



NEVADA COUNTY TRANSPORTATION COMMISSION

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MINUTES OF SPECIAL MEETING February 15, 2013

A special meeting of the Nevada County Transportation Commission (NCTC) was held on Friday, February 15, 2013 in the Nevada County Board of Supervisors Chambers, 950 Maidu Avenue, Nevada City, California. The meeting was scheduled for 9:00 a.m.

Members Present: Nate Beason, Carolyn Wallace Dee, Jason Fouyer, Ann Guerra, Sally Harris, Larry Jostes, and Ed Scofield

Staff Present: Daniel Landon, Executive Director; Mike Woodman, Transportation Planner; Nancy Holman, Administrative Services Officer; Toni Perry, Administrative Assistant

Standing Orders: Chairman Jostes convened the Nevada County Transportation Commission meeting at 9:00 a.m.

Pledge of Allegiance

PUBLIC COMMENT

There was no public comment.

ACTION ITEMS

1. NCTC/NCALUC Minutes – January 16, 2013 Meeting

Chairman Jostes asked for a motion to approve the January 16, 2013 NCTC/NCALUC Minutes. Commissioner Scofield moved to approve the Minutes. Commissioner Harris seconded the motion. The motion passed with abstentions from Commissioners Beason and Dee.

2. Caltrans Request for Supplemental Funds for the SR 49/La Barr Meadows Road Widening Project

Executive Director Landon stated that the Commissioners had the staff memo and supporting documentation from Caltrans. Tom Brannon, Caltrans District 3 Deputy District Director for Program/Project Management, was introduced by Mr. Landon to make a presentation.

Mr. Brannon referred to the handout provided to the Commissioners and the public that detailed the contingency and supplemental funds needed for the SR 49/La Barr Meadows Road Widening Project, as well as the expenditures to date. Mr. Brannon said he felt badly, as transportation partners with NCTC, that Caltrans let the Commission down by not providing better information to NCTC in a timely fashion so the Commission and the community could have been engaged in the solution to the problem that Caltrans was presenting. He sincerely apologized and said he

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owned the problem. He thought Caltrans could provide a solution out of the situation and took a few minutes to tell the history of the project.

Mr. Brannon said the project started as a \$9.6 million project and there was about \$1.2 million of contingency/additional resources available to handle unforeseen things that come up, of which \$907,900 was contingency and \$305,500 was state furnished materials. He said as the project construction progressed, the "normal" contingencies that come up ran to \$941,700. Mr. Brannon broke that down as \$188,100 in state furnished items such as signal controllers; execution of forty-two Contract Change Orders (CCO) that are normal type CCOs for this size and complicated project totaling \$445,700; future CCOs are projected at \$224,100; there is \$202,200 in contract item shortfall costs where the contract items are either less than or more than what was estimated when the contract was bid, so the price has to be adjusted for the contractor; and there are potential claims outstanding that come to \$69,700. Mr. Brannon said the first part of the analysis points out that had Caltrans had "normal" things happen, there would still be \$83,600 remaining to proceed forward with the job.

Mr. Brannon went on to explain that four expenditures went above and beyond what normally happens. He said the new Construction General Permit (CGP) greatly increased the stormwater work on the project. Dave Catania, Caltrans Senior Construction Engineer, had explained at the January 16th NCTC meeting the additional testing that had to be done on the stormwater runoff from the project. Turbidity was checked and if it was above a certain level, then measures had to be taken over and above what was required in the past in order to reduce that level of turbidity. The increased stormwater work totaled \$322,500 of additional expenses to date. Mr. Brannon added that the drainage modifications related to the CGP cost \$197,000; therefore, those two items came to a little more than one-half million dollars in additional costs on the project. Mr. Brannon reported that \$178,000 was spent on increased traffic handling because they accelerated the construction of the signalized intersection, which was different than originally planned to build the project, in order to provide safer access to the highway. That increased the traffic handling costs because the work was done out of order. He said the oil index went up from the amount planned and budgeted for the job, so that added \$218,000 to the cost. The sum of those four items comes to \$915,500, and when you subtract the \$83,600 remaining funds, it brings the deficit to \$831,900. When rounded to the nearest \$10,000, it brings the sum of additional funds needed to complete the work as specified to \$840,000.

Mr. Brannon said the staff memo created by Executive Director Landon pointed out how the share of the \$840,000 is divided between the Caltrans share of the State Transportation Improvement Program (STIP) funds and NCTC's share of the STIP; the project was set up as a 50/50 split. He said the Corridor Mobility Improvement Account (CMIA) funds and the American Recovery and Reinvestment Act (ARRA) funds that were added to the job were from a grant and there are no additional funds available behind them to ask for. Mr. Brannon said any additional funds that are needed have to be divided by the same 50/50 split.

Mr. Brannon said you have to ask yourself if this overrun could have been avoided. He said Caltrans staff, including Dave Catania and the construction staff doing the administration inspection, and the contractor De Silva Gates, has built a very high quality project. He did not think there were any complaints about the quality or the scope of the work that is there. Mr. Brannon said the mistake Caltrans made was in not tracking the costs more accurately than they did, and not bringing the projections of possible overages of those costs to the NCTC much earlier. He thought Caltrans could have been in front of NCTC as early as spring 2012 with at least the warning that they saw things on the horizons that would probably cause overruns. He said if they had brought that to the Commission earlier, then they would have engaged the

community-at-large in reaching a solution. Mr. Brannon said that was his mistake and he owns it. He said they know that in the future they will be watching costs far more carefully than they have in the past and reporting those costs to the Commission at least quarterly, and as soon as they see anything that looks as if it could turn into an overrun, they would bring it to NCTC staff's attention immediately so it could be elevated to the Commission.

Mr. Brannon said construction staff, design staff, and he himself examined the project very carefully, and he thought if they had brought the issues to NCTC in the spring 2012 instead of now, it would have wound up in the same place; either additional funds would be needed or the same three items of work would have been proposed for elimination. He went over the three items of work that total the \$840,000 that are needed to complete the job. Approximately \$400,000 is for rubberized open-grade asphalt, which would be the final layer. He reported about \$200,000 would go into the more durable thermoplastic striping and \$200,000 would be used to add work to various drainage systems on the job. The drainage systems are working in the current condition; however, the additional money would provide more fortification against future erosion, which the Water Board certainly would want to see. Mr. Brannon said additional work to be done with those funds would be to line various culverts that are in the project area. Those culverts are not yet at the end of their design life, but they are fairly old. He said by lining them it eliminates the potential of a crack forming, a leakage happening, and then turning into a sink hole in the roadway.

