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State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 7-8, 2006

PASSED BY CTC JUN 0 8 2006 CALIFORNIA TRANSPORTATION COMMISSION

Reference No.: 2.5e.(3)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross Chittenden
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS RESOLUTION FA-05-17**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-05-17, allocating an additional $13,532,000 for the projects listed below.

ISSUE:

Additional funds are needed for previously voted projects to re-advertise two construction contracts and continue the advertisement period for one construction contract. Each of these projects were voted prior to the Chief Engineer's directive to have the District Directors certify the Engineer's Estimate.

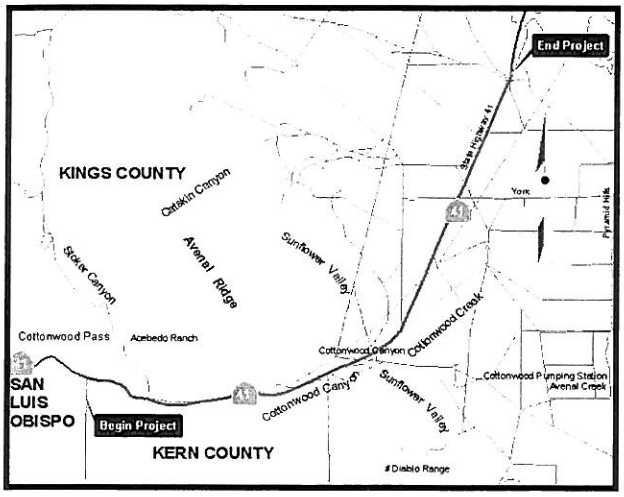
RESOLUTION:

Resolved, that $13,532,000 be allocated from the Budget Act of 2004, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide additional funds for the project listed below.

Dist-Co-Rte	Original Vote/G11 Amount	Original Award Amount	Current Budget Amount	Current Allocation Revision	Revised Budget Amount	Total Increase Vote/Award
06S-Ker-Kin-41	$23,703,000	N/A	$23,703,000	$9,766,000	$33,469,000	41%V
09S-Iny-395	$3,267,000	N/A	$3,267,000	$2,297,000	$5,564,000	70%V
12S-Ora-L5804	$2,972,000	N/A	$2,972,000	$1,469,000	$4,441,000	49% V

BACKGROUND:

Project # / Allocation Amount / Recipient / County / Dist-Co-Rte / Postmile	Location / Project Description / Reason for Supplemental Funds	EA / PPNO / Budget Year / Prgm Codes / Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e.(3) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-17**
1 $9,766,000 Department of Transportation Kern-Kings 06S-Ker-41 0.0/5.0, 0.0/4.2	Near Cholame from the San Luis Obispo County line to the Kings County line and from the Kern County line to north of Avenal Creek Bridge. Roadway rehabilitation. Supplemental funds are needed to continue the advertising period.	3829U1 06-4205A 06-3321 2005-06 302-0042 302-0890 20.20.201.120 SHOPP	$2,719,000 $20,984,000	$1,120,000 $8,646,000	$3,839,000 $29,630,000
			$23,703,000	$9,766,000	$33,469,000



PROJECT DESCRIPTION

This project is located in Kern and Kings Counties on Route 41 from 5.0 miles south of the county line to 4.2 mile north of the county line. The project scope is to rehabilitate the roadway, add a passing lane and raise the grade. Projects 06-382901, Ker-41 Post Mile (PM) 0.0/5.0, PPNO 3321, and 06-321501, Kin-41 PM 0.0/4.2, PPNO 4205, have been combined for construction to create a new project EA 06-3829U1. Project 06-382931 was split out at the time of allocation to addresses post construction mitigation for the combined EA.

FUNDING STATUS

This combined project was originally voted at the November 2-3, 2005 Commission Meeting for $24,703,000 ($23,703,000 for construction capital and $1,000,000 for construction mitigation). This request for supplemental funds in the amount of $9,766,000 will bring the total construction allocation to $33,469,000. In response to inquiries from the construction industry, bid opening was delayed from January 18, 2006 to February 22, 2006, to allow more time for bidder response during the holidays. However, no bids were received on February 22. Prospective bidders were contacted as to why they did not submit bids. Based on the issues and concerns voiced by the prospective

bidders, the Department revised the Plans, Specifications and Estimate. A certified Engineer's Estimate has been prepared and accounts for recent market developments. The total amount needed to award the project is $33,469,000. This is an increase of $9,766,000 (39.5%) over the original allocation.

