

ENGINEERING-CONSTRUCTION DEPARTMENT

San Diego Unified Port District

On April 5th, 2018 the District’s Construction Team and Contractor, Dick Miller Inc., met to discuss and finalize the outline agreement for a comprehensive change order for the Demolition and Site Improvements of Transit Shed 1 at Tenth Avenue Marine Terminal – TIGER Project that ultimately presents cost savings through value engineering methods. Because the Contractor initiated 2 out of 3 of the cost savings elements, the District will partner with Dick Miller Inc. and split estimated net savings.

Cost Savings Proposals of the Change Order

This change order consists of three (3) cost saving elements culminating from the value-engineered efforts resulting in a reduction to contract amount. The elements are as follows:

1. Transit Shed 1 Pavement Revision: Reduction in new Portland concrete cement pavement (PCC) system and increase in asphalt concrete (AC) pavement system.
2. Re-use of Excavated Soil (Future Office): Onsite re-use of excavated soil from the future staff office site location near front terminal entry gates.
3. Re-use of Excavated Soil (BMP Units): Onsite re-use of excavated soil from the storm water bio-filtration units location.

Element 1 - Transit Shed 1 Pavement Revision

The Maritime and Engineering-Construction Departments have determined that the originally designed PCC pavement system footprint within the former Transit Shed 1 boundary can be reduced in a specified area – originally designated for loading capable of three (3) stacked containers with cargo. This determination has resulted in a reduction of 25% of the original 113,000 SF footprint area designed to be PCC pavement and replaced by an associated increase of the area with lower cost AC pavement. This PCC reduction of 25% will result in substantial cost savings of approximately **\$450,000**. Table-1 identifies the change to each of the Contract Bid Items related to this change and the associated cost savings results.

Contract Bid Item	Description	Unit	Unit Price	Cost Reduction to Contract			
				Original Contract		25% PCC Reduction	
				Quantity	Total	Quantity	Total
9	Unclassified Excavation, TS1 Site	CY	\$7.00	35,000	\$245,000	+ 698	(\$4,886)
13	Soil Disposal at Chula Vista Facility	CY	\$9.00	35,000	\$315,000	+ 698	(\$6,282)
15	CTB Base (Bays A & B)	SF	\$2.00	113,000	\$226,000	- 28,250	\$56,500
16	Concrete Pavement (Bays A & B)	SF	\$21.00	113,000	\$2,373,000	- 28,250	\$593,250
17	Imported Class 2 Aggregate Base for AC Pavement	CY	\$22.00	2,000	\$44,000	+ 2,092	(\$46,024)
19	Asphalt Pavement (Bay C & Other Locations)	SF	\$5.00	64,000	\$320,000	+ 28,250	(\$141,250)
TOTAL							\$451,308

Table-1: Revised Bid Items for 25% PCC Pavement Reduction.

Element 2 - Re-use of Excavated Soil (Future Office)

Prior to construction, geotechnical investigations were performed throughout the Demolition and Site Improvements of Transit Shed 1 at Tenth Avenue Marine Terminal project site. As a result of these investigations, initial levels of TPH and/or lead were detected at the future staff office site area near the front entry gates of TAMT. Due to these initial level readings, the current Contract had allocated 1,500 TONS of hazardous soil material at that specific site to be disposed of

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at a Class I landfill. This Bid Item of 1,500 TONS was bid at a Unit Price of \$87.00, totaling \$130,500. As proposed by Dick Miller Inc. and as verified by pre-excavation potholing and on-going site monitoring of soil excavation activities, the District and Dick Miller Inc. were able to determine that all excavated soil from the future staff office site can be re-used and re-compacted in the same future staff office footprint. This re-use of excavated material will reduce the hazardous soil material Bid Item from the Contract and result in cost savings. These cost savings are anticipated to result in approximately **\$130,500**. Table-2 identifies the Contract Bid Items related to this change and the associated for cost savings results.