Mr. Brannon said when you look at the three items of work, Caltrans certainly does not want to see the drainage go undone. They think it is important, both because they want to be able to tell the Water Board they have done everything they can to fulfill their water quality obligations, and also because of the elimination of potential future problems with those drainage systems. Mr. Brannon reported there are a host of good reasons for having open-grade asphalt: it allows water to run off the tire/pavement interface during a rainstorm. With the water removed, you get less spray onto the vehicles, and it gives a better friction surface for the tires on the road. He said although it is impossible to say that it makes a "safer" road, they can say with certainty that if there are two stretches of road and all things are equal, the stretch of road that has open-grade asphalt will have a lower accident rate during wet events than the surface of road that does not. Caltrans would like to see that asphalt product used on this stretch of highway. He said the road striping that is currently on the road surface is paint that will wear off quickly, but the inlaid thermoplastic striping will last several years and is far easier to maintain so Caltrans Maintenance Operations will not have to be out there exposing state workers to accident conditions, as well as causing back-ups and congestion.

Mr. Brannon thought more importantly than just the individual reasons why open-grade asphalt and thermoplastic striping are a good idea, this is the first stretch of SR 49 that is hoped to be a full configuration of five lanes from Wolf/Combie Road up to McKnight Way. He said Caltrans hopes to build more segments all along SR 49 in order to provide better access for the community, eliminate congestion, lower the accident rate, and provide better commerce up and down that stretch of highway. Caltrans would like this project to be the job that sets the tone for the remainder of those segments to come later, and, as such, what Caltrans wants to see is the job that was designed to actually be built in its entirety; to get the quality product that the Commission and the public wants.

Mr. Brannon said he understands the problem of coming to NCTC asking for money at a late date. However, when you see how much money went into the entire project from the Nevada County STIP shares, it was about \$2.3 million coming from the county's shares, even with the \$840,000 they are asking for; that amount bought the county a \$9.6 million job. Mr. Brannon

stated if it had not been for the CMIA and ARRA funds, it would have taken many years for the STIP shares to build up to the point that the project could be constructed. He realized the Commission has other jobs they want to use the STIP shares for and other projects they want to see go forward. He realized that politics is the art of answering the question, "What have I done for you lately." Mr. Brannon thought the job was a bargain at the amount of money the local community has put in versus the value they are getting out; the job is a tremendous value.

Mr. Brannon said the conclusion he made after examining everything and working with his staff and project team is that they want to complete the project as planned. They were asking the Commission for the entire amount requested so they can go to the CTC and ask for \$840,000 that would be divided from Caltrans Interregional Improvement Program (IIP) shares and half from NCTC's STIP shares. He asked for questions from the Commissioners.

Chairman Jostes thanked Mr. Brannon for his candor. Commissioner Beason thanked Mr. Brannon for being at the meeting and he also appreciated his candor. Commissioner Beason said he was confused with the information presented on contingency, where they noted forty-two "typical" change orders. He asked if they are typical then why were they not embedded in the base contract. Mr. Brannon responded that was a fair question. He went on to explain that in a job of this size it is inevitable that field conditions will vary from what was thought to be the truth as you developed the plans. He said "typical" change orders that are encountered and of the nature and of the dollar amount that can be expected from a long experience of building jobs like this, but were not known at the time the plans were drawn, therefore could not be captured as a bid item. Commissioner Beason stated there were three or four Commissioners who have experience in construction or repair contracts with change orders and they understand them. He thought if these typical change orders exist, you would program for them and put them in the base contract. Mr. Brannon responded that "typical" was a poor choice of words on his part. Commissioner Beason said it was almost like they accept these things as a matter of doing business. Mr. Brannon said Caltrans does not accept them as a matter of doing business, but they know that they have a job with this many items, and when you start to build the project, field conditions are bound to vary from what was first envisioned. Commissioner Beason said he could appreciate that, but he thinks there is a certain casual approach to this; these projects should be vetted with the utmost scrutiny. Mr. Brannon said he did not want to give the impression that this was casual or that Caltrans went into the project saying that they knew there was going to be half a million dollars expended in change orders. However, he said that is the reason they have the contingency to cover the things, from experience, they know are going to pop up, i.e. a rocky outcropping where none was expected to be, and therefore a drainage system has to be moved.

Commissioner Beason asked if anyone involved in the project went to the regional Water Board to explain to them that the task they set out to do, in terms of water quality, was impossible; that it was a "fool's errand". Mr. Brannon replied that no one took that message to the Water Board.

Commissioner Fouyer said it was presented that the Construction General Permit was adopted in 2009, so the stormwater issues have been a part of the conversation since 2009. The bid went out and was awarded in May 2010 and went into effect in July 2010. All of the risk levels needed to be established and filed by September 2010. Commissioner Fouyer said the report states \$15,000 per month was needed to handle this permit. He said it was known almost three years ago that this was going to be an additional cost. He asked at that point, three years ago, did Caltrans think there was going to be enough funds, with the increase in stormwater handling, to where it did not need to be addressed at that point. Mr. Brannon replied that at the time Caltrans went through the SWPPP (Stormwater Pollution Prevention Plan) and became fully cognizant of

how much additional work this was going to be, and as Commissioner Fouyer pointed out, it was early enough and Caltrans' full contingency was still available, they were hopeful that they could fulfill the obligations underneath that new general permit, plus construct the job, all within the dollars they had. Mr. Brannon said the point at which they reached the tipping point, or should have been able to know there was a tipping point, was in the spring of 2012. He said that was where Caltrans let NCTC down; that was the point with which Caltrans should have come to NCTC and said the expenditures for stormwater work are far higher than they expected them to be, and they still had additional work to do with the other change orders mentioned. Mr. Brannon said that was the point at which Caltrans should have been able to come to NCTC and say, "we have a problem".

