



COMMUNITY DEVELOPMENT AGENCY

TRANSPORTATION DIVISION

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July 7, 2015

Board of Supervisors
330 Fair Lane
Placerville, CA 95667

**Agenda Title: 7/14/2015 Transportation Pleasant Valley Road at Oak Hill
Road Intersection Improvement Project
Award of Bid, Legistar #13-0599**

Meeting Date: July 14, 2015

Dear Members of the Board:

Community Development Agency, Transportation Division, recommending the following pertaining to the Pleasant Valley Road at Oak Hill Road Intersection Improvement Project, Contract No. PW 10-30506, CIP No. 73358, P&C No. 065-C1475:

- 1) Reject the bid submitted by the lowest bidder Doug Veerkamp General Engineering, Inc. as being non-responsive for failure to meet the DBE goal and failure to demonstrate a good faith effort to meet the goal.
- 2) Award the Construction Contract to the second low bidder Lorang Brothers Construction Company, Inc., who submitted the lowest responsive, responsible bid of \$612,946.60;
- 3) Approve and authorize the Chair to sign the Construction Contract, subject to review and approval of the final Contract Documents by County Counsel and Risk Management;
- 4) Authorize the Community Development Agency Director to sign an Escrow Agreement, if requested by the Contractor and in accordance with Public Contract Code Section 22300, for the purpose of holding Contract retention funds; and
- 5) Authorize the Transportation Division Director to sign the Dispute Resolution Advisor Agreement with the Contractor, the County, and the Dispute Resolution Advisor for the purpose of assisting in the resolution of disputes and/or potential claims.

FUNDING

Funding for the Project will be provided by Highway Safety Improvement Program (70%), Traffic Impact Mitigation Fees (TIM) (West Slope) (13%), 2004 GP TIM Fees (7%), and Regional Surface Transportation Program Exchange Funds – Rural (10%). (Federal Funds)

The estimate for the construction phase of the Pleasant Valley Road at Oak Hill Road Intersection Improvement Project (Project) is \$823,435.52, which includes a bid of \$612,946.60; supplemental items of work totaling \$42,906.26; construction management, surveying, materials testing, and design support during construction totaling approximately \$106,288.00; and a contingency of \$61,294.66.

DEPARTMENT RECOMMENDATION

On June 3, 2015, the Community Development Agency, Transportation Division (Transportation) opened bids for the Project. Four bids were received ranging from \$591,808.11 to \$700,693.30.

Doug Veerkamp General Engineering, Inc. submitted the lowest bid but failed to meet the DBE goal and failed to demonstrate an adequate good faith effort toward meeting the goal. Because of this, Transportation with the support of both County Counsel and Caltrans, recommends rejecting the bid submitted by Doug Veerkamp General Engineering, Inc. and awarding the contract to the second lowest bidder, Lorang Brothers Construction Company, Inc. who submitted the lowest responsive, responsible bid.

The Project is included in Transportation's 2014 Capital Improvement Program (CIP) with a construction phase budget of \$766,288.00. Transportation anticipates increasing the amount budgeted for the current fiscal year during the upcoming CIP adjustment, as a result of the increased construction costs. An additional \$57,147.52 of 2004 TIM fees will be added in the 2015 CIP update to account for the additional construction phase cost.

Award and Sign Construction Contract with Lowest Responsive, Responsible Bidder:

The Disadvantaged Business Enterprise (DBE) goal for the Project is 12%. Per the Contract Documents, if the top three bidders did not submit their DBE information with their bid, they were required to submit this information by 4:00 p.m. the fourth business day after the bid opening, which for this Project was June 9, 2015. Doug Veerkamp General Engineering, Inc. (DVGE) submitted a DBE Commitment form and Good Faith Efforts documentation on June 5, 2015. The DBE Commitment form shows that DVGE has committed to a DBE goal of 2.67%. Transportation has reviewed DVGE's DBE Commitment form and Good Faith Effort submittal based on the DBE regulations in 49 CFR 26 and finds that DVGE failed to both meet the goal and demonstrate an adequate good faith effort toward meeting the goal for the following reasons: 1) DVGE failed to solicit an adequate number of potential DBE firms 2) DVGE did not provide information to a DBE firm that requested it 3) DVGE did not determine with certainty if several solicited firms were interested in bidding 4) DVGE solicited firms that did not perform types of work required by the Project. In addition to these reasons, both the 2nd and 3rd low bidders committed to exceeding the DBE goal. DVGE was provided the opportunity to file for administrative reconsideration, and did not exercise this option.

Lorang Brothers Construction, Inc. (Lorang) submitted a DBE Commitment form and Good Faith Efforts documentation on June 4, 2015. The DBE Commitment form shows that Lorang has committed to a DBE goal of 32%. Transportation has reviewed Lorang's DBE Commitment form submittal and finds that the firms listed are certified

DBEs under the California Unified Certification Program and meet the criteria for a DBE; that Lorang provided sufficient written confirmation from each DBE firm that each is participating in the Contract; and, that Lorang has committed to exceeding the contract goal.

