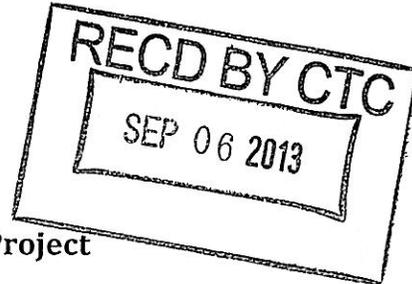




Regional Transportation Planning Agency • Congestion Management Planning
Local Transportation Commission • Monterey County Service Authority for Freeways & Expressways
August 26, 2013

Andre Boutros
Executive Director
California Transportation Commission
1120 N Street, Room 2221 (MS-52)
Sacramento, California 95814



SUBJECT: Highway 1 / Salinas Road Interchange Project

Andre
Dear Mr. Boutros:

The Transportation Agency for Monterey County is writing to express support for a supplemental State Transportation Improvement Program allocation of \$560,000 for the Salinas Road Interchange project. The Salinas Road Interchange project began construction in April 2010 to replace an at-grade intersection with a full interchange and grade separated bridge. This request for supplemental funding will allow the California Department of Transportation to cover contractor claims that have arisen during the construction of the project, which is scheduled for completion by August 2014.

In August 2012, the Transportation Agency shifted \$1,108,000 of State Transportation Improvement Program funds to the Salinas Road Interchange project to cover initial cost increases. Once the roadway construction work was completed however, Caltrans encountered several additional contract item overruns. Enclosed is a memorandum prepared by Caltrans summarizing need for additional funding.

As the project sponsor, the Transportation Agency is responsible for any cost increases in excess of the contingency budget. Our agency is supportive of a supplemental State Transportation Improvement Program allocation for \$560,000 to help complete this vital safety and congestion-relief highway project, and appreciates your consideration of this request. Thank you for the opportunity to discuss these issues, if you have any further questions, please contact Michael Zeller of my staff at 831-775-0903.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra L. Hale".

Debra L. Hale
Executive Director

ENC: Caltrans memorandum summarizing Salinas Road Interchange cost increases

SALINAS ROAD INTERCHANGE REQUEST FOR FUNDS INFORMATION

Background:

The Salinas Road Interchange Project (Project) began construction in April 2010 to convert the current at-grade intersection to a full, grade-separated interchange. The construction of this Project, both support and capital, was initially funded by the Proposition 1B Congestion Management Improvement Account (CMIA). In August 2012, when the Project was approximately 65% complete, the California Department of Transportation (Caltrans) requested additional construction funding from the Project Funding partner Transportation Agency for Monterey County (TAMC). The additional funds included \$938,000 in construction capital and \$170,000 in construction support. The cost increases were attributed to utility delays which added to the Project schedule and costs, adjacent property owner litigation claims, asphalt concrete index increase, and construction item overruns.

Issue:

To date, the Project construction is 95% complete and is in the plant establishment phase. Plant establishment is estimated to be completed by August 2014. The Project is in need of additional construction capital funding in the amount of \$560,000 to pay outstanding contract change order (CCO) requests and item overruns. Some of these CCOs address resolved claims. A future need of \$645,555 to resolve outstanding claims may be required after acceptance of the construction contract and completion of the claims process. Caltrans anticipates the acceptance of the construction contract by the summer of 2014 and the completion of the claims process by January 2015. The potential need of \$645,555 for claims is only an estimate at this time, and is based on what the contractor has listed on the claim prior to the resolution process. Therefore, the total for claims may be less than what is shown here.

Reason:

What has changed from last year's request? As stated above, Caltrans has completed all of the roadway construction work and is currently in the plant establishment phase. Since our last request, we have received and approved 12 CCOs. Five of the CCOs are resolutions for claims totaling \$98,468. We have also processed 13 supplemental CCOs to augment existing CCOs. The unanticipated CCOs are as follows:

CCO 9: Threatened California Tiger Salamander (the \$20,000 original estimate is now anticipated to be \$120,000)

This CCO was required to meet California Department of Fish and Game permit amendment requirements, primarily their request to install animal exclusion fence (Ertex Fence) throughout the Project at various times and locations during construction. This fencing is very expensive and requires more maintenance and monitoring than anticipated. The Project also required additional time to complete, and there were concerns with the larger number of endangered amphibians found during the pond modification.

