

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 14, 2009

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

From: CINDY McKIM  
Chief Financial Officer

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Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS  
RESOLUTION FA-08-08**

## **RECOMMENDATION:**

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$60,000 for one State Highway Operation and Protection Program (SHOPP) project identified below.

## **ISSUE:**

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

## **RESOLUTION:**

Resolved, that \$60,000 be allocated from the Budget Act of 2007, Budget Act Items 2660-302-0042 and 2660-302-0890 to provide additional funds for the project 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	11-SD-8	\$1,933,000	\$2,623,000	\$2,623,000	\$60,000	\$2,683,000	2.3%



**PROJECT DESCRIPTION:**

The project is located on Route 8 in San Diego County, near the city of Alpine. The project consisted of restoration, rehabilitation, seismic retrofit and widening of three structures. All contract work was completed in November 2002.

**FUNDING STATUS:**

This SHOPP project was voted in June 2000 for \$1,933,000 and awarded in December 2000 for \$2,623,000, using \$690,000 in supplemental funds. The current allocation is \$2,623,000. An additional \$60,000 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 2.3 percent over the current allocation.

**REASONS FOR COST INCREASE:**

The contractor submitted claims in the amount of \$654,614. The claims were mainly due to delay and differing site conditions. The Department reviewed the claims and did not agree with the claim amount. The contractor filed a complaint in arbitration for \$1,708,496, which includes interest and legal costs. The contractor proposed a settlement amount of \$854,234. The Department further evaluated its exposure to the delay and differing site conditions claim, and agreed to a settlement with the contractor for \$200,000. This request for \$60,000 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 \$60,000 to close out the construction contract.

**OPTION B:** Deny this request and allow the contractor to continue the arbitration process for what is believed will be a higher final judgment cost.

**RECOMMENDED OPTION:**

The Department recommends that this request of \$60,000, as presented in Option A above, be approved to allow the current construction contract to be closed out.