

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 28-29, 2008

Reference No.: 2.5e.(2)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-07-12**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-07-12, allocating an additional \$2,699,000 for two State Transportation Improvement Program (STIP) projects and one State Highway Operation and Protection Program (SHOPP) Minor A project identified below.

ISSUE:

Additional funds are needed for previously approved projects in order to close out the construction contract.

RESOLUTION:

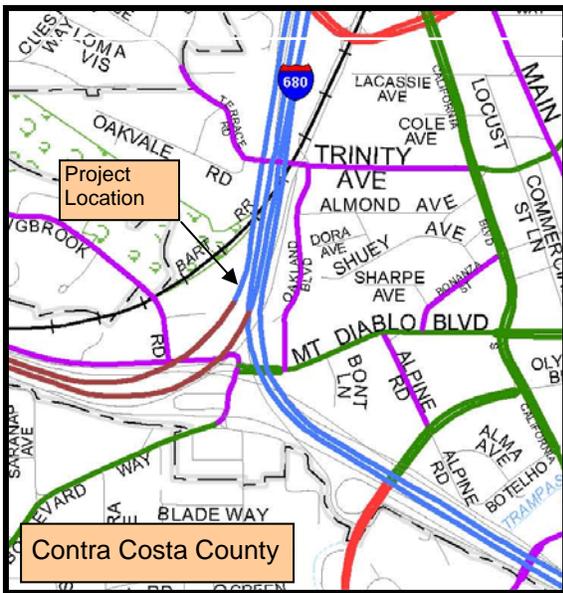
Resolved, that \$2,699,000 be allocated from the Budget Act of 2006, Budget Act Items 2660-303-0042 to provide additional funds for the projects, identified below.

<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	04-CC-680	\$76,000,000	\$74,260,000	\$79,053,000	\$1,562,000	\$80,615,000	2.0%
2	04-SM-82	\$561,000	\$666,900	\$761,000	\$62,000	\$823,000	8.1%
3	04-SC1-237/880	\$48,028,000	\$41,767,500	\$47,894,250	\$1,075,000	\$48,969,250	2.2%

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.(2) Supplemental Funds for Previously Voted Projects					Resolution FA-07-12
1 \$1,562,000 Department of Transportation Contra Costa 04N-CC-680 13.1/16.4	In Walnut Creek, at the Route 680/24 interchange. Reconstruct interchange, widen freeway to three through lanes of traffic. Supplemental funds are needed to close-out the contract and provide additional compensation to the construction contractor in accordance with the terms of an arbitration award.	121771 04-0283 1992-93 301-0042 301-0890 20.20.101.914 GF RIP	\$6,665,000 \$72,388,000	- -	\$6,665,000 \$72,388,000
		121771 04-0283 2007-08 801-3008 20.20.075.600 RIP	-	\$1,562,000	\$1,562,000
			\$79,053,000	\$1,562,000	\$80,615,000

RECOMMENDATION:

The Department recommends that this request for \$1,562,000 be approved to allow the Department to close out the contract.



PROJECT DESCRIPTION:

The project is located on Interstate 680 and Route 24 in Contra Costa County, in the city of Walnut Creek. The project widened the freeway and reconstructed the I-680/24 interchange.

FUNDING STATUS:

This STIP project was voted in May 1993 for \$76,000,000 and awarded for \$74,260,000 in July 1994. The current allocation is \$79,053,000. An additional \$1,562,000 in supplemental funds is needed to resolve all remaining claims and close out the construction contract. This request for supplemental funds results in an overall increase of two percent over the current allocation.

REASONS FOR COST INCREASE:

In order to comply with an arbitration ruling against the Department, additional funds are required for this project. The arbitration award was a result of a contractor's claim for additional compensation for overhead costs resulting from additional working days which extended the contract time. The additional time required to complete the work was not in dispute. The Department's position was that the contractor was compensated through contract change orders which were administered for the project. The position the Department took was based on past rulings. However, in this case the arbitrator ruled in the contractor's favor. The Department appealed the arbitrator's decision, but was unsuccessful. This request for \$1,562,000 in supplemental funds will be used to pay for this settlement and close out the construction contract.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,562,000 to settle the construction claim and close out the construction contract.

OPTION B: Deny this request and allow the contractor to pursue the contract claim through legal action.

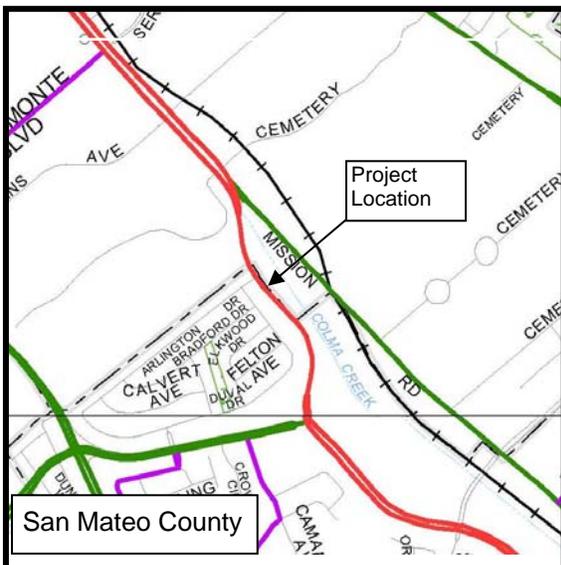
RECOMMENDED OPTION:

The Department recommends that this request of \$1,562,000, as presented in Option A above, be approved to allow the current construction contract to be closed out.