Commissioner Fouyer asked about the drainage issues not being fixed and said it is known the Water Quality Control Board would like those to be addressed now. He said if the Commission chose not to fund the additional work, and the drainage was not satisfied, and there would be water quality issues, he asked who would be on the hook for those. Mr. Brannon said if the Water Quality Control Board refused to accept the job when they look at the end of the permit and say you have not met the obligations of your permit, he would say that Caltrans and NCTC as partners would be on the hook for that issue, although it is Caltrans that has the actual permit. Mr. Brannon said he is a little unclear on the exact nature of the question. Commissioner Fouyer said Caltrans will have to file their final paperwork with the Regional Water Quality Control Board and they would give the final stamp of approval. His question specifically was, if the Water Board says no, would Caltrans come back to NCTC to finish the drainage or would the work fall on Caltrans? Commissioner Fouyer said Caltrans, in the end, is technically the owner of the project. Mr. Brannon said Caltrans has their name on the permit. Commissioner Fouyer continued, if there is a water quality issue because the additional drainage work is not completed, would it be Caltrans' responsibility at that time or is NCTC on the hook for some of the expense. Mr. Brannon said he did not know the answer to that question and he would have to find out.

Commissioner Harris asked if the Commission did not go forward with the thermoplastic striping, and therefore Caltrans would have to come back sooner to maintain the striping, would not that come out of the Caltrans budget rather than NCTC? Mr. Brannon replied that would be regular Caltrans Maintenance Operations doing the work on a yearly basis repainting the stripes through that section of highway.

Commissioner Scofield said this would probably be a naive question, but he recalled when the bid first went out, the project gave up about \$6 million that went back to the CTC. Mr. Brannon replied that the bids were much lower than the original programmed amount. Commissioner Scofield asked if perhaps the CTC would recognize these issues and would somehow kick in those dollars. Mr. Brannon said he would like to say yes, but no, the CTC would not. He said the funds that were not needed to award this project were put back into the transportation pot and have been allocated to other jobs elsewhere in the state. Commissioner Scofield said if Caltrans had to sit down and face the CTC, they would probably be just as critical of Caltrans. He said if this project had come in at \$1 million higher, it probably would have still been accepted. Mr. Brannon said if Caltrans finds themselves in the position of being in front of the CTC and asking for the same \$420,000, they certainly would have many of the same questions: i.e. What happened? What went wrong? When did you know about it? What are you doing about it? What are you doing to ensure that this is not going to be a recurring item? Mr. Brannon said those would be the questions the CTC will ask Caltrans to answer. Commissioner Scofield said, but no money. He asked if Caltrans has to go in front of them anyway. Mr. Brannon said they have to go to the CTC regardless.

Commissioner Scofield asked if the asphalt on the north and south side of the project was different than what is proposed to be put on this stretch of highway. Mr. Brannon said he did not know what asphalt surfaces are immediately adjacent on either side. He said on SR 49 there are stretches with rubberized open-grade asphalt and stretches without. Mr. Brannon repeated that his push on applying rubberized asphalt is this project is the centerpiece of what is hoped to be a five-lane section of SR 49 composed of many segments to be built in the future, and he would like this project to set the tone for what Caltrans puts out there for the quality of job. Commissioner Scofield asked if it was possible if they could delay this project and make it a separate project of its own and use some of the money designated for the next phase in 2015/16 where there is beginning planning of an additional five lanes. He wondered if some of the money for that project could be used to complete this project because that next project would be years down the road. Mr. Brannon said it is a long ways into the future and because there is a contract with DeSilva Gates for this project, Caltrans either needs to come up with the additional funds to build the scope of job that was bid and contracted, or they need to remove items of work to come within the funds available. Mr. Brannon said it could not be delayed and made a separate project because he could not say with any certainty when any future project would occur or what the scope of the project would be. He added future STIP jobs are a long ways into the future; many years out before additional funds will be accumulated to build that next segment. Commissioner Scofield said 2015/16 is not that far out. Mr. Brannon said that would be programming; construction would fall farther beyond that. Mr. Brannon said, in his opinion, they have the contractor, the scope of work that everyone agreed should be built, and he thought right now would be the time to build the job that sets the tone for the rest of the segments. Commissioner Scofield said the project looks great and he is pleased with the second lane open southbound and he sails through.

Chairman Jostes said he would like to finish the technical questions from the Commission, and then before the Commission deliberates the subject, he will ask the public if they have comments. Chairman Jostes had three questions. He referred to the Crude Oil Index numbers given to the Commission; the four hundred and some dollars versus the five hundred and some dollars; he said it was obviously not the price per barrel of crude oil. He asked if it referred to dollars per ton of asphalt or what the number represented. Mr. Brannon said he could not answer that question and asked Dave Catania, Project Construction Engineer, to answer it. Chairman Jostes said it does not have to be in great depth or technical. He was trying to get a frame of reference, because when he looks at the numbers, if he assumes the five hundred and some dollars number is equivalent to a \$100 barrel of oil, then the lower amount is for a \$71 barrel of oil; that would give him a range that he assumes is correct. He wondered where the number comes from. Dave Catania said Executive Director Landon sent some questions to Caltrans after the January meeting and Mr. Catania looked up the answer to this because they usually just see the oil index and the contract plans. He said there are formulas in the contract and when variations fluctuate more than 5%, they have a formula that compensates, or they get credit back from the contract. Mr. Catania said the California statewide crude oil index is the average posted crude oil price from several major oil suppliers, and the engineer is then responsible for taking it down; it is posted on the Caltrans website and it fluctuates, so they make adjustments on individual contracts according to its fluctuation up or down when it exceeds more than 5% from the oil index at the time of the bid. Chairman Jostes said he read that answer in what Caltrans responded to and he will not pursue the question; it is not that important in the scheme of things. He said still it is known that \$450 versus \$550 is not the price of crude oil per barrel, which is the normal way things are listed. He added if he posted the higher price and made it equivalent to \$100 per barrel, then the lower price would be \$71 per barrel on a ratio basis, and as he looked at crude oil prices over the period of time of the contract that seemed somewhat reasonable. Chairman Jostes said at the early stages of the process, crude oil was in fact down at that level

and then it did rise to \$100+ per barrel. Mr. Catania said they try to project the price and in this case they put it a little bit low. He added that sometimes it goes the other way and they benefit from a dip.

Mr. Catania said he would like to answer the one question that Mr. Brannon was unable to answer about the open-grade asphalt. He stated that on each end of the project there is open-grade asphalt presently.

Chairman Jostes said, on the issue of the surfacing, he wanted to make sure he understood if any part of the project has final surfacing or is the entire project requiring this final surfacing. Mr. Brannon replied that the entire road surface of the project would require that final lift. Chairman Jostes clarified if the project were completed as suggested by Caltrans, then the entire project would have a recoating. Mr. Brannon said yes.