Contract Bid Item	Description	Unit	Unit Price	Cost Reduction to Contract			
				Original Contract		Full Onsite Re-use of Excavated Soil	
				Quantity	Total	Quantity	Total
12	Hazardous Soil Material (Class I Landfill Disposal)	TONS	\$87.00	1,500	\$130,500	1,500	\$130,500
TOTAL							\$130,500

Table-2: Revised Bid Items for Full Onsite Re-use of Excavated Soil from Future Staff Office Area.

Element 3 - Re-use of Excavated Soil (BMP Units)

During the design of the Demolition and Site Improvements of Transit Shed 1 at Tenth Avenue Marine – TIGER Project, it was determined there would be a requirement to remove and dispose of unsuitable and excess material to a Class III landfill disposal. A Contract Bid Item was created to account for excavated material in project site areas, such as the storm water bio-filtration unit site, trench spoils, high-mast light foundations, etc. Dick Miller Inc. has proposed a work plan which involves onsite re-use of excavated material from these areas, which would result in cost savings to the Contract. Dick Miller’s proposal identifies re-using the excavated soil within the existing Transit Shed 1 footprint prior to installation of pavement systems. The final cost savings for this element is contingent upon the condition of the excavated material and its value for re-use, which will not be determined until excavation of specific site(s) begins. Based on condition of nearby material that has already been excavated as part of this contract, there is a high probability that the storm water bio-filtration units area will have suitable properties for re-use onsite. If this assumption is correct, the Table-3 calculates the potential value-engineered cost savings. This cost savings element would not only reduce quantities of existing Contract Bid Items, but would add a new Bid Item for on-site disposal fees incurred by Dick Miller Inc. With current projections of full onsite re-use of excavated material from storm water bio-filtration units area, cost savings are anticipated to be approximately **\$385,000**. The final cost savings amount will be determined once excavated and re-use operations are complete. Table-3 displays quantities and unit prices that will be used to determine that finalized savings amount.

Contract Bid Item	Description	Unit	Unit Price	Cost Reduction to Contract			
				Original Contract		Full Onsite Re-use of Excavated Soil	
				Quantity	Total	Quantity	Total
9	Unclassified Excavation, TS1 Site	CY	\$7.00	35,000	\$245,000	+ 4,000	(\$36,000)
11	Unsuitable and Excess Material (Class III Landfill Disposal)	TONS	\$69.00	7,500	\$517,500	- 7,500	\$517,500
13	Soil Disposal at Chula Vista Facility	CY	\$9.00	35,000	\$315,000	+ 4,000	(\$28,000)
(NEW)	On-Site Disposal (6 Days)	TONS	\$9.07	-	-	+ 7,500	(\$68,025)
TOTAL							\$385,475

Table-3: Revised Bid Items for Full Onsite Re-use of Excavated Soil from storm water BMP units Area.

Total Savings for Cost Elements

These three (3) value engineered cost elements reduce the total value of the construction contract work by approximately **\$965,000**. As previously mentioned, these cost savings were wholly or partially proposed through several value engineering discussions between Dick Miller Inc. and the District. To assure both parties fully participate in the steps necessary to implement the cost saving elements the District will partner with Dick Miller Inc. to share the overall cost savings.

Shared Savings for Element 1

This cost savings proposal was initially proposed by the District. Based on negotiations Dick Miller Inc. and the District agree to share the savings of 20% of the total saving with the Contractor. The balance of 80% of the savings will go to the District in as shown in Table 4.

Cost Savings Element	Description	Total Cost Saving Amount		
1	Transit Shed 1 Pavement Revision	\$451,308	District (80%)	DMI (20%)
	TOTAL	\$451,308	\$361,047	\$90,261

Table-4: Cost Savings Sharing for Element 1 – Transit Shed 1 Pavement Revisions

Shared Savings for Elements 2 and 3

These cost savings proposal were initially proposed by the Contractor. The current Contract does not reference a procedure for splitting cost savings between Owner and Contractor for proposals initiated by the Contractor, however other regional contract documents do identify the method of sharing these types of cost savings. The City of San Diego Standard Specifications for Public Works Construction Whitebook (Exhibit-B) and California State Transportation Agency, Caltrans, Standard Specifications (Exhibit-C). City of San Diego Standard Specifications, the Whitebook, Section 3-1.3 provides instructions for Contractor proposed changes. Section 3.1.10 of the Whitebook states: “The Change Order... provides that the Contract cost be adjusted by crediting the City with 50% of estimated net saving amount.” Caltrans Standard Specifications 2015, Section 4-1.07: Value Engineering, also includes instructions for submitting a VECP (Value Engineering Cost Proposal): Section 4-1.07B states that the Contractor may submit a VECP to reduce the total cost of construction, and receive 50% of the estimated net savings. The shared cost savings amounts are as shown in Table 5.