A time extension for the period of contract award was approved at the March 2006 Commission meeting, extending the award period until November 2006.

REASONS FOR COST INCREASE

As a result of the comments received from the construction industry, excavation costs were re-evaluated in conjunction with costs associated with the remote location and environmental concerns related to blasting. Current market pressures and competition with projects in more readily accessible areas have made projects in remote areas less competitive. Over half of the increase is from unforeseen challenges due to roadway excavation. Local contractors indicate they are busy in this area. The length of the contract, 400 working days, makes it hard for contractors to hold on to and maintain their labor force. The other items responsible for the cost increase are concrete and aggregate base related items.

FUNDING OPTIONS

The Department reviewed the following options:

OPTION A: Approve this request for Supplemental Funds, as presented above, for $9,766,000 to allow this project to continue advertising and establish a new bid opening date. Three contractors have now expressed interest in bidding. This will allow project to continue with out further delay.

OPTION B: Defer funding until late the next fiscal year, to include the supplemental amount of $9,766,000. Market pressures will continue to drive the construction cost higher and this may be an inadequate amount next year. Permits and contracts for archeological and paleontology work will have to be renewed due to the delay.

OPTION C: Deny this request and direct the Department to repackage the project to remain within the allocated amount and re-advertise. Both segments of the project are interdependent. Cut and fill requirements are balanced between them. Half of the project involves a new alignment in the Kings County portion constructed from the material in the Kern County cuts. The building of this alignment could be deferred to a later time and the material could be stockpiled along 4.2 miles. This option would leave 8.4 lane miles below the flood plain.

RECOMMENDED OPTION

The Department recommends that this request for $ 9,766,000, as presented in Option A above, be approved to allow this project to continue with the advertisement.

BACKGROUND:

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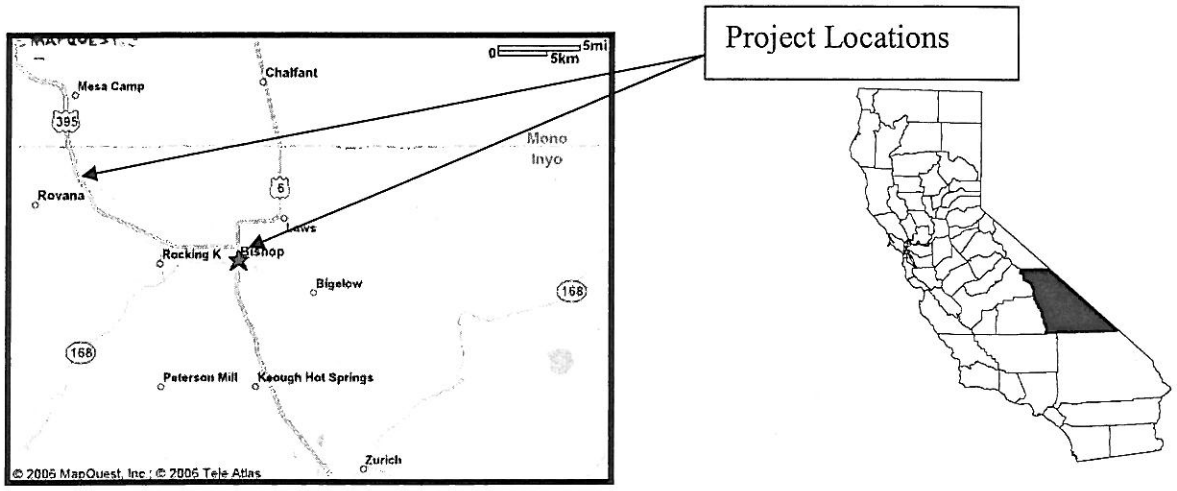
2.5e.(3) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-17**
2 $2,297,000 Department of Transportation Inyo 09S-Iny-395 115.0/R129.5	In and near Bishop from Jay Street to the Mono County line. Pavement preservation. Supplemental funds are needed to re-advertise the contract .	301701 09-0413 2004-05 302-0042 302-0890 20.20.201.121 SHOPP	$375,000 $2,892,,000 $3,267,000	$2,297,000 - $2,297,000	$2,672,000 $2,892,000 $5,564,000



