

## MEMORANDUM

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 26-27, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(2), Action Item

Prepared By: Dina El-Tawansy  
District 04 – Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**  
**PPNO 2904K/EA 1Q820 – SAN FRANCISCO COUNTY – UNITED STATES HIGHWAY 101**  
**RESOLUTION FP-24-85**

### **ISSUE:**

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$118,000,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Roadway Rehabilitation project on United States Highway (US) 101, in San Francisco County, to award the project?

### **RECOMMENDATION:**

The Department recommends that the Commission approve the requested allocation for this SHOPP project.

### **PROJECT DESCRIPTION:**

This project is located along US 101 in the City of San Francisco (City), from the San Mateo County line to Market Street, in San Francisco County. The project will rehabilitate approximately 15 lane-miles of the roadway and drainage facilities, and upgrade signs, concrete barrier, and transportation management system elements which include traffic monitoring stations. This project is utilizing the Construction Manager/General Contractor (CMGC) delivery process.

**FUNDING AND PROGRAMMING STATUS:**

In May 2020, this project was programmed in the SHOPP for \$45,556,000 in Construction Capital and \$6,833,000 in Construction Support for allocation in Fiscal Year 2023-24. In October 2020, the project was amended to correct the PPNO. In May 2023, the project was amended again to increase Construction Capital to \$69,027,000 due to a change in the pavement repair strategy. The change in the repair strategy from spot slab replacement to full concrete pavement replacement for approximately 10 lane-miles of the project was based on an updated pavement survey showing increased deterioration and materials recommendation. In October 2023, the project was selected to utilize the CMGC delivery method, and the CMGC was brought on board in April 2024. In June 2024, the project requested an 18-month allocation time extension for the Construction phase. However, the request was deferred to the August 2024 meeting and approved for 14 months.

In May 2025, the Engineer's Estimate reflected the need of \$107,000,000 in Construction Capital (55.0 percent over the programmed amount) based on the Agreed to Price with the CMGC, and \$11,000,000 in Construction Support (61.0 percent over the programmed amount). The Department plans to award the project in August 2025 and begin construction in September 2025. Construction is planned for three construction seasons with a duration of 590 working days.

**REASON FOR COST INCREASE:**

The Construction Capital estimate is greater than the programmed amount due to updated quantities and unit prices based on current market conditions and recent price escalation, additional drainage system work, added shoulder replacement necessary for the change in pavement strategy, an extensive traffic management plan in the center of the City, implementation of new temporary barrier standards, and incorporation of work from an overlapping project. The Construction Support estimate is greater than the programmed amount due to the increase in the number of working days, additional work, and the complex construction staging.

**Capital Cost Increase:**

The project's Construction Capital was programmed in May 2020 and was increased in May 2023 through an amendment due to a new pavement replacement strategy. In addition, other factors contributed to the cost increase. The project report originally anticipated 380 working days for the duration of the construction. However, the current estimate is 590 working days, which changes the midpoint of construction and increases the time-related overhead cost.

The Department has seen higher than anticipated bids particularly in the City for bid items such as barrier rail, partially due to a limited number of contractors willing to bid on projects within high traffic volume areas. This project has over four miles of median barrier upgrade. Recent economic uncertainty and risk of tariffs affecting prices and availability for concrete and steel have been factored into the estimate. In addition, this project has a high need for materials

storage space with limited availability and high cost of real estate in the City.

As the design progressed, it was determined that all the drainage systems under the proposed concrete pavement and shoulders needed to be replaced. At the time of the project report, the systems were not clean enough to identify the full extent of the replacement work. The initial cost did not assume full replacement of all the drainage systems. The original drainage work consisted of replacing 7 culverts and raising 45 drainage inlets. The project will now replace 60 drainage systems which includes modifying or adjusting 46 drainage inlets.

The original scope of work did not account for replacing the outside shoulders beyond the work needed to replace the drainage inlets. During the design phase, it was determined that shoulder replacement was necessary through a segment of the project limits to support the concrete paving operations, facilitate traffic staging, and address long term motorist safety. The existing outside shoulder pavement is not sufficient to support the weight of the concrete paving machine and it will be difficult to match the existing shoulder gutter with the new pavement. In addition, to replace the drainage systems, significant portions of the shoulders would need to be excavated and replaced, resulting in a patchwork of repaired pavement and inefficiencies. Furthermore, additional roadway width is needed to accommodate the temporary barrier system associated with the center median and drainage work. Finally, a new, smooth outside shoulder on the same plane as the traveled way benefits long term traffic safety over the existing shoulder condition. For all these reasons, the Department decided to replace the shoulders with a traffic-rated pavement section and incorporate additional edge-of-pavement safety elements which include curbs and guardrail.

To accomplish the concrete pavement and the barrier rail reconstruction, multiple long-term freeway closures are required as these operations cannot be done within the limited nightly construction windows available. There are limited weekends available for extended closures due to impacts on the City. Nighttime work windows for the drainage and other work are also restricted. The US 101 freeway corridor does not have many lanes, and alternative routes are limited in the densely populated adjacent communities.