Cost Savings Element	Description	Total Cost Saving Amount		
2	Re-use of Excavated Soil (Future Office)	\$130,500		
3	Re-use of Excavated Soil (BMP Units)	\$385,476	District (50%)	DMI (50%)
	TOTAL	\$515,976	\$257,988	\$257,988

Table-5: Cost Savings Sharing for Elements 2 and 3

Summary of Change Order

This change order will revise the bid schedule and reduce the contract amount by \$619,034, for the Demolition and Site Improvements of Transit Shed 1 at Tenth Avenue Marine Terminal – TIGER Project as shown in Exhibit-A. Eight (8) existing bid items will be revised, and three (3) new bid items will be added.

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San Diego Unified Port District

This agreement is between the San Diego Unified Port District (the "Owner") and Dick Miller Inc. (the "Contractor"). It reflects negotiations that have been agreed upon by both through value engineering and cost savings discussions.

Signature:

Name: Glen Bullock

Title: Owner

Firm: Dick Miller Inc.

Date:

Signature:

Name: Rudy Zelaya

Title: Engineer

Firm: Port of San Diego

Date:

Signature:

Name: Gretchen Herr

Title: Manager, Engineering-Construction

Firm: Port of San Diego

Date:

Signature:

Name: Ernesto Medina

Title: Chief Engineer

Firm: Port of San Diego

Date:

EXHIBIT-A

BID SCHEDULE REVISIONS

Original Contract	\$ 12,345,678.90
Revised Contract (Per Change Order #1)	\$ 11,726,644.90
Final Reduction to Contract	\$ 619,034.00

