

M e m o r a n d u m T A B 67

To: CHAIR AND COMMISSIONERS
 CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 16-17, 2018

Reference No.: 2.5e.(1) – ***REPLACEMENT ITEM***
 Action Item

From: STEVEN KECK
 Chief Financial Officer

Prepared by: Dave Moore
 District 02 - Director

Subject: **SUPPLEMENTAL FUNDS ALLOCATION FOR PREVIOUSLY VOTED
 PROJECT (PPNO 02-3529)
 RESOLUTION FP-17-19**

ISSUE

Should the California Transportation Commission (Commission) approve the California Department of Transportation (Department) request for an additional \$3,816,000 for the State Highway Operation Protection Program (SHOPP) Pavement Rehabilitation project (PPNO 3529) on State Route (SR) 36, in Lassen County, to award the contract?

RECOMMENDATION

The Department recommends that the Commission allocate \$3,816,000 for the previously approved SHOPP Pavement Rehabilitation project (PPNO 3529) on SR 36, in Lassen County, to award the construction contract.

Component	Programmed Amount	Initial Commission Allocation	Total Allotment	Supplemental Allocation Request	Revised Commission Allocation	% Over Initial Commission Allocation
*Capital	\$10,700,000	\$12,733,000	\$12,733,000	\$3,816,000	\$16,549,000	30.0%
*Support	\$ 1,205,000	\$ 1,433,000	\$ 1,433,000	\$0	\$ 1,433,000	0%
*(Construction)		Total Supplemental Request		\$3,816,000		

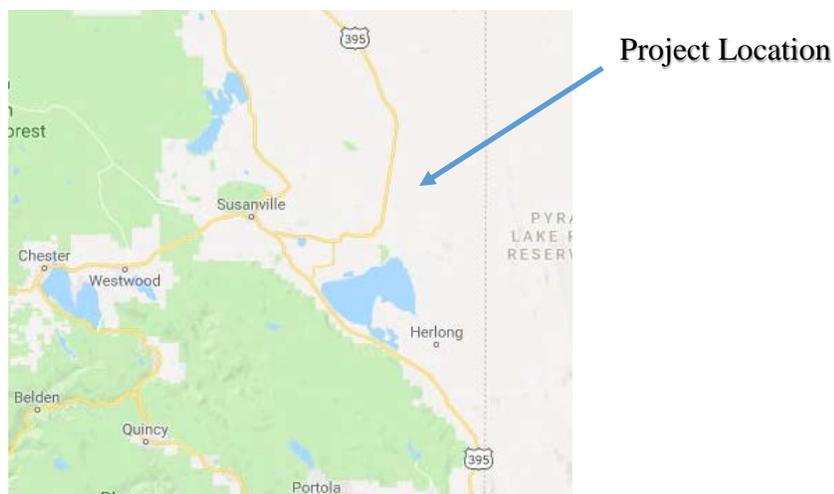
PROJECT LOCATION, DESCRIPTION, AND CONTRACT STATUS:

This project is located in Lassen County, on SR 36, 0.3 mile east of Eagle Lake Road to State Route 395. The project will replace and improve the pavement on SR 36 through the city of Susanville. This portion of SR 36 is subject to extreme winter climate conditions, including snow and freeze and thaw cycles. The roadway pavement was last rehabilitated in 1990, and is currently in poor condition with extensive damage caused by snow plowing equipment and vehicles with tire chains. The pavement of SR 36 where this project is located was last rehabilitated back in 1990.

Over 20 highway lane miles will be upgraded from “poor” to “good” condition, conforming to the adopted Transportation Asset Management Plan, and will have a 10 year design service life. The project will also address current highway drainage deficiencies and will upgrade all the curb ramps to current Americans with Disabilities Act (ADA) standards.

