY UPDATES.**
6. Copy of all correspondence between ABFJV and CTLLC associated with the East End detailing. **ABFJV WILL CONDITIONALLY ALLOW THE DEPARTMENT TO REVIEW THIS CORRESPONDENCE PROVIDED THE DEPARTMENT WILL ALLOW ABFJV THE OPPORTUNITY TO REVIEW ALL CORRESPONDENCE PERTAINING TO THE EAST END BETWEEN THE DEPARTMENT AND T. Y. LIN/MOFFATT & NICHOL JV.**

As the Department is aware from discussions at both of the above meetings, noted above the estimated damages associated with the impacts and disruptions caused by the Department to the East End detailing effort is currently assessed at \$3.5 Million Dollars. This figure represents the estimated CTLLC damages only. It does not include any delay or disruption damages experienced to date, or that may be encountered in the future, by ABFJV, ZPMC or others. Insofar as the delays and damages directly attributable to the design changes made necessary by various Requests for Information (RFI), the resultant impacts can not be determined at this time. Currently, it is anticipated that ABFJV will not be able, with any degree of certainty, to quantify the impacts until the latter part of this year.

It is anticipated that the proactive measures identified above will not only facilitate ongoing fabrication efforts, it will mitigate existing delays and damages as well as minimize the impacts to other critical work such as Stage 3.0 Weight Control development, calculations for final suspender lengths and the fabrication of the East End OBG Deck Sections at ZPMC.

Sincerely,

AMERICAN BRIDGE/FLUOR ENTERPRISES, INC. A JOINT VENTURE



Michael D. Flowers
Project Director

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