

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 15-16, 2024

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(13), Action Item

Prepared By: Everett Townsend
District 11 – Director (Acting)

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 1339/EA 43043 – SAN DIEGO COUNTY – INTERSTATE 8
RESOLUTION FA-24-14**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$650,000 in Construction Capital and \$150,000 in Construction Support for the State Highway Operation and Protection Program (SHOPP) Bridge Preventative Maintenance project on Interstate 8 (I-8), in San Diego County, to complete the construction contract?

RECOMMENDATION:

The Department recommends that the Commission approve the requested supplemental funds allocation for this SHOPP project.

PROJECT DESCRIPTION:

This project is located on I-8 in the Cities of La Mesa and El Cajon, at the El Cajon Overhead (No. 57-0362) and Marshall Avenue Overhead (No. 57-0369), in San Diego County. The project will rehabilitate two bridge decks.

FUNDING AND PROGRAMMING STATUS:

In October 2018, the project was programmed for \$20,735,000 in Construction Capital and \$4,031,000 in Construction Support in the SHOPP for allocation in Fiscal Year 2021-22. In May 2020, the project was amended to modify the construction staging plans and increase the Construction Capital to \$23,404,000. In January 2022, the project was further amended to remove a location that needed emergency repair work and decreased the amounts for Construction Capital and Support which was then allocated for \$19,894,000 in Construction Capital and \$3,880,000 in Construction Support. In July 2022, the project was awarded for

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\$18,835,000 in Construction Capital. In October 2022, construction began with 370 working days. In August 2023, the project received partial G-12 funds in the amount of \$1,500,000 in Construction Capital. In October 2023, the project received supplemental funds in the amount of \$2,600,000 in Construction Capital and \$880,000 in Construction Support. The remaining funds are currently at \$8,146,000 in Construction Capital and \$425,000 in Construction Support. The project is 55 percent complete with 190 working days remaining. The planned Construction Contract Acceptance is scheduled for March 2025.

REASON FOR COST INCREASE:

The project realized capital cost increases due to underestimated costs for the emergency shoulder repairs. Additional funds were needed to redesign a stage construction plan to minimize impacts to the traveling public. In addition, several adjustments to plans, quantities, and detours led to cost increases. A notice of potential claim has also been submitted by the contractor triggered by differing site conditions. The project realized support cost increases due to additional night and weekend work, and related administrative work.

Capital Cost Increase:

The project was awarded in July 2022, and construction began in October 2022. The construction activities began by shifting the outside lane onto the existing shoulder in the eastbound direction to place temporary barriers. However, the region experienced historic winter weather during January and February 2023 that caused the project to go into suspension and halted all major construction activities. This prolonged the use of the shoulder to carry live traffic loads. The unexpected extended use of the shoulder, along with damage caused by the effects of the winter rains, caused major damage to the asphalt shoulder. The damaged shoulder required multiple rounds of repairs to maintain in a useable state. The cost for this work was approved in a previous supplemental funds request with the anticipated cost of \$1,500,000. However, the actual cost was higher than anticipated and resulted in a need of an additional \$836,000 due to utilizing the same staging and operation to repair the westbound outside shoulder, which was exhibiting similar issues.

Moreover, the planned stage construction for the fourth stage consisted of overlaying the existing concrete pavement in the eastbound direction to accommodate stage construction traffic. Discussions with the contractor identified the need to redesign this plan. The Department worked with the contractor to provide a constructable solution that would have less impact on the traveling public. However, this new solution added capital and support costs beyond what was anticipated for the original stage construction. The anticipated cost of the original solution was \$700,000. However, the actual cost was higher than anticipated and resulted in a need of an additional \$275,000.

Additionally, the contractor has submitted two notices of potential claims, with an associated cost of approximately \$850,000. These claims are due to differing site conditions encountered on the project, which the Department has agreed to. The first notice of potential claim was submitted due to the existing median concrete barrier being larger than anticipated or than what

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was indicated by the contract documents. The other notice of potential claim was submitted due to the presence of hard rock during drilling of the median cast-in-drilled-hole pile for the overhead sign, which was not indicated by the contract documents.

