

29-Aug-2011

ABF-CAL-LTR-001625

Mr. Peter Siegenthaler
Resident Engineer
California Department of Transportation
333 Burma Road
Oakland, CA 94607

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

SUBJECT: OREGON IRON WORKS, INC. LETTER SL-2244-00814
DATED AUGUST 22, 2011
NOTICE OF POTENTIAL CLAIM (NOPC) NO. 6

Gentlemen:

American Bridge / Fluor Enterprises, Inc., A Joint Venture (ABFJV) is in receipt of its Hinge K Supplier, Oregon Iron Works, Inc.'s (OIW) transmittal no. SL-2244-00814 dated August 22, 2011 regarding Notice of Potential Claim No. 6. Please find enclosed a copy of this transmittal.

In its letter no. SL-2244-00068 dated August 12, 2011, as attached to the transmittal, OIW presents its Delay Claim Cost and entitlement argument on the fabrication of Hinge K Pipe Beams for the Department's consideration.

If you have any questions, please contact our office.

Sincerely,

AMERICAN BRIDGE/FLUOR ENTERPRISES, INC. A JOINT VENTURE



Brian A. Petersen
Project Director

Encl: OIW Transmittal No. SL-2244-00814 (19 pages)

File: 01.07.06
02.01



OREGON IRON WORKS, INC.

9700 S.E. LAWNFIELD ROAD • CLACKAMAS, OREGON 97015
TELEPHONE (503) 653-6300 • FAX (503) 653-5870

transmittal

TO: **American Bridge/Fluor , J.V.**
375 Burma Road
Oakland, CA 94607

TRANSMITTAL NO.: TL-2244-00814

DATE: 8/22/2011

VIA: 2 Day

ATTN: Sam Choy

PROJECT NAME: **Hinge K Pipe Beams**
2244

RECEIVED

AUG 25 2011

AMERICAN BRIDGE/FLUOR

ATTACHED ARE: OIW - Notice of Potential Claim No. 6 Binders

BLUE PRINT	STATUS	DESCRIPTION	REMARKS
2	INFO	<p align="center">SUBMITTED FOR YOUR USE:</p> <p>OIW - Notice of Potential Claim No. 6</p> <p>NOPC No. 6 binder containing the following:</p> <ul style="list-style-type: none"> -OIW SL-2244-00068 -Delay Claim Summary (with Exhibits A thru D) -Planned Versus Actual Hours -Planned Versus Actual Schedule 	

[] Please return one print with your approval or comments noted thereon.

Please acknowledge receipt by signing and returning one (1) copy of this transmittal.

By: _____ Date: _____

OREGON IRON WORKS, INC

Bill Pender
Bill Pender / Project Manager

NOTICE OF POTENTIAL CLAIM No. 6

**HINGE K PIPE BEAM FUSE ASSEMBLY
MATERIAL & MANUFACTURING APPROVAL**

**OAKLAND BAY BRIDGE PROJECT
HINGE K PIPE BEAM
CONTRACT NO. 04-0120F4**

SUBMITTED TO:

**AMERICAN BRIDGE / FLOUR
333 BURMA ROAD
OAKLAND, CA 95607**

SUBMITTED BY:

**OREGON IRON WORKS, INC.
9700 S.E. LAWNFIELD ROAD
CLACKAMAS, OR 97015**

DATE SUBMITTED:

August 18, 2011

The information/data contained on this drawing/file/document (whether in electronic or hard format and copy) contains Proprietary and Confidential information of Oregon Iron Works, Inc. (OIW), 9700 SE Lawnfield Road, Clackamas, Oregon. The disclosure, release, distribution, or unauthorized use of this information/data without the express written consent of OIW is expressly prohibited.



OREGON IRON WORKS, INC.

9700 S.E. LAWNFIELD ROAD • CLACKAMAS, OREGON 97015
TELEPHONE (503) 653-6300 • FAX (503) 653-5870

August 12, 2011

American Bridge/Fluor , J.V.
375 Burma Rd
Oakland, CA 94607

Reply to: SL-2244-00068

Attention: Michael Flowers

Contract: Hinge K Pipe Beams
Contract No. CALTRANS CONTRACT NO. 04-0120F4

Subject: Notice of Potential Claim No. 6

Dear Mr. Flowers,

This letter is regarding Oregon Iron Work's (OIW) Notice of Potential Claim No. 6 (NOPC 6), for the Hinge K Pipe Beam work on the above noted contract. OIW is forwarding this final documentation of NOPC 6 to resolve the significant delays for this work and the cost associated with those delays.

Project records show the date of the subcontractors agreement between ABFJV and OIW as March 30, 2007.

OIW was awarded the Hinge K work in July 2006, and entered into a contract with American Bridge/Flour Enterprises Inc., a Joint Venture ("ABF") for the performance of this work. OIW was very familiar with the project and had previously bid several other portions of the work, including the Hinge A Pipe Beams. OIW was also aware of the severe quality and cost impacts to Caltrans regarding the Hinge A rolled plate fuse assemblies supplied by Trans Bay.

When OIW bid the Hinge K work, the project was on a short, 17 month timeline. This timeline was a major cost factor in preparing OIW's proposal. When OIW was awarded the work, it was scheduled according to this timeline. Although Caltrans later extended the delivery date at ABF's request, OIW remained committed to the original schedule it bid and planned its work accordingly. OIW was aware that any delay would increase costs, including labor rates, overhead costs, and project management, considering the other work planned for the shop and the need to work around a busy shop schedule that allocated 17 months to this project.