PROJECT DESCRIPTION

This project is located in Inyo County, in and near Bishop, from 0.1 miles south of Jay Street to 0.1 miles south of Pa-Ha Lane, and from 0.4 miles south of Pleasant Valley Dam Road to 1.2 miles north of Gorge Road.

FUNDING STATUS

This project was programmed for $3,267,000 in the 2004 State Highway Operation and Protection Program (SHOPP) and was voted at the May 2005 Commission meeting for $3,267,000. Bids for this project were opened on July 26, 2005, and there was one bid, which was 71% over the Engineer's Estimate. Due to the large difference between the bid and the Engineer's Estimate, and the fact that the sole bidder is the sole supplier of material for this area, the bid was rejected. The intention was to review and re-evaluate the project scope and then re-advertise the project at a future date.

The Department has re-evaluated the project and the current Engineer's Estimate is $5,564,000, which reflects streamlining and minor reductions of the project's scope, along with updated unit costs for the materials used on the project. This request for $2,297,000 in supplemental funds to re-advertise the project results in an overall increase of 70% over the original allocation.

A concurrent request for a time extension for the period of contract award is under agenda item 2.8b.(2)

REASONS FOR COST INCREASE

The Department performed a bid analysis to determine all significant differences between the Engineer's Estimate and that of the sole contract bid. The results of this analysis were discussed with the sole bidder. Following the discussion, it appears that the difference between the contractors bid and the Engineer's Estimate is mainly related to material costs and staging issues.

The material cost for items related to concrete contributed $1,575,000 to the cost increase. This is due to the recent increase in concrete unit prices.

Additionally, the bid price for cold plane asphalt concrete pavement was $5.15 per square meter, compared to the Engineer's Estimate of $2.75 per square meter. The contractor mentioned that the amount of grinding locations where pavement is distressed would have required two paving crews so that areas that had grinding could be paved back quickly. As part of the project is in Downtown Bishop, the contractor mentioned that in order to create the least amount of impact to the traveling public, the job would most likely be done in two city block sections, which affected the cost significantly. This item was approximately $234,000 over the Engineer's Estimate.

The two listed items (over $1.8 million) were the main contributors to the discrepancy between the Engineer's Estimate and the low bid.

FUNDING OPTIONS

The Department reviewed the following options:

OPTION A: Approve this request for Supplemental Funds, as presented above, for $2,297,000 to allow this project to be re-advertise.

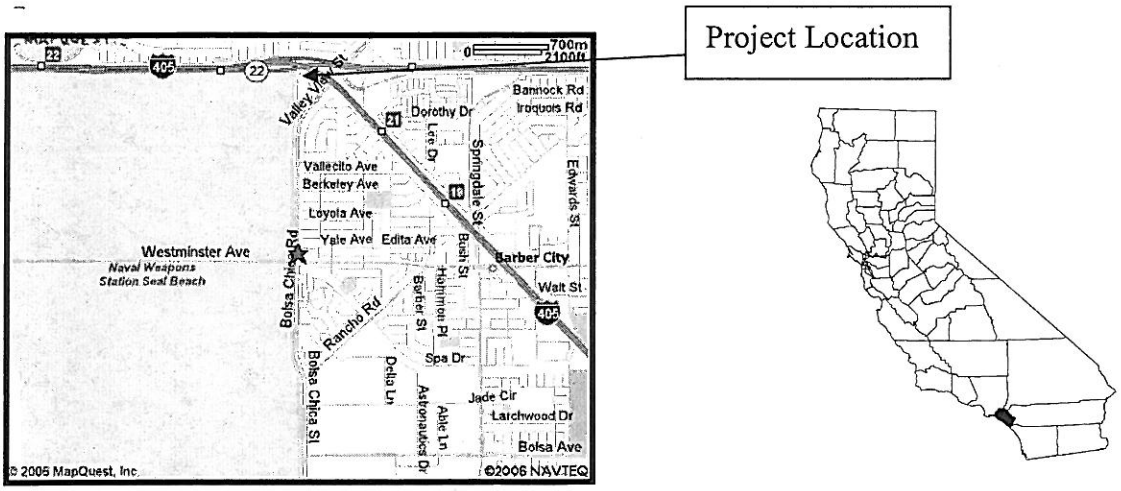
OPTION B: Deny this request and direct the Department to reduce the scope of the project to remain within the allocated amount and re-advertise the project. The project includes only the minimum scope of work to accomplish the purpose and need of this project. In fact, the condition of the roadway has continued to deteriorate since the original bid, thus limiting the Department's ability to remove project scope. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public.

