

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 23, 2012

Reference No.: 2.5e.(3)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Kurt Scherzinger
Acting Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS**
RESOLUTION FA-12-24

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$673,000 for the Route 1 Widening for Merge Lanes project (PPNO 0542F) in Santa Cruz County.

ISSUE:

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

RESOLUTION:

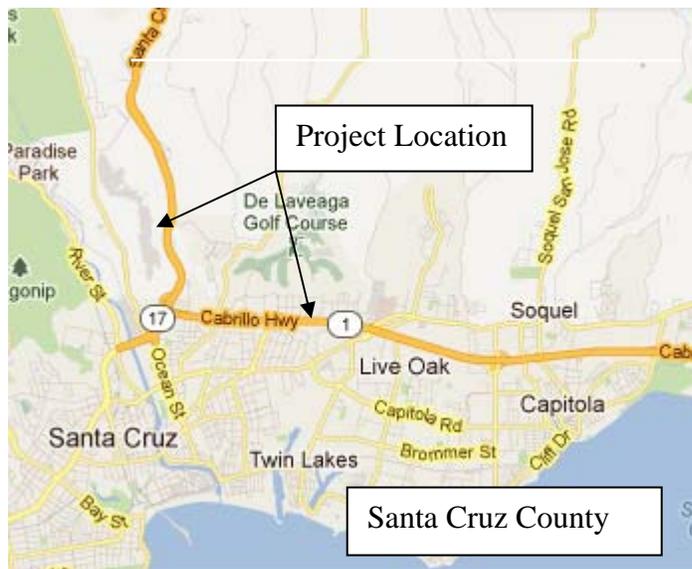
Resolved, that \$673,000 be allocated from the Budget Act of 2011, Budget Act Items 2660-301-0042 and 2660-301-0890, to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original Allocated Amount	Original Award Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	05-SCr-1	\$47,787,000	\$47,720,000	\$53,411,000	\$673,000	\$54,084,000	1.3%

Project # Allocation Amount Recipient RTPA/CTC Dist-Co-Rte Postmile	Project Title Location Project Description	PPNO Budget Year Fund Type Program Codes Project ID	State Federal Current Amount by Fund Type	State Federal Additional Amount by Fund Type	State Federal Revised Amount by Fund Type
2.5e.(3) Supplemental Funds for Previously Voted Projects					Resolution FA-11-24
1 \$673,000 Department of Transportation <u>Santa Cruz LTC</u> Santa Cruz 05N-SCr-1 15.8/17.6	Route 1 Widening. In the city of Santa Cruz, on Route 1 from Morrissey Boulevard to River Street and Route 17 from Ocean Street to Pasatiempo overcrossing. Widen from four to six lanes and construct concrete barrier and sound walls. Final Project Development: N/A Final Right-of-Way : N/A (Contributions from other sources: \$2,024,000.) Supplemental Funds are needed to complete construction. Total Revised Amount: \$54,084,000	05-0542F 2005-06 801-3008 TIF 20.20.075.600 2006-07 801-3008 TIF 20.20.075.600 2010-11 301-0042 SHA 301-0890 FTF 20.20.075.600 050000479	\$45,245,000 \$5,532,000	\$77,000 \$596,000	\$45,245,000 \$5,532,000 \$77,000 \$596,000

RECOMMENDATION:

The Department recommends that this request for \$673,000 be approved to allow the Department to closeout the construction contract.



PROJECT DESCRIPTION:

The project is located in and near the city of Santa Cruz, on Route 1 from Morrissey Boulevard to River Street, and on Route 17 from Ocean Street to the Pasatiempo Overcrossing. The project was to construct auxiliary lanes at various locations.

FUNDING STATUS:

The Commission allocated \$40,012,000 of Regional Improvement Program (RIP) funding for this project in September 2005. The construction contract was awarded in March 2006 with an authorized budget of \$48,545,000, which was comprised of \$45,245,000 RIP and \$3,300,000 Retrofit Soundwall Program funds. A supplemental RIP allocation of \$4,866,000 was approved in April 2007, increasing the project budget to \$53,411,000.

The construction contract was accepted by the Department in October 2008; however, an additional \$673,000 is needed to closeout the construction contract.

REASONS FOR COST INCREASE:

The project plans called for cast-in-drilled-hole piles with steel casings. The contractor drilled to the depth shown on the plans but did not reach bedrock. The Department issued a change order to extend the steel pile casings to bedrock. The April 2007 supplemental RIP allocation provided funding to extend the steel pile casings to bedrock. Due to a lack of appropriate casing material, the Department subsequently revised its change order and directed the contractor to extend the piles to bedrock without casing. This change required the contractor to place concrete, dewater, and control caving in partially uncased holes. The contractor filed a claim related to the cast-in-drilled-hole pile work for \$3,926,886. The Department denied the claim on the basis that the contract provisions specifically stated that additional compensation for work associated with ground water at the sites would not be allowed. The case subsequently went to arbitration.

On March 14, 2012, an arbitrator found in favor of the contractor in the amount of \$2,369,804.19. In addition, the Department must pay interest in the amount of \$320.69 per day from March 15, 2012 until paid. Assuming the Department will be able to make the final payment by July 15, 2012, the accrued interest will be approximately \$39,000, bringing the total judgment to approximately \$2,409,000, of which the unfunded need will be approximately \$673,000.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$673,000 to closeout the construction contract.

OPTION B: Deny this request and not meet the State's legal obligations.

RECOMMENDED OPTION:

The Department recommends that this request of \$673,000, as presented in Option A above, be approved to closeout the construction contract.