

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 6-7, 2006

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

From: CINDY McKIM
Chief Financial Officer

Prepared by: Ross A. Chittenden
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-06-05**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-06-05, allocating an additional \$11,357,000 for the projects listed below.

ISSUE:

Additional funds are needed for two previously voted projects in order to award the construction contracts.

RESOLUTION:

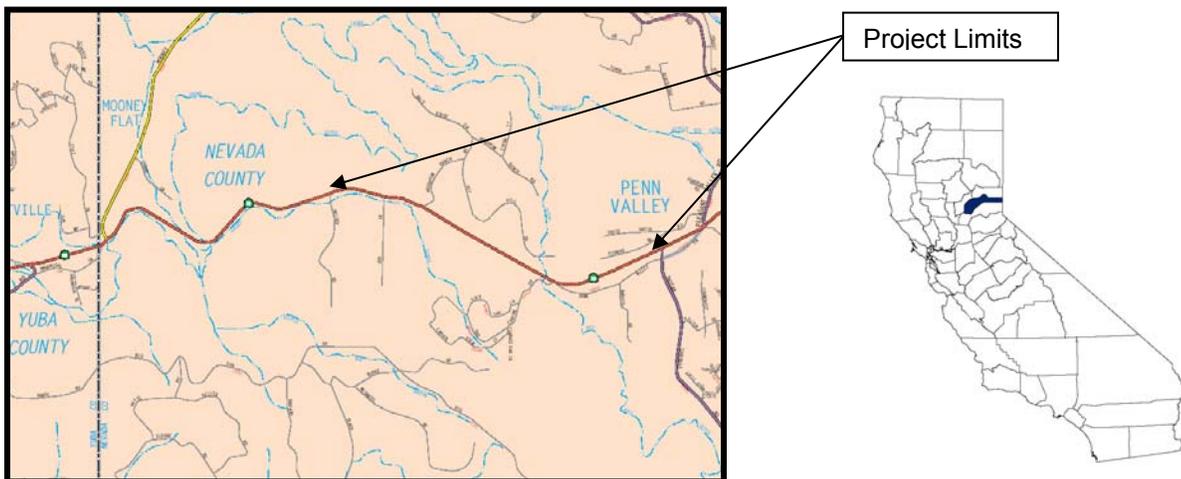
Resolved, that \$10,248,000 be allocated from the Budget Act of 2004, Budget Act Item 2660-302-0042, and \$1,109,000 be allocated from the Budget Act of 2005, Budget Act Items 2660-302-0042 and 2660-302-0890, to provide additional funds for the projects identified below.

<u>Dist-Co-Rte</u>	<u>Original Vote/G11 Amount</u>	<u>Original Award Amount</u>	<u>Current Budget Amount</u>	<u>Current Allocation Revision</u>	<u>Revised Budget Amount</u>	<u>Total Increase Vote/Award</u>
03N-Nev-20	\$26,100,000	N/A	\$26,100,000	\$10,248,000	\$36,348,000	39%V
05N-Mon-1	\$4,664,000	N/A	\$4,664,000	\$1,109,000	\$5,773,000	24%V

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-06-05		
1 \$10,248,000 Department of Transportation Nevada 03N-Nev-20 0.0/3.9	Located in Nevada County from the Nevada County line to 0.62 miles east of Oak Canyon drive. Realign curve and add truck-climbing lane. Supplemental funds are needed to award the contract.	1A5301 03-3982 2004-05 302-0042 302-0890 20.20.201.310 SHOPP	\$26,100,000 -	\$10,248,000 -	\$36,348,000 -
			\$26,100,000	\$10,248,000	\$36,348,000

RECOMMENDATION:

The Department recommends that this request for \$10,248,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

This project is located on Route 20 in Nevada County, from Melody Road to Indian Springs Road. This project consists of many items of work that address safety concerns along this corridor. This project will realign and widen the roadway, add left-turn lanes, add a truck climbing lane and provide a clear recovery zone.

FUNDING STATUS:

This project was voted at the April 2006 Commission meeting for \$26,100,000. Bids for this project were opened on July 12, 2006, and there were three bids at 42%, 49% and 57% over the Engineer's Estimate. The amount needed to award, based on the lowest responsible bidder, is \$36,348,000. This request for \$10,248,000 in supplemental funds results in an overall increase of 39% over the original vote amount. The project will be awarded upon approval of this supplemental funds request.

Vote Date	No. of Plan Holders	Bid Opening Date	Bid Expiration Date	No. of Bidders	Vote Amount	Amount needed to Award	% Over Vote Amount
04/2006	24	7/12/06	8/12/06	3	\$26,100,000	\$36,348,000	39%

REASONS FOR COST INCREASE:

The Department performed a bid analysis to determine all significant differences between the Engineer's Estimate and that of contract bid items. The lowest qualified bidder was contacted to discuss the bid items. The following four items account for 87% of the cost increase: 1) items related to roadway excavation contributed \$4,620,000; 2) items related to Nevada Irrigation District (NID) Relocation contributed \$1,888,000; 3) items related to drainage contributed \$711,000; and, 4) formulary items contributed \$1,674,000. A discussion of the items with the largest cost increase follows.

