



Agenda Item No. 2.b.

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of June 11, 2009

From: Joseph M. Wire, Auditor-Controller  
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE THE DISTRICT'S USE OF THE CALIFORNIA  
DEPARTMENT OF TRANSPORTATION'S EXPEDITED PAYMENT  
PROCEDURES PROCESS FOR THE GOLDEN GATE BRIDGE SEISMIC  
RETROFIT PROJECT**

### **Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors authorize the General Manager to request that the State Department of Transportation (Caltrans) use the Alternative Construction Progress Payment Procedure for the Golden Gate Bridge Seismic Retrofit Project.

### **Summary**

Caltrans has developed expedited payment procedures designed to assist local agencies with cash management issues associated with large construction projects. One of these procedures, the Alternative Construction Progress Payment Procedure, allows a local agency implementing a large grant-funded construction project to request that Caltrans pre-pay the monthly construction contract costs associated with a project based upon a cash-flow estimate. Under this procedure, monthly pre-payments are reconciled with actual contract costs the following month and appropriate financial adjustments are made.

The Golden Gate Bridge Seismic Retrofit Project qualifies for use of the Alternative Construction Progress Payment Procedure as it is an unusually large construction project with significant grant commitment. Monthly payments to the construction contractors could reach as high as \$4 million, which is a significant amount of funds to have liquid at any given point in time. With careful coordination, use of this expedited payment procedure will serve to most effectively ensure that sufficient cash is available to pay monthly contractor invoices for this project. Given the significant financial strain that the \$70 million Phase I Seismic Retrofit Project has placed on District finances, it is recommended that the District request Caltrans use the Alternative Construction Progress Payment Procedure to facilitate payment of Phase IIIA and IIIB construction costs.

### **Fiscal Impact**

Grant funds are normally invoiced in arrears and paid within 25 days of invoice. Use of the expedited payment system will result in a cost savings by serving to avoid lost interest that would have been incurred during the lag-time between contractor payment and grant reimbursement.