



MEMORANDUM

Date: September 10, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Select Development Roadway Contract**

Select Development is under contract to Pima County to construct three projects: 1) Homer Davis School Transportation Enhancement project; 2) La Canada: Ina to River; and 3) Magee: La Canada to Oracle. Given the challenges encountered with completing these projects in a timely manner and with a continued expression of concern for prompt delivery by subcontractors on these projects, our Department of Transportation (DOT) staff is closely monitoring required performance under our contracts with this company.

Attached is a September 8, 2014 memorandum from DOT Director Priscilla Cornelio, which is the most recent update on these three projects.

Also attached is a September 9, 2014 memorandum from Ms. Cornelio that documents recent information provided to Supervisor Miller's office. One clarification to this memorandum is that the 529 days allowed for completion of the contract includes the 49 additional days that have already been authorized.

If you would like any additional information regarding this matter, please contact Ms. Cornelio or Deputy County Administrator John Bernal.

CHH/mjk

Attachments

c: John Bernal, Deputy County Administrator for Public Works
Priscilla Cornelio, Director, Department of Transportation



MEMORANDUM

DATE: September 8, 2014
TO: C.H. Huckelberry, County Administrator
FROM: Priscilla S. Cornelio, P.E., Transportation Director 
SUBJECT: Update Regarding La Cañada Drive, River Road to Ina Road

Per your memorandum dated May 19, 2014, attached is the biweekly update report regarding La Cañada Drive: River Road to Ina Road. We have also included the status of two other projects, Magee: La Cañada to Oracle and Homer Davis School which are being constructed by Select Development.

Please let me know if you have any questions.

PSC:dg

Attachment

c: John M. Bernal, Deputy County Administrator for Public Works
George Widugiris, Director, Procurement
Ana Olivares, Deputy Director
Rick Ellis, Division Manager
Thomas Kilargis, Division Manager

Select Development Project Progress Updates

September 8, 2014

4LCRRI La Cañada, Ina to River

NTP: May 7, 2012

Contract Time: 529 Working Days (1)

Days Remaining: -42 - (-42 days of LDs) Working Days (as of week ending September 5, 2014)

Note 1: Original Time was 480 Working Days. Approved time extensions have added 49 days.

Progress:

Select continues working on drainage outlet on box culvert 1 just north of Roller Coaster Road, as well as, earthwork at Orange Grove intersection. Curb work ongoing on medians throughout project. Base paving complete, except for minor corrective work. Landscape subcontractor has returned to work week of July 14, 2014 and is working throughout the project. Noise wall artwork is not complete. Wall subcontractor has not been on project since June 26, 2014. Major work not completed is signals, lighting, and drainage excavation, including slope paving and rip-rap, driveway paving, final lift of ARAC and cleanup work.

PCDOT Actions:

Estimated ARAC paving date per Select's last schedule is September 24, 2014 with striping, signing and cleanup scheduled into November. Contract time expired on Tuesday, July 1, 2014 and liquidated damages continue accumulating. PCDOT staff continues to meet regularly with Select to discuss schedule and overall progress, as well as highlight key areas of emphasis such as rainstorm protection, completion of side streets and driveways and other time critical activities. PCDOT is reviewing the last updated schedule submitted by Select on July 14, 2014.

Sub-Contractor Payments:

PCDOT continues to work through subcontractor/supplier payment issues.

PCDOT Actions:

PCDOT will continue working with both Select and their subcontractors. PCDOT continues to provide updated information to ADOT regarding this issue.

SWPPP:

PCDOT Erosion Control Coordinator and Contractor counterpart continue to conduct regular inspections, document the inspections and correct any deficiencies that need correction.

PCDOT Actions:

PCDOT will continue monitoring SWPPP.

Claim:

Select submitted a Request for Information (RFI) Response Time Delay Claim seeking compensation of \$2,434,909.90. PCDOT denied this claim due to not giving proper notification as outlined in Section 105 of the Standard Specifications. Select does not accept denial and sent a letter on June 17, 2014 stating the claim amount has risen to \$3,208,005.14. The claim was escalated to the Director's level.