As soon as ABF awarded the work, OIW's manufacturing team evaluated the fabrication means, methods and failures experienced in the Hinge A Pipe Beam tubulars and determined that the failures were due to improper forming and welding technique. OIW then proposed the

allowed alternate method of utilizing rolled plate for the Hinge K pipe beam tubulars.¹ OIW was confident that, with proper forming and welding, Caltrans would experience none of the problems it had with the Hinge A Pipe Beam work. OIW submitted RFI ABF-RFI-000075R00 on August 4, 2006, requesting approval for rolling Hinge K Pipe Beam tubular plates in accordance with standard industry methods. Although OIW provided detailed information, Caltrans continually required additional information and testing that was not required by the contract and was well outside of industry standards. Despite OIW's cooperation, Caltrans delayed in approving the alternate method until January 29th, 2008. Caltrans' delay was ultimately founded in an unreasonable fear that problems would be experienced as they were with the Hinge A work.

The following is a timeline, in chronological order, related to this extended approval process:

- August 4, 2006 thru December 1, 2006 - OIW submits detailed information for the alternate method. Caltrans responds with additional questions, conference calls and meetings. See detailed information for info between Aug 2006 and May 2007
- February 13, 2007 - OIW submits another extensive binder of information regarding the proposed rolled fabrication method. CT has no record of this info (OIW RFI 10R00)
- May 5, 2007 - No response received from Caltrans. OIW writes to Caltrans requesting a response to the alternative fabrication method. CT has no record of OIW letter. Submittal 6R01 submitted on May 2, 2007 and response provided on May 24, 2007 (STL 265).
- May 24, 2007 - Caltrans responds that a mock up of the alternate fabrication is required for approval. Mockup requirement was first communicated to OIW in CT response to RFI 75R00 and agreed to by OIW in RFI 75R01
- July 2, 2007 - Caltrans requests a meeting to discuss the alternative fabrication method; Caltrans finally determines that no mock up is required.
- August 1, 2007 - Caltrans audits American Tank & Fabrication (AT&F) in order to approve AT&F for rolling the plate. Audit conducted on 7/16/07. AT&F received a contingent pass on 8/1/07 via STL 429 and required additional information.
- August 10, 2007 - OIW responds to the AT&F audit findings.
- September 13, 2007 - OIW submits revised AT&F forming procedure and OIW fabrication plan for approval, per Caltrans' request. Submittal 6R02 dated Sept 20, 2007. CT responds on Sept 28, 2007 (SL 643, incomplete submittal)
- September 28, 2007 - Caltrans requires additional testing and data in SL 00643. What is the addtl testing?
- November 9, 2007 - OIW responds to Caltrans request with submittal 6 rev 2.
- November 29, 2007 - Caltrans requests additional time to review alternative fabrication method.
- December 6, 2007 - Caltrans requests a meeting to again discuss the alternate fabrication method that OIW originally proposed on August 4, 2006. ABF submits Submittal 6R03 on Nov 14 2007 and CT responds on Dec 4, 2007 (STL 913, Resubmit)
- December 12, 2007 - Caltrans requests additional testing to prove the alternate fabrication method. This testing is not required by the contract, nor is it standard industry practice. What is the additional testing requested and what state letter, RFI, etc. was the request made in?

¹ "Pipe beam tubular shall be forgings. The Contractor may fabricate the pipe beam tubular using a different fabrication method (other than forging), subject to review and approval of the Engineer."

Dec 9, 2008, Mets was asked to witness addtl rolling and then issued NCR for using press brake for preforming; which was not part of approved fab procedure

- December 26, 2007 - OIW files its initial notice of delay claim for failure to timely approve the alternate method.
- January 11, 2008 - OIW submits another binder of information to attempt to answer additional questions posed by Caltrans.
- January 29, 2008 - Caltrans finally approves the alternate method, almost a year and a half later.
- ~~January 29, 2008 through February, 2009~~ (after rolling was approved) - Caltrans believed that the Hinge K fuse plate in the flat, unformed condition stored at AT&F, **had surface cracks that indicated structural defects. Caltrans insisted that these cracks were outside of the normal surface conditions of quenched and tempered plate.** In response, OIW brought the material supply representative to AT&F for examination of the surface condition. The material supplier confirmed that the surface conditions were not cracks, but merely surface imperfections that are typical for quenched and tempered plate of this thickness. After this inspection and explanation, **Caltrans still insisted that the surface condition indicated a defect. In an effort to progress the work OIW hired a third party quality assurance consultant to perform Penetrant Testing on both sides of all sixteen plates stored at AT&F.** No defect or imperfection requiring repair was found in any of the sixteen plates tested. All sixteen plates were then rolled by AT&F without any incidence of material failure. **The Penetrant Testing required by Caltrans** is well outside of industry standards and Contract requirements for quenched and tempered plate.
 - During the forming of the sixteen plates, Caltrans insisted that the plate had to be 'bumped' in the rolls rather than the ends of the plates being formed in a press brake, as is the common industry practice. Despite OIW and AT&F's protests to the Caltrans proposed method, Caltrans insisted that the forming of plate ends in the press brake would require another audit of AT&F and resubmission of AT&F forming procedure. As a result of using the Caltrans required procedure, the forming rolls used by AT&F broke during the process and had to be repaired. This caused 6 weeks of additional delay (5 weeks to repair plus 1 week to run forming trials), which could have been avoided had Caltrans followed standard industry practice as requested by OIW and AT&F.

AT&F began rolling 5.5 months after approval of alternative fab procedure Sub 6R4. Please explain the source of the delay.

