

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 30-July 1, 2010

Reference No.: 2.5e.
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-09-19**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$1,032,000 for the Route 880 Widening project (PPNO 0016F) in Alameda and Santa Clara Counties.

ISSUE:

Additional funds are needed for one previously voted State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) project in order to close-out the construction contract.

RESOLUTION:

Resolved, that \$73,000 be allocated from the Non-Budget Act Item 2660-801-3008, \$795,000 be allocated from the Budget Act of 2007, Budget Act Item 2660-301-0890 and \$164,000 be allocated from the Budget Act of 2009, Budget Act Items 2660-302-0042 and 302-0890 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	04-Ala/SCI-880	\$68,945,000	\$1,032,000 (\$868,000 RIP, \$164,000 SHOPP)	\$70,055,000*	2.2%

* includes \$78,000 local funds to be contributed by the local agency.

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	Current Amount by Fund Type	State Federal Additional Allocation	Revised Amount by Fund Type
2.5e Supplemental Funds for Previously Voted Project			Resolution FA-09-19		
1 \$1,032,000 Department of Transportation <u>MTC</u> Alameda 04N-SCI-880 04N-Ala-880 13.2/16.9 and R0.0/4.7	In Alameda and Santa Clara Counties on Interstate I-880 from Route 237 to Fremont Boulevard and on Route 262 from Interstate I-880 to Warm Springs Boulevard in Alameda County. Interchange reconstruction, freeway widening, and roadway rehabilitation. Total Revised Amount: \$70,055,000 (Contributions from local sources: \$9,131,000.)	2332U4 04-0016F GFRIP/02-03 301-0042 SHA 301-0890 FTF SHOPP/02-03 302-0042 SHA 302-0890 FTF GFRIP/03-04 301-0042 SHA 301-0890 FTF RIP/05-06 301-0042 SHA 301-0890 FTF RIP/06-07 301-0042 SHA 801-3008 TIF RIP/07-08 801-3008 TIF 301-0890 FTF SHOPP/09-10 302-0042 SHA 302-0890 FTF	\$1,114,000 \$8,597,000 \$441,000 \$3,404,000 \$761,000 \$5,871,000 \$1,353,000 \$10,447,000 \$10,957,000 \$16,946,700 \$73,000 \$795,000 \$14,000 \$150,000		\$1,114,000 \$8,597,000 \$441,000 \$3,404,000 \$761,000 \$5,871,000 \$1,353,000 \$10,447,000 \$10,957,000 \$16,946,700 \$73,000 \$795,000 \$14,000 \$150,000

RECOMMENDATION:

The Department recommends that this request for \$1,032,000 (\$868,000 RIP and \$164,000 SHOPP) be approved to allow the Department to close-out construction contract for the Route 880 Widening project.

**PROJECT DESCRIPTION:**

This project, part of the I-880 Corridor Projects, is located on I-880, from south of Fremont Boulevard to south of I-880/State Route (SR) 237 (Mission Boulevard) Separation in Alameda and Santa Clara Counties. The project scope includes widening of I-880, from Dixon Landing Road to the Fremont Boulevard Interchanges. This widening consists of adding one high occupancy vehicle lane and one auxiliary lane in each direction. The project scope also includes reconstructing the existing SR 262/I-880 Interchange, reconstructing the SR 262/Kato Road Bridge, and constructing a new Warren Avenue/I-880 connection.

FUNDING STATUS:

This STIP and SHOPP project was allocated \$8,923,000 RIP and \$3,537,000 SHOPP in June 2003. The project funding plan also included a prior allocation of \$6,097,000 RIP, \$36,837,000 in AB 3090 eligible local funds, and \$4,306,000 other local funds. The total projects allotment was \$59,700,000.

When the project was advertised initially, all the bids were rejected. A second advertisement in October 2004 yielded a low bid that was \$5,254,000 over the Engineer's Estimate. The contract was awarded by using additional \$1,323,000 RIP and \$308,000 SHOPP funds from the available G-12

capacity for the project. The total project allotment of \$64,954,000 also included additional \$3,623,000 in local funds.

All AB 3090 reimbursements were allocated during the contract. The first such allocation was made in August 2005, allocating \$10,340,000 directly to the project and reimbursing \$1,460,000 to the local agency in eligible expenses. The second allocation was in July 2006, allocating \$14,080,000 directly to the project and reimbursing \$10,957,000 to the local agency. In February 2007, \$2,100,000 G-12 funds were approved to cover overruns on item work and change orders. Additional G-12 funds totaling \$767,000 were approved in March 2009 to cover additional change orders. During this time, \$1,124,000 in local reserve funds were also added to the project, bringing the total project allotment to \$68,945,000.

The construction was completed in November 2009. The Proposed Final Estimate (PFE) was sent to the contractor with a project total within the available allotment and with the understanding that all the claims and change orders were included. The contractor submitted \$1,800,000 in exceptions to the PFE, with most for the extra work bills and for exceptions from his subcontractors; only \$1,490,000 of the exceptions were validated. Using available contingency of \$380,000 leaves a deficit of \$1,110,000. As per the Cooperative Agreement, the local agency will be contributing \$78,000 in local funds towards this shortfall. Therefore, an additional \$1,032,000 (\$868,000 RIP, \$164,000 SHOPP) in supplemental funds are needed to close-out the contract. The SHOPP contribution is based upon work items and actual quantities.

REASONS FOR COST INCREASE:

The reasons for the cost increase can be attributed to these items:

1) Unpaid Extra Work and Interest on Late Payment of Extra Work (Cost: \$613,000)

The contractor submitted a large amount of extra work bills for certain change orders at the end of the project. For some change orders, billings exceeded their originally approved amounts.

Because of a rather large number of extra work bills submitted, the processing by the Department could not be completed on time. It has resulted in a late payment interest with anticipated interest of approximately \$120,000. The anticipated interest covers the payments that will be made with funds from this request.

2) Pending change orders and unpaid item work (Cost: \$134,000)

The major elements were differing site conditions. After the project was accepted, the Department performed additional research. After reviewing the additional information and meeting with the contractor, it was determined that there was an entitlement to a portion of the claimed costs.

3) Exceptions of Subcontractors (Cost: \$621,000)

These include unpaid extra work bills. As described above in Item 1, the cost of many change orders exceeded their authorized amounts.

4) FCI (Contractor) Exceptions (Cost: \$122,000)

These exceptions were originally disputed and after reviewing additional information, doing additional research, and meeting with the contractor, the Department determined an entitlement for a portion of claimed costs.

With \$380,000 available in the remaining contingency funds and \$78,000 in local funds to be contributed by the local agency, an additional \$1,032,000 in supplemental funds is needed to close out of the contract.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,032,000 to close-out construction contract.

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

RECOMMENDED OPTION:

The Department recommends that this request of \$1,032,000, as presented in Option A above, be approved to close-out construction contract.