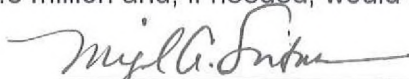


0610-03699-0000

TRANSMITTAL

TO The Council	DATE 12-02-10	COUNCIL FILE NO.
FROM The City Administrative Officer		COUNCIL DISTRICT 9


At its meeting of October 28, 2010, the Seismic Governance Committee adopted the recommendations of the attached Bureau of Engineering (BOE) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize: 1) an increase in the total project budget of the First Street Viaduct and Street Widening Project by \$6.9 million to \$87.7 million; 2) the City Engineer to finalize a grant application and Supplemental Agreement with Caltrans for \$5.3 million to cover additional work; 3) the joint-use of an existing \$912,596 SAFETEA-LU grant to reimburse Metro for work completed in Phase I; and 4) Transportation Department Accounting to increase receipt and expenditure of Highway Bridge Program (HBP) grant reimbursements by \$5.3 million. This increase is required to cover added scope and unforeseen conditions related to work in Metro's railroad right-of-way. Funds for the requested budget increase have been identified through HBP, SAFETEA-LU, and the Seismic Bond. An additional budget increase of \$5.1 million may be needed to cover future unforeseen costs. This additional increase would bring the total budget to \$92.8 million and, if needed, would be reported in a subsequent report.


Miguel A. Santana
City Administrative Officer

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 21, 2010

To: Seismic Governance Committee
Miguel A. Santana, City Administrative Officer, Chair
Gerry F. Miller, Chief Legislative Analyst
Gary Lee Moore, City Engineer

From: James Treadaway, S.E., Program Manager 
Bridge Improvement Program
Bureau of Engineering

Subject: **1st Street Viaduct and Street Widening Project - Project Status and Additional Funding Request for Extra Work and Unforeseen Conditions Encountered During Construction in the Metro Railroad Right-of-Way**

RECOMMENDATIONS

That the Seismic Governance Committee approves and recommends that the City Council:

1. Authorized the increase of \$6,912,596 in the total project budget for the 1st Street Viaduct Widening and Historical Railing Project from \$80,840,090 to \$87,752,686. The \$688,200 seismic Bond increase required for the local match will be funded through the Seismic Bond Program Contingency. An additional budget increase of \$5.1 million to bring the total budget to \$92.8 million will be reported on a subsequent report.
2. Authorize the City Engineer to finalize a grant application request to Caltrans to secure \$5,311,800 in Federal Highway Bridge Program funds tentatively approved for this project. Upon final approval by Caltrans, authorize the City Engineer to enter into a Supplemental Agreement and implement the extra work.
3. Authorize the joint-use of \$912,596 from an existing SAFETEA-LU grant and concur with the City Engineer to reimburse the grant amount back to Metro as final fulfillment of the approximately \$1.5 million Metro design-builder claim on expenditure toward Phase 1 of the 1st Street Viaduct Widening project. This authorization instructs the City Engineer to negotiate the revision to the existing Metro agreement for the joint-use of the \$912,596 SAFETEA-LU funds by City and Metro.
4. Authorize LADOT Accounting to increase the receipt and expenditure of HBP grant reimbursement by \$5,311,800, from \$61,595,050 to \$66,906,850 for the 1st Street Viaduct Widening Phase 3 project and to deposit these funds in the DOT Transportation Grant Fund No. 655, Department 94, Account 809 and appropriate for use to cash flow the remainder of the project through completion.
5. Allow the CAO to make technical corrections to the instructions in this motion that are necessary to implement the Council's intention.

INTRODUCTION

The construction of the 1st Street Viaduct and Street Widening project is continuing to face challenges in terms of time delays, unforeseen conditions and funding shortfalls. From the outset of construction, the project encountered numerous major challenges including unforeseen subsurface soil conditions, work restrictions in the Los Angeles River, and coordination of work within the railroad right-of-way. These issues have caused the completion date for this project to be extended several times. Based on the remaining work we project a new completion date of December 2011.

This project has faced funding gaps as a result of time above unforeseen conditions and time extensions. At this time, we are facing a \$11.9 million funding gap for this \$80.8 million project for a total anticipated budget of \$92.8 million. We have been unable to identify grant and match funds to address the full funding gap at this time. However, we anticipate being able to do so within the next six months. In the interim, we have identified \$6.9 million which we recommend be added to project budget to address critical work items.

This interim request will increase the budget from \$80.8 million to \$87.7 million. The funding sources for the \$6.9 million increase are: \$5,311,800 in Federal Highway Program (HBP) grant funds, \$688,200 in City Proposition G funds, and \$912,596 in Federal SAFETEA-LU funds.