June 17, 2008, 1st day of rolling and discovery of indications on 2nd rolled can.

No records of PT on 16 plates at AT&F. See OIW plan to address indications Sub 742

Bumping of plates using the rolls was in OIW's forming procedure in Sub 6R1. This was not CT's suggestion. NCR for using press brake was issued the day the roll was repaired. There are no records showing the rolls broke during preforming. Please provide info.

What are the dates of this 6 week delay?

At each step in this process, OIW submitted details of work and materials that were consistent with industry standards and specifications, and each time, Caltrans rejected the work or materials, or required additional testing, because Caltrans was unfamiliar with the fabrication process and materials and fearful of a repeat of the Hinge A problems. After over 300 calendar days of discussion and evaluation, Caltrans approved OIW's approach. OIW performed the work utilizing the industry standards as they were submitted and all pipe beam tubulars were successfully fabricated and met all Caltrans required specifications. The pipe beams were manufactured as required, with no problems.

Although some of the delay is attributable to OIW's decision to seek approval of an alternate fabrication method, the majority of the delay is Caltrans' failure to approve the method within a reasonable time.² OIW was not allowed to begin fabrication of the pipe beam tubulars for over 300 calendar days from the originally scheduled start date, which increased costs in all areas (Please see attached timeline of delay).

Compensation for delays caused by the Owner is a well-known construction contract rule, and the Standard Specifications and Special Provisions contemplate a *reasonable* amount of time for approval of substitutions, changes and generally all work that requires approval by the Engineer. OIW submitted its first RFI for the alternative fabrication method on August 6, 2006, as permitted and with enough time to avoid delay.³ The method was approved by Caltrans on January 29, 2008. This delay was unreasonable and must be compensated.

In its last letter, Caltrans denied NOPC 6 on the basis that OIW did not comply with the claim timelines in the contract. The claims procedure in the Special Provisions is intended to bring any claims to the attention of the Engineer as soon as possible so that they may be resolved or other action taken.⁴ As soon as OIW was aware of the claim NOPC 6 was submitted to Caltrans by ABF, OIW's prime contractor (January 3, 2008). Caltrans responded on March 17, 2008, denying the claim for failure to provide a detailed supplemental notice of claim. OIW responded to Caltrans on May 16, 2008, noting that the impact of the claim could not yet be determined. Caltrans again denied the claim by letter dated May 28, 2008, claiming no responsibility for delays associated with OIW's work and OIW's failure to meet timelines set forth in the Special Provisions.

Although there has been a delay in quantifying NOPC 6, this delay was unavoidable. OIW would have been required to quantify and submit its claim, but we were essentially in a "catch 22." OIW had to have the fabrication method approved (over 300 days), successfully complete the work, and demonstrate to Caltrans that the means and methods selected would achieve the required end product. A successful end product would demonstrate the efficacy of our original plan and the unreasonableness of the delay. If there had been a failure in our fabrication method, we would have been unable to claim a delay. In addition, the direct costs and time impact could not have been determined in the timelines set forth in the contract. NOPC 6 was submitted before OIW knew if or when Caltrans would approve the alternative method and what timeline would result from the Caltrans decisions.⁵ OIW was unable to quantify the delay until the method was approved, the fabrication was complete and the product approved by Caltrans.

Per the Contract, Caltrans responds to a claim after a supplemental is issued. CT was waiting to see if OIW was going to submit supplemental even after the contractual due date. OIW failed to provide a supplemental.

² Please see the attached schedule, which details the originally anticipated schedule and the actual schedule.

³ Section 6-1.05 of the Standard Specifications provides that substitutions may be made when submitted in writing by the contractor with complete data regarding the substitution, and must be made in ample time to *avoid delaying the work*.

⁴ Special Provision 9-1.04

⁵ In fact, the date that Caltrans stated OIW's supplemental notice of claim was due, Caltrans had not yet approved the alternate fabrication method, so there was no way to determine the extent of the delay or provide the details required in a supplemental notice.

Attached please find OIW's Delay Claim Cost Summary (with Exhibits A thru D), Planned Versus Actual Hours, and Planned Versus Actual Schedule

OIW looks forward to a response from Caltrans on this issue.

If you have any further questions regarding this issue or cost proposal, do not hesitate to contact the undersigned.

Sincerely,
Oregon Iron Works, Inc.

A handwritten signature in blue ink, appearing to read "Bill Pender", written in a cursive style.

Bill Pender
Project Manager

OREGON IRON WORKS, INC.
AMERICAN BRIDGE/FLUOR , J.V
HINGE K PIPE BEAMS
DELAY CLAIM - Summary

		<u>AMOUNT</u>
HOURLY LABOR	<i>EXHIBIT A</i>	\$184,716
SALARIED LABOR	<i>EXHIBIT B</i>	215,658
subTOTAL		400,374
MATERIAL COSTS	<i>EXHIBIT C</i>	36,200
subTOTAL		436,574
SG&A [a]	6.3%	27,417
FEE	10%	46,399
subTOTAL		510,390
CONTINUING COMMITTED COSTS	<i>EXHIBIT D</i>	425,603
TOTAL DELAY CLAIM		\$935,993

[a] SG&A rate is composite average rate. Actual FAR based SG&A for prior years shown below

<i>Year ended December 31, 2009</i>	<i>9.49%</i>
<i>Year ended December 31, 2008</i>	<i>5.30%</i>
<i>Year ended December 31, 2007</i>	<i>4.87%</i>
<i>Year ended December 31, 2006</i>	<i>5.46%</i>

