

# Garden Grove Freeway (SR-22)



## Claims Settlement Facts

### Context: The Bottom Line

<b>\$390.4 million</b>	The base contract amount that the Orange County Transportation Authority (OCTA) awarded in August 2004 to the joint-venture team of Granite Construction Company, C.C. Myers, Inc. and Steve P. Rados, Inc. or GMR.
<b>\$185 million higher</b>	The proposal submitted by Kiewit – the other bidder – was \$185 million higher with a construction schedule 25 percent longer than GMR's bid.
<b>\$58.8 million</b>	The amount that the Board of Directors approved in contract change orders for extra work requested by OCTA.
<b>\$39.3 million</b>	The value of the settlement agreement.
<b>\$488.5 million</b>	The total contract amount with this settlement.

### Basis for the Claims: More Work, Faster

<b>63</b>	The number of claims GMR submitted to OCTA containing hundreds of tasks of new work.
<b>\$93 million</b>	The total value of claims.
<b>135,800</b>	Cubic meters of unsuitable wet soil removed by the contractor.
<b>16</b>	The number of football fields worth of subgrade removed by the contractor piled 5 feet high.
<b>Removed materials</b>	This required replacement with rock, base material, recycled material, etc. Many areas required a geotech fabric placement prior to the placement of this base to stabilize the soil. This had a major impact – causing additional time, material and work.
<b>Cumulative impact</b>	This is a result of an activity or multiple activities that affect several construction activities on the job. For example, poor subgrade can impact the placement schedule of concrete. It also can cause crews to work overtime because of delays. It also may delay the placement of the shoulder, and in turn, the electrical items constructed for ramp metering could be delayed. Because there are impacts to efficiency, acceleration of work must occur to meet overall deadlines.

**Overhead costs** These are costs associated with a schedule extension. An example of this is the additional time that project managers must oversee construction because of additional work causing more scheduled activities. Also, more complex construction activities require additional management oversight.

## Quick Resolution

**3 days** The number of days it took to settle the claims.

**\$10 million** Legal fees easily could have exceeded this number. A court battle could have stretched on for years. GMR submitted its claims last fall and both parties have been working during the past eight months to reach an agreement rather than go to court.

**Taxpayers interest** A lengthy and costly legal battle would not have been in the best interest of Orange County's taxpayers. For freeway projects of this magnitude, a contractor submitting claims is not unusual.

## Fair Settlement & Next Steps

**\$39.3 million** OCTA has agreed to pay a lump sum to settle all claims filed by the GMR contractor related to the SR-22 improvement project.

**1,500** The number of cases mediator Randall W. Wulff, the nation's foremost expert in construction disputes, has served with 90 percent of the cases being resolved. Wulff is based in Oakland. We believe this is a fair settlement based on independent expert analysis of the claims and settlement agreement.

**Resolution** The settlement resolves all outstanding issues related to SR-22. The lump-sum payment and settlement does not address specific allegations and is not an admission of any wrongdoing by either OCTA or GMR.

**April** We are scheduled this month to hand over the completed freeway to Caltrans in the last phase known as "project acceptance." The only remaining items are ensuring electrical devices are functioning optimally and newly installed landscape thrives during a three-year "plant establishment" period.

## Project Summary

**Final contract cost:** \$488.5 million  
**Total project cost:** \$606.7 million  
**Start / open:** Construction began September 2004 and all lanes opened April 2007  
**Length:** 12 miles  
**Lanes:** 10 to 12  
**Bridges:** 22 widened bridges, 9 replaced bridges and 3 new bridges