BACKGROUND

The 1st Street Viaduct and Street Widening project, currently under construction, will widen the Viaduct by 26 feet to restore two westbound traffic lanes eliminated as a result of the extension of the Metro's Goldline Eastside Light Rail project along the center of the Viaduct. In order to meet Metro's design-built construction schedule and to avoid delay of revenue operation of the Goldline, on February 2006, the 1st Street Viaduct project was segmented into three phases. Phase 1 construction, which involved approach street modifications, was transferred to Metro's Design-Build Contractor to minimize traffic likely to result from having multiple contractors working the same area at the same time. Phase 2 of the project involved seismic strengthening of the Viaduct to accommodate the additional load of the Goldline trains. Phase 2 construction was complete in early 2008, without delay to the operation of Metro's Goldline in November 2009. Currently, Phase 3 of the project is under construction which involves widening the Viaduct by 26 feet to the north side and is the main focus of this report.

CURRENT FUNDING AND BUDGET

This project is funded by multiple funding sources. The majority portion of the funding is provided by Caltrans using federal Highway Bridge Program (HBP) funds. Local matching sources include the 2001 Metro Call, the Capital Expenditure Improvement Program (CIEP), the City's portion of Proposition C and Seismic Bond (Proposition G) funds. The table below shows the current approved funding for this project approved by the City Council (CF No. 08-0508-S4):

FUNDING SOURCES	TOTAL AMOUNT
2001 Metro Call-for-Project Grant	\$3,760,000
HBP (Highway Bridge Program) Federal Grant	\$61,595,050
Proposition C (LADOT) – Transportation Grant Fund	\$6,736,000
CIEP (Capital Improvement Expenditure Plan) City local fund	\$3,500,000
Proposition G (Seismic Bond) City bond fund	\$5,249,040
TOTAL	\$80,840,090

Note that the current Council approved budget is \$80,859,237. The amount difference of \$19,147 is unfunded.

Phase 3 construction is using Proposition C Transportation Grant Fund (TGF) fund for local match and front funding. On February 4, 2009, during early stage of construction, due to shortfall during Phase 3 construction, additional Proposition C fund was added as overmatch and additional Proposition G fund was also added to the project to bridge the funding gap for construction (CF-08-0508-S2). This Council action authorized the use of \$3,783,440 in Proposition G funds from the inactive.

Of the total budget of \$80,840,090, the allocated budget for Phase 3 construction is \$50,407,067 which includes Construction and Maintenance (C&M) agreement costs for railroad flagging services and City's staff costs for construction administration, which includes consultant and City staff costs. The breakdown is as follows:

PHASE 3 CONSTRUCTION COMPONENTS	TOTAL AMOUNT
Construction Contract, including contingency	\$40,782,936
Railroad Construction & Maintenance Agreement costs	\$ 3,520,315
Construction Administration (City staff and consultants)	\$ 6,103,816
TOTAL	\$50,407,067

PHASE 3 CONSTRUCTION AND CONTINGENCY STATUS

The construction contract was awarded to T.T. Polich & Associates in the amount of \$26,803,069 with a 10% contingency amount of \$2,680,307 for a total initial approved construction budget of \$29,483,376. The construction duration was 500 working days and completion date for the project was scheduled for May 2010. The completion date was delayed and extended due to two required work seasons in the Los Angeles River. The current completion date is now January 14, 2011. Due to the limited working window available in Metro's yard for the last four bents, we anticipate the construction duration to be extended until in December 2011.

From the outset of construction, the project encountered numerous major challenges including unforeseen subsurface soil conditions, work restrictions in the Los Angeles River, and coordination of work within the railroad right-of-way. Also, quantity discrepancies for several high value bid items were discovered which resulted in an increase in construction cost.

On September 19, 2008, the contingency was increased by the amount of \$1,200,000 to allow the BOE to authorize the contractor to demolish a portion of the adjacent historic building known as the Pickle

Works building. This work was originally planned to be done by the General Services Department.

As foundation work in the Los Angeles River and the east side of the Viaduct began, the Contractor encountered a significant amount of large boulders which resulted in delay of work in the river and modifications to the foundation piles on the east side of the Viaduct. On February 25, 2009, the Board of Public Works approved an increase in the contingency from \$3,880,307 to \$10,979,867.

On August 12, 2009, the Board of Public Works authorized another increase in the construction contingency by \$1,500,000, from \$10,979,867 to \$12,479,867. This authorization was to cover the additional construction costs due to unforeseen utilities in on the west side of the Viaduct.

Foundation work on the west side of the Viaduct in the Metro yard is on-going and continues to be a challenge. Additional unrecorded utilities are being discovered in Metro's right-of-way that requires relocation and/or redesign of the bridge pier foundation. Work adjacent to the high voltage facilities must be carefully carried out with strict safety requirements. Consequently, construction of the foundations in Metro's yard of bents 12 through 15 are not progressing as planned. Since the foundation work is extremely difficult due to limited allowable working hours in order to maintain the Metro's yard daily train operations and within the limited space between the live railroad tracks. As a result, on August 11, 2010, the Board of Public Works authorized an additional increase in the construction contingency by another \$1,500,000, from \$12,479,867 to \$13,979,867.