OREGON IRON WORKS, INC.
 AMERICAN BRIDGE/FLUOR , J.V
 HINGE K PIPE BEAMS
 EXHIBIT A: DELAY CLAIM - Hourly Labor Impact

Date	AS BUILT (actual direct labor hours)				
	AS BID <i>[all straight time]</i>	St. Time	OverTime	DoubleTime	TOTAL
August-06	200	9.50	1.00		10.50
September-06	300				-
October-06	350	1.00			1.00
November-06	350				-
December-06	400	3.00	2.00	1.00	6.00
January-07	600				-
February-07	1,500	39.00	2.00		41.00
March-07	1,900	83.50			83.50
April-07	2,300	42.00			42.00
May-07	2,500	75.75	0.50		76.25
June-07	2,500	43.50	5.00		48.50
July-07	2,500	58.75	11.75	19.00	89.50
August-07	2,500	35.75	2.50	1.00	39.25
Adjust Budget to Actual	(1,293)				
	16,607	391.75	24.75	21.00	437.50
September-07	2,300	18.00	1.00		19.00
October-07	2,200	11.00	0.50		11.50
November-07	2,100	209.50	7.50	1.00	218.00
December-07	2,100	123.00	20.25	1.00	144.25
January-08	2,000	121.50	13.25	0.50	135.25
February-08	2,000	499.25	40.25	0.50	540.00
March-08	1,800	567.75	105.00	1.75	674.50
April-08	1,500	330.00	31.75	0.25	362.00
May-08	1,000	201.75	8.50		210.25
June-08	600	183.00	28.50	1.50	213.00
July-08	350	162.00	16.00		178.00
August-08	212	597.50	109.25	0.25	707.00
Adjust Budget to Actual	(1,293)				
	16,869	3,024.25	381.75	6.75	3,412.75
September-08		135.50	18.00	0.50	154.00
October-08		67.50	4.00		71.50
November-08		16.50			16.50
December-08		377.50	5.75		383.25
January-09		910.75	18.75	1.00	930.50
February-09		1,720.00	68.75	0.50	1,789.25
March-09		2,163.75	67.50	2.25	2,233.50
April-09		2,518.50	26.00	2.00	2,546.50
May-09		2,022.25	28.75	1.00	2,052.00
June-09		2,466.50	26.25	0.75	2,493.50
July-09		2,127.50	22.25	1.50	2,151.25
August-09		2,516.50	24.75		2,541.25
		17,042.75	310.75	9.50	17,363.00
September-09		2,436	56.50	9.00	2,501.75
October-09		1,389	48.50	1.25	1,438.75
November-09		812	39.50	2.00	853.00
December-09		704	41.50	11.50	757.25
January-10		921	80.25	2.00	1,003.50
February-10		693	50.00	2.50	745.25
March-10		1,056.50	52.75	2.00	1,111.25

Why is OIW adjusting budgeted hours to equal the actual hours?

OREGON IRON WORKS, INC.
 AMERICAN BRIDGE/FLUOR, J.V
 HINGE K PIPE BEAMS
 EXHIBIT A: DELAY CLAIM - Hourly Labor Impact

Date	AS BUILT (actual direct labor hours)					
	AS BID <i>[all straight time]</i>	St. Time	OverTime	DoubleTime	TOTAL	
April-10		932.50	35.25	6.00	973.75	
May-10		1,323.00	72.50	7.00	1,402.50	
June-10		923.50	23.50	0.25	947.25	
July-10		349.25	8.25		357.50	
August-10		27.50	3.00		30.50	
		11,567.25	511.50	43.50	12,122.25	
Other		138.00	2.50		140.50	
		33,476	32,164.00	1,231.25	80.75	33,476.00
	using FAR based rates:	\$ 1,692,539	\$ 1,787,365	\$ 83,433	\$ 6,457	\$ 1,877,255
	Average Rate per Hour	\$50.56	\$55.57	\$67.76	\$79.96	\$56.08
DIFFERENCE (As Built LESS As Bid) - Attributable to Delay					\$ 184,716	

How are the As-Bid hours equal to the As-Built (actual hours)

	33,476	32,164.00	1,231.25	80.75	33,476.00
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FEDERAL ACQUISITION REGULATION (FAR) RATES	BASE [a]	FRINGE [b]	FAR OVERHEAD [c]	TOTAL
Straight Time		21%		
Base Year (Union Contract Period Sept 1 2006 to Aug 31, 2007)	22.00	4.62	22.68	49.30
Year 1 (Union Contract Period Sept 1 2007 to Aug 31, 2008)	23.00	4.83	23.97	51.80
Year 2 (Union Contract Period Sept 1 2008 to Aug 31, 2009)	23.60	4.96	24.69	53.25
Year 3 (Union Contract Period Sept 1 2009 to Aug 31, 2010)	24.20	5.08	30.84	60.12
Year 4 (Union Contract Period Sept 1 2010 to Aug 31, 2011)	24.85	5.22	31.46	61.53
Overtime (x1.5 Straight Time Rate)				
Base Year (Union Contract Period Sept 1 2006 to Aug 31, 2007)	33.00	4.95	22.68	60.63
Year 1 (Union Contract Period Sept 1 2007 to Aug 31, 2008)	34.50	5.18	23.97	63.65
Year 2 (Union Contract Period Sept 1 2008 to Aug 31, 2009)	35.40	5.31	24.69	65.40
Year 3 (Union Contract Period Sept 1 2009 to Aug 31, 2010)	36.30	5.45	30.84	72.59
Year 4 (Union Contract Period Sept 1 2010 to Aug 31, 2011)	37.28	5.59	31.46	74.33
Doubletime (x2.0 Straight Time Rate)				
Base Year (Union Contract Period Sept 1 2006 to Aug 31, 2007)	44.00	5.28	22.68	71.96
Year 1 (Union Contract Period Sept 1 2007 to Aug 31, 2008)	46.00	5.52	23.97	75.49
Year 2 (Union Contract Period Sept 1 2008 to Aug 31, 2009)	47.20	5.66	24.69	77.55
Year 3 (Union Contract Period Sept 1 2009 to Aug 31, 2010)	48.40	5.81	30.84	85.05
Year 4 (Union Contract Period Sept 1 2010 to Aug 31, 2011)	49.70	5.96	31.46	87.12