Select Development Project Progress Updates

September 8, 2014

PCDOT Actions:

Select's claim for compensation was denied on August 13, 2014. Select responded on September 3, 2014 stating PCDOT is delaying resolution by total denial and has no intention of resolving this matter. Select requested a meeting with ADOT and FHWA to discuss the handling of these issues and the management of the project as a whole. PCDOT responded on September 5, 2014 again stating their claim was denied because it lacks justification and fails to demonstrate which tasks, if delayed, delayed the project as a whole.

In anticipation of legal action by Select, County Attorneys' office has retained specialized legal services to assist PCDOT. PCDOT has conferred with County Attorney's office prior to sending any responses to Select.

Select Development Project Progress Updates

September 8, 2014

4MRLCO Magee III, La Cañada to Oracle

NTP: October 28, 2013

Contract Time: 300 Working Days (2)

Days Remaining: 89 Working Days (as of week ending September 5, 2014)

Note 2: Select has requested a 35-day time extension for a Tucson Water issue and a claim for 6 days for a dip section on Northern Ave. The 35-day request remains unresolved as PCDOT waits for additional information from Select. The 6 days has been approved and will be added to the contract time when Select signs the contract amendment adding the days. Select has stated there will be additional costs associated with these issues.

Progress:

Select working on Tucson Water dip sections and tie-ins north and south side of Magee, and pre-cast box installation along with miscellaneous drainage work on the south side of Magee. Pre-cast box number 3 on the north side of Magee next to Northern Ave has been excavated anticipating the delivery from Jenson Pre-cast. Due to weather, box number 3 has been delayed. Select completed detours for drainage work and curb installation. Select has paved west and central eastbound lanes in preparation for traffic switch to the south.

PCDOT Actions:

Estimated completion date per Select's schedule is January 2015. PCDOT staff has at minimum, weekly meetings with Select to discuss schedule and progress. On July 29, 2014 PCDOT sent a second letter to Select regarding Prosecution and Progress of Work. The letter explained Select had completed 18% of contract work, used 61% of contract time and requested a recovery plan from Select. Select responded on August 5, 2014 stating waterline redesign, subcontractor payment interference and unresolved claims on the other two projects have affected their ability to work on Magee. PCDOT responded August 22, 2014 stating waterline redesign delay has not been resolved since Select has not submitted a schedule showing how the issue affected the critical path. Even if the delay was substantiated, it only accounts for 35 days. The letter reminds Select they chose to bid this project and complete within the time allotted and they have not provided any evidence that PCDOT is hindering their progress. On August 26, 2014 Select submitted an electronic copy of the project schedule.

Sub-Contractor Payments:

PCDOT continues to work through subcontractor/supplier payment issues.

PCDOT Actions:

PCDOT will continue working with both Select and their subcontractors. PCDOT continues to provide updated information to ADOT regarding this issue.

SWPPP:

PCDOT Erosion Control Coordinator and Contractor counterpart continue to conduct regular inspections, document the inspections and correct any deficiencies that need correction.

Select Development Project Progress Updates

September 8, 2014

Actions:

PCDOT will continue monitoring SWPPP.

Sub-Contractor Approvals:

When Select was awarded the contract by the BOS, the Board stipulated that all sub-contractors not shown in the initial sub-contractor list submitted at bid time, be brought to the BOS for approval before starting work. Select is following through with this, though it has been challenging for Select to obtain sub-contractors.

Blue Diamond was a DBE subcontractor on this project and was terminated by Select. Select is responsible for providing another DBE subcontractor to meet their DBE goals. After a meeting between PCDOT and Procurement on August 26, 2014 it was decided that Procurement would send a letter to Select reminding them again that they need to identify a substitute DBE since they terminated Blue Diamond and they no longer have a DBE subcontractor to meet their DBE goal. Procurement has been trying to get a response from Select since July 25, 2014. On August 25, 2014 Procurement sent a letter stating Pima County would enforce a sanction on Select until a substitute DBE was identified or Select provided documentation of a good faith effort. On September 4, 2014 Select responded they have been unable to secure a DBE subcontractor to replace Blue Diamond and are now looking at meeting their goal with landscaping or paving. They are in negotiations with Diggum (landscape); however, they have not agreed on scope or price. They requested the sanction be postponed until next pay period.

PCDOT Actions:

PCDOT staff is readily available to place request for new sub-contractor on BOS agenda as quickly as possible.

