

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 7-8, 2006

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

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross Chittenden
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-05-15**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-05-15, allocating an additional \$ 4,100,000 for the project listed below.

ISSUE:

Additional funds are needed for a previously voted project to settle construction claims and complete work on the mitigation portion of the project.

RESOLUTION:

Resolved, that \$4,100,000 be allocated from the Budget Act of 2004, Non-Budget Act Item 2660-801-3008, to provide additional funds for the project listed below.

<u>Dist-Co-Rte</u>	<u>Original Vote/G11 Amount</u>	<u>Original Award Amount</u>	<u>Current Budget Amount</u>	<u>Current Allocation Revision</u>	<u>Revised Budget Amount</u>	<u>Total Increase Vote/Award</u>
10-Tuo-108	\$40,356,000	\$43,350,000	\$45,546,600	\$4,100,000	\$49,646,600	10% V

PROJECT DESCRIPTION

The project is located in the county of Tuolumne, east of Sonora from 0.1 mile west of Sanguinetti Overhead to 0.3 miles east of Standard Road. The project will construct a two-lane expressway on a new alignment (including 4 new bridges), widen one bridge, rehabilitate one bridge deck, construct an interchange, and perform environmental mitigation work.

FUNDING STATUS

At the November 2000 Commission meeting, \$6,304,000 in Regional Improvement Program (RIP) funds (EA 340431, PPNO 0021C) and \$34,052,000 in Grandfathered Interregional Improvement Program (G-IIP) funds (EA 340411, PPNO 0021A) were allocated for this combined project. To facilitate construction contract administration, the construction projects were combined into the Sonora Bypass (Stage 1) Construction project (EA 3404U1, PPNO 0021I), and the mitigation projects were combined into a separate project (EA 3404A1, PPNO 0021J).

The construction contract of the new Sonora Bypass project and Hess Avenue Interchange (EA 3404U1) was advertised for \$39,656,000. Bids were opened on June 21, 2001, and since the low bid was higher than the allocated amount, an additional \$2,994,000 in G-12 funds was used in awarding the contract. In February 2004, supplemental funds in the amount of \$955,000 were approved to cover unanticipated work due to heavy rain storms. Due to cost increases on the mitigation project, there have been transfers totaling \$1,000,000 from the construction project to the mitigation project. The current allocation for the Sonora Bypass Construction project is \$42,605,000, and the remaining construction contingency balance is \$646,303. There is a need for an additional \$3,000,000 to settle 13 of 16 construction claims. There are three claims that will be settled in arbitration, and depending on the outcome, an additional request for supplemental funds may be required. This separate request for funds to cover the 13 claims is to avoid interest charges while the remaining three claims are being settled.

The environmental mitigation project contract (EA 10-3404A1) was allotted \$700,000 from the original allocation. The remaining G-12 funds (\$1,241,600) from EA 10-3404U1 was used to pay for unanticipated mitigation work resulting from the November 2002 discovery of additional archaeological sites. Due to continued discovery of archaeological sites, the environmental mitigation project allotment has been augmented with funds from the construction project. The current allotment for the mitigation project is \$2,941,600. There is an additional need of \$1,100,000 to complete the work.

This combined request for \$4,100,000 in supplemental funds is to settle construction claims and pay for additional environmental costs for the projects.

REASON FOR INCREASE

The contractor submitted \$8,853,307 in exception to the proposed final estimate. The Department and the contractor have approved the partial settlement of \$3,500,000 for 13 of 16 construction claims, based on the Board of Review recommendation. The remaining three claims for \$2,983,216 have not been settled; the Department and the Contractor will go through arbitration for settlement.

Additionally, funds are needed to complete the environmental mitigation work on the project. The unanticipated large archeological finds during construction significantly increased the cost to

excavate, remove, recover, archive, and document the Native American living and food preparation sites (\$400,000). Also, the plant preservation and mitigation work, delayed by the archeological finds, remains unfinished. Additional pine trees, oak trees, and elderberry bushes must be planted and maintained (\$710,000). These two mitigation measures are estimated to cost \$1,100,000.

FUNDING OPTIONS

OPTION A: Approve this request, as presented above, for \$4,100,000 to allow the partial settlement of construction claims and complete the environmental mitigation work.

OPTION B: Deny this request. This would require the contractor to file for arbitration, likely increasing the cost to settle claims previously agreed upon – in addition to legal, administrative, and interest costs. Additionally, Caltrans would be risking fines from various government environmental agencies for failing to complete agreed upon environmental mitigation and monitoring work.

RECOMMENDED OPTION

The Department recommends OPTION A, as presented above, for \$4,100,000 to settle construction claim and to allow for the completion of contract obligations associated with this project.