

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 29-30, 2022

From: ANGEL PYLE, Chief Financial Officer (Acting)

Reference Number: 2.5e.(1), Action Item

Prepared By: Matthew Brady
District 01 – Director

Subject: **SUPPLEMENTAL FUNDS ALLOCATION FOR PREVIOUSLY VOTED PROJECT
PPNO 0100V/EA 43640 – DEL NORTE COUNTY –
UNITED STATES HIGHWAY 101
RESOLUTION FA-21-56**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$21,889,000 in Construction Capital for the State Highway Operation and Protection Program (SHOPP) Bridge Rehabilitation project on United States Highway 101 (US 101), in Del Norte County, to award the construction contract?

RECOMMENDATION:

The Department recommends that the Commission approve the requested supplemental funds allocation for this SHOPP project.

PROJECT DESCRIPTION:

This project is located on US 101 near Crescent City, at the Smith River (Doctor Ernest M. Fine Memorial) Bridge (No. 01-0020), in Del Norte County. The project will replace the existing bridge to improve safety, meet current seismic and design standards, and to improve accessibility for pedestrians and bicyclists.

FUNDING AND PROGRAMMING STATUS:

In September 2006, the project was programmed for \$71,476,000 in Construction Capital in the SHOPP for allocation in Fiscal Year 2020-21. In June 2021, the project was allocated for \$64,677,000 in Construction Capital. In December 2021, the project received a 10-month award time extension. Bids were opened in May 2022, and the amount required to award to the lowest bidder exceeded the amount available from project allocated and G-12 funds. The

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Department is requesting supplemental funds in the amount of \$21,889,000 to award the construction contract.

REASON FOR COST INCREASE:

In March 2022, the Department advertised the contract and held bid opening in May 2022. The contract received three bids, of which, the lowest bid is 37.4 percent above the Engineer's Estimate (EE). The two remaining bids are 43.8 and 69.3 percent over the EE.

The project was originally planned to go to construction in October 2021. There was a delay to the construction schedule due to the addition of seismic instrumentation to the project during the Plans, Specifications, and Estimate phase and the first order of work to clear vegetation prior to the beginning of the migratory bird season. This would result in significant delays and would not provide enough time to perform preparatory work prior to the first in-water construction season. The project is limited to three in-water construction seasons by the regulatory agencies.

The cost increases on this project are largely attributed to the current state of the economy with supply shortages, inflation, and high fuel prices. The latest consumer price index report showed inflation at 8.3 percent. The construction industry has seen price increase closer to 15-20 percent because of labor shortage and per-diem cost, supply chain delays, and the direct impact of fuel price increase. The Department interviewed all bidders to discuss the discrepancy in item unit costs. The contractors cited uncertainty of material prices as a major factor impacting the bids for concrete, steel, hot asphalt mix, and labor supply. The major unit price differences between the EE and lowest responsible bid are related to the following bid items:

- Structural Concrete, Bridge items - 215 percent higher (increased by \$7,980,000)
- Bar Reinforcing Steel (Bridge) - 100 percent higher (increased by \$1,863,000)
- Bridge Removal - 70 percent higher (increased by \$1,000,000)
- Cast-In-Drilled-Hole Concrete Piling items - 465 percent higher (increased by \$2,379,000)
- Prestressing Cast-In-Place Concrete - 85 percent higher (increased by \$600,000)
- California ST-75 Bridge Rail (Modified) - 135 percent higher (increased by \$861,000)
- Seismic Monitoring System - 185 percent higher (increased by \$1,164,000)
- Temporary Bridge items - 350 percent higher (increased by \$1,725,000)
- Hot Mix Asphalt (Type A) - 100 percent higher (increased by \$350,000)
- Plate Joint Seal Assembly - 375 percent higher (increased by \$1,665,000)

In aggregate, these items amount to an increase of \$19,587,000 over the EE. The remaining increase is due to minor unit price cost increases of other bid items.

The Department has determined that this request for supplemental funds is in the best interest of the State to award this project to the lowest responsive bidder, in order to avoid delays in implementing this important bridge replacement project and extra costs to the Department if the project has to be repackaged and/or re-advertised. The Department has exercised all feasible

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measures to minimize costs in carrying out work related to this project and has determined that this request is well-supported and is the only viable alternative available.

CONSEQUENCES:

If this allocation request for supplemental funds is not approved, the Department will not be able to address critical deficiencies associated with the existing bridge. The Department would reject all bids, look for areas to reduce scope, some of which are included due to permitting and work window constraints imposed by the resource agencies, and re-advertise the project. The project will be delayed and will have to be re-programed in a future SHOPP cycle at a greater cost.

FINANCIAL RESOLUTION:

Resolved, that \$21,889,000 be allocated from the Budget Act of 2021, Budget Act Items 2660-302-3290 and 2660-302-0890 for Construction Capital, to provide funds to award the construction contract of this project.

Attachment

2.5 Highway Financial Matters

Project #	Project Title	PPNO	State	State
Allocation Amount	Location	Program	Federal	Federal
Recipient	Project Description	Funding Year	Additional	Revised
<u>RTPA/CTC</u>	Project Support Expenditures	Item #	Amount by	Amount by
County		Fund Type	Fund Type	Fund Type
Dist-Co-Rte		Program Codes	Current Amount	Current Amount
Postmile		Project ID	by Fund Type	by Fund Type
		Adv Phase		
		EA		

2.5e.(1)

Supplemental Funds for Previously Voted Project

Resolution FA-21-56

\$21,889,000	Near Crescent City from 0.3 mile south to 0.4 mile north of Smith River (Dr. Ernest M Fine Memorial) Bridge No. 01-0020. <u>Outcome/Output</u> : Replace bridge.	01-0100V SHOPP/2020-21		
Department of Transportation		302-3290	\$7,418,000	\$7,418,000
<u>DNLTC</u>		RMRA		
Del Norte	Supplemental funds are needed to Award.	302-0890	\$57,259,000	\$57,259,000
01-DN-101		FTF		
35.8/36.5	Total revised amount \$86,566,000	20.20.201.110		
		SHOPP/2021-22		
		302-3290	\$2,511,000	\$2,511,000
		RMRA		
		302-0890	\$19,378,000	\$19,378,000
		FTF		
		20.20.201.110		
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		4		
		43640		