



**COLORADO**  
**Department of Transportation**  
 Office of the Chief Engineer

Please Review  
 & if OK for SL  
 to sign, please  
 initial here:  
 SA

TO: SHOSHANA M. LEW, EXECUTIVE DIRECTOR  
 FROM: MARKO ATAMO, PE, CMA BRANCH MANAGER  
 CC: STEPHEN HARELSON, PE, CHIEF ENGINEER  
 DATE: 02/04/2020  
 SUBJECT: AWARD TO LOW RESPONSIVE BIDDER C.R.S. 43-1-113 (16)  
 PROJECT: PWQ M240-172 (22794) REGION 2 CO21 & I-25 INTERCHANGE WATER

Pursuant to C.R.S. 43-1-113(16), it has been determined that it's in the best financial and economic interest of the State to award Region 2's project PWQ M240-172 (22794) to the low bidder Redline Pipeline, LLC ("Redline").

**Project Description:** This Region 2 project is located at the CO21 & I-25 Interchange south of Colorado Springs in El Paso County. The project work includes constructing two extended detention basins with trenching and installation of drainage pipe. The project was solicited under a design bid build (low bid) project delivery method where only two bids were received with Redline being the lowest responsive bidder.

**Financial Impact:** Redline's bid proposal totaled \$7,664,700.70 compared to the CDOT engineer's estimate of \$6,600,000.00. The project risks rejection by Statute since there were only two bidders and their proposals were 116.13% and 141.48% of the engineer's estimate. Region 2 has verified they have funding available for the award of the project to Redline.

**Cost Analysis:** An analysis of the bid schedule revealed that three of the bid line items identified below resulted in the overall CDOT engineer's estimate for the project being over 10%.


Item Description	QTY	Unit	Unit Price Low Bid & Eng. Est.		Total Cost Difference	% Over Eng. Estimate
48 Inch RCP (Complete In Place)	5,989	LF	\$320.00	\$240.00	\$479,120.00	133.33%
Concrete Class D (Wall)	458	CY	\$1,206.00	\$800.00	\$185,948.00	150.75%
Topsoil	3,765	CY	\$62.00	\$20.00	\$158,130.00	310%

For the above bid items the engineer's estimate used historical data from similar projects with comparable quantities. In verifying Redline's bid offer, research revealed that reinforced concrete pipe (RCP) material costs were higher than anticipated based on the pass through costs proposed by Redline. Redline further commented on the challenges expected with the installation of the RCP at the project site being affected by rock excavation and ground water which factored into their proposed pricing for this part of the project. After revisiting the plans and specs along with the geo-tech report it was discovered that the rock excavation and the groundwater played an instrumental role in the subcontractors price for the 48" RCP. Redline mentioned their bid pricing for the concrete walls reflected current market conditions based on subcontractor quotes they received for this item. The topsoil bid item pricing proposed by Redline reflects their expectation of needing to import about half of the material versus being able to use material excavated from the project site. Based on the cost analysis, EEMA and Region 2 consider Redline's proposed overall bid pricing to be fair and reasonable.

**Staff Review & Recommendation:** Given the overall project dynamics mentioned above, re-advertisement of the project is unlikely to result in more competition or reduced pricing. The Region 2 Project Management Team's analysis and

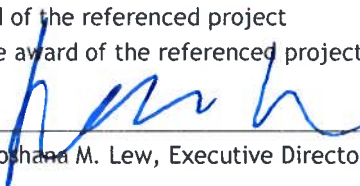
recommendation to award the project is provided in the attached memorandum to this request. As a result, staff recommends proceeding with the award of the project to Redline.

- I recommend award
- I do not recommend award

  
\_\_\_\_\_  
Markos Atamo, PE, CMA Branch Manager

Date 02/04/2020

- I authorize award of the referenced project
- I do not authorize award of the referenced project

  
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Shoshana M. Lew, Executive Director

Date 2/18/2020

cc: Jerad Esquibel, Director, Division of Project Support  
RB Simmons, Engineering Contracts  
Central Files



**COLORADO**  
Department of Transportation  
Region 2

North Program, R2110  
1480 Quail Lake Loop, Suite A  
Colorado Springs, CO 80906

**MEMORANDUM**

**TO:** RB Simmons, Construction Contracts Manager  
**FROM:** John Hall, Resident Engineer  
**DATE:** 27 January 2020  
**SUBJECT:** 22794 Project Award to Low Responsive Bidder, C.R.S. 43-1-113 (16)

This memorandum provides the Region 2 project team request to award project PWQ M240-172 (22794), along with an “engineering” discussion on why it is in the best interest of the State to award the project. The scope of the project is installation of the major drainage trunk-line and water quality (WQ) ponds for the SH21 (Powers Blvd.): I-25 to Voyager Interchange. CDOT’s project is companion to a local agency project building the interchange, and serves as part of a critical Public-Private-Partnership combined project between CDOT and City of Colorado Springs. Key discussion includes:

1. The project is critical to the success and clearances of the local agency \$60M interchange project that builds virgin SH21 and a critical interchange connection to I-25. Failure to award this WQ project would be highly impactful to the overall schedule and cooperation of the two projects, requiring significant effort to address.
2. This project was challenging to estimate. The project PS&E/1180 was completed with a bid item estimate of approximately \$7.46M, about \$500K in force accounts, and a total C phase estimate (i.e., including CE/indirects) of about \$9.95M. This was about 5% over the budget (\$9.39M) that was set in summer 2019, before CDOT CE/indirect rates increased from 20.45% to 26% in October 2019. In other words, the project was almost exactly on budget with the old rates, but 5% over with the new rates. This estimate, not including the change to CE/indirect rates, had held relatively steady through Summer and Fall 2019.
3. During advertisement, it is my understanding that various sources gave CDOT indications that the bids could be under budget. Because the scope and risks associated with this project are different than typical highway construction (e.g., basically no actual road construction in the scope, but instead all drainage and pipe work), it is understandable that estimating would be imprecise and subject to uncertainty. The fact that a few potential bidders decided not to bid at the last minute is another risk that apparently was realized. My estimation is that this mostly had to do with the fact that typical highway contractors are not necessarily best suited for the work proposed on this project.
4. The final apparent low bid (i.e., bid items only) came in at \$7.66M, only 2.6% over the PS&E/1180 clearance estimate for bid items. The low bidder is also a contractor specializing in pipe work throughout the State and locally based to the project. We have reviewed the bid tabs and they do appear reasonable. The low bidder included a Dewatering pay item slightly higher than the second bidder. The second bidder is the local agency interchange contractor who is on site. This is a critical check in that a low bidder highly undercutting the bid of the contractor on site could indicate issues with costing this risk element.
5. Re-advertisement would risk delays for the companion major interchange project and potentially greatly increase costs to taxpayers (i.e., not necessarily CDOT, but the Copper Ridge Metro District in particular). While the apparent low bid is greater than 10% over the Engineer’s Estimate, it is 9.1% over budget - with about half of that attributable to the increase in CE/indirect rates.

Please feel free to contact me at 719-227-3205 if you have any questions or would like to further discuss this request.

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