

BUDGET AND FINANCE COMMITTEE REPORT relative to authorization to increase funding for the Sixth Street Viaduct Replacement Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE an increase in the Sixth Street Viaduct Replacement Project budget from \$446,584,800 to \$482,153,771.
2. AUTHORIZE an increase in the contract ceiling of Contract No. C-123545 with Skanska, Stacey and Witbeck, a Joint Venture, from \$273,920,000 to \$300,000,000, and a two-year time extension to December 31, 2021.
3. ALLOCATE \$4,000,000 from Federal Emergency Management Administration reimbursement of Seismic Bond monies to the Sixth Street Viaduct Project.
4. AUTHORIZE the Controller to return \$1,374,740 in matching funds from Transportation Grant Fund No. 655/94, First Street Bridge Project Account No. 94J809 to Proposition C Fund No. 540/94, Revenue Source Code 5693.
5. AUTHORIZE the Controller to appropriate \$1,300,000 within Proposition C Fund No. 540/94, to a new account titled: Sixth Street Viaduct Project.
6. DIRECT the Bureau of Engineering to request up to \$7.7 million in future year budgets to cover the remaining Project shortfall.

Fiscal Impact Statement: The Seismic Governance Committee (SGC) reports that approval of the recommendations in this report may result in a General Fund impact of up to \$7,700,000 for staffing and consultants costs that will be needed in Fiscal Year (FY) 2018-19 and 2019-20.

Community Impact Statement: None submitted.

(Public Works and Gang Reduction Committee waived consideration of the above matter)

SUMMARY

At its regular meeting held on December 5, 2016, the Budget and Finance Committee considered a transmittal from the SGC dated December 1, 2016 relative to authorization to increase funding for the Sixth Street Viaduct Replacement Project budget to \$482,153,771 and authorization for various transactions related to funding for the project.

A representative of the City Administrative Officer provided a brief overview to the Committee of the SGC transmittal. The City Engineer, the Project Manager, and a representative of the contractor, Skanska, Stacey and Witbeck (SSW), also addressed the Committee and responded to questions. CAO reported that a \$28.2 million shortfall in funding was identified as a result of a determination by the contractor that the Project would require an additional eight months longer than originally proposed in order to complete the project. The CAO advises that Caltrans has

committed \$15.2 million toward the \$28.2 million shortfall and of the City's responsibility for the remaining \$13 million, the SGC has identified \$4 million in Federal Emergency Management Administration reimbursements, \$1.3 million in unexpended Proposition C funds from a previous project (1st Street widening), and funding for the remaining \$7.7 million will be sought in FY 2018-19 and 2019-20.

During further discussion of the matter, the Committee expressed concern relative to the shortfall and how it occurred. The City Engineer advised the Committee that during the development of the cost factoring for construction of the bridge, the Contractor determined that additional time would be required beyond the estimate provided to Bureau of Engineering (BOE). The representative of SSW clarified that during the planning for the sequencing of construction, it was determined that work on the foundations would be pushed back to the summer of 2017.

After consideration and after providing an opportunity for public comment, the Budget and Finance Committee approved the recommendations from the SGC. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
MARTINEZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	ABSENT

REW
12/6/16
FILE NO. 14-1510-S7

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