Dick Miller Inc. Contract Amount
 Contract No. 2017-03R
 WBS No. CP-0016-02

Item Num	Exist/New	Description	Unit of Measure	Original Contract			Revised Contract Per Change Order #1		
				Quantity	Unit Price	Total	Quantity	Unit Price	Total
1	Existing	General Construction (4% of total Bid Amount, max.)	LS	1.00	\$ 457,479.90	\$ 457,479.90	1.00	\$ 457,479.90	\$ 457,479.90
2	Existing	Longshoreman Insurance	LS	1.00	\$ 47,000.00	\$ 47,000.00	1.00	\$ 47,000.00	\$ 47,000.00
3	Existing	Community and Site Health and Safety Plans	LS	1.00	\$ 9,500.00	\$ 9,500.00	1.00	\$ 9,500.00	\$ 9,500.00
4	Existing	Abatement of Asbestos Containing Materials	LS	1.00	\$ 50,000.00	\$ 50,000.00	1.00	\$ 50,000.00	\$ 50,000.00
5	Existing	Abatement of Lead Containing Surfaces	LS	1.00	\$ 18,000.00	\$ 18,000.00	1.00	\$ 18,000.00	\$ 18,000.00
6	Existing	Universal Waste Rule and PCB Abatement	LS	1.00	\$ 12,459.00	\$ 12,459.00	1.00	\$ 12,459.00	\$ 12,459.00
7	Existing	Transit Shed 1 & Metal Shed Building Demolition and Disposal	LS	1.00	\$ 425,000.00	\$ 425,000.00	1.00	\$ 425,000.00	\$ 425,000.00
8	Existing	Demolition of Building Floor and Foundation	LS	1.00	\$ 450,000.00	\$ 450,000.00	1.00	\$ 450,000.00	\$ 450,000.00
9	Existing	Unclassified Excavation, TS1 Site	CY	35,000.00	\$ 7.00	\$ 245,000.00	39,698.00	\$ 7.00	\$ 277,886.00
10	Existing	Soils and Water Management for Excavations Associated with Office Site by Main Gate	LS	1.00	\$ 150,000.00	\$ 150,000.00	1.00	\$ 150,000.00	\$ 150,000.00
11	Existing	Unsuitable and Excess Soil Material (Class III Landfill Disposal)	TONS	7,500.00	\$ 69.00	\$ 517,500.00	-	\$ 69.00	\$ -
12	Existing	Hazardous Soil Material (Class I Landfill Disposal)	TONS	1,500.00	\$ 87.00	\$ 130,500.00	-	\$ 87.00	\$ -
13	Existing	Soil Disposal at Chula Vista Facility	CY	35,000.00	\$ 9.00	\$ 315,000.00	39,698.00	\$ 9.00	\$ 357,282.00
14	Existing	Over-excavate/ Recompact - Subgrade	CY	2,000.00	\$ 139.00	\$ 278,000.00	2,000.00	\$ 139.00	\$ 278,000.00
15	Existing	CTB Base (Bays A & B)	SF	113,000.00	\$ 2.00	\$ 226,000.00	84,750.00	\$ 2.00	\$ 169,500.00
16	Existing	Concrete Pavement (Bays A & B)	SF	113,000.00	\$ 21.00	\$ 2,373,000.00	84,750.00	\$ 21.00	\$ 1,779,750.00
17	Existing	Imported Class 2 Aggregate Base for AC Pavement	CY	2,000.00	\$ 22.00	\$ 44,000.00	4,092.00	\$ 22.00	\$ 90,024.00
18	Existing	Recycled Class 2 Aggregate Base for AC Pavement	CY	4,000.00	\$ 15.00	\$ 60,000.00	4,000.00	\$ 15.00	\$ 60,000.00
19	Existing	Asphalt Pavement (Bay C & Other Locations)	SF	64,000.00	\$ 5.00	\$ 320,000.00	92,250.00	\$ 5.00	\$ 461,250.00
20	Existing	2 Mill and AC Overlay*	SF	6,000.00	\$ 3.00	\$ 18,000.00	6,000.00	\$ 3.00	\$ 18,000.00
21	Existing	Dewatering (Biofiltration Structures)	LS	1.00	\$ 168,500.00	\$ 168,500.00	1.00	\$ 168,500.00	\$ 168,500.00
22	Existing	Dewatering (Office Site by Main Gate)	LS	1.00	\$ 73,900.00	\$ 73,900.00	1.00	\$ 73,900.00	\$ 73,900.00
23	Existing	Dewatering (General)	LS	1.00	\$ 154,800.00	\$ 154,800.00	1.00	\$ 154,800.00	\$ 154,800.00
24	Existing	Prefabricated/ Modular Restroom/Office Building	LS	1.00	\$ 699,000.00	\$ 699,000.00	1.00	\$ 699,000.00	\$ 699,000.00
25	Existing	Sewer Lines (General)	LS	1.00	\$ 14,500.00	\$ 14,500.00	1.00	\$ 14,500.00	\$ 14,500.00
26	Existing	Sewer Lines (Office Site by Main Gate)	LS	1.00	\$ 13,000.00	\$ 13,000.00	1.00	\$ 13,000.00	\$ 13,000.00

Revised Contract (Per Change Order #1)	\$ 11,726,644.90
Final Reduction to Contract	\$ 619,034.00

