State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

TAB 69

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: February 22-23, 2012

PASSED BY CTC FEB 23 2012 CALIFORNIA TRANSPORTATION COMMISSION

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

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Rachel Falsetti
Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PROJECT PREVIOUSLY VOTED RESOLUTION FA-11-16**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocates an additional $2,758,000 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:

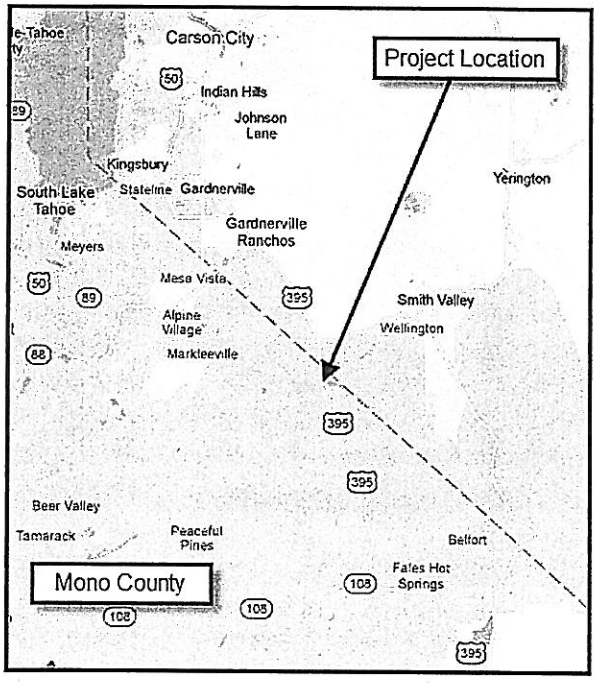
Resolved, that $2,758,000 be allocated from the Budget Act of 2011, Budget Act Item 2660-302-042 and 2660-302-0890 to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original Allocated Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	09-Mno-395	$9,091,000	$9,091,000	$2,758,000	$11,849,000	30.3%

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.(1) Supplemental Funds for Previously Voted Projects					**Resolution FA-11-16**
1 $2,758,000 Department of Transportation Mono 09-Mno-395 118.7/119.6	Near Topaz Lake, from 1.7 miles north of Route 89 to 0.9 mile south of the Nevada State border. Outcome/Output: Realign highway curves and widen shoulders to increase sight distances and improve safety along 0.9 roadway centerline miles. Supplemental funds needed to award construction contract. Total Revised Amount: $11,849,000	09-0601 SHOPP 2011-12 302-0042 SHA 302-0890 FTF 20.20.201.010 0900000038 4 237704	$182,000 $8,909,000	$55,000 $2,703,000	$237,000 $11,612,000

RECOMMENDATION:

The Department recommends that this request for $2,758,000 be approved to allow this project to be awarded.



PROJECT DESCRIPTION:

This project is located on Route 395 in Mono County near Topaz Lake from 1.7 miles north of Route 89 to 0.9 miles south of the Nevada State line. The project is necessary to reduce the number of collisions and improve safety along 0.9 centerline miles by:

- Constructing two retaining walls to realign non-standard roadway curves to increase sight distance
- Cutting side slopes and installing anchored mesh to stabilize slopes, reduce rockfall, and reduce icing by allowing more sunlight to reach the roadway
- Widening roadway shoulders to eight feet
- Constructing centerline and shoulder rumble strips

FUNDING STATUS:

The safety project is programmed in the 2010 SHOPP for $18,300,000 and was sub-allocated by the Department for $9,901,000 on September 7, 2011 under the delegated authority for safety projects and reported to the Commission at the October 26-27, 2011 Commission meeting. Bids were opened on December 14, 2011. There were four bids. The lowest bidder was 8.22 percent over the Engineer's Estimate. However, the lowest bidder was non-responsive and was disqualified. The next lowest bidder who was also the second bidder came in at $11,072,679, or 37.8 percent over the Engineer's Estimate. The amount needed to award, based on the apparent lowest responsible bidder, is $2,758,000. This request for $2,758,000 in supplemental funds results in an overall increase of 30.3 percent over the original vote amount. The project will be awarded upon approval of this supplemental funds request.

REASONS FOR COST INCREASE:

The reasons for the cost increase are summarized as follows:

- Two retaining walls will be constructed in a confined working space with steep slopes on one side of the roadway and a lake on the other. These physical constraints are compounded with both a limited work window and remote location. Although the Department utilized available bid data from other projects and current bidding trends, the Engineer's Estimate did not fully account for the difficulties and constraints.

- Time Related Overhead bids ranged from $1,500 per working day to $5,500 per working day. The large variability can be attributed to the differences in operating costs among bidders. The contract time is 130 working days and the Engineer's Estimate is $2,000 per day. The Department's estimate of $2,000 per day was developed based on typical expected overhead costs.

- Mobilization costs were bid at 10 percent. This project has a limited work window and it is assumed that the contractor likely anticipated risks associated with this project. The Engineer's Estimate used 7.5 percent for mobilization.

- Earthwork items (Roadway Excavation and Rock Excavation) were estimated by the Department based on current bidding trends and geotechnical information contained in the log of test borings. Bidders priced the earthwork items higher, likely to account for unknowns that may be encountered during excavation.

Rebidding this project will likely not result in cost reductions. The remaining bids reflect competitive bidding and a fair price for this project.

SPECIFIC BID ITEM INCREASES

Description	Engineer's Estimate	Bid Amount	Increase
Retaining Walls	$ 3,265,395	$ 4,515,780	$ 1,250,385
Time Related Overhead	260,000	715,000	455,000
Earthwork (Roadway Ex and Rock Ex)	644,920	1,076,600	431,680
Mobilization	602,000	1,000,000	398,000
Other item increases			222,935
		Total Increase	**$ 2,758,000**

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for $2,758,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to 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, and executing another project to complete the deleted work later would result in greater cost and more disruption to the traveling public.

RECOMMENDED OPTION:

The Department recommends that this request for $2,758,000, as presented in Option A, above, be approved to allow this project to be awarded.