State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 31-February 1, 2007

PASSED BY CTC FEB 01 2007 CALIFORNIA TRANSPORTATION COMMISSION

Reference No.: 2.5e.(2)
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-06-12**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-06-12, allocating an additional $21,327,000 for one State Transportation Improvement Program (STIP) project identified below.

ISSUE:

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

RESOLUTION:

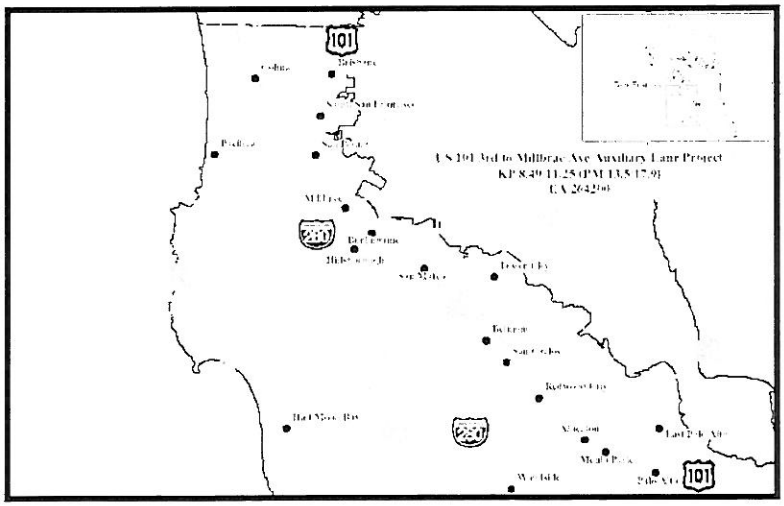
Resolved, that $21,327,000 be allocated from the Budget Act of 2006, Non-Budget Act Item 2660-801-3093, to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original Vote/G11 Amount	Original Award Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	04-SM-101	$39,343,000	N/A	$39,343,000	$21,327,000	$60,670,000	54.2%

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.(2) Supplemental Funds for Previously Voted Projects					**Resolution FA-06-12**
1 $21,327,000 Department of Transportation MTC San Mateo 04N-SM-101 13.5/17.9	In San Mateo, from 3rd Avenue to Millbrae Avenue in Millbrae. Add auxiliary lanes, reconstruct overcrossing, ramp meters. (Contribution from other sources: Original $48,857,000; additional $26,484,000; total $75,341,000). Supplemental funds are needed to award the contract.	264200 04-0700B 2005-06 RIP / 05-06 801-3008 20.20.075.600	$30,030,000	-	$30,030,000
		IIP / 05-06 801-3008 20.20.025.700	$9,313,000	-	$9,313,000
		2006-07 RIP / 06-07 801-3093 20.20.075.600	-	$16,279,000	$16,279,000
		IIP / 06-07 801-3093 20.20.025.700	-	$5,048,000	$5,048,000
			$39,343,000	$21,327,000	$60,670,000

RECOMMENDATION:

The Department recommends that this request for $21,327,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

The project is located on Route 101 in San Mateo County, from 3rd Avenue in the city of San Mateo to Millbrae Avenue in the city of Millbrae. The project is to construct northbound and southbound auxiliary lanes, reconstruct the Peninsula Avenue interchange and Monte Diablo Pedestrian Overcrossing, construct a new Broadway Avenue Pedestrian Overcrossing, and install ramp meters, soundwalls, and retaining walls along Route 101.

BACKGROUND AND FUNDING STATUS:

This project is the highest priority in San Mateo County (County) and is jointly funded with local sales tax measure funds (administered by the San Mateo County Transportation Authority (SMCTA)) and STIP funds. This project will deliver much needed congestion relief to the region and is part of the County's corridor plan to construct auxiliary lanes within the county limits. A cooperative agreement has been executed in which the SMCTA provides 55.4 percent of the construction capital funding and the STIP provides 44.6 percent. Under the terms of the cooperative agreement, any cost increases will follow the same percentage split.

The project was advertised on September 25, 2006, and bids were opened on November 28, 2006. The Department received one bid for $120,627,100. Total dollars needed for construction is $136,011,000 including bid items, supplemental work, contingencies and State-furnished material. The additional amount needed to award is $47,811,000. The SMCTA Board approved additional local funds on January 4, 2007. This request for supplemental funds, results in an overall increase of 54.2 percent over the STIP vote amount for this project. Below is a table describing the funding for the project:

PROGRAM	BUDGETED FUNDS	NEEDED FOR CONSTRUCTION	DIFFERENCE
STIP –RIP	$30,030,000	$46,309,000	$16,279,000
STIP – IIP	$9,313,000	$14,361,000	$5,048,000
SUBTOTAL STIP	**$39,343,000**	**$60,670,000**	**$21,327,000**
SMCTA Local Funds	$48,857,000	$75,341,000	$26,484,000
TOTAL AMOUNT	**$88,200,000**	**$136,011,000**	**$47,811,000**

REASONS FOR COST INCREASE:

The SMCTA and the City/County Association of Governments of San Mateo (C/CAG) consultant submitted the Plans, Specifications, and Estimate (PS&E) to the Department on March 16, 2006. SMCTA and C/CAG requested that the Department seek an allocation from the Commission at the June 7-8, 2006 Commission meeting. The Department review was ongoing, and the project had not achieved final PS&E. The Department used the consultant's estimate as the basis of the funds request in lieu of the District Director's certified estimate.

The Department's comparison of the contract bid item with the consultant's estimate determined that the consultant's estimate was low and not reflective of the market. The major increases were attributed to several bid items: Time-Related Overhead (TRO), Traffic Control System, Temporary Railing (Type K), Sound Wall (Masonry Block), Steel Soldier Pile, Furnish Sign Structure (Truss), Jacked Welded Steel Pipe, Furnish Piling (Class 625) (Alternative W) and Architectural Surface (Stone).

FUNDING OPTIONS

OPTION A: Approve this request for supplemental funds, as presented above, for $21,327,000 to allow this project to be awarded.

OPTION B: Deny this request. Should the Commission deny the request, the Department, SMCTA, and C/CAG have evaluated the available alternatives:

(1) Retain current scope and re-advertise:

- This option is not feasible. The project would not have a sufficient budget to re-advertise.

(2) Split the project into smaller contracts:

PRO:

- Has the potential to attract more bidders due to reduced size and complexity, which should result in a more competitive environment.
- The project can be split by specialty work (structural and roadwork) or by physical limits.

CON:

- It is anticipated that future bids will be in the same range as the current bid even with additional bidders; therefore, cost savings will not materialize.
- Estimated bids for the project if split into smaller contracts is in the range of $112 million to $120 million (bid items only). Including supplemental work, State-furnished material and contingencies, the estimated total cost needed for construction would be approximately $136 million.
- Splitting the project into smaller contracts and re-advertising would require longer than six months resulting in the lapse of $39,343,000 in STIP funding and leaving the project with insufficient funds to advertise.

RECOMMENDED OPTION

The Department recommends that this request for $21,327,000, as presented in Option A above, be approved to allow this project to be awarded. Based on the information above, awarding the project would be the most prudent action, taking into account several factors:

- It would provide congestion relief much sooner.
- The local agencies support moving forward with the project.
- The SMCTA Board approved additional funding of $26,484,138 for award of the project at their January 4, 2007 Board meeting.
- The C/CAG approved the use of additional STIP (RIP) funding toward the award of the project at their December 14, 2006 Board meeting.