

# Memorandum

# TAB 58

**To:** CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

**CTC Meeting:** May 21, 2014

**Reference No.:** 2.5b.(2)  
Action Item

**From:** NORMA ORTEGA  
Chief Financial Officer

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**Subject:** FINANCIAL ALLOCATION FOR SHOPP PROJECTS – PRESIDIO PARKWAY PROJECT  
RESOLUTION FP-13-59

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate \$13,800,000 for one State Highway Operation and Protection Program (SHOPP) project identified below.

## **ISSUE:**

The attached vote list describes one SHOPP project request totaling \$13,800,000. The Department is ready to proceed with this work and is requesting an allocation from the project's risk reserve at this time.

## **BACKGROUND:**

The Presidio Parkway improvement project is located in, in the city and county of San Francisco on Doyle Drive (Route 101) and Richardson Avenue from Lombard Street to the Golden Gate Bridge Toll Plaza. The Commission in May 2010 approved an original \$1,401.79 million budget for the Presidio Parkway Public Private Partnership (P3) Project. In June 2013, the Commission approved a revised \$1,080.45 million budget including a \$36.84 million risk reserve which was set aside to pay for certain Department obligations as expressly identified in the P3 Agreement (i.e.: insurance, differing site conditions, etc.). Prior to this request, the Commission had approved a risk reserve allocation of \$6,000,000 to cover the costs of the Owner Controlled Insurance Program (OCIP) and \$600,000 for the Resident Engineer's construction office.

This risk reserve request is for \$1,800,000 for additional scope of work resulting from differing site conditions and an additional \$12,000,000 for staffing. This additional \$13,800,000 is needed in order to complete this project.

**BASIS OF RISK RESERVE ALLOCATION:**

A. Differing Site Conditions

The request for \$1,800,000, identified below, is to cover the Department's changes to the scope of work resulting from differing site conditions and an unknown archeological discovery:

1. Relocation of a 12KV PG&E power line to within the State's easement on Presidio Trust property.
2. Removal of temporary shoring tiebacks from Phase I to avoid conflict with new tunnel construction in Phase II.
3. Archeological discovery of prehistoric material during the trench and core field testing activities.

Items 1 and 2 fall in the category of a differing site condition. Golden Link Concessionaire (GLC) submitted its proposal to the Department in October 2010, well before the changes identified in Items 1 and 2. Item 3 falls in the category of an unknown archeological discovery. While the Department provided preliminary archeological surveys to all proposers for consideration, the area where GLC discovered the prehistoric material could only be revealed during excavation. Differing site conditions and unknown archeological discoveries, like any other project, remains a risk borne by the public sector.

B. Oversight Support

In establishing the project oversight budget, the Department conservatively estimated that it would assume a limited role of providing independent quality assurance. The greater responsibility would be borne by the developer to manage contract compliance. The Department's oversight obligations are specified in the Project Oversight Agreement between the Federal Highway Administration and the Department. The project schedule has been delayed by over 12 months due to Professional Engineers in California Government (PECG) litigation which challenged the Department's authority to use P3 procurement. During the 12 month litigation delay, the Department continued to provide oversight of GLC's activities which included site investigation, design, and other pre-construction-related activities. The Department believed this to be prudent to keep the project on schedule while awaiting the resolution of the litigation. The Department owned all design deliverables produced by GLC during this period of time which would have facilitated moving swiftly to a Design-Bid-Build procurement in the event PECG prevailed in the litigation. Project oversight costs have increased concomitantly. The request for \$12,000,000 of oversight staffing is to cover additional time and more extensive work than was originally envisioned by the Department. The breakdown is provided below:

1. Longer Construction Schedule: As-bid construction schedule estimated 33 months for construction and was the basis of the original support costs. GLC's proposal identified a 39 month construction schedule. The Department's oversight has been increased by 6 months. This additional cost is \$2,540,000.

