

# Memorandum

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 24, 2012

Reference No.: 2.5e.  
Action Item

From: NORMA ORTEGA  
Chief Financial Officer

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Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECT  
RESOLUTION FA-12-14**

## **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$520,000 in State Transportation Improvement Program (STIP) funds for the Milpas-Cabrillo Operational Improvements project (PPNO 0478) in Santa Barbara County.

## **ISSUE:**

Additional funds are needed for one previously voted STIP project in order to close out the construction contract.

## **RESOLUTION:**

Resolved, that \$520,000 be allocated from the Budget Act of 2012, Budget Act Item 2660-304-6058, to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Funds	Original Allocated Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	05-SB-101	RIP <sup>(1)</sup>	\$52,243,000	\$56,313,200	<b>\$520,000</b>	\$56,833,200	0.9%
		Local	\$792,000	\$792,000	\$0	\$792,000	0.0%
		RSTP	\$0	<u>\$1,833,000</u>	<u>\$0</u>	<u>\$1,833,000</u>	0.0%
		Total	\$53,035,000	\$58,938,200	\$520,000	\$59,458,200	0.9%

Notes:

- (1) Current RIP allocation reflects G-12 adjustments of -\$1,231,000 in April 2008, \$1,750,000 in November 2010, and \$3,551,200 in July 2011.





**Santa Barbara County**

**FUNDING STATUS:**

The Commission allocated \$53,043,000 of STIP funds in November 2007, which was reduced to \$52,243,000 by a technical correction in February 2008. The construction contract was awarded in April 2008 with an authorized budget of \$51,804,000, comprised of \$51,012,000 of STIP funds and \$792,000 of local funds. The Department used its delegated authority to adjust project allocations to increase the construction budget by \$5,301,200, and the Santa Barbara County Association of Governments added \$1,833,000 of Regional Surface Transportation Program funds to increase the budget to \$58,938,200.

Construction was completed in June 2012. However, an additional \$520,000 is needed to close out the construction contract.

**REASONS FOR COST INCREASE:**

The contractor submitted two Notices of Potential Claim (NOPC) totaling approximately \$3,000,000. The NOPCs involve delays caused by redesign of the Stage 1 work at the Milpas Street Undercrossing and various Contract Change Orders, which together resulted in a 29 percent increase in construction time. The Dispute Review Board, contractor and Department reviewed the merits of the claims and agreed that portions of the claims are compensable. The contractor and the State have agreed to resolve any and all claims for the amount of \$763,000 plus \$35,000 interest. Payment to resolve these claims would deplete the remaining contingency funds, resulting in the need for an additional \$520,000.

**FUNDING OPTIONS:**

**OPTION A:** Approve this request for supplemental funds, as presented above, for \$520,000 to close out the construction contract.

**OPTION B:** Deny this request. Under this option, the contractor will most likely take these claims to arbitration, which would result in a much higher cost to the Department due to legal fees and additional interest.

**RECOMMENDED OPTION:**

The Department recommends that this request of \$520,000, as presented in Option A above, be approved to close out the construction contract.