The Department implemented the new standard temporary barrier system instead of the existing temporary concrete barrier. The manufacturing industry is ramping up production of the new barrier but currently has an insufficient stockpile of the new barrier and must accelerate the fabrication to meet the immediate need for a substantial quantity of barrier upon the start of construction of this project.

This project incorporates fiber optic conduit installation work from an overlapping project (EA 2Q740/PPNO 2027J) through a segment of the project limits to reduce rework of constructed elements and delays. It is critical to install the conduit prior to the construction of the concrete pavement to avoid damaging the new pavement and prevent conflicts between two contractors in the same area. The two projects can be scheduled around each other for the remaining fiber optic work outside this segment.

The refinements that were made to the design based on the updated quantities and unit prices, additional drainage system work, shoulder repaving, robust traffic management plan, inclusion

of the new temporary barrier, and incorporation of fiber optic work from an overlapping project, amount to an increase of \$36,473,000 in capital costs.

**Support Cost Increase:**

The support cost increase is due to the addition of 210 working days (from 380 to 590) to address additional work, a more complex traffic management plan, and extensive public outreach and engagement than was originally anticipated. Multiple work shifts in a day, and multiple extended full and partial freeway closures will be required to perform the work. Most of the work will be performed at night with multilane closures. There are four 55-hour full freeway closures for the concrete pavement work and nine 55-hour partial freeway closures for the replacement of the concrete barrier.

This project is one of four major projects in the area that are expected to be in construction concurrently. The Department expects extensive coordination between the contractors and Department staff along with substantial public information and outreach efforts in support of the work.

The additional work, complex traffic management, extensive coordination with the public, and additional working days have led to an increase of \$4,167,000 in support costs.

**CONSEQUENCES:**

If this allocation request is not approved, the Department will not be able to award the contract to the CMGC and start construction to address the critical deficiencies of the existing roadway and roadside elements along this segment of US 101. Reprogramming for future delivery or repackaging to advertise through the normal Design-Bid-Build delivery method will risk higher costs due to escalation, further asset degradation, emergency repairs, and the need to re-engage with the local stakeholders and communities about staging and traffic handling.

**FINANCIAL RESOLUTION:**

Resolved, that \$107,000,000 be allocated from the Budget Act of 2023, Budget Act Item 2660-302-0890 and Non-Budget Act Item 2660-802-3290 for Construction Capital, and \$11,000,000 for Construction Support, to provide funds to advertise this SHOPP project.

Attachment

2.5 Highway Financial Matters

Project No. Allocation Amount County Dist-Co-Rte Postmile	Location Project Description	PPNO Program/Year Phase Prgm'd Amount Project ID Adv Phase EA	Budget Year Item # Fund Type Program Code	Amount by Fund Type												
<b>2.5d.(2)</b>	<b>Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount</b>			<b>Resolution FP-24-85</b>												
1 \$118,000,000 San Francisco 04-SF-101 0.0/M5.45	In the City and County of San Francisco, from San Mateo County line to Market Street. <u>Outcome/Outputs:</u> Rehabilitate roadway, upgrade signs, concrete barrier, and Transportation Management System (TMS) elements, rehabilitate drainage, and upgrade facilities to Americans with Disabilities Act (ADA) standards. This is a Construction Manager/General Contractor (CMGC) project.	04-2904K SHOPP/23-24 CON ENG \$6,833,000 CONST \$69,027,000 0418000341 3,4 1Q820	505-3290 RMRA 001-0890 FTF 20.10.201.120  2017-18 802-3290 RMRA 2023-24 302-0890 FTF 20.20.201.120	\$1,262,000 <u>\$9,738,000</u> \$11,000,000  \$12,273,000  <u>\$94,727,000</u> \$107,000,000												
	<table border="1"> <thead> <tr> <th>Engineering</th> <th>Budget</th> <th>Expended</th> </tr> </thead> <tbody> <tr> <td>PA&amp;ED</td> <td>\$2,594,000</td> <td>\$2,486,189</td> </tr> <tr> <td>PS&amp;E</td> <td>\$5,150,000</td> <td>\$4,699,643</td> </tr> <tr> <td>R/W Sup</td> <td>\$223,000</td> <td>\$43,577</td> </tr> </tbody> </table>	Engineering	Budget	Expended	PA&ED	\$2,594,000	\$2,486,189	PS&E	\$5,150,000	\$4,699,643	R/W Sup	\$223,000	\$43,577			
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PA&ED	\$2,594,000	\$2,486,189														
PS&E	\$5,150,000	\$4,699,643														
R/W Sup	\$223,000	\$43,577														

Performance Measure:

Planned: 15.4, Actual: 15.4 Lane mile(s)

CEQA - CE, 09/02/2022; Re-validation 05/27/2025

NEPA - CE, 09/02/2022; Re-validation 05/27/2025

Fourteen month allocation time extension for CONST and CON ENG approved under Waiver 24-125; August 2024.

SB1 Baseline Agreement approval under Resolution SHOPP-P-2324-03B; December 2023.

Concurrent Amendment under SHOPP Amendment 24H-012; June 2025.

Performance Measure: Lane mile(s)					
	Unit	Good	Fair	Poor	Quantity
Existing Condition	Lane mile(s)	1.1	11.6	2.7	15.4
Post Condition	Lane mile(s)	15.4	0.0	0.0	15.4