

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: February 19, 2009

Reference No.: 2.5e.(2) – **REVISED**
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-08-11

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$1,857,000 for two State Highway Operation and Protection Program (SHOPP) projects identified below.

ISSUE:

Additional funds are needed for two previously voted projects in order to close out the contract.

RESOLUTION:

Resolved, that \$1,857,000 be allocated from the Budget Act of 2008, Budget Act Items 2660-302-0042 and 2660-302-0890 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	8-SBd-10	\$9,462,000	\$10,608,200	\$12,530,200	\$1,364,000	\$13,894,200	10.9%
2	8-SBd-10	\$4,670,000	\$5,260,000	\$5,260,000	\$493,000	\$5,753,000	9.4%
				\$17,790,200	\$1,857,000	\$19,647,200	10.4%

Project # Allocation Amount Recipient 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	Additional Amount by Fund Type	Revised Amount by Fund Type
2.5e.(2) Supplemental Funds for Previously Voted Projects					Resolution FA-08-11
1 \$1,364,000 Department of Transportation San Bernardino 08S-SBd-10 0.0/4.9	In Pomona, Montclair, Upland and Ontario from the Los Angeles/San Bernardino County line to the Grove Avenue undercrossing. Add HOV lanes, auxiliary lane, soundwalls, median barrier rehabilitation, and interchange reconstruction. Supplemental funds are needed to close out the contract. Total Revised Amount: \$13,894,200.	367611 08-129E 2008-09 302-0042 SHA 302-0890 FTF 20.20.201.120 SHOPP	\$2,750,800 \$9,779,400	\$1,364,000 -	\$4,114,800 \$9,779,400
2 \$493,000 Department of Transportation San Bernardino 08S-SBd-10 4.9/9.9	In Rancho Cucamonga and Ontario from the Grove Avenue undercrossing to the Interstate 15/Interstate 10 interchange. Add HOV lanes, auxiliary lane, soundwalls, median barrier rehabilitation, and interchange reconstruction. Supplemental funds are needed to close out the contract. Total Revised Amount: \$5,753,000.	367621 08-129F 2008-09 302-0042 SHA 302-0890 FTF 20.20.201.120 SHOPP	\$3,067,847 \$2,192,153	\$493,000 -	\$3,560,847 \$2,192,153

RECOMMENDATION:

The Department recommends that this request for \$1,857,000 be approved to allow the Department to close out the contracts.



PROJECT DESCRIPTION:

These two projects are located on Route 10 in San Bernardino County-one in the cities of Pomona, Montclair, Upland and Ontario (Project #1), and one in Rancho Cucamonga and Ontario (Project #2). The work for both projects included adding High Occupancy Vehicle (HOV) lanes in the median, constructing soundwalls, installing median barrier, adding an auxiliary lane, reconstructing interchanges, pavement rehabilitation and landscaping. All contract work for both projects was completed in August 2000.

FUNDING STATUS:

These projects were a joint effort between the local transportation agency-San Bernardino Association of Government (SANBAG)-and the Department. The project was funded with a combination of SHOPP, local Transportation Enhancement Activities (TEA), and Measure “T” funds.

The projects were combined for construction. Project #1 covered postmiles 0.0 to 4.9 and Project #2 covered postmiles 4.9 to 9.9. Project #1 was voted in March 1997 for \$9,462,000 and awarded for \$10,608,200 in June 1997. Additional supplemental funds in the amount of \$1,602,000 were allocated in May 2003. The current project allocation is \$12,530,200. An additional \$1,364,000 in supplemental funds is needed to close out the project.

Project #2 was voted in May 1997 for \$4,670,000 and awarded for \$5,260,000 in August 1997. The current project allocation is \$5,260,000. An additional \$493,000 in supplemental funds is needed to close out the project.

A total of \$1,857,000 in supplemental funds is needed in order for the Department to close out these projects. This request for supplemental funds results in an average increase of 10.4 percent over the current allocation for the projects.

REASONS FOR COST INCREASE:

SANBAG, through agreements with the cities of Ontario and Montclair, was responsible for funding the improvements, which included the HOV widening, soundwalls, reconstruction of two bridges, and landscaping. The Department was responsible for funding betterments, which included pavement rehabilitation and the construction of median barriers. Construction on this joint project began on September 1, 1997, and was completed in August 2000.

The cooperative agreement between SANBAG and the Department stated the initial construction capital cost-sharing between the Department and SANBAG would be approximately 20 percent for the Department (betterments) and 80 percent for SANBAG (improvements). The initial 20/80 percentage split was the best projection the project team could provide before construction was completed. The reason the estimated percentage was used was due to the uncertainty of field conditions and the impact to the true costs for betterments and improvements. In addition, the unforeseeable claims and contract change orders during construction could also impact the true percentage split between the Department and SANBAG.

The project team at the time realized the 20/80 split may require an adjustment at time of completion; therefore, it was also stated in the cooperative agreement that a final accounting would be performed to determine the actual construction cost for betterments and improvements.

After the Department and SANBAG settled the contractors' claims through an arbitration settlement, final accounting was performed to determine the split between the Department and SANBAG. Regular meetings were held to determine the split responsibilities of support and capital cost between the Department and SANBAG. The Department and SANBAG reached an agreement on the interpretation of the executed cooperative agreement. As a result, construction components were itemized to calculate the actual cost for each party. The Department also performed final accounting to determine funds needed to close out the projects.

The Department submitted progress invoices to SANBAG throughout construction. Once final accounting was completed, it was determined the Department over-billed SANBAG. Therefore, the final invoice for SANBAG would be less than the initial percentage split. It was also determined that the Department's share of the cost was more than realized.

The Department was actively involved with the final accounting and negotiation process with SANBAG. This request for \$1,364,000 for project #1 and \$493,000 for project #2 in supplemental funds will be used to close out the contracts in accordance with the executed Cooperative Agreement.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$1,857,000 to close out the contracts.

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

RECOMMENDED OPTION:

The Department recommends that this request of \$1,857,000, as presented in Option A above, be approved to allow the contracts to be closed out.