



U.S. Department
of Transportation
**Federal Highway
Administration**


Memorandum

Subject: Special Experimental Project No. 14 (SEP-14)
HUD/FHWA Jointly Funded Project
Final Report - City of Johnstown

Date: JAN 27 2014

Reply to: Pete Nanov
Attn. of: HOP-PA. I

From: Renee Sigel
Division Administrator
FHWA Pennsylvania Division

To: Peter Kleskovic (HIPA-1) 
Acting Director Office of Program Administration
Washington, D.C.

ATTN: Gerald Yakowenko (HIPA-30)

We are forwarding for your review the Pennsylvania Department of Transportation's attached Final Report for the Special Experimental Project No. 14 (SEP-14) under the Sustainable Communities Partnership Initiative utilizing FHWA and HUD funding. The work plan was approved on February 8, 2013 and this work plan identified that an initial and final reports would be submitted. The initial report was transmitted to you via email on October 21, 2013. We have reviewed the final report and concur that it was developed in accordance with the approved work plan.

If you have any questions or concerns, please feel free to contact Pete Nanov at (717) 221-3780 for additional information.



Roger L. Ryder
Director of Operations

Attachment



December 31, 2013

Ms. Renee Sigel
Division Administrator
Federal Highway Administration
228 Walnut Street, #558
Harrisburg, PA 17101-1720

RE: Final Report -City of Johnstown
Special Experimental Project No. 14 (SEP-14)
FHWA/HUD Jointly Funded Project
ECMS Project # 92442

Dear Ms. Sigel:

The work plan for the above referenced project was approved February 8, 2013. The work plan identified that an initial and final reports would be submitted. The initial report was submitted October II, 2013. Enclosed for your review is the final report.

If you have any questions please contact Matthew Weaver, P.E., at matwcaucr@pa.gov or 787-3733.

Sincerely,

A handwritten signature in blue ink that reads "R. Wayne Willey".

R. Wayne Willey, P.E.
Chief, Highway Delivery Division
Bureau of Project Delivery

Enclosure

Pennsylvania Department of Transportation
FINAL Report Special Experimental Project No. 14 (SEP-14)
HUD/FHWA Jointly Funded Project
City of Johnstown, Project Number 92442

PennDOT Central Office evaluated Project 92442 for the Main Street Improvements in Johnstown, Cambria County. This project was let on two dates, September 27, 2012, without HUD funds where all bids were rejected and again on March 14, 2013 with HUD funds. This project was originally bid with just PCTI funds and all the bids were rejected as the available PCTI funds were insufficient. For the rebid, the scope of the project was reduced by eliminating the tree removal to accommodate available PCTI and HUD funding.

The work plan measures are as follows:

- 1) *The Department will evaluate the effects of HUD's economic opportunity requirements on competitive bidding by comparing the number of bidders for each let.* There were three bidders for each let with the same prime contractors bidding both times. However, the low bidder was not the same for each let. Bid results for both letting were attached to the initial report and show that the bids were very competitive for each letting.
- 2) *The Department will compare the bid amounts of each let.* The September 27, 2012 let had a low bid of \$1,358,419.23 and the March 14, 2013 let had a low bid of \$1,213,842.59, for a difference of \$144,576.64. All 149 bid items were reviewed for a comparison between the two lets and the results being both low bids were very close, indicating that the inclusion of HUD funding did not impact the bid costs. The only significant difference in the bid prices reflected the scope reduction. A copy of the bid tabs was attached to the initial report.
- 3) *To the extent that bid information is available, PennDOT will evaluate the differences in bid prices or total bids with similar projects that do not have the local hiring preferences and explain any potential differences.* Twenty-seven projects were identified in PennDOT's electronic bidding and project management system "Engineering and Construction Management System (ECMS)" from the past five years in Cambria County. Of those, two projects had similar type work. Bid prices of the projects with a similar type of work were compared to Project 92442 and there were no apparent differences that were evident because of the HUD funding requirements.
- 4) *The Department will analyze the anticipated cost savings by avoiding the duplication of payment for inspection as well as avoiding any potential economic impacts to the area because of the construction duration of one project versus two.* The City of Johnstown, being granted via SEP-14 approval to combine both PCTI and HUD funding, saw a considerable savings from the elimination of duplicate payments, advertising costs, and potential and known economic impacts to the surrounding construction zone. The contract amount for Construction Inspection was \$97,657.18 signifying that the City, if required to bid separately, would have expended a large portion of these costs again. Two (2) large non-construction line items that were eliminated from duplication were Mobilization, an approximate \$50,000.00 cost savings and Maintenance and Protection of Traffic During Construction, an approximate \$32,000.00 cost savings. Although the City does not have "hard" costs it was able to save approximately \$1,400.00 on advertising costs as well as a portion of the \$29,693.42 which was allocated for PCTI Construction Services. Though not major, there were some economic impacts felt by the businesses surrounding the construction site as well as the entire CBD. Visitors and local residents, though not significant, had to deal with the detour into the CBD and the vehicle access to the Inclined Plane was restricted for a small time period. There was one (1) local businessman who

owns and operates a bar and claimed reduced sales due to the construction period. This would certainly have had a greater impact, possibly double, if the City had been required to bid the HUD portion separately creating two (2) years of construction at the location.

- 5) *The Department will monitor the employment preference in accordance with HUD's Section 3 requirements.* The City neither witnessed nor received comments/concerns with the requirements of HUD's Section 3. We would believe this to be true by virtue of having separately bid projects or bid jointly using the SEP14 approved process. The prime contractor indicated that they used existing employees and did not hire any new employees for this project. The City is not required to submit to HUD an individual project Section 3 report. The City submits annually, within their CAPER, a Section 3 report for all of their CDBG funds, breaking out separate line items/projects. Within their CAPER report they will be reporting on the amount the City allocated towards the project. They will be starting the FY 13 CAPER at the being of January to be submitted by March 31st 2014
- 6) *The Department will provide an opinion from both the prime contractor and the contracting agency's representative on whether the hiring preference resulted in any additional costs or delays at the end of the project.* After the contract was awarded, a conversation with the prime contractor revealed that he did not factor any additional costs into his bid based on the HUD Section 3 hiring preference. The prime contractor indicated they will be using nine sub-contractors for this project, which have all been prequalified and approved by PennDOT. It is the City's opinion that the combination of PCTI and HUD monies did not have any direct or indirect impact on hiring preference or additional project costs. The City has not received any comment or feedback regarding delays at the end of the project from either the Construction Inspector or the project lead from their interaction with the prime contractor. The prime contractor was contacted and stated that HRI, Inc did not incur any additional costs nor did it encounter any delays in regards to having a hiring preference. HRI utilized pre-existing employees and did not need to hire any additional labor force for this project. However, HRI stated that if they would have needed to hire additional employees to complete this project, it would have increased their costs and potentially could have led to delays on the project. Additionally, the contract work orders document that there was no additional costs or delays to the project caused by the hiring preference since no work orders or time extensions included reasons created by the hiring preference.

The above findings show there was no apparent difference between this project being let with just PCTI funding compared with the adding of HUD funding.