State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

TAB 59

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 24-25, 2008

PASSED BY CTC SEP 25 2008 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-08-06**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-08-06, allocating an additional $236,000 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:

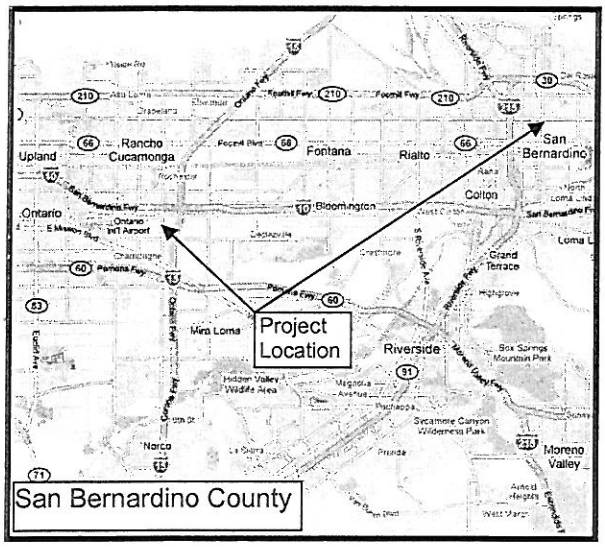
Resolved, that $236,000 be allocated from the Budget Act of 2006, Budget Act Item 2660-302-0042 to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original allocated Amount	Original Award Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	08-Sbd	$444,000	N/A	$444,000	$236,000	$680,000	53.2%

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.(2) Supplemental Funds for Previously Voted Projects					**Resolution FA-08-06**
1 $236,000 Department of Transportation San Bernardino 08S-Var-Var L5721/L5726	In Ontario and the city of San Bernardino, at the Ontario and San Bernardino maintenance stations. Construct new storage buildings. Supplemental funds are needed to award the contract.	0J6601 08-0033H 2006-07 302-0042 SHA SHOPP	$444,000	$236,000	$680,000

RECOMMENDATION:

The Department recommends that this request for $236,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:
This storm damage permanent restoration project is located in San Bernardino County. This replacement project is a result of the 2003 fires that destroyed the Panorama Maintenance Station. This project will construct 15 new metal arch storage buildings at two different maintenance stations.

FUNDING STATUS:
The project was programmed in the 2006 SHOPP for $444,000 and voted for $444,000 on April 10, 2008. The project qualifies for Stafford Act funds through the Federal Emergency Management Agency (FEMA) for $360,000. Bids for this project were opened on August 7, 2008. There were three bids; the lowest bid was 55.3 percent over the Engineer's Estimate. The amount needed to award based on the lowest responsible bidder is $680,000. This request for $236,000 in supplemental funds results in an overall increase of 53.2 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
09/2008	16	8/7/08	3	$444,000	$680,000	53.2%

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 within the lump sum building work item was the cost of the prefabricated material. The low bid lump sum unit price for the steel buildings was $616,000, significantly higher than the Engineer's Estimate of $392,000 for this item. Within the lump sum unit price, the item with the most discrepancy was the prefabricated material. Although the increase in steel prices and the fuel costs associated with shipping the material had some impact on the cost estimate, the Engineer's Estimate undervalued the prefabricated material. The Department strongly considered re-scoping the project to stay within the allocated budget. However, FEMA requires the project to be completed by the end of January 2009 to be eligible for reimbursement. Re-scoping and re-advertising the project will add significant time to the schedule and will jeopardize the significant federal contribution to the project. As a result, the decision was made to move forward with the project as originally scoped.

FUNDING OPTIONS:
OPTION A: Approve this request for supplemental funds, as presented above, for $236,000 to allow this project to be awarded.

OPTION B: Deny this request, direct the Department to reject all bids, and re-scope the project to stay within the current allotment. The Department has considered this option and determined that lowering the scope will result in the loss of federal funding contribution.

RECOMMENDED OPTION:
The Department recommends that this request of $236,000, as presented in Option A above, be approved to allow this project to be awarded.