



## **PRESS RELEASE**

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*FOR IMMEDIATE RELEASE*

### **Caltrans and Contractor Agree to Settlement on 60/91/215**

The California Department of Transportation and Washington Obayashi Joint Venture (WOJV) have agreed upon the terms of a settlement which finalizes all of the outstanding contractual and financial issues between the two parties. Given its role as a financial participant, the Riverside County Transportation Commission (RCTC) concurs with the settlement and will take action on Wednesday, February 11, 2009 to allocate funding to complete the transaction.

“The completion of this project has made a dramatic improvement in commute times and builds an excellent foundation for additional improvements throughout the freeway system,” said RCTC Chairman Bob Magee who also serves as the Mayor of Lake Elsinore. “The contract settlement is critical because we can move forward with new projects, and we do so armed with a number of lessons learned and keener knowledge of how to best deliver major projects.”

The 60/91/215 project was delivered under the Design Sequencing Pilot Program authorized by the Legislature to evaluate alternative methods to accelerate project delivery. Caltrans Director Will Kempton credited the partnership that worked to build and fund the project in spite of the

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challenges faced by the uncertainties of design sequencing. "RCTC's funding and support was instrumental in making this project possible," said Kempton. "This settlement enables our agencies to move forward on additional projects in the future."

The use of Design Sequencing proved to be controversial engendering criticism from legislators and the news media. In spite of the controversy, most parties agree that the project would have never started as soon as it did because of the pilot program that was created by the Legislature.

"I'll make no apologies for getting a transportation project done sooner," said RCTC Chairman Magee. "The bottom line is that people are getting home sooner thanks to the project and this is a settlement that we can live with that covers the true cost of the project and prevents litigation."

Under terms of the project funding agreement, RCTC is responsible for \$20 million of the increased cost. RCTC is expected to approve the allocation at their February 11, 2009 commission meeting. The remaining balance is scheduled for CTC approval on February 18, 2009. Completion of construction on December 31, 2008, triggered discussions to resolve outstanding contract related issues and agreement on the final project construction cost. The action also requires the approval of the California Transportation Commission (CTC). All payments made to the contractor are for direct project costs borne by WOJV. The final payment will not include any markups for profit and resolves all potential claims. Upon approval by both RCTC and the CTC, final contract documentation and payment will be completed by March 31, 2009.

Local business leader Joe Tavaglione serves on the CTC which will consider the request for additional funds later this month. "This project almost sat on the shelf because of a lack of funding during a previous state budget crisis," said Tavaglione. "Between the use of design sequencing and through aggressive financing, RCTC and Caltrans made sure it went to the construction, and that's why we have such an important improvement to our freeway system."

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