- [a] Base Wage is composite of average labor rate for period
- [b] Fringe benefits are calculated as percentage of base wage rate and are an estimate of the actual rate
- [c] FAR Overhead rate is calculated on a calendar year basis. Listed rate is actual submitted rate in effect at the start of the Union Contract Term

OREGON IRON WORKS, INC.
AMERICAN BRIDGE/FLUOR , J.V
HINGE K PIPE BEAMS
EXHIBIT B: SALARIED LABOR COSTS

Total Paid Hours - Salaried Employees (below)		5,378
Composite Rate	\$	65.00
<hr/>		
TOTAL SALARIED LABOR	\$	349,578
LESS: BUDGETED COST	\$	133,920
<hr/>		
IMPACT	\$	215,658

	Paid Hours
Administrative Assistant	
Ammon; Susan A.	320.42
Haines; Brian M.	13.06
Contract Administrator	
Washburn; Warren R.	0.81
Estimator	
Stanton; Francis X.	40.34
EVMS Analyst	
Hartung; Lane Sage	46.15
Velez; Christina J.	52.39
IT Specialist	
McVay; Kurtis	4.91
Crittendon; Isaiah R.	9.89
Manufacturing Manager	
Miller; Daniel J.	26.38
Paint Superintendent	
Cory; Raymond J.	89.23
Production Manager	
Crittendon; Bill	85.60
Programmer	
Rich; Susan K.	12.79
Project Manager	
Dunkin; Bradley D.	9.51
Leonard; Patrick F.	211.75
Bosch; Ronald W.	7.24
Huston; Matthew Todd	3.10
Pender; William J.	2,107.38
Huston; Michael D.	340.85
Kozol; Devlyn S.	13.98
Purchasing	
Vanderzanden; Nolan B.	8.20
Worsley; David E.	35.97
Rodgers; Gary B.	11.00

OREGON IRON WORKS, INC.
AMERICAN BRIDGE/FLUOR , J.V
HINGE K PIPE BEAMS
EXHIBIT B: SALARIED LABOR COSTS

Q.A./Q.C.	
Takeuchi; Jerry D.	4.85
Williams; Steve C.	135.74
Tomovick; Tom	883.50
Russell; Mark A.	31.51
Brown; Ronald K.	73.27
DeMello; Susan A.	347.22
Shipping/Receiving Supervisor	
Tull; Douglas L.	168.91
Welding Engineer	
Roberts; Gregory E.	282.17
<hr/>	
Grand Total	5,378.13

Where are the actual costs? Why is OIW using estimated increases? If there were actual increases to these three items, why is the Dept responsible. Please explain

OREGON IRON WORKS, INC.
AMERICAN BRIDGE/FLUOR , J.V
HINGE K PIPE BEAMS
EXHIBIT C: Material Cost Increases

	BUDGET	EST. INCREASE	
		%	Amount
Outside material forming	\$78,000.00	10.0%	\$7,800.00
Outside Machining	114,000	10.0%	11,400
Trucking costs	170,000	10.0%	17,000
			<hr/>
			\$36,200.00

OREGON IRON WORKS, INC.
AMERICAN BRIDGE/FLUOR , J.V
HINGE K PIPE BEAMS
EXHIBIT D: DELAY CLAIM - Committed Cost Impact

TOTAL COMMITTED COST POOLS \$12,517,739
 PERCENTAGE ALLOCATION TO CONTRACT (below) 3.4%

\$425,603.13

PERCENTAGE ALLOCATION TO CONTRACT:

CLACKAMAS			
Bay Number	Length	Width	Total SF
1	480	65	31,200
2	480	65	31,200
3	480	65	31,200
4	280	50	14,000
5	280	60	16,800
7	260	60	15,600
8	260	60	15,600
Street Car	280	50	14,000
Street Car	280	50	14,000
Clack. Bay Indoor Total SF			183,600
VANCOUVER			
Bay Number	Length	Width	Total SF
48	376	98.5	37,036
33	480	154	73,920
Vanc. Indoor Total SF			110,956
TOTAL			294,556
Reserved for Hinge K			10,000
Percentage			3.4%

Why is the % allocation based on space and not contract value? The total cost claim calculation seems to be based on Eichleay formula...but modified. Eichleay says the % allocation is based on contract values.