CCO 10: New Construction General Permit (CGP) (the \$1,000 original estimate is now anticipated to be \$85,000)

This CCO was required due to the change in the State Water Resources Control Board's New Construction General Permit which governs water quality on construction contracts. Initial discussions assumed the construction contract would be completed in a timely manner. The construction contract took longer than expected to complete, and the contractor hired a subcontractor to act as the Qualified Storm Water Pollution Prevention Plan (SWPPP) Developer/Qualified SWPPP Preparer. The subcontractor inadequately prepared the storm water pollution prevention plan on 7 occasions. There are a number of disputes having to do with their work, including billing for the meetings we held to discuss their unacceptable work. Caltrans attempted to minimize these costs by having the Regional Water Quality Board issue a Notice of Completion, i.e. no more SWPPP work is required on the Project, as soon as the majority of the work was completed on the project. Note that there is also a Notice of Potential Claim (NOPC) having to do with this issue: NOPC 132.

CCO 18: Temporary Drainage Facilities (the \$40,000 original estimate was increased to \$80,000)

This CCO was required to provide temporary drainage throughout the Project during stage construction. This included moving water through an "active" area to a drainage facility during the rainy season, providing a temporary link during stage construction between existing and new facilities, and overcoming grade and/or alignment issues for multiple facilities. Due to the increased length of time that the Project was active, (3.5 years instead of the anticipated less than 2 years), there was more significant temporary drainage required than was originally planned. Constructing the permanent drainage facilities earlier in the Project schedule would have facilitated the movement of water through the construction project without the requirement of temporary drainage facilities, but the contractor was unwilling to schedule work to accommodate Caltrans' request.

CCO 35: A-line Edge Drain (the \$130,000 original estimate was increased to \$165,000)

This CCO was required due to unanticipated saturated grade on the new Highway 1 alignment. Upon review of as-built plans, and in consultation with our geotechnical engineers, it was determined that a mattress drain was required. The existing drains shown on the as-built plans were used to determine the limits of the saturated area for the original cost estimate. As work proceeded, the saturated area became much larger than anticipated. This could be attributed to the roadway profile along the new Highway 1 alignment being lowered by approximately 10 feet.

CCO 41: Utility Delay TIA (the \$150,000 original estimate increased to \$300,000)

This CCO was required due to a delay in the utility companies re-locating their facilities during construction. Initial discussions only involved the prime contractor for cost estimates. Later discussions involved the bridge subcontractor, the only subcontractor who was a part of the claim and whose claim greatly exceeded initial estimates. The claim included every possible item: labor escalation, materials escalation, idle equipment, etc. CCO was approved for payment to both prime contractor and subcontractor.

**CCOs 48 and 49: HMA Leveling (Northerly A Line, Jensen Road, and F/G/C lines)
(the \$320,000 original estimate was increased to \$550,000)**

This CCO was required due to a staging issue; conforming the existing Highway 1 into the new Highway 1 alignment. The plans called for a re-construction of the entire structural section of the existing Highway 1 through the area of conform. It wasn't feasible to excavate to the depth required and replace with structural material while accommodating traffic on the existing highway. The initial idea was to resolve this issue by placing an overlay at the conform section since the condition of the existing road indicated the existing structural section was adequate. When the overlay idea was discussed with design staff, they rebutted noting that the new structural section also corrected the roadway profile and brought it up to current standards. Accordingly, the CCO was written as a compromise so the profile would be corrected with HMA leveling courses. This allowed the existing road to accommodate traffic while correcting the profile. In hindsight, a design exception to correct the roadway profile should have been pursued diligently to allow the overlay option.

Item overruns include:

- \$209,294 in Roadway Excavation - This was attributed in part to the lawsuit outcome of widening the private access road from 20 feet to 24 feet, and a one-inch deeper structural section.
- \$35,579 Cement Treated Base (CTB) - The wider, deeper access road that was specified by the lawsuit outcome required a greater quantity of CTB than originally planned.

We have received eighty more NOPC's in addition to the 100 NOPC's received at the time of last year's Request for Funds. As mentioned earlier, the strategy will be to wait for these claims to be resolved, and request funding for the exact amount at the close out of the Project.

Timing of Request to TAMC

Although the construction office and project manager knew in December 2012 that the construction capital forecasts were more than the construction project funding if the new Notice of Potential Claims were realized, a precise dollar amount of the potential overrun, because of claims, could not be generated in confidence until all the contract work was completed and some of the claims were resolved. From December 2012 to current, supplemental CCOs, new CCOs, and the resolution of some claims have reduced our contingency balance. Providing a confident request for funds, while not going over the actual cost, would ensure no loss in TAMC funding. To date we have been able to pay the contractor, but will not be able to pay the near future billing in the amount of \$560,000 without additional construction capital funding. If we are unable to pay the future monthly billing, a 10% monthly interest rate would be added to total cost. In hindsight, we should have informed TAMC staff of the forecasted ongoing funding deficiency and sought guidance on a course of action sooner. Weekly meetings with the contractor, TAMC, and construction staff have been implemented on the San Juan Road Interchange Project which has the same Proposition 1 B CMIA funding as the Salinas Road Interchange Project.