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Prm Codes Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e.(2) Supplemental Funds for Previously Voted Projects			Resolution FA-07-12		
2 \$62,000 Department of Transportation San Mateo 04N-SM-82 22.1/22.3	In South San Francisco, at the intersection of State Route 82 and Arlington Avenue. Supplemental funds are needed to closeout contract.	299701 Minor A 2005-06 302-0042 20.20.201.310 SHOPP	\$666,900	-	\$666,900
		299701 Minor A 2006-07 302-0042 20.20.201.310 SHOPP	\$94,100	\$62,000	\$156,100
			\$761,000	\$62,000	\$823,000

RECOMMENDATION:

The Department recommends that this request for \$62,000 be approved to allow the Department to close out the construction contract.



PROJECT DESCRIPTION:

The project is located on Route 82 in San Mateo County, in the city of San Francisco. The project signalized an intersection, constructed a new left turn pocket, constructed a retaining wall and widened the existing roadway.

FUNDING STATUS:

The SHOPP Minor A project was allocated in July 2005 for \$561,000 and awarded in October 2005 using supplemental G-12 funds. The contract was accepted January 2007. The current budget amount for this project is \$761,000. An additional \$62,000 in supplemental funds is needed to resolve all remaining claims with the contractor and close out the construction contract. This request for supplemental funds results in an overall increase of 8.1 percent over the current allocation.

REASONS FOR COST INCREASE:

The project cost increase is due to the required temporary easement at the back of the retaining wall to install temporary shoring. The contractor filed Notice of Potential Claim (NOPC) due to right of way delays encountered due to time of construction. The right of way delays were due to the time required for PG&E to re-route power and de-energize overhead power line which conflicted with shoring installation work. The Board of Review recommended the contractor be compensated for the retaining wall escalation, architectural treatment, extra traffic control, re-staking, shoring and structure excavation.

This request is for an additional \$62,000 in supplemental funds to resolve construction claims and close out the contract as recommended by the Board of Review.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$62,000 to settle the construction claim and close out the construction contract.

OPTION B: Deny this request and allow the contractor to pursue the contract claim through legal action.

RECOMMENDED OPTION:

The Department recommends that this request of \$62,000, as presented in Option A above, be approved to allow the current construction contract to be closed out.

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.(2) Supplemental Funds for Previously Voted Projects			Resolution FA-07-12		
3					
\$1,075,000 Department of Transportation Santa Clara 04N-SCI-880 8.2/9.6	In San Jose and Milpitas, on Routes 237 and 880 at various locations. Reconstruct Route 237 and 880 interchanges. Supplemental funds are needed to closeout contract.	438611 04-0418E 1998-99 301-0042 301-0890 20.20.075.612 RIP	\$2,145,475 \$20,440,068	- -	\$2,145,475 \$20,440,068
		438611 04-0418E 1998-99 301-0042 301-0890 20.20.075.413 GF RIP	\$2,549,711 \$22,219,015	- -	\$2,549,711 \$22,219,015
		438611 04-0418E 2005-06 301-0042 20.20.075.600 RIP	\$29,077	-	\$29,077
		438611 04-0418E 2005-06 301-0042 301-0890 20.20.075.400 GF RIP	\$499,663 \$11,241	- -	\$499,663 \$11,241
		438611 04-0418E 2007-08 801-3008 20.20.075.600 RIP	-	\$1,075,000	\$1,075,000
			\$47,894,250	\$1,075,000	\$48,969,250

RECOMMENDATION:

The Department recommends that this request for \$1,075,000 be approved to allow the Department to close out the construction contract.



PROJECT DESCRIPTION:

The project is located on Route 237 and Interstate 880 in Santa Clara County, in San Jose. The project reconstructed the 237/880 interchange, constructed three bridges across Coyote Creek, constructed retaining walls and slope protection.

FUNDING STATUS:

This STIP project was voted in June 1998 for \$20,969,000 and was combined for construction with another STIP project (EA 160201) that was also voted in June 1998 for \$27,059,000. The contract was accepted in December 2002. An additional \$1,075,000 in supplemental funds is needed to resolve all remaining claims with the contractor and close out the construction contract. This request for supplemental funds results in an overall increase of 2.2 percent over the current allocation.

REASONS FOR COST INCREASE:

The project cost increase is due to extensive change orders which were necessary during the administration of the project. The contractor claims are due to project delays associated with the contract change orders and delays due to weather which extended the project 16 months. The acceleration of the work at Coyote Creek led to inefficiencies, and loss of production at the bridges. The contractor claimed the change in the labor law (Wage Order 16 "8-Hour-Day Restoration and Work Place Flexibility Act of 1999") reduced their efficiency. The contractor was compensated for working days, but not for overhead per the contract. The majority of the claimed amount was for overhead. The contractor filed claims totaling \$2,554,580.

A mediated settlement was reached and agreed to by all parties for \$1.55 million.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,075,000 to settle the construction claim and close out the construction contract.

OPTION B: Deny this request and allow the contractor to pursue the contract claim through legal action.

RECOMMENDED OPTION:

The Department recommends that this request of \$1,075,000, as presented in Option A above, be approved to allow the current construction contract to be closed out.