OREGON IRON WORKS, INC.
 AMERICAN BRIDGE/FLUOR, J.V
 EXHIBIT D: DELAY CLAIM - Committed Cost Impact
 Calculation of Fixed Cost Commitment - YE 2007/2008

Act No.	Description	Type	Class	F=Fixed; V=Variable MF=Mixed	Amount Year Ended			Committed Costs	
					2007	2008	Committed Cost Percentage	2007	2008
MANUFACTURING COSTS									
600	Salaries-Project Managers	Indirect	Salaries and wages	F	2,667,725.41	2,647,079.35	100%	2,667,725.41	2,647,079.35
601	Salaries-Shipping	Indirect	Salaries and wages	F	91,514.81	108,006.82	100%	91,514.81	108,006.82
602	Salaries-Purchasing	Indirect	Salaries and wages	F	291,283.94	261,975.30	100%	291,283.94	261,975.30
603	Salaries-Scheduling	Indirect	Salaries and wages	F	220,221.77	248,178.97	100%	220,221.77	248,178.97
604	Salaries-Engineering	Indirect	Salaries and wages	F	438,236.77	550,794.75	100%	438,236.77	550,794.75
605	Salaries-Shop Management	Indirect	Salaries and wages	F	414,499.98	436,298.41	100%	414,499.98	436,298.41
606	Salaries-Contract Administration	Indirect	Salaries and wages	F	293,410.93	254,548.39	100%	293,410.93	254,548.39
607	Salaries-Quality Assurance	Indirect	Salaries and wages	F	580,465.64	578,718.09	100%	580,465.64	578,718.09
608	Salaries-CNC Programming	Indirect	Salaries and wages	F	71,000.06	72,000.08	100%	71,000.06	72,000.08
609	Salaries-Other	Indirect	Salaries and wages	F	103,572.40	226,322.06	100%	103,572.40	226,322.06
610	Salaries-Allocation to Contracts	Indirect	Salaries and wages	F	(3,703,233.89)	(3,808,289.02)	100%	(3,703,233.89)	(3,808,289.02)
613	Labor-Bonus	Indirect	Salaries and wages	F	4,601.52	64,200.00	100%	4,601.52	64,200.00
614	Labor-Quality Control	Indirect	Quality control	F	23,840.37	21,885.76	100%	23,840.37	21,885.76
636	Quality Control-Materials & Services	Indirect	Quality control	F	99,363.89	145,842.77	100%	99,363.89	145,842.77
638	Worker's Compensation	Indirect	Fringe benefits	M	114,474.61	124,746.26	25%	28,618.65	31,186.57
642	Group Health Insurance Premium	Indirect	Fringe benefits	M	3,000,680.18	3,015,511.08	25%	750,170.05	753,877.77
643	Employee Health/Dental Contributions	Indirect	Fringe benefits	M	(260,734.52)	(343,622.40)	25%	(65,183.63)	(85,905.60)
646	Employee Benefits-Discretionary	Indirect	Fringe benefits	M	139,152.80	175,963.73	25%	34,788.20	43,990.93
648	F.I.C.A. Tax-Employers Share	Indirect	Payroll taxes	M	727,932.86	746,364.06	25%	181,983.22	186,591.02
650	State Unemployment Tax	Indirect	Payroll Taxes	M	132,666.34	104,129.82	25%	33,166.59	26,032.46
652	Federal Unemployment Tax	Indirect	Payroll taxes	M	10,374.22	10,150.12	25%	2,593.56	2,537.53
653	Salaried PR Burden Allocated	Indirect	Payroll taxes	F	(400,194.63)	(422,486.37)	100%	(400,194.63)	(422,486.37)
654	Tr-Met Tax	Indirect	Payroll taxes	M	60,654.29	63,277.61	25%	15,163.57	15,819.40
655	Payroll Taxes - Administrative	Indirect	Payroll taxes	F	(350,242.81)	(398,229.42)	100%	(350,242.81)	(398,229.42)
682	Depreciation Expense-Shop Eq	Indirect	Depreciation expense	F	1,374,596.59	1,563,170.33	100%	1,374,596.59	1,563,170.33
684	Membership Dues & Subscriptions	Indirect	Dues and subscriptio	F	41,479.71	47,172.44	100%	41,479.71	47,172.44
689	Lobbying Expense	Indirect	Other	F	241,010.57	255,957.40	100%	241,010.57	255,957.40
692	Interest Expense-Notes	Indirect	Interest	F	262,667.45	211,987.07	100%	262,667.45	211,987.07
694	Interest Expense-Line of Credit	Indirect	Interest	F	46,990.10	3,621.68	100%	46,990.10	3,621.68
696	Interest Expense-Other	Indirect	Interest	F	3,518.08	21,012.19	100%	3,518.08	21,012.19
698	Utilities-Electricity	Indirect	Utilities	M	446,025.07	490,020.34	15%	66,903.76	73,503.05
699	Utilities-Gas	Indirect	Utilities	M	109,640.94	91,252.35	15%	16,446.14	13,687.85

OREGON IRON WORKS, INC.
 AMERICAN BRIDGE/FLUOR, J.V
 EXHIBIT D: DELAY CLAIM - Committed Cost Impact
 Calculation of Fixed Cost Commitment - YE 2007/2008

