

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 30-31, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(2), Action Item

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District 04 – Director

Subject: **SUPPLEMENTAL FUNDS ALLOCATION FOR AWARD OF A PREVIOUSLY
VOTED PROJECT
PPNO 2030E/EA 3Q850 – ALAMEDA COUNTY– STATE ROUTE 84
RESOLUTION FA-24-47**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$750,000 in Construction Capital for the State Highway Operation and Protection Program (SHOPP) Safety Improvements project on State Route (SR) 84, in Alameda 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 SR 84 in and near the cities of Fremont, Union City, and Sunol, from Mission Boulevard (SR 238) to Interstate 680, in Alameda County. The project will install flashing beacon systems and curve warning signs.

FUNDING AND PROGRAMMING STATUS:

In October 2021, the project was programmed for \$1,790,000 in Construction Capital and \$1,178,000 in Construction Support in the SHOPP for allocation in Fiscal Year 2023-24. In June 2024, the project requested an allocation time extension for the Construction phase. However, the request was deferred to the August 2024 meeting and was approved for

four months. In August 2024, the project was allocated for \$2,084,000 in Construction Capital and \$1,355,000 in Construction Support. Bids were opened in November 2024, and the amount required to award to the lowest bidder exceeded the amount available from project allocated and G-12 funds. Therefore, the Department is requesting supplemental funds in the amount of \$750,000 to award the construction contract.

REASON FOR COST INCREASE:

In October 2024, the Department advertised the contract and held bid opening in November 2024. The contract received four bids, of which the lowest two bids were 2.9 and 30.5 percent above the Engineer’s Estimate (EE), however the bidders were found to be non-responsive. The third lowest bid is 39.1 percent above the EE. The remaining bid is 110.0 percent over the EE.

The cost increases on this project are largely attributed to traffic control, flashing beacon system, and mobilization. The costs for the traffic control were significantly elevated because bidders indicated that one way traffic control would need to be implemented multiple times at several locations that have narrow shoulder width within project limits. In addition to the material and labor costs associated with electrical components, this item also includes the horizontal directional drilling method requiring specialized drilling equipment. There has been a major shift in focus towards completing other fiber optic projects statewide, leading to a scarcity of drilling machines. This shortage has driven up the rental costs for the required equipment. Furthermore, other cost factors such as time-related overhead and mobilization expenses have increased due to the rise in material costs, inflation, and labor shortages. The major unit price differences, between the EE and lowest responsive bid, are related to the following bid items:

- Traffic Control System - 90 percent higher (\$111,000)
- Flashing Beacon System - 45 percent higher (\$328,000)
- Mobilization - 110 percent higher (\$196,000)

In aggregate, these items amount to an increase of \$635,000 over the EE. The total request includes minor adjustments to other unit bid prices, supplemental work, Department furnished materials, and contingency.

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

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to address critical safety improvements by installing curve warning signs to reduce collisions along this segment of SR 84. To address all of the improvements, the project would be delayed and

reprogrammed in a future SHOPP cycle, at a possible higher project cost.

FINANCIAL RESOLUTION:

Resolved, that \$750,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-302-0890 and Non-Budget Act Item 2660-802-3290 for Construction Capital, to provide funds to award the construction contract of this SHOPP project.

Attachment