Procurement responded on September 8, 2014 that the sanction would be relieved once a contract has been signed with the DBE substitution and approved by ADOT BECO (Business Engagement Compliance Organization). The sanction amount is \$247,280.00, the amount of DBE goal.

Claim:

No claims have been submitted on this project, though the time extension requests could potentially become requests for extended overhead compensation.

Select Development Project Progress Updates

September 8, 2014

4HDBPE Homer Davis School TE

NTP: June 20, 2013

Contract Time: 125 Working Days (3)

Days Remaining: 1 Working Days (as of week ending September 5, 2014)

Note 3: Throughout the construction duration, several utility conflicts arose which required a number of new design and re-design efforts. Contract time (working days) was not charged for utility impacts and design changes.

Progress:

Project items of work are substantially complete. Select working on punchlist items prior to Final Acceptance.

PCDOT Actions:

PCDOT will continue to work with Select to close out project as quickly as possible.

Sub-Contractor Payments:

PCDOT continues to work through subcontractor/supplier payment issues.

PCDOT Actions:

PCDOT will continue working with both Select and their subcontractors. PCDOT continues to provide updated information to ADOT regarding this issue.

SWPPP:

PCDOT Erosion Control Coordinator and Contractor counterpart continue to conduct regular inspections, document the inspections and correct any deficiencies that need correction.

PCDOT Actions:

PCDOT will continue monitoring SWPPP.

Claim:

Select has requested compensation for additional home office and loss of profit based on extended contract time and increase in project scope.

PCDOT Actions:

PCDOT responded that all alterations to contract were fairly and equitably adjusted as warranted in 6 change orders and contract time extension is also due to contractor inefficiencies; therefore, request was denied.

Select responded on August 5, 2014. They do not concur with PCDOT's assessment of the project and has requested this issue be escalated to the Director's level. PCDOT held an internal meeting on August 20, 2014 to discuss the best options for this escalation. Due to recent experiences with escalation meetings with Select, it was determined that a face-to-face meeting with them would not be productive.

Select Development Project Progress Updates

September 8, 2014

The Director has all the necessary information to determine the request for additional compensation is not warranted. A formal response to Select stating such was sent August 27, 2014. In anticipation of legal action by Select, County Attorney's office has retained specialized legal services to assist PCDOT.



MEMORANDUM

DATE: September 9, 2014
TO: John M. Bernal, Deputy County Administrator – Public Works
FROM: Priscilla S. Cornelio, P.E., Director 
SUBJECT: Select Development

Yesterday, Supervisor Miller, District 1, requested the following information from DOT regarding Select Development the contractor on the La Cañada: River to Ina Road and Magee: La Cañada to Oracle Road project. She wanted to know how much the La Cañada Select contract was and if there had been any amendments. She asked about the contract time and how DOT charges liquidated damages. She was informed that the contract was for 529 days and DOT had approved 49 additional days. She asked who had approved those and was informed the Division Manager at Field Engineering approves those.

Supervisor Miller also asked about assessment of liquidated damages. It was explained that DOT does not deduct them on each monthly estimate but it is determined at the end of the contract. For each monthly estimate the contractor is paid for work completed. Supervisor Miller also asked about the subcontractors that are complaining about not being paid. It was explained to her that as we have no contract with the subcontractors, we always refer the subcontractors back to the prime and also provide the name of the payment bond company because that is where they should be going to voice their concerns.

Latest payment information

La Cañada, River to Ina
Paid through July 25, 2014
Paid \$14,580,079.65 (they have billed \$15,347,452.26 and we retain 5%)
To date they are approximately 85 to 90% complete
There have been 9 contract amendments totaling \$241,821.20

John M. Bernal, Deputy County Administrator – Public Works

Select Development

September 9, 2014

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Magee, La Cañada to Oracle

Paid through July 25, 2014

Paid \$1,618,892.89 (they have billed \$1,798,769.88 and we retain 10%)

To date they are approximately 20 to 25% complete

There have been zero contract amendments

District 1 also requested copies of the contract documents and the bond information. The Procurement Department explained to District 1 staff how to find the information on econtracts and we understand they have printed out the contracts. The performance and payment bond information is provided at the end of the base contracts. We understood this information addressed all her questions.

Please let me know if you have any questions.

PSC:AO:dg

c: Ana Olivares, Deputy Director for Infrastructure
Tom Kilargis, Filed Engineering Division Manager