Act No.	Description	Type	Class	F=Fixed, V=Variable M=Mixed	Amount Year Ended			Committed Costs	
					2007	2008	Committed Cost Percentage	2007	2008
700	Utilities-Telephone	Indirect	Utilities	M	96,410.98	75,752.68	85%	81,949.33	64,389.78
702	Utilities-Cell Phones/Pagers	Indirect	Utilities	M	78,462.90	69,080.49	85%	66,693.47	58,718.42
704	Utilities-Garbage	Indirect	Utilities	M	60,138.96	47,501.32	25%	15,034.74	11,875.33
706	Utilities-Water/Sewer	Indirect	Utilities	M	32,488.65	33,133.85	25%	8,122.16	8,283.46
708	Utilities-Other	Indirect	Utilities	M	-	-	25%	-	-
710	Travel	Indirect	Travel and lodging	F	75,222.97	133,804.75	100%	75,222.97	133,804.75
712	Lodging	Indirect	Travel and lodging	F	39,390.82	62,784.85	100%	39,390.82	62,784.85
716	Reproduction Services	Indirect	Reproduction	M	7,366.00	6,601.32	25%	1,841.50	1,650.33
718	Bid Documents/Fees	Indirect	Reproduction	F	27,001.49	12,270.91	100%	27,001.49	12,270.91
720	General Liability Insurance	Indirect	Insurance	F	985,324.81	976,620.27	100%	985,324.81	976,620.27
724	Property Taxes	Indirect	Property taxes	F	242,561.25	266,917.63	100%	242,561.25	266,917.63
726	Miscellaneous Taxes/Licenses/Fees	Indirect	Taxes and licenses	F	61,962.16	60,309.91	100%	61,962.16	60,309.91
727	Bank Fees-Other	Indirect	Other	F	22,626.60	25,947.93	100%	22,626.60	25,947.93
728	Rental-Shop Equipment	Indirect	Rent	F	465,916.31	18,058.35	100%	465,916.31	18,058.35
730	Rental-Office/Manufacturing Facilities	Indirect	Rent	F	1,716,430.39	1,887,448.92	100%	1,716,430.39	1,887,448.92
731	Sub-Lease Income	Indirect	Rent	F	(22,500.00)	(15,000.00)	100%	(22,500.00)	(15,000.00)
732	Rental-Other	Indirect	Rent	F	165,178.49	164,184.92	100%	165,178.49	164,184.92
734	Security/Safety	Indirect	Security and safety	F	160,655.49	121,984.68	100%	160,655.49	121,984.68
736	Janitorial Service	Indirect	Janitorial	F	80,434.65	79,121.01	100%	80,434.65	79,121.01
745	InterCompany Charges	Indirect	InterCompany Charges	F	(110,400.00)	(110,400.00)	100%	(110,400.00)	(110,400.00)
					11,481,868.37	11,483,683.81		7,964,425.39	7,980,059.47
ADMINISTRATIVE COSTS									
800	Salaries-Management	Admin	Salaries and wages	F	1,228,860.51	1,881,197.52	100%	1,228,860.51	1,881,197.52
802	Salaries-Accounting	Admin	Salaries and wages	F	307,108.58	305,980.67	100%	307,108.58	305,980.67
804	Salaries-Administrative Staff	Admin	Salaries and wages	F	796,151.33	888,231.39	100%	796,151.33	888,231.39
805	Salaries - Estimating/Sales	Admin	Sales and promotion	F	543,788.90	435,619.04	100%	543,788.90	435,619.04
806	Salaries-Information Systems	Admin	Data processing	F	52,249.93	112,197.10	100%	52,249.93	112,197.10
807	Salaries-Lobbying	Admin	Salaries and Wages	F	4,069.43	4,681.42	100%	4,069.43	4,681.42
808	Payroll Taxes-Administrative	Admin	Payroll taxes	F	329,720.81	398,229.42	100%	329,720.81	398,229.42
809	Salaries - Allocation to Contracts	Admin	Salaries and wages	F	(299,458.42)	(416,568.41)	100%	(299,458.42)	(416,568.41)
812	Promotion Expense	Admin	Sales and promotion	F	180,423.02	36,228.39	100%	180,423.02	36,228.39
822	Office Equipment Purchases	Admin	Other	F	80,829.29	104,113.96	100%	80,829.29	104,113.96
828	Depreciation Expense-Office Eq	Admin	Depreciation expense	F	203,863.66	99,870.99	100%	203,863.66	99,870.99

OREGON IRON WORKS, INC.
 AMERICAN BRIDGE/FLUOR , J.V
 EXHIBIT D: DELAY CLAIM - Committed Cost Impact
 Calculation of Fixed Cost Commitment - YE 2007/2008

Act No.	Description	Type	Class	F=Fixed; V=Variable M=Mixer	Amount Year Ended		Committed Cost Percentage	Committed Costs	
					2007	2008		2007	2008
830	401(k) Contribution-Employers Match	Admin	Retirement plans	F	161,742.72	159,546.09	100%	161,742.72	159,546.09
832	401(k)-Employers Profit Share	Admin	Retirement plans	F	350,000.00	350,000.00	100%	350,000.00	350,000.00
834	Professional Services-Legal	Admin	Professional fees	F	27,169.47	45,282.53	100%	27,169.47	45,282.53
836	Professional Services-Accounting	Admin	Professional fees	F	54,265.00	59,935.00	100%	54,265.00	59,935.00
838	Professional Services-IS	Admin	Data processing	F	82,249.49	132,567.26	100%	82,249.49	132,567.26
840	Professional Services-Other	Admin	Professional fees	F	118,742.07	122,117.24	100%	118,742.07	122,117.24
841	Professional Services-Lobbying	Admin	Professional fees	F	-	-	100%	-	-
842	Software Purchases	Admin	Data processing	F	57,083.89	68,109.57	100%	57,083.89	68,109.57
846	Rental-Office Equipment	Admin	Rent	F	98,914.82	122,968.13	100%	98,914.82	122,968.13
848	Training & Education-Administrative	Admin	Training and educati	F	2,825.00	10,869.95	100%	2,825.00	10,869.95
850	Life Insurance Expense	Admin	Other	F	-	-	100%	-	-
852	Charitable Donations	Admin	Contributions	F	36,913.65	29,399.95	100%	36,913.65	29,399.95
854	Miscellaneous Expense	Admin	Other	F	103.45	(0.50)	100%	103.45	(0.50)
856	Bad Debts	Admin	Bad debts	F	-	-	100%	-	-
858	Bad Debt Recovery	Admin	Bad debts	F	-	-	100%	-	-
859	InterCompany Charges	Admin	InterCompany Charges	F	(138,600.00)	(138,600.00)	100%	(138,600.00)	(138,600.00)
					4,279,016.60	4,811,976.71		4,279,016.60	4,811,976.71
					15,760,884.97	16,295,660.52		12,243,441.99	12,792,036.18
								Average for YE2007/2008	12,517,739.08