RECOMMENDED OPTION

The Department recommends that this request for $2,297,000, as presented in Option A above, be approved to allow this project to be re-advertised.

BACKGROUND:

Project # / Allocation Amount / Recipient / County / Dist-Co-Rte / Postmile	Location / Project Description / Reason for Supplemental Funds	EA / PPNO / Budget Year / Prgm Codes / Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e.(3) Supplemental Funds for Previously Voted Projects					**Resolution FA-05-17**
3 $1,469,000 Department of Transportation Orange 12U-Ora-L5804	In Westminster at the Old Bolsa Chica Road. Construct new maintenance station. Supplemental funds are needed to re-advertise the contract	079301 12-5131 2004-05 302-0042 302-0890 20.20.201.352 SHOPP	$2,972,000 -	$1,469,000 -	$4,441,000 -
			$2,972,000	$1,469,000	$4,441,000



PROJECT DESCRIPTION

This project is located in the Orange County on the Old Bolsa Chica Road and will construct a two-crew Maintenance facility consisting of a office building and storage bays, an equipment service center for vehicle maintenance, chemical storage spaces, concrete bins, emergency eyewash, restrooms, and paved parking with handicapped accessibility.

FUNDING STATUS

This project was programmed for $2,561,000 in the 2004 State Highway Operation and Protection Program (SHOPP) and was voted at the November 2005 Commission meeting for $2,972,000. Bids for this project were opened on January 26, 2006, and there were seven bidders. The low bid was 24% over the Engineer's Estimate. It was the Department's intention to place a request for supplemental funds to award the contract on the March 2006 Commission meeting agenda, however doing so required a contract bid extension. Although many attempts were made to obtain a bid extension from the lowest qualified bidder, the Department was unable to acquire the necessary approval. As a result, the Department had to reject the bid.

Since the original vote, the Department has re-evaluated the Plans, Specifications and Estimate (PS&E), and the current Engineer's Estimate is $4,441,000. This request for $1,469,000 in supplemental funds to re-advertise the project results in an overall increase of 49% over the original allocation.

A time extension for the period of contract award was approved at the April 2006 Commission meeting, extending the award period until November 2006.

REASONS FOR COST INCREASE

The estimate has been revised based on projections of the future material costs during construction and has been certified by the District Director. The unit cost increase for the following six items account for 80% of the cost increase. Building related work contributed $670,000, excavation related items contributed $214,000, asphalt concrete related items contributed $89,000, aggregate related items contributed $83,000, formulary costs contributed $56,000, and concrete related items contributed $36,000 to the cost increase. The remaining 20% increase was spread throughout the remaining bid items.

FUNDING OPTIONS

The Department reviewed the following options:

OPTION A: Approve this request for Supplemental Funds, as presented above, for $1,469,000 to allow this project to be re-advertised.

OPTION B: Deny this request and reduce the scope of the project to remain within the allocated amount and re-advertise project. The project includes only the minimum scope of work to accomplish the purpose and need of this project. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs.

RECOMMENDED OPTION

The Department recommends that this request for $1,469,000, as presented in Option A above, be approved to allow this project to be re-advertised.