Dick Miller Inc. Contract Amount Contract No. 2017-03R WBS No. CP-0016-02									
Item Num	Exist/New	Description	Unit of Measure	Original Contract			Revised Contract Per Change Order #1		
				Quantity	Unit Price	Total	Quantity	Unit Price	Total
27	Existing	Water Lines (General)	LS	1.00	\$ 219,000.00	\$ 219,000.00	1.00	\$ 219,000.00	\$ 219,000.00
28	Existing	Water Lines (Office Site by Main Gate)	LS	1.00	\$ 43,200.00	\$ 43,200.00	1.00	\$ 43,200.00	\$ 43,200.00
29	Existing	Trench Drain system	LF	780.00	\$ 300.00	\$ 234,000.00	780.00	\$ 300.00	\$ 234,000.00
30	Existing	8 PVC Storm Drain*	LF	80.00	\$ 118.00	\$ 9,440.00	80.00	\$ 118.00	\$ 9,440.00
31	Existing	18 RCP Storm Drain*	LF	490.00	\$ 390.00	\$ 191,100.00	490.00	\$ 390.00	\$ 191,100.00
32	Existing	24 RCP Storm Drain*	LF	540.00	\$ 440.00	\$ 237,600.00	540.00	\$ 440.00	\$ 237,600.00
33	Existing	Biofiltration Units	LS	1.00	\$ 1,320,000.00	\$ 1,320,000.00	1.00	\$ 1,320,000.00	\$ 1,320,000.00
34	Existing	24X36" Precast Catch Basin"	EA	2.00	\$ 2,400.00	\$ 4,800.00	2.00	\$ 2,400.00	\$ 4,800.00
35	Existing	36 X 36" Precast Catch Basin"	EA	2.00	\$ 3,200.00	\$ 6,400.00	2.00	\$ 3,200.00	\$ 6,400.00
36	Existing	Storm Drain and Water Quality Access Assembly	LS	1.00	\$ 23,700.00	\$ 23,700.00	1.00	\$ 23,700.00	\$ 23,700.00
37	Existing	Hydrodynamic Separator	LS	1.00	\$ 39,500.00	\$ 39,500.00	1.00	\$ 39,500.00	\$ 39,500.00
38	Existing	Junction/Diversion Structure	LS	1.00	\$ 36,400.00	\$ 36,400.00	1.00	\$ 36,400.00	\$ 36,400.00
39	Existing	High-Mast Light Pole Foundation Assembly	EA	6.00	\$ 16,600.00	\$ 99,600.00	6.00	\$ 16,600.00	\$ 99,600.00
40	Existing	Electrical, Telecommunications, CCTV, & Fire Alarm Systems Demolition and Disposal	LS	1.00	\$ 110,000.00	\$ 110,000.00	1.00	\$ 110,000.00	\$ 110,000.00
41	Existing	High-Mast Luminaires and Poles	EA	6.00	\$ 76,700.00	\$ 460,200.00	6.00	\$ 76,700.00	\$ 460,200.00
42	Existing	Electrical and Telecommunication Underground Ductbanks and Substructures	LS	1.00	\$ 870,000.00	\$ 870,000.00	1.00	\$ 870,000.00	\$ 870,000.00
43	Existing	Communications/CCTV Cabling, Devices, and Poles	LS	1.00	\$ 260,000.00	\$ 260,000.00	1.00	\$ 260,000.00	\$ 260,000.00
44	Existing	Electrical Cabling and Distribution Equipment for Restroom/Office Building, and Site Lighting	LS	1.00	\$ 230,000.00	\$ 230,000.00	1.00	\$ 230,000.00	\$ 230,000.00
45	Existing	Electrical Cabling and Distribution Equipment for Future Office Building by Main Gate and Guard Shack	LS	1.00	\$ 190,000.00	\$ 190,000.00	1.00	\$ 190,000.00	\$ 190,000.00
46	Existing	Fire Alarm Systems	LS	1.00	\$ 50,000.00	\$ 50,000.00	1.00	\$ 50,000.00	\$ 50,000.00
47	Existing	Military Load-Out Operations at Tenth Avenue Marine Terminal	EA Event	2.00	\$ 2,500.00	\$ 5,000.00	2.00	\$ 2,500.00	\$ 5,000.00
48	Existing	Jacking and Boring, Office Site By Main Gate	LS	1.00	\$ 46,900.00	\$ 46,900.00	1.00	\$ 46,900.00	\$ 46,900.00
49	Existing	Jacking and Boring, Transit Shed 1 Site	LS	1.00	\$ 39,300.00	\$ 39,300.00	1.00	\$ 39,300.00	\$ 39,300.00
50	Existing	Retaining Wall	LS	1.00	\$ 6,400.00	\$ 6,400.00	1.00	\$ 6,400.00	\$ 6,400.00
51	Existing	Storm Water Pollution Prevention	LS	1.00	\$ 123,000.00	\$ 123,000.00	1.00	\$ 123,000.00	\$ 123,000.00
52	Existing	Related Work Allowance	AL	1.00	\$ 220,000.00	\$ 220,000.00	1.00	\$ 220,000.00	\$ 220,000.00
51	New	On-Site Disposal (6 Days)	TONS	-	\$ -	\$ -	7,500.00	\$ 9.07	\$ 68,025.00
52	New	Value Engineering Cost Saving - Contractor Split (Elements 1 - Transit Shed 1 Pavement Revision)	LS	-	\$ -	\$ -	1.00	\$ 90,261.00	\$ 90,261.00
53	New	Value Engineering Cost Saving - Contractor Split (Elements 2 & 3 - Re use of Excavated Soil)	LS	-	\$ -	\$ -	1.00	\$ 257,988.00	\$ 257,988.00
						\$ 12,345,678.90		\$ 11,726,644.90	
						\$ 12,345,678.90		\$ 11,726,644.90	

