

AMENDMENT 4/9/2014



AGENDA
STATE TRANSPORTATION BOARD
PUBLIC HEARING AND BOARD MEETING
9:00 a.m., Friday, April 11, 2014
Town of Marana Council Chambers
11555 W. Civic Center Dr.
Marana, AZ 85653

Pursuant to A.R.S. Sec. 38-431.02, notice is hereby given to the members of the State Transportation Board and to the general public that the State Transportation Board will hold a public hearing and Board meeting open to the public on Friday, April 11, 2014, beginning at 9:00 a.m., at the Town of Marana Council Chambers, 11555 W. Civic Center Dr., Marana, AZ 85653. The Board may vote to go into Executive Session, which will not be open to the public. Members of the Transportation Board will attend either in person or by telephone conference call.

EXECUTIVE SESSION OF THE STATE TRANSPORTATION BOARD

Pursuant to A.R.S. 38-431.03 (A)(3), notice is hereby given to the members of the Arizona State Transportation Board and to the general public that the Board may meet in Executive Session for discussion or consultation for legal advice with legal counsel at its meeting on Friday, April 11, 2014. The Board may, at its discretion, recess and reconvene the Executive Session as needed, relating to any items on the agenda.

Amendments to the State Transportation Board Agenda are *italicized* below:

CHANGE CONTRACTS AGENDA ITEM 8a to 9a

PAGE 406

*ITEM 9a. BOARD DISTRICT NO.: 4

Page 444

BIDS OPENED: March 21, 2014

HIGHWAY: JOHN WAYNE PARKWAY SR 347

SECTION: JCT SR 347 & SR 238

COUNTY: PINAL

ROUTE NO.: SR 347

PROJECT : TRACS: TEA-347-A(202)T : 347 PN 175 H722901C

FUNDING: 94% FEDS 6% STATE

LOW BIDDER: BRISTON CONSTRUCTION, LLC

LOW BID AMOUNT: \$ 152,342.28

STATE ESTIMATE: \$ 179,691.00

\$ UNDER ESTIMATE: (\$ 27,348.72)

% UNDER ESTMATE: (15.2%)

PROJECT DBE GOAL: 6.52%

BIDDER DBE PLEDGE: 9.34%

NO. BIDDERS: 5

RECOMMENDATION: AWARD

*ITEM 9b. BOARD DISTRICT NO.: 1

Page 447

BIDS OPENED: February 21, 2014

HIGHWAY: TOWN OF GLENDALE

SECTION: NEW RIVER BETWEEN NORTHERN TO BETHANY HOME

COUNTY: MARICOPA

ROUTE NO.: Local (New River Trail)

PROJECT : TRACS: CM-GLN-0(222)T : 000 MA SS84601C

FUNDING: 82% FEDS 18% LOCAL

BIDDER: INTERMOUNTAIN WEST CIVIL CON- STRUCTORS, INC.	STANDARD CONSTRUCTION COMPANY, INC.
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BID AMOUNT: \$ 2,921,442.75	\$ 2,998,636.20
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STATE ESTIMATE: \$ 2,490,144.00	\$ 2,490,144.75
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\$ OVER ESTIMATE: \$ 431,298.75	\$ 508,492.20
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% OVER ESTMATE: 17.3%	20.4%
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PROJECT DBE GOAL: 3.49%	3.49%
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BIDDER DBE PLEDGE: 20.82%	3.52%
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NO. BIDDERS: 8	8
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RECOMMENDATION: WITHDRAW BID	AWARD
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COMMENTS:

At bid opening, Intermountain West Civil Constructors was read as the apparent low bidder and Standard Construction Company was apparent second low bidder. Action was postponed at the March 14, 2014 Board meeting to allow time for the Department to consider two issues:

On February 28, 2014, the Department received a letter from Intermountain West Civil Constructors asking to withdraw its bids due to a serious clerical error in its bid amount. The Department has reviewed the information submitted by Intermountain West and agrees that the bid submitted by Intermountain West did not represent its intent, that it was a clerical error and not an error in judgment, that it was in excess of \$250,000, and that it was a substantial amount relative to the size of the overall contract and concerned a material item of the contract. The Department finds that it would be inequitable to require Intermountain West to perform the work for the amount stated in its bid and recommends that the Board allow Intermountain West to withdraw its bid without forfeiting its bid bond.

The Department notified all bidders on the project of this recommendation, making Standard Construction the new apparent low bidder. No comments or protests were received. Standard Construction has met the initial DBE requirements for the project. The Department recommends that the Board award this project to Standard Construction.

Note that all bids on this project exceeded the amount of federal and local funds programmed for this project by the Maricopa Association of Governments and City of Glendale. The City of Glendale has reviewed this situation and has agreed to provide the additional funds needed for construction and concurs with the Department recommendation to award to Standard Construction.

MODIFY CONTRACTS AGENDA ITEM 9c

***ITEM 9c:** BOARD DISTRICT NO.: 2

Page 451

BIDS OPENED: February 14, 2014

HIGHWAY: TUCSON-ORACLE JC -GLOBE HWY SR 77

SECTION: TANGERINE RD TO PINAL CTY LINE

COUNTY: PIMA

ROUTE NO.: SR 77

PROJECT : TRACS: STP-077-A(204)T : 077 PM 081 H669401C

FUNDING: 94% FEDS 6% STATE

LOW BIDDER: GRANITE CONSTRUCTION COMPANY FNF CONSTRUCTION, INC.