The project started with a contingency balance of \$897,000 and a supplemental work balance of \$543,000. The project then requested the full amount of \$1,500,000 in G-12 funding, and an initial amount of \$2,600,000 in supplemental funds in order to pay for contract change orders (CCOs) on the project. All of these funds were included in the project's contingency balance, which resulted in a total amount of approximately \$5,540,000 for use. However, the \$543,000 in supplemental work balance is already committed to other items requiring payment, such as enhanced traffic control invoices and Resident Engineer's office costs. The remaining contingency balance was then expended on a variety of project changes, including CCOs related to emergency pavement repairs and revised construction staging, for which the costs were underestimated during the initial supplemental funds request. Additionally, there are new unforeseen costs for potential CCOs related to differing site conditions and potential claims as well as other smaller project changes which total approximately \$1,195,000.

To date, the project has executed CCOs in the amount of approximately \$4,450,000 and has estimated a total remaining CCO cost of approximately \$1,195,000, which will leave the project short by approximately \$650,000 in capital costs. Although we expect the project to stay within the revised budget, there are still planned construction operations with associated risks. These could lead to unforeseen circumstances requiring extra funds in order to complete the project.

Support Cost Increase:

The project originally included 370 working days and an additional 100 working days were added at the time of the initial supplemental funds request. Since then, the days have been adjusted downward by 20 working days, as the original amount of 100 working days ended up being an overestimate prior to determining the total number of days that were needed. However, the project experienced a higher-than-expected burn rate due to weather-related delays, contract change orders, and related administrative work. Adding to the increased burn rate was the addition of night and weekend work requiring multiple inspection shifts.

The project had previously requested an additional \$880,000 in supplemental funds for Construction Support. However, it has been determined that an additional \$150,000 in support costs are needed in order to complete the project.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to complete construction of this project, keep the roadway open, and minimize future delays to the traveling public. If the construction contract is further delayed, it will likely result in claims by the contractor. To complete construction at a later time, another project will have to be programmed in a future SHOPP cycle at a possible higher project cost.

FINANCIAL RESOLUTION:

Resolved, that \$650,000 be allocated from the Budget Act of 2023, Budget Act Items 2660-302-3290 and 2660-302-0890 for Construction Capital, and \$150,000 in Construction Support, to provide funds to complete the Construction phase for this SHOPP project.

Attachment

2.5 Highway Financial Matters

Project #	Project Title	PPNO			
Allocation Amount	Location	Program			
Recipient	Project Description	Funding Year			
RTPA/CTC	Project Support Expenditures	Item #			
County		Fund Type			
Dist-Co-Rte		Program Codes	State	State	State
Postmile		Project ID	Federal	Federal	Federal
		Adv Phase	Current Amount	Additional	Revised
		EA	by Fund Type	Amount by	Amount by
				Fund Type	Fund Type
2.5e.(13)	Supplemental Funds for Previously Voted Project				Resolution FA-24-14
1	In La Mesa and El Cajon, at El Cajon Overhead No. 57-0362	11-1339			
\$800,000	and Marshall Avenue Overhead No. 57-0369.	SHOPP			
		CON ENG			
Department of	<u>Outcome/Outputs:</u>	505-3290 RMRA	\$401,100	\$13,000	\$414,100
Transportation	Rehabilitate two bridge decks.	001-0890 FTF	\$4,358,900	\$137,000	\$4,495,900
<u>SANDAG</u>		20.10.201.119			
San Diego	Total revised amount \$28,495,200.				
11-SD-8	Supplemental funds are needed to complete construction.	SHOPP/2021-22			
Var		CONST			
		302-3290 RMRA	\$1,903,500		\$1,903,500
	CEQA - CE, 1/10/2020; Re-validation 10/26/2021	302-0890 FTF	\$18,431,700		\$18,431,700
	NEPA - CE, 1/10/2020; Re-validation 10/26/2021	20.20.201.119			
		SHOPP/2022-23			
		CONST			
		302-3290 RMRA	\$219,000		\$219,000
		302-0890 FTF	\$2,381,000		\$2,381,000
		20.20.201.119			
		SHOPP/2023-24			
		CONST			
		302-3290 RMRA		\$55,000	\$55,000
		302-0890 FTF		\$595,000	\$595,000
		20.20.201.119			
		1118000197			
		3,4			
		43043			