Transportation issued the All Bidders Letter on Wednesday, June 24, 2015, notifying bidders of the recommendation to the Board for award of the contract to Lorang and initiating the five-day bid protest period. The bid protest period ended at 4:00 p.m. on Wednesday, July 1, 2015, with no protests filed.

Lorang submitted the lowest responsive, responsible bid in the amount of \$612,946.60. Transportation recommends award of the Construction Contract to Lorang who submitted the lowest responsive, responsible bid.

Authorize Community Development Agency Director to Sign Escrow Agreement:

Pursuant to Special Provisions Section 5-1.22, "Retention of Funds and Release of Retained Funds," of the Contract Documents, Transportation will retain five percent (5%) of the value of work done from each Contractor payment (excluding mobilization payments) as security for the fulfillment of the Contract. Alternatively, Public Contract Code (PCC) Section 22300 provides that the Contractor may request that payment of retentions earned be made directly to an Escrow Agent. The Contractor will receive the interest earned on the investment.

In accordance with these provisions, the Contractor may request in writing that the County make payment of retention funds directly into an escrow account, which would necessitate an Escrow Agreement. To help expedite this process, if requested by the Contractor, Transportation requests that the Board authorize the CDA Director to execute the Escrow Agreement. Upon satisfactory completion of portions of the Contract and upon written notification from the CDA Director, the Contractor will receive incremental releases from the Escrow Agent paid into the account and any interest earned thereon. A portion of the retention and interest will be retained in the escrow account until thirty-five days after the recordation of the Notice of Acceptance of the Contract at which time, upon written notification from the CDA Director, these funds will be released to the Contractor.

Contract Change Orders (CCOs):

In any contract there is a need to be able to make changes and the CCO process facilitates the ability to make necessary changes when needed within a contract.

Supplemental CCOs:

Certain types of work are necessary to complete the Project, which cannot be estimated accurately because they require a variable effort to complete. These items are referred to as Supplemental items and are identified in the Contract Documents as CCO work to be performed and paid for on a time and material basis, using Caltrans standard force account billing procedures. The work is authorized by issuance of a CCO, which also encumbers the funds anticipated to be needed for each of the planned supplemental items of work and is billed against as the work progresses. The amount of each CCO is based on an evaluation by Transportation staff of the Project components, area, and

time frame. Supplemental items in this contract include Maintain Traffic, Management of Unsuitable Conditions, and Tree Removal totaling \$42,906.26. Because this work is anticipated and budgeted for separately, supplemental CCOs are not included in the 10% cap normally associated with contingency CCOs.

Contingency CCOs:

With construction contracts, there is an expectation that unanticipated changes will be encountered once construction begins. To prepare for this, a 10% contingency budget is set aside. PCC Section 20142 and Resolution 102-2012 authorize the CDA Director to execute individual CCOs, the maximum value of which is based on the original contract amount with a not-to-exceed limit. This authority is also for a cumulative total of contingency CCOs not to exceed 10% of the original contract value.

Authorize the Transportation Division Director to sign the Dispute Resolution Advisor Agreement:

Pursuant to Section 5-1.06, "Partnering," of the Special Provisions, a Dispute Resolution Advisor (DRA) shall be established by the Engineer and the Contractor cooperatively within thirty (30) days of Contract approval. The DRA will assist in the resolution of disputes or potential claims when dispute or potential claim resolution at the project level is unsuccessful. Although not binding to the parties in dispute, the DRA considers disputes and/or potential claims referred to it, and furnishes written reports with findings and recommendations to the parties to aid in the resolution of their differences.

The DRA is comprised of one member selected by the Contractor and County.

A copy of the DRA Agreement to be executed by the County, the Contractor, and the DRA is included in Section 5-1.06 of the Contract Documents. County Counsel has reviewed and approved these provisions as part of their Contract Document approval. The DRA Agreement provides for the participation in dispute meetings of Transportation Division's Deputy Director of Engineering, Fairlane Unit, the Resident Engineer or Structures Representative for the Project, or the Senior Bridge Engineer for the Project. To help expedite this process, Transportation requests that the Board authorize the Transportation Division Director to execute the DRA Agreement.

Background

The Project is located on Pleasant Valley Road at the intersection with Oak Hill Road east of Diamond Springs. This intersection has historically been subject to relatively high accident rates. In 2008, the County received a grant from the Federal Highway Administration (FHWA) through the Highway Safety Improvement Program (HSIP) to make safety improvements to the intersection. The safety improvement includes the construction of a left-turn lane from Pleasant Valley Road to Oak Hill Road, widened shoulders, increased sight distance, removal of roadside obstructions, and improved traffic delineation. The modifications are expected to reduce the number and severity of accidents at this location.

On April 28, 2015, the Board adopted and approved the Plans and Specifications and authorized advertisement for construction bids for the Project.

Clerk of the Board Follow Up Actions

- 1) Upon approval by County Counsel and Risk Management, Transportation will forward the Construction Contract, together with the required bonds and insurance, and the approved Contract Routing Sheet to the Clerk for the Chair's signature.
- 2) The Clerk will forward the fully executed Construction Contract to Transportation for further processing.

Sincerely,



Bard R. Lower
Transportation Division Director
Community Development Agency