

## MEMORANDUM

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(21), Action Item

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District 03 – Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**  
**PPNO 4117/EA 4E170 – NEVADA COUNTY – STATE ROUTE 49**  
**RESOLUTION FP-25-27**  
**RESOLUTION TCEP-A-2526-11**

### **ISSUE:**

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$24,048,000 for Construction of this State-Administered multi-funded State Transportation Improvement Program (STIP) and Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) RT 49 Corridor Improvements, La Barr-McKnight, SB Truck Climbing Lane project on State Route (SR) 49, in Nevada 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 SR 49 in and near the City Grass Valley, from north of La Barr Meadows Road to north of the McKnight Way Overcrossing, in Nevada County. The project will improve operations, mobility, and safety through the addition of a southbound truck climbing lane and acceleration and deceleration lanes at the driveway of the Nevada County Transit Operation Center.

This project will be combined with a State Highway Operation and Protection Program Collision Severity Reduction project (PPNO 4136/EA 3H510) which will construct a 2-way left-turn lane, right turn lanes, 10-foot shoulders, and a northbound slow moving truck lane.

**FUNDING AND PROGRAMMING STATUS:**

In June 2023, the project was programmed for \$14,615,000 in Construction Capital in the SB 1 TCEP Regional for allocation in Fiscal Year 2024-25. In March 2024, the project was programmed in the STIP for \$3,585,000 in Construction Capital (\$1,585,000 in the Regional Improvement Program (RIP) and \$2,000,000 in the Interregional Improvement Program (IIP)) and \$2,800,000 in Construction Support (in the RIP) for allocation in 2024-25. In June 2025, the project received a 2-month allocation time extension for the Construction phase.

In May 2025, the Engineer’s Estimate (EE) reflected the need of \$6,301,000 in Construction Capital from the STIP (\$4,001,000 from the STIP RIP and \$2,300,000 from the STIP IIP) (75.8 percent over the programmed amount), and \$3,132,000 in Construction Support from the STIP RIP (11.9 percent over the programmed amount). The EE also accounts for \$14,615,000 in Construction Capital from the SB 1 TCEP Regional (zero percent over the programmed amount). The Department plans to advertise the project in August 2025 and begin construction in January 2026. Construction is planned for five construction seasons with a duration of 360 working days.

Phase Components	Programmed Amount	Allocation Amount	Increased Amount	Percent Over Programmed Amount
<b>Construction Capital</b>				
STIP RIP	\$1,585,000	\$4,001,000	\$2,416,000	152.4
STIP IIP	\$2,000,000	\$2,300,000	\$300,000	15.0
TCEP Regional	\$14,615,000	\$14,615,000	-	-
<b>Total</b>	<b>\$18,200,000</b>	<b>\$20,916,000</b>	<b>\$2,716,000</b>	<b>14.9</b>
<b>Construction Support</b>				
STIP RIP	\$2,800,000	\$3,132,000	\$332,000	11.9

**REASON FOR COST INCREASE:**

The Construction Capital estimate is greater than the programmed amount due to the addition of retaining walls and update to unit prices to reflect current market conditions. The Construction Support estimate is greater than the programmed amount due to the increase in the number of working days and additional work.

**Capital Cost Increase:**

The project proposes to improve operations, mobility, and safety along an approximately 3-mile segment of SR 49. The project construction cost estimates were greatly impacted by right of way (RW) impacts to the parcel owners along the project corridor. The risk register at Project Approval and Environmental Document (PA&ED) identified a high risk for completing the RW certification before the Ready to List date. The risk was due to the 40 parcels identified for acquisition, and the number of parcels potentially requiring condemnation. Due to the risk of delivering the RW certification and the need to reduce impacts to the adjoining property

owners, and RW cost, the Department used a design strategy that added three retaining walls along the west side of the roadway to minimize the RW acquisitions and utility relocations during the Plans, Specifications, and Estimates phase. The retaining walls increased the construction capital costs which were not included in the cost estimate at PA&ED. However, adding the retaining walls reduced RW and utility impacts resulting in a net total project savings.

In addition, the higher estimated cost has been the result of unit price increases due to inflation and fuel costs exceeding standard escalation rates used from the time the project was programmed in June 2024. The market has experienced inflationary pressure beyond anticipated escalation rates that have impacted materials and labor costs.

The refinements that were made to the design to incorporate retaining walls and updated unit prices to reflect current market conditions, amount to an increase of \$2,716,000 in capital costs.

**Support Cost Increase:**

The support cost increase is due to the addition of 120 working days (from 240 to 360) to address the addition of retaining wall work and refinements to the workplan. In addition to roadway construction inspectors required for the added working days, the retaining walls require additional structures construction inspectors. The Department analyzed the stage construction and updated the work plan.

The additional work and working days have led to an increase of \$332,000 in support costs.

**CONSEQUENCES:**

If this allocation request is not approved, the Department will not be able to advertise the contract to address critical operational improvements to the existing roadway along this segment of SR 49. 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 \$20,916,000 be allocated from the Budget Act of 2024, Budget Act Items 2660-301-0042, 2660-301-0890, 2660-301-3291, and 2660-302-0890 for Construction Capital, and \$3,132,000 for Construction Support, to provide funds to advertise this State-Administered multi-funded STIP and SB 1 TCEP project.

Attachment