This project was first advertised on 10/16/17. There were only two plan holders but only one bid was submitted. The bid was opened on 11/1/2017, and it was approximately \$1 million, 20.7 percent higher than Engineer’s Estimate (EE). As is the Department’s standard practice, the Department evaluated its original EE and the lowest bid. In addition, the lowest bid was compared to reasonable cost estimates of similar projects to determine accuracy, material and mathematical unbalancing. While the EE was found to be accurate, the low bid was found to be mathematical unbalanced and to have used unreasonable pricing for some project items. Three items, namely, Cold Plane Asphalt Concrete, Traffic Control System, and Class II Aggregate Base, caused 78 percent of the cost increase. The bid was therefore rejected, and the Department decided to re-advertise the project. Upon comparison of item prices in its original EE to current data from projects with similar bid items, the Department determined that the original EE was accurate and sufficient to be used, unrevised, for the project re-advertisement.

To improve the pool of potential bidders, the Department conducted a contractor outreach effort, addressed inquiries, and provided detailed project information. The Department was anticipating a minimum of three bidders before executing a second advertisement effort.



On 1/12/18 the Department re-advertised the project and received two bids, which were opened on 2/13/18. The lowest bid was higher than the EE by 26.6 percent. The Department is requesting supplemental funds to award the contract to the apparent low bidder.

This project will be constructed over two construction seasons starting on 8/27/2018, and lasting 200 working days.

FUNDING STATUS:

The project is funded with SHOPP funds. The programmed pavement preservation amount is \$10,700,000. The Department received an allocation of \$12,733,000 at the June 8, 2017 Commission meeting. However, the amount needed to award the contract to the next lowest bidder is \$16,549,000. This project has an approved 10 percent contingency.

REASON(S) FOR COST INCREASE:

The Engineer's Estimate was developed on 6/26/2017 based on historic bid data from the Department Contract Cost Database. It was based on data from multiple projects with similar scope and size.

The lowest bid was higher than the Engineer's Estimate by 26.3 percent. The bid analysis and subsequent discussions with the low bid contractor concluded that the increase and EE differential were due to two main reasons; the lack of general and subcontractors willing to bid on the project, and the project's remote location and restrictive work schedule. The project's downtown location contributed to the high cost of traffic control by a much higher factor than what the Department had used in the EE.

A limited number of contractors submitted bids for the project, only one contractor submitted a bid during the first advertisement. The small bidder pool issue was not addressed in the project's Risk Management Plan as it was unanticipated. The Department conducted a contractor outreach on the second bid effort, and was able to have more bidders. There were four plan holders for this project for the second advertisement. Three were prime contractors and the fourth was a company that sells bidding software to contractors. Three contractors committed to providing a bid for this project. However, only two bids were submitted.

The Department did contact the two bidders for the second bidding effort, and the low bidder stated that the restrictive work windows constricted operation to night work and controlled the number of curb ramps that can be simultaneously constructed. Three main bid items that were directly impacted include Traffic Control System, Cold Plane AC Pavement and Minor Concrete (Sidewalk).

The local residents, the City of Susanville, and Lassen County Transportation Commission were involved in the development of the specifications that limit the number of curb ramps that can be under construction at one time as well as development of the lane closure charts. All parties agreed on the lane closure charts and work restrictions for curb ramp work. The curb ramp restrictions were set to minimize the effect on the local residents and businesses but still allow an acceptable level of production.

The Department EE included pricing factors to account for the restrictive work windows, but these factors were undervalued compared to the low bid.

Re-advertisement will not result in lower bids as the Department is now competing with local agencies who are advertising projects with the same contractors. There is no opportunity to redesign portions of this project to reduce the overall cost. All of the elements are necessary to meet the performance goals, purpose and need.

CONSEQUENCES:

The Department has determined that additional funds are needed to award the construction contract and the additional funds requested are in the best interest of the state.

If this request for an additional \$3,816,000 in Construction Capital is not approved, the Department will not be able to award this construction contract. This portion of SR 36 is currently in poor condition, and further deterioration will require additional maintenance resource and staff to repair the roadway and keep it safe for the traveling public.

RESOLUTION:

Resolved, that \$3,816,000 be allocated from the Budget Act of 2017, Budget Act Items 2660-302-0890 to provide funds to award the construction contract for the SHOPP project to rehabilitate the pavement on SR 36 in Lassen County.

Attachment