Chairman Jostes referred to the culverts that still needed lining and asked if they were existing culverts or new culverts put in with the project. Mr. Catania replied that they were existing culverts. Chairman Jostes said one could, in fact, argue that if they need lining, that would be typical Caltrans maintenance. Mr. Brannon replied that maintenance would not be the mechanism by which Caltrans would do that repair; it would be done through a capital contract such as the current one for the project. Chairman Jostes said Caltrans would consider that work a mitigation issue of something that would cause problems in the future. He asked if it were correct if they were in some other part of the world and they had culverts that were deteriorating and they lined them, would it come out of their capital project and not your maintenance project. Mr. Brannon replied the work would be done by a capital project.

PUBLIC COMMENT

Chairman Jostes asked for any members of the public to come forward with questions.

Carol Mathis, who lives in Alta Sierra, stated that she and her husband drive to Nevada City several times a week and they have observed various changes in the soundwalls erected and modified and remodified. She said it reminded her of an old song, "Standing on the Corner Watching All the Girls Go By," and it was like driving up SR 49 watching all the dollars fly and wondering why there were so many problems. She wondered if the redwood on top of the stone walls was a part of the original plans. Mrs. Mathis remembered some time ago about putting the redwood up to beautify the walls. She wondered how much additional cost that came to for the project, since they are still putting it up, and she questioned if that money would have helped with the cost overruns. Chairman Jostes asked if the soundwall, as it is being constructed, was consistent with the original specifications. Mr. Catania thanked Mrs. Mathis and said it was a great question and many of his neighbors have asked him the same question, so it is not an uncommon question. Mr. Catania explained that whenever Caltrans widens a section of roadway, there is stringent criteria about how they reduce the noise, and part of that was done during the environmental study when they did a noise impact study. He said when they put the two opposing walls side-by-side they were expecting increased noise in that area, hence the reason for the soundwalls. He stated that originally the soundwalls had a material on them called SoundSorb that is a very absorptive material that is extremely expensive. Mr. Catania said Caltrans did a change order on this contract that saved over \$400,000 in putting the redwood up in place of the SoundSorb, which is a more expensive plaster-looking material. He said the redwood is a softer wood and it had a decent index so they were able to save money. Mr. Catania referred to Mrs. Mathis' question, and said Caltrans has an environmental commitment to meet a sound study criteria that is a federal requirement and that is the reason why the

redwood was used. He said the redwood was a cost savings measure. As much as it looks beautiful and people think it is a waste of money, it was an environmental commitment Caltrans had to abide by. Mrs. Mathis said her personal opinion was the redwood does not add that much beauty.

NCTC COMMENTS

Chairman Jostes asked staff if they had any comments; they did not. Chairman Jostes opened discussion to the Commissioners.

Commissioner Dee said Mrs. Mathis' comment brought up an interesting question as to the \$400,000 savings using the redwood on the soundwalls, and she asked where that \$400,000 went. Mr. Catania said there were four major unforeseen changes that really hurt this project and Caltrans has a contingency and supplemental funds because they expect changes during the life of a project; they had \$900,000 to address these type of changes and they only spent \$400,000 on what they are calling "typical" changes. Commissioner Dee responded that was not what she was asking. She repeated it was stated that \$400,000 was saved on the soundwalls and she asked where that \$400,000 savings was because it would have made the overrun only \$300,000. Mr. Catania said it is all caught up in all the extra work; there are pluses and minuses that get to that number and it is all included in the bottom line. Commissioner Dee commented that, in fact, the overruns then probably were closer to \$2.5 million. Mr. Brannon said as you examine the forty-two change orders that were done, and he apologized again for using the word "typical", one was \$400,000 to their good and many were additional costs. Commissioner Dee said that was great, but Caltrans had a contingency of \$941,000 and they still need \$915,000, but they had a savings of \$400,000. In her mind the \$400,000 saved was used for more cost overruns already, so they are actually at \$2.2 million in cost overruns on this project. Mr. Brannon replied that he would not examine it that way. Commissioner Dee said she would.

Chairman Jostes said the Commissioner discussions would be in two forms: 1) If the Commissioners have comments they would like to make to Caltrans; 2) to negotiate or debate a solution to this issue. He added if any of the Commissioners simply wish to make statements about their concerns or positions on this, it should be done, and then get down to solving the problem.

Commissioner Dee stated she had many concerns about this overrun, and she appreciated that Mr. Brannon took responsibility for it, but it does not solve the problem in and of itself. She said, within the last year, NCTC very specifically said to Caltrans, do not ever ... and she repeated ... do not ever bring us a cost overrun as a surprise again. Caltrans agreed to that; they understood that message very clearly from the Commission. She said out of respect to NCTC and their authority, she thought Caltrans needed to honor that and they have not. Commissioner Dee said unless the Commission sticks to their guns and states Caltrans cannot do this, it is going to continue to happen, and that is not OK with any of the Commissioners. She said NCTC is mortgaging the county's future with funds that NCTC is entitled to, has projects for, and are waiting for the ability to carry them forward. She said Caltrans is taking NCTC's funding from future projects, so the county cannot do the other projects that are also needed. She said the Commission does not appreciate that and does not appreciate that they specifically asked that this would never happen again. Commissioner Dee said she was very disappointed in Caltrans that a project could run this far over and they do not seem to have any knowledge of that or any control of their costs and what is going on. She said this is a huge overrun. Caltrans had a 10% contingency and they are so far beyond that, it is astounding. She said earlier there was a question as to whether this could have been better bid and she thinks absolutely. Commissioner

Dee said the Town of Truckee has worked with Caltrans on many projects where the Town has taken the lead; when a project goes to bid it is cast in cement, and they have never experienced an overrun on a project of this size or even if the project is bigger than this. She said it was doubly concerning to her. She said if the Water Board changed the specs on what they wanted done, they can work with you to help find funding; there are other ways to look at that. Commissioner Dee said she is very, very disappointed in Caltrans at this point.

