

From: John Ilasin [mailto:jilasin@spcity.org]
Sent: Friday, December 02, 2016 10:11 AM
To: Peter DeHaan
Subject: RE: City of Santa Paula- Letter of Representation Designation

Peter:

The preliminary estimate of construction cost would not attribute to the overall estimate shortfall of the construction estimate. As mentioned in the City's letter of request, the preliminary estimate of construction cost at the time in May 2016 was the best known, preliminary cost information submitted to the VCTC for the amendment of the FTIP. The preliminary estimate of construction cost was updated prior to inviting sealed bids, but after amendment of the FTIP and receiving the E-76. The preliminary estimate of construction cost was increased prior to inviting sealed bids in order to account for only the increases in the construction cost index. However, no contingency was made for local bid climate changes. As also mentioned in the City's letter of request, the local bid climate also most likely added to the increase due to the time period of the bidding. Unfortunately, there is no known construction industry-accepted, forecasting metric or indicator for the local bid climate to reference. Bid prices are only known at time of opening the bids.

The City as well as other local agencies in the county received high bids in recent months. For example, the apparent low bid for the Tenth Street (SR 150) Bicycle and Pedestrian Improvements Project was 100 percent over the preliminary estimate of construction cost. And, the apparent low bid for the Veterans Memorial Park Restroom Rehabilitation Project, which is a building project, was 25 percent over the preliminary estimate of construction cost.

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