EXHIBIT-B
CITY OF SAN DIEGO
STANDARD SPECIFICATIONS

THE “WHITEBOOK”

**Standard Specifications
For Public Works Construction**

2015 Edition

**Written as a City of San Diego Supplement to the 2015 Greenbook by
the Public Works Department, Project Implementation Division,
Standards & Contract Documents Section.**

SECTION 3 - CHANGES IN WORK

3-1.1 **General.** ADD the following:

1. Any plan or method of Work suggested to you by the City, but not specified or required by the Contract or Change Order, which is adopted or followed by you in whole or in part shall be done at your sole risk and responsibility.
2. The Contract Price is not subject to adjustment due to sales tax increases after the Award.

ADD:

3-1.3

Cost Reduction Proposal.

1. You may submit to the Engineer in writing, proposals for modifying the Plans, Specifications, or other requirements of the Contract for the sole purpose of reducing the total cost of construction.
2. The cost reduction proposal shall not impair, in any manner, the essential functions or characteristics of the Project such as service life, economy of operation, ease of maintenance, desired appearance, or design and safety standards.
3. Include the following information in the cost reduction proposal:
 - a) A description of both the existing Contract requirements for performing the Work and the proposed changes.
 - b) An itemization of the Contract requirements that shall be changed if the proposal is adopted.
 - c) A detailed estimate of the cost of performing the Work under the existing Contract and under the proposed change.
 - d) A statement of the time within which the Engineer shall make a decision.
 - e) The Contract items of Work affected by the proposed changes, including any quantity variation attributable thereto.
4. These provisions of this subsection do not require the Engineer to consider any cost reduction proposal which may be submitted. The City shall not be liable to you for not accepting or acting upon any cost reduction proposal you submitted pursuant to this subsection nor for any delays to the Work attributable to the proposal.
5. If a cost reduction proposal is similar to the information included in the Contract Documents or adopted by the City after the advertisement for the Contract, the Engineer will not accept such proposal and reserves the right to make such changes without compensation to you under the provisions of this subsection.
6. You shall continue to perform the Work in accordance with the requirements of the Contract until a Change Order incorporating the cost reduction proposal has been issued. If a Change Order has not been issued by the date upon which your cost reduction proposal specified a decision should be made, or such other date as you may subsequently

have specified in writing, the cost reduction proposal shall be deemed rejected.