Commissioner Dee said she was assuming the way Caltrans was talking that the basic project is completed as it is. What is left is the adornments and, yes, the Commission wants the special sealing on the pavement; yes, they want the special striping; yes, they want the culvert liners, and it sounds like this work could come under maintenance. She said one solution to her would be, if it is an \$800,000 project and \$400,000 will be Caltrans' share, and Caltrans goes to the CTC to get their share and uses it on the project for whatever they want to do that they feel is the most critical, then they could leave NCTC's future funds alone. She said if NCTC decides to fund this because of the circumstances, she would also recommend the Commission write a very concise letter to Caltrans District 3 Director Jody Jones explaining why we have done that and then we copy Caltrans Director Malcolm Dougherty and the CTC on that letter. She said these kind of overruns cannot continue and the Commission had sent the message before, but obviously it did not get through to Caltrans. Commissioner Dee said NCTC needs to send the message more clearly and make the "higher ups" understand why the Commission is taking this stand and saying this is not OK.

Commissioner Beason said he agreed with Commissioner Dee on everything except one thing. He said the way he looked at this, whether it is the Water Board or Caltrans, it is a state project and he did not see anything in the report where any actions or lack thereof on the Commission's part caused these overruns. Commissioner Beason said he believed it was up to the State of California, whether it is Caltrans or the Water Board or the two working in conjunction, and whomever else, to make the project whole. He said he has worked with the Water Board for a long time, and despite the rigid nature of their hierarchy and their bureaucracy and their regulatory apparatus, there is some flexibility. He was disappointed that whoever was ultimately responsible for this contract did not see that and did not try to do something about it. He said if it did come late in the game, they may have been able to hang their hat on the fact that they had a project almost in being; he did not know. Commissioner Beason said he thought it was up to the state to fix this, but would that happen – he did not know. He thought this situation needed to be elevated and he was thinking along the lines of Commissioner Dee, but he would go right to the Director of Caltrans. He said the District 3 Director knows about this. Commissioner Dee replied that Mr. Dougherty needs to be made aware of this, but ultimately the project is under Jody Jones, and Commissioner Dee did not think the Commission should bypass her. The letter should go to her with copies to the other bodies. Commissioner Beason said that can be sorted out, but he is not just worried about the money; he is worried about the accountability getting buried in the midgrade level of Caltrans and the great mass of bureaucracy. Commissioner Dee agreed. Commissioner Beason said this is unacceptable and even though our Cooperative Agreement designates splitting overruns, he thinks there is a courtesy requirement that the partner be notified in a timely manner. He said whether we are a partner, a junior partner, or a silent partner; he did not know which; he thought the ironic part was this project started out as a safety "fix", and if you keep pulling items out of it, you have a different safety problem other than was there before.

Commissioner Beason said as far as the idea of the Commission getting a good deal because the Commission put so little STIP into it relative to the cost of the project; he did not buy that either. He said Executive Director Landon and staff wrote what was probably the best proposal the CTC

received when the project was justified; they did a lot of work. Commissioner Beason said himself and others went to the CTC meeting and testified right in the middle of the big cities such as Los Angeles and San Francisco and Sacramento, and the CTC threw Nevada County a few scraps, so he is not willing to buy into the good deal that the county got.

Commissioner Beason said he thought the issue should be elevated in terms of who is paying for the overrun, and he thought it should be elevated in terms of accountability. Commissioner Beason said with respect to community engagement, back when there was a delay with utilities getting moved, he maintained at the time and he still did, that Caltrans could have accelerated that. He also mentioned the first time the Commission was "surprised" with the right-of-way purchase for Dorsey Drive. Commissioner Beason recalled when work was being done on I-80 and trucks were being diverted down SR 20 through Nevada City and Grass Valley, and Caltrans had a community meeting in Colfax, but not our area. He said because of the Board of Supervisors they were able to get some speed limit signs in place and tried to get the trucks to slow down. When that did not work, they got the California Highway Patrol involved, which finally fixed it. Commissioner Beason told the Caltrans representative at this meeting that their record on community engagement is not a good one and he said they not only need to work on it, but they need to take a whole new look at the way they do business. Commissioner Beason said, bottom line, he agreed with Commissioner Dee's point and the Commission does not give up yet.

Commissioner Harris said she had received a question from a constituent that has driven on the new roadway and apparently the current surface, as is, has a bump as you head north on SR 49 into the new area. She said it can actually shift a car and the person felt it was dangerous. Commissioner Harris said if the project is stopped right now with the current surfacing, she assumed that bump would be fixed with the final surfacing, and she asked Caltrans if they were aware of this issue. Mr. Catania responded that Caltrans has a claim on that particular issue with the contractor. He said they have done surveys and Caltrans does not feel the contractor followed their line grade; that is something Caltrans wants to pursue and fix. Commissioner Harris stated then that could happen regardless of the topic in front of the Commission.

Commissioner Harris commented that as was evident in the Minutes from the previous NCTC meeting, she put her two-cents worth in at the January meeting, so she would not go over all of her comments again. She absolutely agreed with Commissioner Beason and Truckee Mayor Commissioner Dee that this is unacceptable. Commissioner Harris added the fact that this has happened for a second time and it causes her to have less courtesy and trust on a go-forward basis. She came to the same conclusion that a letter is in order and she thought it should go, whatever is the correct protocol, to the highest person in Caltrans also. Commissioner Harris thought the Governor's office should receive a copy of the letter as well. She said what this issue exemplifies is the worst side of a large bureaucracy and she thought the public perceives that. She thought this was a real black eye for all of our projects. Commissioner Harris said she worries about all of Nevada County's future projects because the overrun has now happened twice on two big projects; therefore, is it going to happen on the Mousehole in Truckee?; is it going to happen on future SR 49 projects? She does not have a lot of confidence right now. Commissioner Harris stated there is something broken about the perspective that Caltrans has about managing these projects that ultimately belong to our community. She thought a clear message needs to be sent, very crisply and direct, because this is just not tolerable.

Commissioner Dee said, in response to Commissioner Harris' concerns about the Mousehole project, that every time Caltrans has put their hands on the project, even though the Town of Truckee is the lead agency, the cost has gone up. The Mousehole project has gone up from a \$6 million project, to last week where they were told it is now \$10.5 million; that is the result of

changes made by Caltrans. Commissioner Dee said the Town is putting up most of the money and they are the lead, but they do not have control over the cost increases. She agreed that the Governor should receive a copy of the proposed letter and she said he is very good about following through on issues like this. She added that the Truckee lobbyist could also follow through on this.