To date, the construction of this project is at 75% completion with a total of 163 issued change orders. One-hundred twenty three (123) change orders have been executed in the amount of \$11,111,578 and thirty-six (36) outstanding change orders and six (6) emergency change orders have been issued in the amount of \$1,100,624 and \$233,032, respectively.

CURRENT BUDGET AND EXPENDITURE

The table below shows a break-down of the budget and expenditure as of April 2010:

PHASE 3 CONSTRUCTION	TOTAL APPROVED BUDGET	EXPENDITURE AS OF APRIL 2010	REMAINING BUDGET BALANCE
Construction Contract with T.T. Polich	\$26,803,069	\$26,151,959	\$651,110
Current approved contingency	\$13,979,867	\$11,111,578	\$2,868,289
C&M Agreements with Railroad	\$3,520,315	\$2,634,427	\$885,888
Construction Engineering (consultants)	\$3,359,405	\$2,478,080	\$881,325
Construction Engineering City Staff & inspectors)	\$2,744,411	\$3,200,000	(\$455,589) *
TOTAL	\$50,407,067	\$45,527,800	\$4,879,267

* Note that the construction engineering expenditure for City's staff exceeded the allocated budget due to additional fund needed to pay for the additional railroads flagman services for 6 months extension and that the current construction engineering staff shortfall is in the amount of \$455,589.

FUNDING REQUEST FOR EXTRA WORK AND UNFORESEEN CONDITIONS

The construction shortfall is for added scope of work required and unforeseen conditions in Metro's yard which further delays the project construction completion. The shortfall is estimated and shown as follow:

SHORTFALL ITEMS	TOTAL AMOUNT
Metro Impact Change Orders – Projected Amount	\$2,505,992
Pickle Works Extra Work – Foundation Revisions – estimated	\$500,000
Potential construction claims (note: may not be HBP participating)	\$1,900,000
City's staff (current shortfall from 01/2010 through 04/2010)	\$455,589
City's staff & consultants - Cost to Complete (See Attachment 1)	\$4,500,000
Railroad C&M Agreements (6 months extension)	\$500,000
SHORTFALL SUBTOTAL	\$10,361,581
Metro Request for Phase 1 construction and delay	\$1,551,015
SHORTFALL TOTAL	\$11,912,596

PROPOSED FUNDING SUMMARY

The proposed funding for the Phase 3 construction shortfall is summarized as follow:

PROPOSED FUNDING SOURCES	CURRENT APPROVED AMOUNT	THIS REQUEST AMOUNT	TOTAL AMOUNT
2001 Metro Call Grant	\$3,760,000		\$3,760,000
Federal Highway Bridge Program (HBP)	\$61,595,050	\$5,311,800	\$66,906,850
Proposition C (LADOT) local fund	\$6,736,000		\$6,736,000
CIEP (Capital Improvement Expenditure Plan) City local fund	\$3,500,000		\$3,500,000
Proposition G (Seismic Bond, program contingency, saving)	\$1,465,600	\$688,200	\$2,153,800
Inactive accounts from Seismic Bond	\$3,783,440		\$3,783,440
SAFETEA-LU grant		\$912,596	\$912,596
TOTAL	\$80,840,090	\$6,912,596	\$87,752,686

The total additional funding request of \$6,912,596 is an interim solution to bridge the staff cost shortfall and the immediate need, known at this time, for the additional work in Metro. Of the total requested amount, the SAFETEA-LU grant of \$912,596 will be jointly billed by City and Metro in order to avoid the need to change the original project description approved under SAFETEA-LU. Staff will report on any problems encountered with this billing procedure. The proposed additional HBP grant request of \$6,000,000 requires 11.47% of Proposition G match of \$688,200. Note that Caltrans/FHWA may not participate all the construction costs associated with Metro, particularly for any work outside the original scope of work such as traffic mitigation for the 1st Street westbound closure, delay costs and Phase 1 construction (which was constructed by Metro), and construction

claims.

This funding request will increase the 1st Street Viaduct project budget by \$6,912,596 from \$80,840,090 to a new total of \$87,752,686. Subsequent funding request will follow at the end of the project when the additional amounts needed are known.

JT/jk

cc: Deborah Weintraub - BOE
M. Cardenas/ L. Hancock - CAO
J. Gibson/P.Smith - CLA
J. Koo/ K. Vohran,/ D. Tran / D. Kitagawa/ M. Yang - BOE
File: PG-1