

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 14, 2009

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-08-09**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$5,000,000 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 \$5,000,000 be allocated from the Budget Act of 2006, 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	10-Mer-5	\$29,900,000	\$24,930,000	\$27,623,000	\$5,000,000	\$32,623,000	18.1%

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Item # Fund Type Program Codes Program	Current Amount by Fund Type	Additional Amount by Fund Type	Revised Amount by Fund Type
2.5e.(2) Supplemental Funds for Previously Voted Projects					Resolution FA-08-09
1 \$5,000,000 Department of Transportation Merced 10N-Mer-5 0.0/32.5	Near Los Banos, from Nees Avenue in Fresno County to the Merced/Stanslaus County line. Repair distressed pavement. Supplemental funds are needed to complete construction.	0N1501 10-0071 2006-07 302-0042 SHA 302-0890 FTF 20.20.201.121 SHOPP	\$2,327,300 \$25,295,700	422,000 \$4,578,000	\$2,749,300 \$29,873,700

RECOMMENDATION:

The Department recommends that this request for \$5,000,000 be approved to allow the Department to close out the construction contract.



PROJECT DESCRIPTION:

The project is located on Interstate 5 in Fresno and Merced County from Nees Avenue to the Merced/Stanislaus County line. The project rehabilitated the pavement by repairing 128 lane miles of distressed roadway. All contract work was completed in November 2008.

FUNDING STATUS:

This SHOPP project was voted in April 2007 for \$29,900,000 and awarded in June 2007 for \$24,930,000. Additional G-12 funds in the amount of \$2,693,000 were approved April 2008 for this project. The current allocation is \$27,623,000. An additional \$5,000,000 in supplemental funds is needed to close out construction. This request for supplemental funds results in an overall increase of 18.1 percent over the current allocation.

REASONS FOR COST INCREASE:

This project required large quantities of Hot Mix Asphalt. The cost increase is due to the rapid increase in the asphalt price index and unanticipated quantity overruns due to deterioration of the roadway after the design was complete. The majority of the paving was done during the summer months when the asphalt price index reached record highs. The district completed the work without calculating or paying for the increase in the cost of asphalt or the additional quantities. The Department has clear policies and procedures in place that require the district to pay for adjustments to the asphalt on a monthly basis. The Department also has policies that do not allow the district to add work to the project without prior approval and approved contract change orders. The construction contract administration for this project did not adhere to these long established and proven policies and procedures. Appropriate corrective action and training has subsequently taken place.

This request for \$5,000,000 in supplemental funds will be used to close-out the construction contract.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$5,000,000 to close out the construction contract.

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

RECOMMENDED OPTION:

The Department recommends that this request of \$5,000,000 as presented in Option A above, be approved to allow this project to close out construction.