7. The Engineer is the sole judge of the acceptability of a cost reduction proposal and the estimated net savings. In determining the estimated net savings, the City has the right to disregard the Contract Bid prices if, in the judgment of the Engineer, such prices do not represent a fair measure of the value of the Work to be performed or to be deleted.
8. The City reserve the right, where it deems such action appropriate, to require you to share in the City's costs of investigating your cost reduction proposal as a condition of considering such proposal. Where such a condition is imposed, indicate your acceptance in writing allowing the City to deduct amounts payable to you from any monies due or that may become due to you under the Contract.
9. If the Engineer accepts your cost reduction proposal in whole or in part, the Engineer shall issue a Change Order to incorporate the changes in the Plans and Specifications which are necessary to permit the cost reduction proposal or such part of it as has been accepted to be put into effect. If the Engineer's approval is conditional, the Change Order shall include any conditions upon which the Engineer's approval is based.
10. The Change Order also includes the estimated net savings in the cost of performing the Work due to the accepted cost reduction proposal and provides that the Contract cost be adjusted by crediting the City with 50% of estimated net savings amount.
11. The Contract Time shall not be extended by the acceptance of the cost reduction proposal and the performance of the Work unless specified otherwise in the Change Order.
12. The amount specified as payable to you in the Change Order is full compensation for the cost reduction proposal and the performance of the Work.
13. The City expressly reserves the right to adopt a cost reduction proposal for general use on contracts administered by the City when it determines that said proposal is suitable for application to other contracts. When an accepted cost reduction proposal is adopted for general use, only the Contractor who first submitted such proposal shall be eligible for compensation subject to this subsection, and in that case, only for contracts awarded prior to submission of the accepted cost reduction proposal.
14. The cost reduction proposals identical or similar to previously submitted proposals shall be eligible for consideration and compensation under the provisions of this subsection if the identical or similar previously submitted proposals were not adopted for general application to other contracts administered by the City.
15. Subject to the provisions contained herein, the City or any other public agency shall have the right to use all or any part of any submitted cost reduction proposal without obligation or compensation of any kind to you.

16. You shall bear all costs to revise bonds for the Project to include the cost reduction incentive proposal Work.

3-2.1 General. ADD the following:

1. The Engineer may substitute specific sites for asphalt overlay, slurry seal, or concrete ramp and sidewalk replacement due to utility or construction conflicts or urgent community needs. The Engineer will adjust the location list provided in the Contract Documents as needed.

3-2.2.1 General. ADD the following:

1. Unit Bid prices for additional bedding, imported backfill, shoring, water services, house connection sewers, abandoned water services (water stiffs), water pollution control items, point repairs for existing sewer mains, additional point repairs for existing sewer mains, sewer lateral connections, and sewer lateral linings shall not be subject to adjustment regardless of quantity used or if none is used.

3-3.1 General. ADD the following:

1. Any request by you to change the Contract Price to include the price of Extra Work shall be by written notice to the Engineer and shall include itemized estimates. Your itemized estimates shall detail all applicable elements of price such as labor and payroll costs, quantities, crew composition, production rates, material costs, Subcontractor and Supplier costs, equipment costs, and supplemental costs.

3-3.2.2.1 Labor. DELETE in its entirety and SUBSTITUTE with the following:

1. The City reserves the right to request the following:
- a) Financial records of salaries for an employee.
 - b) Wage rates.
 - c) Bonuses and deductions.
2. Use the “PUBLIC WORKS PAYROLL REPORTING FORM” which is available at: www.sandiego.gov/eoc/pdf/payrollreport.pdf to list the labor rates of its personnel and Subcontractors who Work on this Project. Make the initial submittal prior to NTP. The payment for payroll records is included in the Contract Price unless a Bid item has been provided.
3. If your proposal for Extra Work is based upon services and Work to be performed outside Normal Working Hours, the labor charges associated with the Extra Work shall consist of straight time wages and burdens plus the appropriate overtime or shift premium with no additional burdens, such as fringe benefits, on the premium portion.

EXHIBIT-C

CALTRANS STANDARD SPECIFICATIONS

STANDARD SPECIFICATIONS

STATE OF CALIFORNIA
CALIFORNIA STATE TRANSPORTATION AGENCY
DEPARTMENT OF TRANSPORTATION

2015

PUBLISHED BY
DEPARTMENT OF TRANSPORTATION



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Fax (916) 263-0470
Publication Unit Web site: <http://caltrans-opac.ca.gov/publicat.htm>

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SECTION 4**SCOPE OF WORK**

If you fail to promptly notify the Engineer, you waive your claim of a differing site condition for the period between your discovery of the differing site condition and your notification to the Engineer.

If you disturb the site after discovery and before the Engineer's investigation, you waive the differing-site-condition claim.

