State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

TAB 184

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 22-23, 2011

Reference No.: 2.5e.(2)
Action Item

PASSED BY CTC JUN 2 3 2011 CALIFORNIA TRANSPORTATION COMMISSION

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECT RESOLUTION FA-11-19**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission allocate an additional $1,286,000 for one State Highway Operation and Protection Program project identified below.

ISSUE:

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

RESOLUTION:

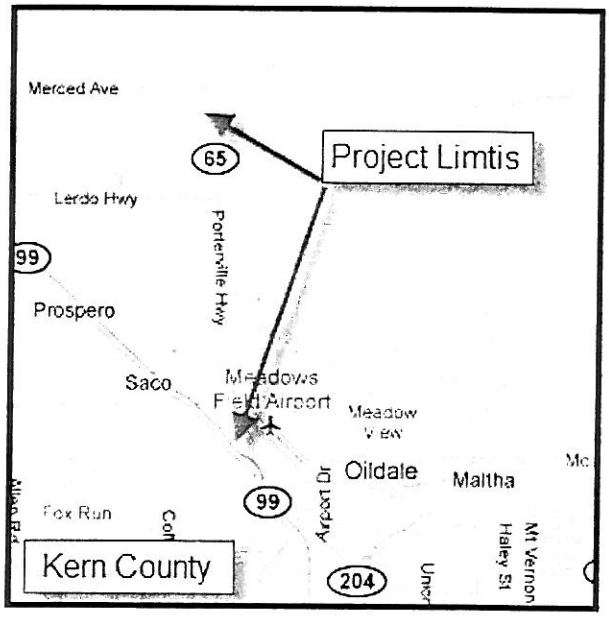
Resolved, that $1,286,000 be allocated from the Budget Act of 2010, Budget Act Item 2660-302-0890 to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original allocated Amount	Original Award Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	06-Ker-65	$4,992,000	N/A	$4,992,000	$1,286,000	$6,278,000	25.7%

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	PPNO Program Funding Year Item # Fund Type Program Codes Project ID Adv Phase EA	State Federal Current Amount by Fund Type	State Federal Additional Amount by Fund Type	State Federal Revised Amount by Fund Type
2.5e.(2) Supplemental Funds for Previously Voted Projects					**Resolution FA-10-19**
1 $1,286,000 Department of Transportation Kern 06S-Ker-65 R0.0/R6.1	Near Bakersfield, from Route 99 to south of Merced Avenue. Rehabilitate roadway. Supplemental funds needed to award construction contract. Total Revised Amount: $6,278,000	06-3395 SHOPP 2009-10 302-0890 FTF 20.20.201.120 0600020030 4 0E0604	$4,992,000		$4,992,000
		SHOPP 2009-10 302-0890 FTF 20.20.201.120		$1,286,000	$1,286,000

RECOMMENDATION:

The Department recommends that this request for $1,286,000 be approved to allow the Department to award this project.



PROJECT DESCRIPTION:

The project is located on Route 65 in Kern County near Bakersfield from Route 99 to south of Merced Avenue. This project will rehabilitate existing roadway with AC pavement overlay and repair localized areas of severe pavement failure. Full structural section for portion of this project will be replaced.

FUNDING STATUS:

This SHOPP project was programmed for $5,260,000 and voted in January 2011 for $4,992,000. Bids for this project were opened on March 23, 2011; four bids were received. The lowest bid amount was $5,316,947 which is higher than the original allocation. This request for $1,286,000 in supplemental funds results in an overall increase of 25.8 percent over the original allocation. 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
01/2011	5	3/23/11	4	$5,260,000	$1,286,000	25.8%

REASONS FOR COST INCREASE:

The Department performed a bid analysis to determine all significant differences between the Engineer's Estimate and that of the contract bid items. The contract has 30 bid items. Two of these bid items which have significant cost increases involve work related to replacing AC pavement.

BID ITEM	ENGINEER'S ESTIMATE	Bid Amount	Difference
Hot Mix Asphalt	$3,059,800	$3,993,900	$934,100
Class 2 Aggregate Base	$594,000	$891,000	$297,000
Miscellaneous Adjustments/Contingencies			$54,900
TOTAL INCREASE			**$1,286,000**

The cost increase for this project is mainly due to a significant rise in the oil prices. This has resulted in the cost increase of removing, hauling, mixing and placing of AC pavement. The cost of Hot Mix Asphalt (HMA) for this project has been increased by more than 30 percent since the plans were completed and the Engineer's Estimate was prepared in October 2010. The project is currently scheduled to be awarded in July 2011 pending approval of this supplemental funds request.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for $1,286,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to reject all bids, retain current scope of this project, and re-advertise. The Department has considered this option and determined that with the current trend of cost of oil, there will be significant cost increase in the overall project cost in the future.

OPTION C: Deny this request and direct the Department to revise the project scope to remain within the allocated amount and re-advertise the project. The Department has considered this option and determined that reducing the scope of work and executing another project to complete the deleted work later would result in greater cost and more disruption to the travelling public.

RECOMMENDED OPTION:

The Department recommends that this request of $1,286,000, as presented in Option A above, be approved to allow the Department to award this project.