

## MEMORANDUM

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(7), Action Item

Prepared By: Scott Eades  
District 05 – Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**  
**PPNO 2653/EA 1G680 – SAN LUIS OBISPO COUNTY – UNITED STATES HIGHWAY 101**  
**RESOLUTION FP-25-07**  
**RESOLUTION TCEP-A-2526-02**

### **ISSUE:**

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$64,453,000 for Construction of the State-Administered multi-funded State Transportation Improvement Program (STIP) and Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) Five Cities Multimodal Transportation Network Project on United States Highway (US) 101, in San Luis Obispo County, to award the project?

### **RECOMMENDATION:**

The Department recommends that the Commission approve the requested allocation for this State-Administered multi-funded STIP and SB 1 TCEP project.

### **PROJECT DESCRIPTION:**

This project is located along US 101 in and near the City of Pismo Beach, from south of the Pismo Overhead to north of the North Avila Road Overcrossing, in San Luis Obispo County. The project will convert the existing truck climbing lane to a number two lane, replace the inside shoulder with a part-time travel lane, and construct a park and ride lot with electric vehicle charging stations.

**FUNDING AND PROGRAMMING STATUS:**

In March 2018, this project was programmed for \$5,000,000 in Construction Capital from the STIP Regional Improvement Program (RIP) for allocation in Fiscal Year 2022-23. In March 2020, the programmed amount was increased to \$6,553,000 in Construction Capital from the STIP RIP. In March 2022, the programmed amount was decreased to \$1,056,000 in Construction Capital from the STIP RIP moved out allocation to 2023-24. In June 2023, this project was programmed for a total of \$66,794,000 in Construction from the TCEP (\$49,666,000 from the TCEP State and \$11,628,000 from the TCEP Regional) and moved out allocation to 2024-25. In March 2024, the programmed amount in the TCEP was split out to \$49,666,000 in Construction Capital from the TCEP State, \$2,745,000 in Construction Capital from the TCEP Regional, and \$8,883,000 in Construction Support from the TCEP Regional. In June 2025, the project received a 12-month allocation time extension for the Construction phase.

In June 2025, the Engineer’s Estimate (EE) reflected the need of \$3,159,000 in Construction Capital (199.1 percent over the programmed amount) from the STIP. The EE also accounts for \$52,411,000 in Construction Capital (zero percent over the programmed amount), \$49,666,000 from the SB 1 TCEP State and \$2,745,000 from the SB 1 TCEP Regional, and \$8,883,000 in Construction Support (zero percent over the programmed amount) from the SB 1 TCEP Regional. The Department plans to award the project and begin construction in February 2026. Construction is planned for three construction seasons with a duration of 755 working days.

Phase Components	Programmed Amount	Allocation Amount	Increased Amount	Percent Over/Under Programmed Amount
<b>Construction Capital</b>				
STIP RIP	\$1,056,000	\$3,159,000	\$2,103,000	199.1
TCEP State	\$49,666,000	\$49,666,000	-	-
TCEP Regional	\$2,745,000	\$2,745,000	-	-
<b>Total</b>	<b>\$53,467,000</b>	<b>\$55,570,000</b>	<b>\$2,103,000</b>	<b>3.9</b>
<b>Construction Support</b>				
TCEP Regional	\$8,883,000	\$8,883,000	-	-

**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, and refinements to the stage construction details.

While preparing for the Ready to List milestone, the project encountered unforeseen updates required to both the EE and the stage construction details. During final design, and after constructability reviews, refinements were made to the stage construction plans to facilitate

construction activities. These refinements triggered a series of updates that impacted the overall capital cost. Key factors contributing to the increase included expanded stage construction details, incorporation of additional ramp lane closure charts, and escalated unit costs based on the refined scope and current market conditions. These changes do not include any new bid items. These adjustments, although necessary for a more robust and certifiable project package, ultimately led to an increase in the project's capital cost.

The difference in specific bid items that led to the majority of the overall increase were related to traffic control elements, temporary barrier system, and maintaining traffic. In addition, adjustments were made to the remaining bid items and cumulatively resulted in an increase of \$4,164,000.