4-1.06C Engineer's Investigation and Decision

Upon your notification, the Engineer investigates job site conditions and:

1. Notifies you whether to resume affected work
2. Decides whether the condition differs materially and is cause for an adjustment of time, payment, or both

4-1.07 VALUE ENGINEERING**4-1.07A General**

Reserved

4-1.07B Value Engineering Change Proposal

You may submit a VECP to reduce any of the following:

1. Total cost of construction
2. Construction activity duration
3. Traffic congestion

Before preparing a VECP, meet with the Engineer to discuss:

1. Proposal concept
2. Permit issues
3. Impact on other projects
4. Project impacts, including traffic, schedule, and later stages
5. Peer reviews
6. Overall proposal merits
7. Review times required by the Department and other agencies

The VECP must not impair the project's essential functions or characteristics, including:

1. Service life
2. Operation economy
3. Maintenance ease
4. Desired appearance
5. Design and safety

The VECP must include:

1. Description of the Contract specifications and drawing details for performing the work and the proposed changes.
2. Itemization of Contract specifications and plan details that would be changed.
3. Detailed cost estimate for performing the work under the existing Contract and under the proposed change. Determine the estimates under section 9-1.04.
4. Deadline for the Engineer to decide on the changes.
5. Bid items affected and resulting quantity changes.

The Department is not required to consider a VECP. If a VECP is similar to a change in the plans or specifications being considered by the Department at the time the proposal is submitted or if the proposal is based on or similar to plans or specifications adopted by the Department before Contract award, the Department does not accept the VECP and may make these changes without VECP payments.

If the Department does not approve a Change Order before the deadline stated in the VECP or other date you subsequently stated in writing, the VECP is rejected. The Department does not adjust time or payment for a rejected VECP.

SECTION 4**SCOPE OF WORK**

The Department decides whether to accept a VECP and the estimated net construction-cost savings from adopting the VECP or parts of it.

The Department may require you to accept a share of the investigation cost as a condition of reviewing a VECP. After written acceptance, the Department considers the VECP and deducts the agreed cost.

If the Department accepts the VECP or parts of it, the Department issues a Change Order that:

1. Incorporates changes in the Contract necessary to implement the VECP or the parts adopted
2. Includes the Department's acceptance conditions
3. States the estimated net construction-cost savings resulting from the VECP
4. Obligates the Department to pay you 50 percent of the estimated net savings

In determining the estimated net construction-cost savings, the Department excludes your VECP preparation cost and the Department's VECP investigation cost, including parts paid by you.

If a VECP providing for a reduction in working days is accepted by the Department, 50 percent of the reduction is deducted from the Contract time.

If a VECP providing for a reduction in traffic congestion or avoiding traffic congestion is accepted by the Department, the Department pays 60 percent of the estimated net savings in construction costs attributable to the VECP. Submit detailed traffic handling comparisons between the existing Contract and the proposed change, including estimates of the traffic volumes and congestion.

The Department may apply an accepted VECP for general use on other contracts.

If an accepted VECP is adopted for general use, the Department pays only the contractor who first submitted the VECP and only for the contracts awarded to that contractor before the submission of the accepted VECP.

If the Department does not adopt a general-use VECP, an identical or similar submitted proposal is eligible for acceptance.

4-1.07C Value Analysis Workshop

Section 4-1.07C applies to a non-building-construction contract with a total bid of over \$5 million.

You may request a value analysis workshop by submitting a request after Contract approval.

The Department offers a value analysis workshop to:

1. Identify value-enhancing opportunities
2. Consider changes to the Contract that will reduce the total cost of construction, construction activity duration, or traffic congestion without impairing the essential functions specified for a VECP in section 4-1.07B

If the request is authorized, you and the Engineer:

1. Schedule a value analysis workshop
2. Select a facilitator and workshop site
3. Agree to other workshop administrative details

The workshop must be conducted under the methods described in the Department's *Value Analysis Team Guide*. For the guide, go to the Department's Division of Design website.

The facilitator must be a certified value specialist as recognized by the Society of American Value Engineers.

The Department reimburses you for 1/2 of the workshop cost. The workshop cost is the sum of the workshop-facilitator cost and the workshop-site cost. The Engineer determines the workshop cost based on the facilitator and workshop-site invoice prices minus any available or offered discounts. The Department does not reimburse you for any other associated costs.