

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 9-10, 2009

Reference No.: 2.5e
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-09-04**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$3,000,000 for the Tracy Widening Stage 2 and 3 project (PPNO 7965B) in San Joaquin County.

ISSUE:

Additional funds are needed for one previously voted State Transportation Improvement Program (STIP) project in order to complete construction.

RESOLUTION:

Resolved, that \$3,000,000 be allocated from the Budget Act of 2009, Non Budget Act Item 2660-801-3008, to provide additional funds for the project identified below.

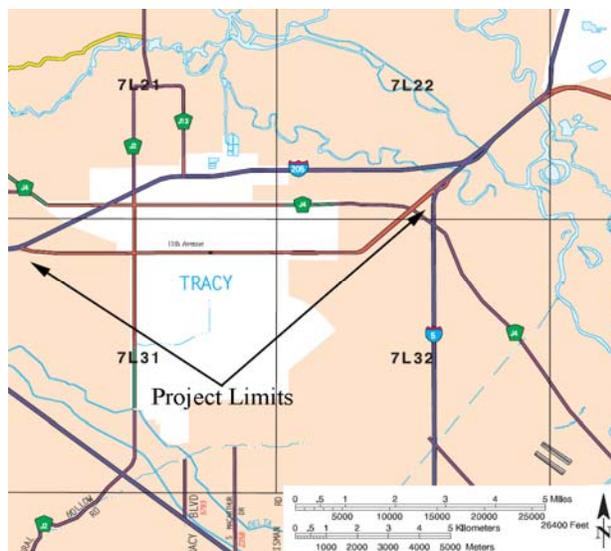
Project	Dist-Co-Rte	Current Budget (All Funds)	Budget Adjustment	Revised Budget	% Increase Above Current Budget
1	10-SJ-205	\$91,677,000	\$3,000,000	\$94,677,000	3.3%

(\$1,217,000 RIP,
\$1,783,000 IIP)

Project # Allocation Amount Recipient <u>RTPA/CTC</u> 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. Supplemental Funds for Previously Voted Project			Resolution FA-09-04		
1 \$3,000,000 San Joaquin Council of Governments <u>SJCOG</u> San Joaquin 10N-SJ-205 R3.0/R13.6	In and near Tracy from Hansen Road to Route 5. Widen freeway from four lanes to six lanes. (Supplemental funds are needed to complete construction.) (FY 2008-09 allocations were AB 3090 reimbursements (PPNO 7965C). Additional AB 3090 reimbursements are programmed in FY 2009-10 and FY 2010-11. Total programmed AB 3090 reimbursements are \$26,901,000 RIP and \$39,426,000 IIP.) (Prior contributions from local sources: \$350,000.) Total Revised Construction Capital from all sources: \$94,677,000.	300161 10-7965B 2005-06 899-3007 TCRF 20.20.710.870 TCRP 2008-09 801-3008 TIF 20.20.075.600 STIP/RIP (AB 3090) 2008-09 801-3008 TIF 20.20.025.700 STIP/IIP (AB 3090) 2009-10 801-3008 TIF 20.20.075.600 STIP/RIP 2009-10 801-3008 TIF 20.20.025.700 STIP/IIP	\$25,000,000 \$8,967,000 \$13,142,000	- - -	\$25,000,000 \$8,967,000 \$13,142,000 \$1,217,000 \$1,783,000

RECOMMENDATION:

The Department recommends that this request for \$3,000,000 be approved to allow the Department to complete construction.



PROJECT DESCRIPTION:

The project is located in and near the city of Tracy, on Route 205 from Hansen Road to Route 5. The project widened Route 205 from four lanes to six lanes.

FUNDING STATUS:

The Commission allocated \$25,000,000 of Traffic Congestion Relief Program (TCRP) funding for this project in September 2005. At the same time, the Commission approved an AB 3090 Reimbursement amendment whereby SJCOG would provide \$66,327,000 in Measure K funds to be reimbursed over a three-year period. The project was awarded in March 2006 with TCRP, Measure K and a City of Tracy fund contribution with an authorized budget of \$91,677,000 in combined TCRP and local funds. The first AB 3090 reimbursement of \$22,109,000 was allocated in Fiscal Year (FY) 2008-09. There is a concurrent allocation of \$22,109,000 for FY 2009-10 reimbursements. The final reimbursement is programmed in FY 2010-11.

Construction is scheduled to be completed in October 2010. An additional \$3,000,000 is needed to complete construction. The \$3,000,000 includes \$1,217,000 in Regional Improvement Program funds, \$1,783,000 in Interregional Improvement Program funds, resulting in an increase of 3.3 percent over the current budget.

REASONS FOR COST INCREASE:

There are several unresolved claims and issues as summarized below. Many of the unresolved issues are a direct result of the lack of availability of pipe pile bridge footing materials, unresolved utility conflicts, lack of permits, and inadequate survey information. These problems led to a unilateral contract change order that changed the order of work and decreased the contractor's efficiency. Instead of building the bridges first and then widening the roadway in a linear manner, the contractor was forced to construct the project in a piecemeal fashion, moving from location to location as constraints were cleared.

Summary of Major Unresolved Issues and Potential Claims

- Grading inefficiencies, including working around stockpiles at bridge abutments.
- Labor and equipment inefficiencies in structures work.
- Additional temporary concrete barrier.
- Additional flagging and traffic control.
- Interest on disputed extra work bills.
- Various schedule delays and rework due to changes in work sequence.
- Additional Storm Water Pollution Prevention Plan costs due to schedule delays.
- Additional sweeping.
- Additional project management.

The contractor requested approximately \$14.7 million to resolve the potential claims and other outstanding issues. The State does not see merit in all claims and issues. However, significant exposure exists if the matter proceeds through legal channels. The contractor agreed to facilitated and nonbinding negotiations which resulted in a Global Settlement Offer. The negotiated agreement settles all outstanding disputed issues and claims, potential claims, notices or protests, including those of the contractor, sub-contractors and suppliers, whether known or unknown, arising out of or resulting from this contract. Due to the significant exposure to the State and SJCOG, the difficulty in

quantifying the results, additional legal fees, and the unpredictable nature of the court system, the settlement offer present a reasonable and appropriate means to resolve outstanding issues.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$3,000,000 to complete construction.

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

RECOMMENDED OPTION:

The Department recommends that this request of \$3,000,000, as presented in Option A above, be approved to complete construction.