

Memorandum

TAB 78

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 17-18, 2018

Reference No.: 2.5e.(5) - **REVISED**
Action Item

From: STEVEN KECK
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Subject: **SUPPLEMENTAL FUNDS ALLOCATION FOR PREVIOUSLY VOTED PROJECT
(PPNO 02-3445A /EA 4C40V- SHASTA COUNTY – INTERSTATE 5)
RESOLUTION FP-18-15**

ISSUE

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$6,182,000 in Trade Corridor Enhancement Program (TCEP) and \$5,593,000 in State Transportation Improvement Program (STIP) funding for the multi-funded TCEP/STIP project (PPNO 3445A) on Interstate 5 (I-5), in Shasta County, to award the construction contract?

RECOMMENDATION

The Department recommends that the Commission allocate \$6,182,000 in TCEP funding and \$5,593,000 in STIP funding for the multi-funded TCEP/STIP project (PPNO 3445A) on I-5, in Shasta County, to award the construction contract.

The project has State Highway Operation Protection Program (SHOPP) and Non-SHOPP funds, consisting of STIP-RIP, TCEP (Regional), TCEP (State) and Local funds. This supplemental fund request is for TCEP State funds and STIP-RIP funds to cover the Non-SHOPP portion of the cost increase.

Component		Programmed Amount	Commission Allocation	Supplemental Request	Revised Allocation	% Request Over Commission Allocation
Capital	SHOPP	\$46,981,000	\$49,599,000	\$ 0	\$49,599,000	0%
	STIP (RIP)	\$13,722,000	\$13,722,000	\$ 5,593,000	\$19,315,000	40.8%
	TCEP (State)	\$33,000,000	\$33,000,000	\$ 6,182,000	\$39,182,000	18.7%
	TCEP (Regional)	\$24,000,000	\$24,000,000	\$ 0	\$24,000,000	0%
Support	SHOPP	\$ 9,100,000	\$ 9,100,000	\$ 0	\$ 9,100,000	0%
	STIP (RIP)	\$ 0	\$ 0	\$ 0	\$ 0	0%
	TCEP (State)	\$ 8,700,000	\$ 8,700,000	\$ 0	\$ 8,700,000	0%
	TCEP (Regional)	\$ 0	\$ 0	\$ 0	\$ 0	0%
Total				\$11,775,000		

PROJECT LOCATION, DESCRIPTION, AND CONTRACT STATUS:

This project is located on I-5 in Shasta County between the I-5/State Route 273 Separation, and 0.4 mile south of the Chum Creek Road Overcrossing, in and near the city of Anderson. The project will improve roadway safety and increase capacity by widening the roadway and structures from 4 lanes to 6 lanes, by replacing/widening the following: The South Anderson Overhead, the Anderson Creek bridges, Deschutes Road, Balls Ferry, the North Street Undercrossing and the Tormey Drain bridges. The project will also make pavement and drainage improvements, upgrade overhead signs, add ITS elements, ramp modifications, and construct retaining walls and concrete barriers.

The performance measure goal is to improve 27 lane miles of pavement, which is consistent with the Commission-adopted goals and objectives of the Transportation Asset Management Plan.

The contract award status is pending approval of this request for supplemental funds by the Commission. If the Commission approves this request, construction would begin in November 2018, and would take 532 working days for completion in October 2021.

FUNDING STATUS:

The project is ~~funded~~ **programmed** from multiple fund sources for \$117,703,000 in Construction Capital and \$17,800,000 in Construction Support. The Engineer's Estimate (EE) was completed in May 3, 2018 using available historical and current market trend data at that time.

All project funds, including SHOPP, STIP-RIP, TCEP (Regional and State) were allocated by the Commission at the June 2018 meeting. The project was advertised on ~~June 9, 2018~~ **July 9, 2018** and bids were opened on August 28, 2018. There were 32 contractors that pulled plans but only four contractors that submitted bids on this project. The lowest of the four bids was significantly higher than the allocated funds. The additional funds needed to award the contract, based on the lowest responsible bidder, is \$11,775,000 for Construction Capital.

No SHOPP funds are being requested for supplemental funding. All the items associated with the cost increase are related to the TCEP and STIP funds. There is no provision in the TCEP for CTC Resolution G-12 delegation, and the project has exceeded the CTC Resolution G-12 Authority for STIP. The requested \$11,775,000 is required to award the project to the lowest bidder.

REASON(S) FOR COST INCREASE:

The project's remote location was factored into the estimate and the Department requested a larger funding amount than what was originally programmed, to try to account for the higher bidding environment and account for higher construction costs throughout the region. The Department had also reviewed the crude oil index prior to allocation and saw no indication that the EE needed to be adjusted. The low bidder, however, during the debriefing on the award process, explained that their bid was higher than the EE for the following reasons:

1. Structural Concrete Bridge: The bid was higher due to material increases in steel and concrete.
2. Roadway Excavation: The bid was higher due to the staging and the work was needed in many different locations.
3. Temporary railing Type K: The bid was higher due to the contractor having most of their railing used on a different project, so they will have to buy new railing which increased their cost.
4. Furnish precast prestressed concrete wide flange girders: The bid was higher due to only one supplier being available to furnish the girders.
5. Bridge Removal at Location B: The bid was higher due to the complexity of the work.
6. 24" Reinforced Concrete Pipe: The bid was higher due to the many culvert locations, short runs of culvert used, and the need for saw cutting the existing culverts.
7. Modifying Electrical System: The bid was higher due to increases in materials.

Most of the potential bidders indicated that the limited pool of available specialty sub-contractors near this project location, and the higher cost of labor, equipment and materials significantly influenced their bids.

Since June 2018, the Department has been experiencing higher bids on contracts that include bridge work throughout Northern California due to the limited pool of contractors bidding on Department and other non-Department contracts. In addition, there has been a decreasing number of subcontractors available to prime contractors for specialized construction items. Out-of-region contractors bidding on these projects charge higher prices due to mobilization, equipment, material hauling, and overhead. While this was factored in the EE when it was updated in May 2018, the estimate was still undervalued as the current trends were beyond expectations.

The Department has reviewed the bid results for possible mathematical or material unbalancing in accordance with 23 CFR 635.102, and 23 CFR 635.114. The bids appear to be mathematically balanced and there is no evidence of material unbalancing of the low bid.

CONSEQUENCES:

If this request for an additional \$11,775,000 in Construction Capital is not approved, the Department will not be able to award this contract. Considering the current bidding environment, re-advertising the contract will delay the delivery of this project and is not expected to result in lower bids. The Department has determined that the additional requested funds are in the best interest of the State to avoid delays in implementing this important project that is consistent with the Commission-adopted goals and objectives of the Transportation Asset Management Plan and other documents.

RESOLUTION:

Resolved, that \$11,775,000 be allocated from the Budget Act of 2018, Budget Act Items 2660-301-0042, 2660-301-0890, and 2660-302-0890 to provide funds for the TCEP/STIP project (PPNO 3445A) on I-5, in Shasta County, to award the construction contract.

Attachment