Commissioner Guerra said she appreciated Commissioner Beason's comment that this was originally a safety project and that is how she looks at it as well. She said it appeared none of the additional work would impact safety and she thought that was really important for people to know. Commissioner Guerra stated the one piece of the project left to do that moved her the most was the drainage issues, and she did not see that as a "set-aside" as one of the options. She completely agreed with the other Commissioners' comments and said she was disturbed when she saw the letter from Caltrans to the CTC, and the statement that says, "At the conclusion of this project Construction will discuss with the PDT lessons learned to help minimize future omissions of this nature." She commented that this is a "huge" overrun and it is frightening from a community standpoint; it is just out of control. She asked who can have any confidence in what our systems are telling us. Commissioner Guerra said it just feels like the communication issue is minimized in regards to their comment about sitting down when it is all through and they are sorry that it happened again. She stated she has the same complete lack of confidence and sees it as a really large systemic issue and thinks it is really important that the Commission approach it in that way. Commissioner Guerra said it is not the individual relationships with the Caltrans representatives in the room at the meeting; it is a larger system and the NCTC needs to address that.

Commissioner Scofield asked for clarification; if the Commission brings this money forward, which projects are the NCTC giving up. Executive Director Landon replied, when NCTC adopted their 2012 Regional Transportation Improvement Program (RTIP), it left \$2.5 million unprogrammed for future projects. Therefore, if the NCTC authorized the supplemental allocation to go forward, and it was approved by the CTC, the Commission's \$420,000 share of that would come from that future programming, but it would not impact an existing project. Commissioner Scofield asked what the repercussions would be if NCTC does not give the funds to this project. Mr. Brannon replied that the short answer would be to drop those items of work from this project. Commissioner Scofield asked if NCTC would then be penalized on the Smith Road/Brewer Road projects. Mr. Brannon stated there is no connection from this action to any other project.

Commissioner Fouyer said he was onboard with the other Commissioners, but he said Caltrans continually used the word "partnership", and the way he looks at the partnership is NCTC gives money and there it goes, and that is the current partnership. He said it is like a really bad marriage and he thought the Commission was currently unhappy in the marriage, only they are forced to be in this marriage. Commissioner Fouyer said he thinks an opportunity exists here to start making improvements in the relationship; now is the opportunity. He said Caltrans has a strategic plan from 2012 and one of the items stated was to meet bid items 100%; that was their strategic plan. Commissioner Fouyer stated that our community has already been faced with a \$1.8 million overrun on the Dorsey Drive project within the last eighteen months and it is disappointing. He told the Caltrans representatives they had taken a decent brow beating at the meeting, but by giving the money NCTC would just continue to reward bad behavior, and at some point-in-time it has to be resolved. Commissioner Fouyer restated that he was in complete agreement with the other Commissioners.

Chairman Jostes said the primary issue was communication and it was also discussed at the January NCTC meeting. He said surprises are the hardest things to manage and NCTC got surprised. Chairman Jostes said he also agreed that the Commission needs to communicate upward to make sure people are aware of the problem. He said he was concerned about a couple of things. He said by not resolving this quickly, and perhaps it will not, because the Commission wants to push this out a little bit and get people aware, but the project is incurring \$15,000 per month until the project is completed for the stormwater engineer. He said until the project is buttoned up and primarily solving the drainage issues that are left, the \$15,000 per month is incurred. Mr. Catania replied that the cost is more associated with stabilizing the job, since once the job is stable, then Caltrans can get off their stormwater permit.

Chairman Jostes said he understands that projects have contingency funding for unforeseen things that come up. He said personally, the most frustrating thing to him, is directed to something else and that is this change of rules regarding drainage and turbidity and all of that. He wished there were a way that the Commission could, in part of this process, make someone understand that these changes of rules that just pop up, and somebody decides turbidity is going to be this versus that costs communities a lot of money; in this case, combined, over half a million dollars. Chairman Jostes stated he does not remember anyone asking him what the turbidity should be; somebody decides these things and the community ends up paying for them. He said he understood that everyone is trying to make the environment as clean as possible, but there is a cost to all of this and he would like, as part of this process, or whatever this Water Board is, which he has no knowledge of what the Water Board is, what its authority is on this project, and how NCTC is going to communicate with them. Chairman Jostes thought the Water Board should understand that they are costing this community half a million dollars, and in the world he comes from, he would ask them, "What did I get for the half a million dollars?"

Chairman Jostes asked if the Commission decided not to fund this overrun and Caltrans did not do the overlay, striping, and the culvert liners, if there is still work to be done and can it be absorbed outside of the \$840,000. He asked if there is still contingency money to do that. Mr. Catania said Caltrans is pretty close to wrapping up the project right now and people are driving through. He was not sure he understood the question. Chairman Jostes said he was not sure he could recreate the numbers, but he got the impression that with this extra work there was still work that needed to be done besides the three large items. Mr. Catania said the \$200,000 is for extra work Caltrans identified to fortify the project and bring it to the standard that is being asked. Chairman Jostes asked "if" NCTC did not agree to the \$840,000, would that work still get done? Is there money to do the work? Mr. Catania replied no, there is no money to do that work. Commissioner Dee asked Chairman Jostes if the project would be completed without these cosmetics. Chairman Jostes replied that he did not consider them cosmetics, but he was asking if the major items were not done, if there is money to otherwise complete the project to a satisfactory state. Chairman Jostes restated there is resurfacing, culverts, and striping still to do. He asked if NCTC chose not to do the \$840,000, those three things would not be done – is that correct. Mr. Catania replied that is correct. So Chairman Jostes asked Caltrans if there is any other remaining work that exists beyond those three items; is there money to complete that work without requiring any of the \$840,000. Mr. Catania replied no. Chairman Jostes said if NCTC does not fund the \$840,000 they would essentially be telling Caltrans to pick up your things and walk away, with the project as it is now. Mr. Catania said Caltrans has the money to finish the stabilization to get off the stormwater permit and put in the recessed striping and they would use a temporary paint-based stripe versus a thermoplastic stripe. Chairman Jostes clarified that Caltrans was saying they would leave the project in what would be considered a reasonable and completed state, without asking for additional funds. Mr. Catania replied yes.

Chairman Jostes agreed that this issue should be moved up the line, but he is concerned that this process takes time and there still is no money solution because the Commission does not know what the consequences of going up the line is. He believed there was a general agreement among the Commissioners to go up the line in several channels to several people to make sure they understand what the process is, and he would like to include the Water Board or whomever that bureaucracy is that they understand they have cost this community a lot of money. He said that is one item. Chairman Jostes said the question then is, if that is where we leave this meeting right now, it leaves NCTC with an open project with continuing costs, so he asked the other Commissioners what they would like to do at this point.

