

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: July 23-24, 2008

Reference No.: 2.5e.
Action Item

From: CINDY McKIM
Chief Financial Officer

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Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-08-01**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-08-01, allocating an additional \$955,000 for one State Highway Operation and Protection Program (SHOPP) project identified below.

ISSUE:

Additional funds are needed for one previously approved project in order to award the construction contract.

RESOLUTION:

Resolved, that \$955,000 be allocated from the Budget Act of 2007, Budget Act Items 2660-302-0042 and 2660-302-0890 to provide additional funds for the project identified below.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original allocated Amount</u>	<u>Original Award Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	06-Ker-395	\$6,082,000	N/A	\$6,082,000	\$955,000	\$7,037,000	15.7%

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA Dist-PPNO Budget Year Prgm Codes Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e. Supplemental Funds for Previously Voted Projects					Resolution FA-08-01
1 \$955,000 Department of Transportation Sacramento 06-Ker-395 0.1/T14.6	Near Johannesburg, from north of San Bernardino/Kern County Line to south of South China Lake Boulevard. Widen shoulders and install rumble strips. Supplemental funds are needed to award contract. Contingent upon passage of the FY 08-09 Budget Act.	0E6901 06-6266 2007-08 302-0042 302-0890 20.20.201.010 SHOPP	\$609,000 \$5,473,000 \$6,082,000	\$96,000 \$859,000 \$955,000	\$705,000 \$6,332,000 \$7,037,000

RECOMMENDATION:

The Department recommends that this request for \$955,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

The project is located on Route 395 in Kern County, near Johannesburg. This safety project will widen shoulders, correct cross-slopes and install shoulder/centerline rumble strips, and provide pavement preservation strategy for specific locations.

FUNDING STATUS:

The project was programmed in the 2006 SHOPP for \$9,007,000 and was voted for \$6,082,000 on April 10, 2008. Bids for this project were opened on June 3, 2008. There were two bids at 17 percent and 40 percent over the Engineer's Estimate. The amount needed to award, based on the lowest responsible bidder, is \$7,037,000. This request for \$955,000 in supplemental funds results in an overall increase of 15.7 percent over the original vote amount. This project will be awarded upon approval of this supplemental funds request.

Vote Date	No. of Plan Holders	Bid Opening Date	No. of Bidders	Vote Amount	Amount needed to Award	% Over Vote Amount
04/2008	8	6/3/08	2	\$6,082,000	\$7,037,000	15.7%

REASONS FOR COST INCREASE:

The Department compared the contract bid items and the Engineer's Estimate, and it was determined that the most significant difference is the Hot Mix Asphalt (HMA) unit price. The low bid unit price for the HMA was \$93, significantly higher than the Engineer's Estimate of \$75 for this item. The estimated quantity for HMA is 42,700 tons. The Engineer's Estimate prepared in November 2007 was based on the current industry bidding environment. At that time, the Department was regularly receiving bids that were significantly lower than the Engineer's Estimates. The estimate was prepared with a lower HMA cost based on recent bids. This resulted in the low bid containing costs higher than anticipated. The Department feels that good uniform bid results were achieved with the two bidders. Additional supplemental funds are needed in order to award this project.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$955,000 to allow this project to be awarded.

OPTION B: Deny this request, direct the Department to reject both bids; retain current scope of project and re-advertise. The Department has considered this option and determined that there is no guarantee of having adequate number of bidders or lower price bids in the future and this option would further delay this safety project.

RECOMMENDED OPTION:

The Department recommends that this request of \$955,000 as presented in Option A above, be approved to allow this project to be awarded.