

MEMORANDUM

TAB 71

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 26-27, 2022

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(10), Action Item ***YELLOW REPLACEMENT ITEM***

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District 07 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 5031/EA 32570 – LOS ANGELES COUNTY – INTERSTATE 5
RESOLUTION FA-21-28**

ACTION UPDATE: *Provided additional cost increase information*

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$1,300,000 in construction support for the State Highway Operation and Protection Program (SHOPP) Lands and Building Equipment Facilities project on Interstate 5 (I-5), in Los Angeles 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-5, in the city of Santa Fe Springs, between Valley View Avenue and Alondra Boulevard, in Los Angeles County. The project will construct the Southern Region Equipment Repair Shop that will serve Districts 7 and 12.

FUNDING AND PROGRAMMING STATUS:

The project was programmed in May 2018 with delivery in Fiscal Year 2017-18. The project was allocated in May 2018 for \$5,751,000 in construction support. The project was awarded in May 2019 and construction began in July 2019 with 670 working days. In July 2021, the project received G-12 funds in the amount of \$775,100. The remaining construction support is currently at \$47,000. Currently, the project is 85 percent complete, with no working days

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remaining. The Construction Contract Acceptance, which includes plant establishment, is scheduled for March 2023.

REASON FOR COST INCREASE:

The project experienced support cost increases due to the Department's contract and quality control/quality assurance requirements that are unfamiliar to the contractor and material suppliers, and COVID-19 pandemic (Pandemic) delivery challenges.

The contractor originally submitted a Pre-Engineered Metal Building (PEMB) by the initial manufacturer (Nucor) and then elected to submit a PEMB by another manufacturer (CECO). The Department utilized extensive resources to gain access to perform the required inspections at the initial Nucor fabrication facility, as stipulated in contract specifications, but were not allowed access to the facility. The PEMB manufacturer (Nucor) did not allow any inspection at their facility due to concerns about interference with the production line, reduced production speed for other products, and the safety of the inspectors. Therefore, the contractor chose to select another PEMB manufacturer (CECO). Additional resources were utilized by the Department to prepare for the final approval of the newly selected PEMB with CECO. CECO has two different manufacturing facility locations, one in Texas and the other in Kentucky, which required additional resources for Materials Engineering and Testing Services to travel and perform the inspections.

In July 2021, when G12 funds were requested, the Department was optimistic that the field welds would comply with the Department's quality control standards. However, upon initial inspection of the PEMB field welds by the Department, the field welds were non-compliant. To complete the building inspection, the Department had to perform multiple inspections until the PEMB field welds were compliant. This led to needing additional support resources which contributed to additional delays in the sequence of work.

There were also major project delays due to the difficulty in obtaining and late arrival of materials and major components (sectional overhead doors, bridge cranes, and fire pump system) due to Pandemic delivery challenges. Structures Construction spent additional resources due to the delays of these items.

The plans and specifications that were issued through an addendum which required a fire pump to be included in the design of the fire suppression system. The specifications required the contractor to provide the design for the complete system and obtain State Fire Marshall approval for the design. This resulted in the Department expending additional resources in reviewing and approving all of the submittals and preparing a Contract Change Order to address some design related issues for the fire suppression system.

The additional inspection for the PEMB, delays in receiving materials and major components, and the modification of the fire suppression system have utilized resources beyond original expectations. Due to these issues, additional resources are required to complete inspection of the remaining work and check the functionality of the major components in the Equipment

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Repair Shop facility complex. Some of the major components that remain to be completed include:

- Utilities and finish work in the PEMB and rinse facility, approximately 45 percent
- Installation of the sectional overhead doors for the storage facility, approximately 5 percent
- Remaining pavement, sidewalk, and fence work for the entire facility complex, approximately 5 percent
- Plant establishment work, approximately 5 percent
- Project closeout activities, approximately 30 percent

These activities account for the additional support cost that was incurred by the delays in the sequence of work.

CONSEQUENCES:

If this allocation request for supplemental funds is not approved, the project will not be completed. Proper and timely maintenance and repair of vehicle fleets, used to maintain highway facilities in Districts 7 and 12, cannot be performed by the Division of Equipment.

FINANCIAL RESOLUTION:

Resolved, that \$1,300,000 be allocated for construction support to provide funds to complete the construction phase for this SHOPP project.

Attachment