

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 21-22, 2003

Reference No.: 2.5h.  
Action Item

From: ROBERT L. GARCIA  
Chief Financial Officer

Prepared by: Robert Sertich  
Chief  
Division of Budgets

Ref: **FINANCIAL ALLOCATION ADJUSTMENTS FOR AWARD (ASSEMBLY BILL 608)**  
**RESOLUTION FA-02-08**

## **ISSUE:**

The California Department of Transportation (Department) is requesting a financial adjustment to an allocation pursuant to Assembly Bill 608. The Department under delegated authority per Resolution FP-01-62 allocated this project in April 2002. The project was awarded in September of 2002 twenty-eight percent lower than the final engineer's estimate. The Department requests an adjustment to the allocation and recommends that the California Transportation Commission (Commission) approve the following Resolution.

## **BACKGROUND:**

Assembly Bill 608 amended Section 188.8 of the Streets and Highways Code and was signed by the Governor on October 12, 2001. One provision of this legislation allows the Commission to adjust an allocation amount for a capital outlay project in the State Transportation Improvement Program (STIP) if the construction contract award amount for the project is less than 80% of the engineer's final estimate. The result would be an adjustment to the county shares. This new legislation is permissive and it is understood that the adjustments to the allocations are at the discretion of the Commission. One project has come forward with such a request for an adjustment. This project had a contract award amount 80% of the engineer's final estimate.

**DISCUSSION:****State Route 70 (SR 70), Widen existing expressway from two lanes to four lanes between the Bear River and McGowan Parkway Interchange, Allocation Date: April 2002**

This project is the first of three sections of the Department's plan to widen the existing expressway (SR 70) from McGowan Parkway to State Route 99 (SR 99), providing a four-lane facility from the City of Marysville to the City of Sacramento (portions of SR 70 and SR 99). The Commission approved an allocation for this project on April 3, 2002 under FP-01-62 for \$22,730,000 of Interregional Improvement Program (IIP) funds. The project award amount for these funds was \$16,458,000, which is seventy-two percent of the final engineer's estimate.

There were a total of six contractors providing bids for the project. Bids ranged from a high of \$19,252,000 to the low bid of \$16,458,000, with the average bid being \$17,738,000. Based on the number of bids, the bid range, and general overall consistency of the bids, they do not appear to be unbalanced. After examining the bids and individual bid items, the greatest item contributors that decreased the final bid amount were:

<u>Item</u>	<u>Decrease (\$)</u>
Time-Related Overhead	-983,360
Imported Borrow	-857,500
Mobilization	-759,000
Class 2 Aggregate Base	-604,800
Roadway Excavation	-472,500
Asphalt Concrete (Type A, 37.5-MM Maximum Grading)	-446,600
Asphalt Concrete	-383,200
Traffic Control System	-280,900
Class 3 Aggregate Base	-199,600
Portable Changeable Message Sign	-190,000
Bar Reinforcing Steel (Bridge)	-170,800
Asphalt Concrete (Open Graded)	-122,360
Class 1 Concrete (Box Culvert)	-115,850
Place Asphalt Concrete (Miscellaneous Area)	-115,200
Compost (Drill Seed)	-81,000
Lighting	-80,000

The unit bid prices have been reviewed and are overall, lower than the engineer's estimate. The engineer's estimate is based on historical data, but the majority of the historical data came from contracts in which the work was performed on existing roadways in which the majority of the work was significantly impacted by traffic control constraints. The low bid is lower than the engineer's estimate because this project has significant portions in which the work is off the roadway with no traffic impact. This project also benefits from large economies of scale, where a small change in the

unit price of an item can result in a large change in overall cost of the item of work. The State of California also appears to have benefited from strong competition.

**FINANCIAL RESOLUTION:**

Pursuant to Assembly Bill 608, the State Route 70 project, EA 376104 allocated for construction in April 2002 for \$22,730,000 be adjusted to \$16,458,000.

Attachment

Project #	EA	Budget Year	Allocation
Allocation Amount	PPNO	Item #	Amount
Recipient	Program / Year	Program Code	
RTPA/CTC	PA&ED	Expenditures:	State
County	PS&E	PA&ED	Federal
Dist-Co-Rte	Const Eng	PS&E	
Postmile (Kilopost)	CONST	Const Eng	Total Amount
		CONST	
<b>2.5h Financial Allocation Adjustment for STIP Project (AB 608)</b>			<b>Resolution: FA-02-08</b>
1			
\$22,730,000	Near Marysville, north of Bear River to south of McGowan Parkway.	376104	
<b>\$16,458,000</b>		03-0366C	
Department of Transportation	Widen facility from two-lane expressway to four-lane freeway.	GFIIIP / 99-00	\$2,608,000
<u>SACOG</u>		\$0	<b>\$1,889,000</b>
Yuba		\$0	\$20,122,000
03N-Yub-70	(Adjust original IIP allocation from \$22,730,000 to \$16,458,000 for CON pursuant to AB 608. Balance of \$6,272,000 in IIP to be returned to Interregional share balance.)	\$0	<b>\$14,569,000</b>
0.4/7.3		\$22,730,000	
			\$22,730,000
			<b>\$16,458,000</b>