

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 26-27, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(6), Action Item

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District 05 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 0226K/EA 3307C – SAN LUIS OBISPO COUNTY –
STATE ROUTES 41 AND 46
RESOLUTION FA-24-104**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$7,200,000 in Construction Support for the State Transportation Improvement Program (STIP) Route 46/41 Wye project on State Route (SR) 41 and SR 46, in San Luis Obispo County, to complete the construction contract?

RECOMMENDATION:

The Department recommends that the Commission approve the requested supplemental funds allocation for this STIP project.

PROJECT DESCRIPTION:

This project is located on SR 41 and SR 46 near Cholame, west of Davis Road to west of Antelope Road, in San Luis Obispo County. The project will convert 2-lane conventional highway to a 4-lane expressway. This project has utilized the Construction Management/General Contractor (CMGC) delivery process.

FUNDING AND PROGRAMMING STATUS:

In March 2014, this project was programmed in the STIP for \$62,000,000 in Construction Capital and \$9,500,000 in Construction Support for allocation in Fiscal Year 2019-20. In March 2018, during the adoption of the 2018 STIP, the project was updated to increase Construction Capital to \$97,800,000 and Construction Support to \$13,400,000. In June 2022,

the project received a 20-month allocation time extension for the Construction phase. In December 2022, the project was allocated for \$155,870,000 in Construction Capital and \$15,550,000 in Construction Support. In March 2023, the project was awarded to the CMGC for \$155,869,900 in Construction Capital. In April 2023, construction began with 500 working days. The project has not received any G-12 funds for the Construction phase. The remaining funds are currently at \$50,700,000 in Construction Capital and \$2,429,000 in Construction Support. The project is 65 percent complete with 230 working days remaining. The planned Construction Contract Acceptance is June 2026.

STIP Construction Component	Allocated Amount	Supplemental Amount	Revised Allocation Amount	Percent Over Allocated Amount
Support	\$15,550,000	\$7,200,000	\$22,750,000	46.3

REASON FOR COST INCREASE:

The project realized support cost increases due to the need for additional Department and consultant staff to administer the project, change in the construction method for earthwork, material failure and rework of constructed items, change in the construction schedule, and an increase in the number of working days to complete the project.

The project is located in a rural area which required the Department to rely on consultant staff to administer the contract and serve as field inspectors, office support staff, lab technicians, and surveyors at the field office location. This heavier reliance on consultant staff was unanticipated and resulted in a significant cost increase from the original workplan.

In addition, as a result of environmental requirements and compliance issues, several Department environmental staff are required to be on site two to three times per week instead of one time per month. The project is located in a region that is undeveloped and contains many important natural resources and sensitive species. Permits for the project are complex and require surveys and monitoring before, during, and after project construction. Additional resources are required due to recent listings of threatened species which require additional agency consultations and ongoing discussions with adjacent landowners about wildlife connectivity. In addition, an increase in nesting bird activity requires additional monitoring and deterrence. The Department’s roadway and structure design staff have also required additional resources above what was anticipated to support the construction staff for requests for information and issuance of contract change orders.

During the pre-construction CMGC delivery process, the assumption was made that the earthwork and paving would be constructed utilizing the automated machine guidance system. The subcontractor for the earthwork and paving opted out of utilizing this method and utilized the traditional construction methods. This is a more labor-intensive method and resulted in an increase to the resources required for surveying and inspection work. In addition, due to material failure and rework of constructed items, additional resources were required for

re-inspection and remediation by materials and construction staff. Concrete and hot mix asphalt materials have been rejected for being out of compliance, poor workmanship, quality control issues, and compaction test failures. For the over 750 structure backfill test locations, approximately one out of five are retests. Furthermore, as a result of the changes to the contractor's construction schedule, they need to construct four bridge superstructures during this year's jurisdictional work window. To keep the project on schedule and avoid liquidated damages, the contractor is working 10-hour shifts, 6 days per week. This has resulted in requiring additional resources for construction staff inspecting this work.

The original number of working days on this project was 500. As a result of the roadway rework and due to severe weather conditions, the duration for consultant and Department staff to administer the project has increased. A contract change order is being issued to increase the number of working days by 225 for a total of 725. Therefore, the project will need an additional \$7,200,000 in support costs to complete construction.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to complete construction of this project. If the construction contract is further delayed, it will likely result in claims by the contractor. To complete construction at a later time, another project will have to be programmed in a future STIP cycle at a possible higher project cost.

FINANCIAL RESOLUTION:

Resolved, that \$7,200,000 be allocated for Construction Support, to provide funds to complete the Construction phase for this STIP project.

Attachment

2.5 Highway Financial Matters

Project #	Project Title	PPNO	State	State
Allocation Amount	Location	Program	Federal	Federal
Recipient	Project Description	Funding Year	Additional	Revised
<u>RTPA/CTC</u>	Project Support Expenditures	Item #	Amount by	Amount by
County		Fund Type	Fund Type	Fund Type
Dist-Co-Rte		Program Codes	Current Amount	Current Amount
Postmile		Project ID	by Fund Type	by Fund Type
		Adv Phase		
		EA		

2.5e.(6) Supplemental Funds for Previously Voted Project Resolution FA-24-104

1	Route 46/41 Wye. Near Cholame, from 0.7 miles west of Davis Road to 0.5 miles west of Antelope Road.	05-0226K		
\$7,200,000		IIP		
	Convert to a 4 lane expressway.	CON ENG		
Department of		001-0042 SHA	\$1,783,600	\$1,783,600
Transportation		001-0890 FTF	\$13,766,400	\$13,766,400
<u>SLOCOG</u>	<u>Outputs</u>	20.10.025.700		
San Luis Obispo	New roadway lane-mile(s)			
05-SLO-46				
54.1/57.8				
	Total revised amount \$178,619,900.	IIP		
		CON ENG		
	Supplemental funds are needed to complete construction.	001-0042 SHA	\$826,000	\$826,000
		001-0890 FTF	\$6,374,000	\$6,374,000
		20.10.025.700		
	CEQA - EIR, 05/19/2008; Re-validation 06/22/2022			
	NEPA - FONSI, 05/19/2008; Re-validation 06/22/2022	IIP/2022-23		
		CONST		
	Future consideration of funding approved under	301-0042 SHA	\$10,834,800	\$10,834,800
	Resolution E-06-23; July 2006.	301-0890 FTF	\$83,626,100	\$83,626,100
		20.20.025.700		
	Addendum to the previously approved future consideration of			
	funding approved under Resolution E-22-111; December 2022.	IIP/2022-23		
		CONST		
	Right of Way Certification: 06/29/2022	304-6058 TFA	\$57,419,000	\$57,419,000
		20.20.025.700		
		RIP/2022-23		
		CONST		
		301-0042 SHA	\$457,700	\$457,700
		301-0890 FTF	\$3,532,300	\$3,532,300
		20.20.075.600		
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