

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 24-25, 2008

Reference No.: 2.5e.(1)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-08-05**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-08-05, allocating an additional \$2,917,000 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 \$2,917,000 be allocated from the Budget Act of 2007, Budget Act Item 2660-302-0042 to provide additional funds for the project identified below.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original allocated Amount</u>	<u>Original Award Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	06-Ker-166	\$15,908,000	N/A	\$15,908,000	\$2,917,000	\$18,825,000	18.3%

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.(1) Supplemental Funds for Previously Voted Projects					Resolution FA-08-05
1 \$2,917,000 Department of Transportation Kern 06S-Ker-166 9.0/24.6	Near Maricopa, from west of San Emigdio Creek Bridge to Route 99. Rehabilitate Roadway. Supplemental funds are needed to award contract. Contingent upon passage of the FY 08-09 Budget Act.	322101 06-6444 2007-08 302-0042 SHA 302-0890 FTF SHOPP	\$1,825,000 <u>\$14,083,000</u> \$15,908,000	\$335,000 <u>\$2,582,000</u> \$2,917,000	\$2,160,500 <u>\$16,665,000</u> \$18,825,000

RECOMMENDATION:

The Department recommends that this request for \$2,917,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

The project is located on Route 166 in Kern County, near Maricopa. This project will overlay the existing roadway, widen shoulders, extend culverts and upgrade guardrail.

FUNDING STATUS:

The project was programmed in the 2006 SHOPP for \$20,967,000 and was voted for \$15,908,000 on June 26, 2008. Bids for this project were opened on August 19, 2008. There were seven bids, and the lowest bid was 11.7 percent over the Engineer's Estimate. The amount needed to award, based on the lowest responsible bidder, is \$18,825,000. This request for \$2,917,000 in supplemental funds results in an overall increase of 18.3 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
06/2008	16	8/19/08	7	\$15,908,000	\$18,825,000	18.3%

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 is the hot mix asphalt (HMA) related items. The HMA related items were \$1,700,000 above the Engineer's Estimate. In addition, bid items for roadway excavation and sweeping dirt and debris from the existing roadway during construction were also higher than the Engineer's Estimate. The balance of this supplemental funds request is attributed to adjustments to mobilization and the contingency balance, which are both calculated as a percentage of the cost of the bid items. The Engineer's Estimate was prepared based on current industry trends. The industry trends have been dynamic and difficult to predict. The Department received seven bids and feels that good uniform bid results were achieved with the bidders. Additional supplemental funds are needed in order to award this project.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for \$2,917,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to reject all bids, retain current scope of the project, and re-advertise. The Department has considered this option and determined that there is no guarantee of having adequate number of bidders or lower price bids in the future, and this option would further delay this safety project.

RECOMMENDED OPTION:

The Department recommends that this request of \$2,917,000, as presented in Option A above, be approved to allow this project to be awarded.