Commissioner Dee said her suggestion was to decline the funding and write a letter explaining why NCTC has declined, and go up the ladder to the CTC, the Governor, Jody Jones, and Malcolm Dougherty, explaining why in detail, this is a second warning, explaining the previous problems with communication issues that are there, and ask that those be addressed. She did not say to leave the project open. Commissioner Dee said to invoke communication within the organizations and to possibly get direction from the Governor. She stated this is a serious problem and NCTC is not the only body that has had to wrestle with this.

Commissioner Beason said that was the way he understood it, but he also understood that this elevating it would be giving the state an opportunity to make the project whole. Commissioner Dee said, yes, they can do that, but she desired to turn down the funding and close out the project so there are no additional costs. Commissioner Beason agreed to these ideas.

Commissioner Dee asked if an Environmental Impact Report (EIR) was done on this project. Mr. Brannon replied that he did not know the level of the environmental document that was used to clear the job. He said there was certainly an environmental document that was prepared, but he did not know if it was to the level of an EIR, or a Negative Declaration, or something less. Commissioner Dee said that means the Water Board must have signed off on it, so when they put extra into the project, at that point someone should have gone back to them and stated there was an environmental document that they accepted. Commissioner Fouyer said he thought it was important that when they speak about the Construction General Permit, it is not a permit specifically for Caltrans. It is a permit that affects anyone in the entire construction industry that disturbs over an acre of land. Therefore, if you were to go build a house today and you were to grade over an acre of land, you also would be under the same restrictions that Caltrans is under. He said it is not any extra Water Board restrictions placed upon this project; it is across the board for all projects.

Commissioner Dee recommended NCTC request the project be closed and then send the letter explaining why the Commission declined funding. Commissioner Harris said she was ready to support that.

Commissioner Scofield said the Commission was mad and frustrated, but there is a \$2.5 million reserve they were just told. He asked if NCTC was giving up a good final project just because they were mad and frustrated. Commissioner Beason said he did not think the Commission was there yet. He thought the Commissioners were saying to try to give the senior people at Caltrans an opportunity to find a solution to the funding. Commissioner Scofield said, obviously, the longer the Commission waits the costs continue to go up; otherwise they would not be sitting at a special meeting to discuss the issue. Mr. Brannon said he did not know of any mechanism by which anyone at Caltrans can develop any funds to add to this project. He said if they go to the CTC, they are going to look at the same agreement and say funds were set up as a great deal of money came in from ARRA and CMIA, but the additional funds came as a 50/50 split between

the locals and the Caltrans share of the STIP. Mr. Brannon thought that was where the funds would come from, if any additional funds come. Commissioner Beason said he did not know if the others would know that NCTC got the big surprise though; just because there is no mechanism does not mean they cannot find a mechanism. Commissioner Harris agreed. Commissioner Dee said if NCTC sends a letter they will know about all of this. Commissioner Dee clarified that she was not angry; she is disappointed and she is concerned that Caltrans has not held up their end of this bargain. She said we were not partners in this project; we funded it, but we were not partners. Mr. Catania asked to say one thing to the Commission. He said he has lived in this community since 1997 and he really takes pride in his work. He said he was greatly saddened to come before the Commission with this bad news. Mr. Catania said he has done almost \$300 million worth of great work in Commissioner Dee's area of Tahoe on the Donner I, II, and III projects. He said once in a while you get one of those projects that just bite you and this one bit Caltrans. He asked the Commission to not give up on Caltrans. Mr. Catania said it is not a systemic problem. Commissioner Dee said, with all respect to Mr. Catania, the Commission was not giving up on him and they were not blaming him. She said it was just part of the system, but the failure was communication and there is no excuse when there is a \$2 million overrun that the Commission was not made aware of it, specifically when the Commission asked one year ago that any time there is any deviation, that the NCTC must be made aware of it. She said, there-in is the problem. Mr. Catania agreed.

Chairman Jostes said his main concern is that the Commission go down a path that does one of two things: 1) either exposes NCTC to continuing future costs until there is some resolution; 2) or that NCTC in fact take the decision as a group to stop the project in its current state, and he personally was not completely comfortable with that. Chairman Jostes said he understands the problems, the frustration, and all of that had been vented quite well. He said, at the end of the day, the Commission's responsibility, he believed, was two-fold: 1) the fiduciary responsibility of making sure funds are spent correctly; 2) the responsibility in this particular case to deliver to the public an appropriate project that is finished in some fashion. Chairman Jostes said it can be argued if each of the three items are needed or not, but he would argue that the project, in fact, is not properly finished yet, in his opinion. He said he would hate to see the Commission leave the meeting under two conditions: 1) open-ended with continuing costs occurring; 2) a decision assuming that, in fact, we do not get support from above with money, that the Commission is leaving the meeting with the decision to stop the project right now and leave it in the current conditions. Chairman Jostes said he personally viewed either one of those as not the correct course of action.

Chairman Jostes said that leaves the Commission in a bit of a quandary because he is not sure they seem to be ready to make a firm decision yet on this. Chairman Jostes said if they go down this one path, the community could end up with the project in its current state with no recourse later on. He asked if the Commission was prepared to do that. Commissioner Fouyer said one of the things under discussion was the closing out of the stormwater permit, which is the reoccurring costs that are of concern. He said if Caltrans were to pack up the project right now, they would close out the Stormwater Pollution Prevention Plan (SWPPP). He said for Caltrans to come back and finish these other items for the projects, they would not need to do another SWPPP to line the culverts, to do an overlay sometime in the future when the funds are available, and to do the thermoplastic striping. Mr. Catania replied any construction work requires some permit; whether it is a SWPP or a Water Pollution Control Plan. He said if they close the project now and come back later, they would have to start up another permit. Commissioner Fouyer said that the risk level would probably not be at the same level that it is currently needed and they would not have to deal with the turbidity requirements. Mr. Catania said that was true; he said they would probably need a Water Pollution Control Plan at a lesser

cost. Commissioner Fouyer said the current costs occurring could be ended and still be able to take the fight to hopefully have the remaining project items funded.