Date	Actual Support	Planned Support	Actual shop hours	Planned shop hours
August-06	0	200	0	200
September-06	0	300	0	300
October-06	11.5	350	0	350
November-06	0	400	0	350
December-06	0	500	0	400
January-07	17.5	600	0	600
February-07	41	650	41	1500
March-07	83.3	700	83.3	1900
April-07	42	750	42	2300
May-07	78.25	800	78.25	2500
June-07	48.5	750	48.5	2500
July-07	89.5	700	89.5	2500
August-07	39.5	650	39.25	2500
September-07	19	600	19	2300
October-07	11.5	400	11.5	2200
November-07	162.5	320	218	2100
December-07	127.5	250	144.25	2100
January-08	79.5	220	135.25	2000
February-08	508.5	150	540	2000
March-08	502	120	674.5	1800
April-08	286	108	382	1500
May-08	210.5	80	210.25	1000
June-08	148.5	80	213	600
July-08	124.5		178	350
August-08	337.5		707	212
September-08	62.5		154	
October-08	71.5		71.5	
November-08	15.5		15.5	
December-08	273.5		383.25	
January-09	334		930.5	
February-09	880.75		1789.25	
March-09	849.5		2233.5	
April-09	658.75		2541.25	
May-09	642		2052	
June-09	538		2499.5	
July-09	559		2151.25	
August-09	733.5		2541.28	
September-09	761.9		2502.25	
October-09	504.76		1438.75	
November-09	278.5		852.5	
December-09	386		757.25	
January-10	300.5		1003.5	
February-10	348.5		745.25	
March-10	405.25		1111.25	
April-10	407.5		973.75	
May-10	422.75		1402.5	
June-10	265		947.25	
July-10	111.5		357.5	
August-10	22.5		30.5	
September-10	2		2	
October-10	1		30.5	

Planned vs Actual Hours

Hinge K Pipe Beam

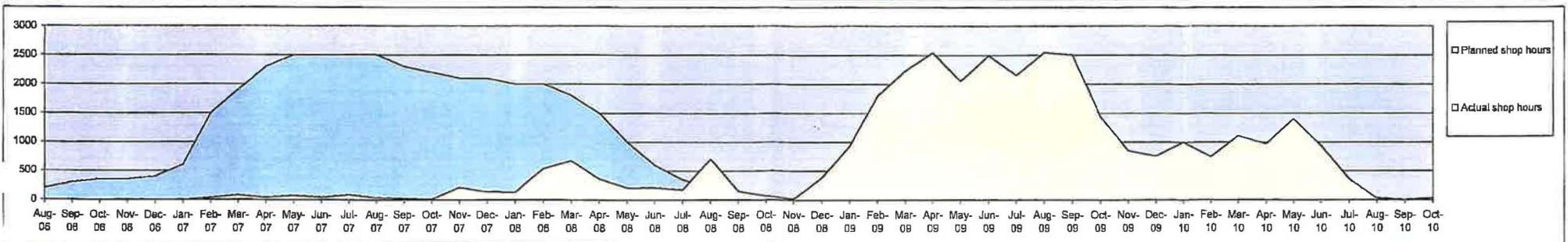
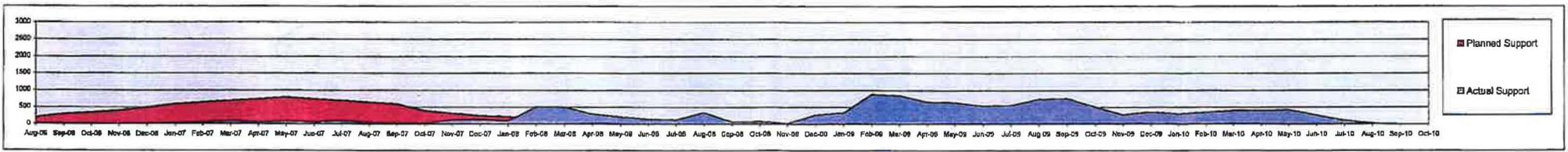
Caltrans Contract No. 04-0120F4

AB/F Contract No.660110-SA-002

OIW Job 2244

Project Start Date:	July 14, 2006	Days	
Baseline deliveries:	Anchorage Plates	November 30, 2007	504
	4 Hinge K assemblies	December 31, 2007	535
	4 Spare Fuse Assemblies	June 30, 2008	716
Revised deliveries:	Anchorage Plates	November 30, 2007	504
	4 Hinge K assemblies	January 7, 2011	1569
	4 Spare Fuse Assemblies	TBD	

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American Tank and Fabrication --- Planned forming schedule of Fuse Cylinders vs Actual forming schedule of Fuse Cylinders

Oakland Bay Bridge SAS Hinge K Pipe Beam Contract History --- Delays re AT&F - post 1/29/08

Caltrans Project No. 04-0120F4

American Bridge / Flour Contract number: 660110-SA-002

Oregon Iron Works Job Number: 2244

OIW PO 2244-00008 issued to AT&F on 3/10/07 --- Original end delivery date was 10/15/07