LOW BID AMOUNT: \$ 33,867,768.00 \$ 33,956,528.25

STATE ESTIMATE: \$ 34,464,439.30 \$ 34,464,439.30

\$ UNDER ESTIMATE: (\$ 596,671.30) (\$ 507,911.05)

% UNDER ESTMATE: (1.7%) (1.5%)

PROJECT DBE GOAL: 5.57% 5.57%

BIDDER DBE PLEDGE: 5.84% TBD

NO. BIDDERS: 8 8

RECOMMENDATION: AWARD REJECT PROTEST

COMMENTS:

At bid opening, Granite Construction Company was read as apparent low bidder and FNF Construction was apparent second low bidder.

The Department subsequently received a formal bid protest from FNF claiming that the bid price of Granite Construction for item 2030901 Borrow is unreasonably low, making the bid mathematically unbalanced. FNF further claims the bid is materially unbalanced because FNF believes the quantity of Borrow needed will be less than shown in the bid schedule by an amount that would make FNF the low bidder if that lower quantity were to be used. Granite responded, showing how it determined its bid price for Borrow and claiming the quantity of Borrow needed is correct or might even be more than the amount in the bid schedule.

Section 101.02 of the Standard Specifications defines a mathematically unbalanced bid as:

A bid containing lump sum or unit bid prices that do not reflect reasonably anticipated actual costs plus a reasonable proportionate share of the bidder's anticipated profit, overhead costs, and other indirect costs.

Granite bid a price of \$0.37 per cubic yard for Borrow. This is lower than nearly all historic prices for Borrow, and lower than the \$4.00 to \$17.99 per cubic yard price range of the other seven bidders on this project. On its face, the bid price of Granite appears low and is reason enough for review. Granite explained it owns and operates the sand and gravel pit closest to the project and that operations in the pit are confined with limited room to stockpile waste materials that result from stripping overburden. While Granite considers the overburden to be waste material, it is suitable for use as Borrow on the ADOT project. Granite explained that historically this waste material was exported to a nearby landfill that was recently closed. Since Granite no longer has this option but still needs to dispose of the material, using it as borrow on the ADOT project allows Granite to reduce its overall disposal cost. Granite is passing this on to ADOT in the form of a "borrow credit" in order to give a more competitive bid. ADOT staff has reviewed detailed documentation used by Granite in developing its bid price for Borrow in which Granite clearly shows that the cost to load, haul, place and compact borrow for the ADOT project is mostly offset by the "borrow credit", yielding a bid price of \$0.37 per cubic yard. We agree this is a low unit price, but on review do not find the price to be mathematically unbalanced.

Section 101.02 of the Standard Specifications defines a materially unbalanced bid as:

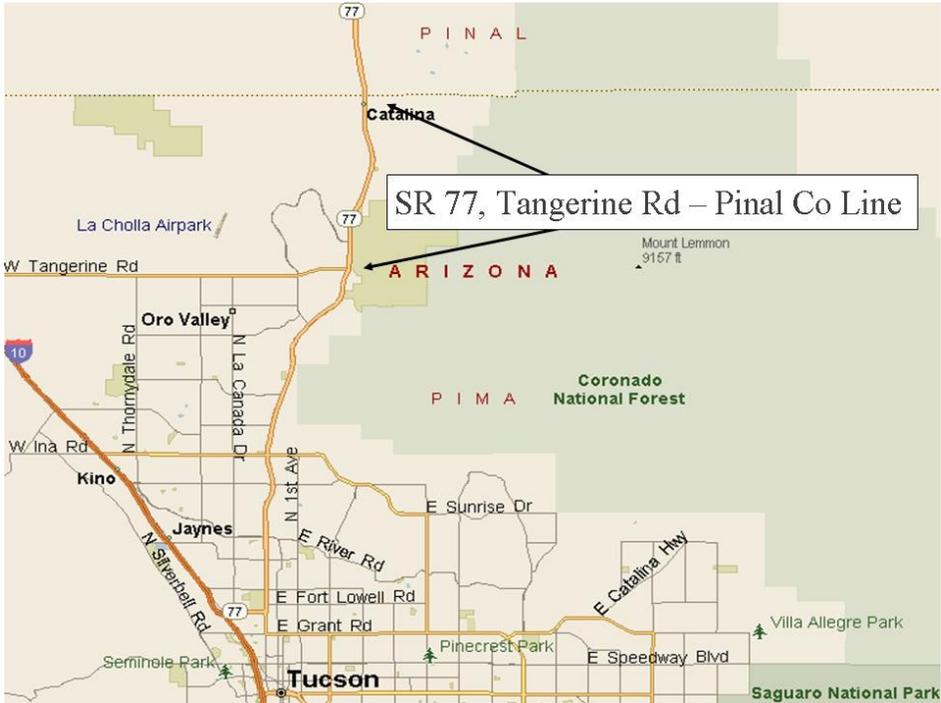
A bid that generates a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will result in the lowest ultimate cost to the Department.

Granite's bid is not materially unbalanced because it is not mathematically unbalanced.

FNF and Granite have differing opinions on the correct quantity of borrow that will be needed for the project. FNF believes the quantity will be less than shown in the bid schedule. Granite believes the bid schedule quantity is correct or that even more may be needed. These differences illustrate the difficulties inherent to estimating earthwork quantities. However, bid schedule quantities are the only relevant quantities in determining the low bidder and award of a project unless a bid is mathematically unbalanced. Granite's bid is not mathematically unbalanced so the concern about the quantity of borrow has no relevance in this instance. Granite is the low bidder on this project.

The Department recommends that the Board reject the protest of FNF Construction, Inc. and award the project to Granite Construction Company.

AMENDMENT 4/9/2014



Dated this 9th day of April, 2014
STATE TRANSPORTATION BOARD
By: Mary Beckley