Commissioner Beason said he must have missed something and asked why the project had to necessarily be closed. He asked how long would it take for a letter to get to Caltrans and the CTC to give them an opportunity to say something to NCTC. Executive Director Landon stated this item will be on the March 5th CTC Agenda, and the purpose of holding the special meeting was to determine whether or not NCTC would support the CTC taking action on Caltrans' request for additional funds. He said a letter would go out immediately following this Special Meeting to convey whatever was the desire of the Commission. Mr. Landon said beyond the March meeting, it goes back to holding the project open and incurring costs. Commissioner Beason said the project has gone on so long, he was at a loss to understand what the fiscal risk would be; possibly \$15,000 to \$30,000. He said he would rather pay that than \$420,000. Commissioner Beason asked if he was missing something here. Mr. Brannon said in order to get on the CTC March Agenda, information had to already go to them. He said what it comes down to, and he realizes the sincerity of reaching out to the Governor and Mr. Dougherty, but there literally is no mechanism for additional funds to come into the project. Mr. Brannon said they will go back to the agreement of where the original funds came from and the CTC will look at adding funds to the project in that same mix. He said that is literally the only way that more money can come into the job. Commissioner Beason said he was lost again. He stated it is exemplary that we are three weeks away from the CTC meeting, and he questioned if an agenda item can be modified or changed. Commissioner Beason said he thought there would be a way to take care of that through a letter and some phone calls to the right people. He asked if the CTC would be meeting in April. Mr. Brannon said no.

Chairman Jostes restated the problem and said he was assuming that NCTC would send out the letters immediately. He said the Commission may or may not get a reaction immediately, and even if there is a reaction immediately, it may be negative. He stated the Commission may not get additional funds, so they would be sitting at that point-in-time at the exact current spot, only a letter has been sent. Chairman Jostes said he was willing to vote to send the letters, but it seemed to him that if the Commission follows that course of action, the Commission would have to meet again to deal with whether or not they will fund any or all of the project overrun items. He asked if he was wrong on that.

Commissioner Harris addressed Commissioner Scofield's comment first and said she was not angry at this meeting; she was angry at the January meeting because it was such a bombshell. She said there was nothing in the meeting packet to warn the Commission of the issues. Commissioner Harris said today she views this as such a serious matter. She thought the word "disappointment" was appropriate. She said she was prepared at this meeting to say, given that the Commission has been told the project as it stands right now is satisfactory, to risk stopping the project right now. Commissioner Harris said it is not an emotional response, but it is a willingness to stand firm and say that this is unacceptable, especially because it is the second time it has happened. She said it should not be on the back of NCTC in the form of whatever future projects that will be necessary. She said that was where she was standing, which was a little different from Chairman Jostes.

Commissioner Beason said he was not angry either; he was frustrated and he has been frustrated. He said the Commission has to stop living with the ineptitude that comes out of Sacramento, and all of the rules and regulations, and all the things that had been discussed at the meeting. He said the State of California is in a mess. Commissioner Beason said, in his opinion, NCTC has to try as best as they can to at least stick up for Nevada County.

Commissioner Dee made a motion to stop the project as it stands and send letters of clarity to the CTC, the Governor, the Director of Caltrans, and the Director of District 3, explaining why NCTC has taken this stand. She said to make it very clear that this is nothing against the project; it is in satisfactory condition, in spite of the "cosmetic" things not being done. Commissioner Dee said, if she has heard this correctly, the drainage work can be done outside of this project, the striping can be maintained outside of this project; so the project can be shut down as it stands today and the responsibility for it extends to Caltrans. Commissioner Harris seconded the motion. Commissioner Beason asked if the Commission wanted to copy Assemblyman Dahle, Senator Gaines, and Senator Nielsen on the letter. Commissioner Dee responded affirmatively. Chairman Jostes said he would add from his own personal point-of-view that the Water Board needs to be made aware of what they have cost the community or the legislation they are following. Commissioner Dee said she would accept that as an amendment to the motion.

Chairman Jostes clarified that if this motion passed, and there would be no funding coming forward from any source, then the Commission is at the end of their story on this. Mr. Brannon said not necessarily. He said the agenda item is still in front of the CTC to request the \$840,000. Commissioner Beason said he would hope someone from the CTC would include the letter from NCTC in the agenda package. Executive Director Landon said if NCTC passes the motion, then staff would send a letter to the CTC saying that we do not support the action on the agenda. He did not know if the CTC would withdraw it from the meeting at that point or not. Chairman Jostes asked if there would be any way that the CTC would approve Caltrans' \$420,000 and it could be used on what would be most beneficial to the project, but NCTC would not provide their \$420,000. Executive Director Landon said he believed Mr. Brannon was correct and the CTC would not do that. Chairman Jostes clarified the amount would have to be matched by NCTC.

Chairman Jostes called for a vote. Roll call was asked for to specifically clarify each individual Commissioner's vote. Commissioners Beason, Dee, Fouyer, Guerra, Harris, and Scofield voted in favor of the motion. Chairman Jostes voted in opposition to the motion.

COMMISSION ANNOUNCEMENTS

There were no announcements.

SCHEDULE FOR NEXT MEETING

The next regularly scheduled meeting of the Nevada County Transportation Commission is on March 20, 2013 at the Nevada County Board of Supervisors Chambers, 950 Maidu Avenue, Nevada City, CA.

ADJOURNMENT OF MEETING

Chairman Jostes adjourned the meeting at 10:25 a.m.

Respectfully submitted:



Antoinette Perry, Administrative Assistant

Approved on: March 20, 2013

By: 
Lawrence A. Jostes, Chairman
Nevada County Transportation Commission

LaBarr Meadows Overrun and Funding Request Summary

Additional Resources (Funds Available at Beginning of Contract)		
Contingency & Supplemental Funds	\$	907,900
State Furnished Materials		305,500
	\$	<u>1,213,400</u>
Funds Used to Date:		
State Furnished		188,100
Extra Work:		
Typical CCOs (42 total)	445,700	
Future CCOs	224,100	
Contract Item Shortfall	202,200	
Item Adjust & NOPC	<u>69,700</u>	
Subtotal (Expected Needs)		<u>941,700</u>
Expected Balance	\$	<u>83,600</u>
Additional Expenditures:		
New CGP Increased Stormwater Work	322,500	
Drainage Modifications related to CGP	197,000	
Increased Traffic Handling	178,000	
Oil Index	<u>218,000</u>	
Subtotal Unexpected Needs		<u>915,500</u>
Shortfall after Unexpected Needs	\$	<u>(831,900)</u>

Rounding to nearest \$10,000, we request **\$840,000** to complete the work.