The refinements that were made to the design based on the updated quantities and unit prices to reflect current market conditions, amount to an increase of \$2,103,000 in capital costs for the STIP. The San Luis Obispo Council of Governments is funding the remaining balance.

**CONSEQUENCES:**

If this allocation request is not approved, the Department will not be able to advertise the contract to address operational improvements to the existing roadway and construct a park and ride lot along this segment of US 101. To address all the improvements, the project will have to be reprogrammed, which will result in delays and could result in higher costs due to escalation.

**FINANCIAL RESOLUTION:**

Resolved, that \$55,570,000 be allocated from the Budget Act of 2023 and 2024, Budget Act Items 2660-301-0042, 2660-301-0890, and 2660-302-3291 for Construction Capital, and \$8,883,000 for Construction Support, to provide funds to advertise this State-Administered multi-funded STIP and SB 1 TCEP project.

Attachment

2.5 Highway Financial Matters

Project No.	Allocation Amount	Recipient	RTPA/CTC	County	Dist-Co-Rte	Postmile	Project Title	Location	Project Description	Project Support Expenditures	PPNO	Program/Year	Phase	Prgm'd Amount	Project ID	Adv Phase	EA	Budget Year	Item # Fund Type	Program Code	Amount by Fund Type
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**2.5d.(7) Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount** **Resolution FP-25-07**  
**Resolution TCEP-A-2526-02**

1	\$64,453,000	Department of Transportation	SLOCOG	San Luis Obispo	05-SLO-101	16.0/R22.5	<b>Five Cities Multimodal Transportation Network Enhancement Project.</b> In San Luis Obispo County, in and near Pismo Beach from 0.2 mile south of Pismo Overhead to 0.2 mile north of North Avila Road Overcrossing, convert existing truck climbing lane to number 2 lane and replace inside shoulder with a part-time travel lane and construct park and ride lot with EV charging stations.					05-2653	RIP/24-25	CONST	<del>\$1,056,000</del>			2024-25	301-0042 SHA		\$363,000	
														<b>\$3,159,000</b>					20.20.075.600		<u>\$2,796,000</u> \$3,159,000	
							<u>Outputs</u>	<u>Unit</u>	<u>Total</u>		TCEP-S/24-25		2023-24									
							Communications (fiber optics)	Miles	4.5		CONST		301-3291 TCEA							20.20.723.100		\$49,666,000
							Shoulder widening	Each	1			\$49,666,000										
							Final Project Development:(RIP)				TCEP-R/24-25		001-3291 TCEA									\$8,883,000
							Support Estimate:	\$5,020,000			CON ENG		20.10.723.200									
							Programmed Amount:	<u>\$4,420,000</u>			\$8,883,000											
							Adjustment: (<20%)	\$0			CONST		2023-24									
							Final Right Way:(RIP)				0515000063		301-3291 TCEA							20.20.723.200		\$2,745,000
							Support Estimate:	\$186,000			3, 4											
							Programmed Amount:	<u>\$2,835,000</u>			1G680											
							Adjustment: (Credit)	\$2,649,000														

CEQA - EIR, 09/12/2022; Re-validation 04/29/2025  
NEPA - FONSI, 09/12/2022; Re-validation 04/29/2025

Future consideration of funding approved under Resolution E-23-39; March 2023.

Addendum to the previously approved future consideration of funding approved under Resolution E-25-42A; June 2025.

Right of Way Certification: 01/28/2025

Contribution from other sources: \$6,505,000.

This allocation will split out and program a Child project - Five Cities Project-Landscape Mitigation Planting & Biological Monitoring, under PPNO 2653X from this parent project (PPNO 2653) and fund it with \$546,000 in RIP funds as follows: \$50,000 for PS&E in FY 26-27, \$20,000 for RW Cap in FY 27-28, \$170,000 for CON ENG in FY 27-28, and \$306,000 for CON Cap in FY 27-28.

Time Extension for FY 24-25 CONST and CON ENG expires 06/30/2026.

As part of this allocation request, the implementing agency is requesting to extend the completion of CONST an additional 12 months beyond the 36-month deadline.

The additional funding need of \$2,103,000 will come from RW phase savings.