Roadway Excavation Related Items (\$4,620,000)

Based on the Geotechnical report prepared by the Department, it was assumed that the proposed excavation would consist of 50% blasting and 50% standard excavation. The contractor, while acknowledging the findings of our Geotechnical Report, used a higher unit price for excavation due to their plan to assume all the excavation as blasting. The contractor's decision was based on the operational aspects of the excavation and associated risks involved where they will need to blast beyond the cut limits, resulting in a volume of excavated material greater than the theoretical volume. The increased trucking cost, due to the high fuel prices and political uncertainties in the international market, also added to high bids. The unit prices for excavation for all the bidders for this item were similar, and therefore, the prices were relatively consistent.

NID Relocation Related Items (\$1,888,000)

The contractor attributed the high bid price for NID related work items to the need for trench blasting to place the pipes and higher prices for specialty pipes as required by NID (due to NID's water distribution needs). Price escalations in steel and concrete contributed further to the cost increases associated with the NID relocation.

FUNDING OPTIONS:

OPTION A: Approve this request for Supplemental Funds, as presented above, for \$10,248,000 to allow this project to be awarded.

OPTION B: Deny this request and revise the project 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 on this project will require significant redesign and could delay the project by two years. Also, removed work will have to be constructed by another project. This option will also result in greater costs and more disruption to the traveling public.

OPTION C: Deny this request and reject all bids; retain current scope of project and re-advertise. This option was considered, however, there is no guarantee of having an adequate number of bidders, nor, lower price bids in the future, and this option would delay the project.

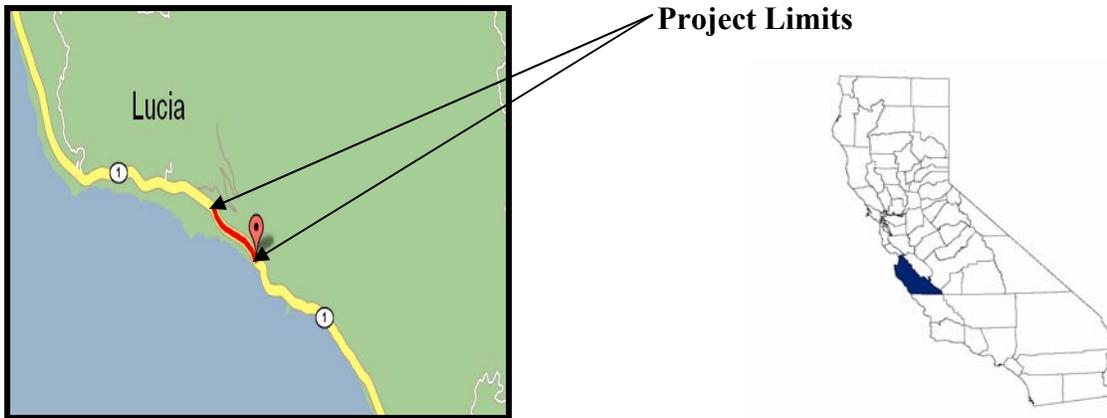
RECOMMENDED OPTION:

The Department recommends that this request of \$10,248,000, as presented in Option A above, be approved to allow this project to be awarded.

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-06-05		
2 \$1,109,000 Department of Transportation Monterey 05N-Mon-5 R21.9/R22.1	Near Willow Springs from north of the Limekiln Creek Bridge to north of the Burns Creek Bridge. Construct retaining wall. Supplemental funds are needed to award the contract.	0C5401 05-0054 2005-06 302-0042 302-0890 20.20.201.150 SHOPP	\$535,000 \$4,129,000 \$4,664,000	\$128,000 \$981,000 \$1,109,000	\$663,000 \$5,110,000 \$5,773,000

RECOMMENDATION:

The Department recommends that this request for \$1,109,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

This project is located on Route 1 in Monterey County, from 0.8 miles to 1.0 miles north of Limekiln Creek Bridge. The project proposes to construct a 522 foot tie-back retaining wall to correct damage from a landslide.

FUNDING STATUS:

The project was voted at the April 2006 Commission meeting for \$4,664,000. Bids for this project were opened on July 25, 2006, and there were two bids at 25% and 78% over the Engineer’s Estimate. The amount needed to award, based on the lowest responsible bidder, is \$5,773,000. This request for \$1,109,000 in supplemental funds results in an overall increase of 24% over the original vote amount. The project will be awarded upon approval of this supplemental funds request.

Vote Date	No. of Plan Holders	Bid Opening Date	Bid Expiration Date	No. of Bidders	Vote Amount	Amount needed to Award	% Over Vote Amount
04/2006	18	7/25/06	8/25/06	2	\$4,664,000	\$5,773,000	24%

REASONS FOR COST INCREASE:

The Department performed a bid analysis to determine the significant differences between the Engineer's Estimate and the contract bids. The following two items account for 95% of the cost increase: 1) Class 2 Concrete Backfill contributed \$201,000; and 2) Steel Soldier Pile and installation contributed \$854,505. The higher prices for these items are being attributed to the isolated location and difficult drilling on steep slopes.

FUNDING OPTIONS:

OPTION A: Approve this request for Supplemental Funds, as presented above, for \$1,109,000 to allow this project to be awarded.

OPTION B: Deny this request and reduce the scope of the project to remain within the allocated amount and re-advertise project. The Department has considered this option and determined it is not possible to eliminate items in sufficient quantity and still be able to construct this project.

RECOMMENDED OPTION:

The Department recommends that this request of \$1,109,000, as presented in Option A above, be approved to allow this project to be awarded.