

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(4), Action Item

Prepared By: Sergio Aceves
District 03 - Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**
PPNO 5290/EA 4H980 – PLACER COUNTY – STATE ROUTE 89
RESOLUTION FP-25-04

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$5,239,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Maintenance Facilities project on State Route (SR) 89, in Placer County, to advertise the project?

RECOMMENDATION:

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

PROJECT DESCRIPTION:

This project is located on SR 89 in Tahoe City, at the Tahoe City Maintenance Station (Facility), at 553 West River Road, in Placer County. The project will install a new enclosed building for the switchboard and generator, and upgrade electrical systems.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$3,600,000 in Construction Capital and \$560,000 in Construction Support for allocation in Fiscal Year 2022-23. In March 2022, the project was amended to move out the allocation of the Construction and Right of Way Capital phases to 2023-24 due to a delay in executing a consultant contract. In June 2023, the project was amended again to modify the scope to complete site preparation for temporary modular housing, a new building for the switchboard, generator, and upgrade

electrical systems that support the entire Facility. In June 2024, the project requested a 16-month allocation time extension for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved for 12-months. In addition, discussions within the Department took place on the approval of the significantly reduced scope and was approved in January 2025. The project's focus turned to the electrical infrastructure upgrades needed to maintain service to the Facility. In June 2025, the project received a 2-month allocation time extension amendment (totaling 14 months) for the Construction phase.

In May 2025, the Engineer's Estimate (EE) reflected the need of \$4,679,000 in Construction Capital (30.0 percent over the programmed amount) and \$560,000 in Construction Support (no increase over the programmed amount). The Department plans to advertise the project in September 2025 and begin construction in December 2025. Construction is planned for two construction seasons with a duration of 210 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to the extended duration of the Project Approval and Environmental Document and Plans, Specifications, and Estimate phases, unanticipated inflation, and recent market conditions.

The project's Construction programming year was adjusted forward through an amendment in March 2022 and by an additional year through an allocation time extension in August 2024. The EE was updated in May 2025 and reflects the current market conditions. As a result, several of the bid items increased in cost. In addition, material lead times for specialized electrical components resulted in an increase from 270 to 360 days. This 3-year delay has increased overall escalation of the bid items by approximately \$738,000.

Recent bids for projects have experienced increases for electrical improvements. The most significant increases were related to general labor and disposal costs for demolition of the existing electrical infrastructure, material costs and labor related to the new backup generator, step down transformer, electrical switchboards, automatic transfer switch, electrical vehicle charging infrastructure, and electrical equipment for brine. In addition, the new building's size increased by 80 square feet to accommodate a larger generator. As a result of these changes, the cost increased by approximately \$341,000.

The adjustments that were made to the estimate due to design refinements, market forces, and bidding environment, amount to an increase of \$1,079,000 in capital costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise the contract to address the deficiencies of the existing electrical infrastructure and could result in a loss of power at the Facility. To address all of the deficiencies, 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 \$4,679,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-303-0042 for Construction Capital, and \$560,000 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
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2.5d.(4) Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount Resolution FP-25-04

1 \$5,239,000	Near Tahoe City, at the Tahoe City Maintenance Station. <u>Outcome/Outputs:</u> Install a new enclosed building for switchboard and generator, and upgrade electrical systems.	03-5290 SHOPP/23-24 CON ENG \$560,000	001-0042 SHA 20.10.201.352 2024-25	\$560,000
Placer 03-Pla-89 8.9	Preliminary <u>Engineering</u> PA&ED PS&E R/W Sup	<u>Budget</u> \$1,209,000 <u>Expended</u> \$1,193,835 \$759,767 \$46,302	CONST 303-0042 SHA 20.20.201.352	\$4,679,000

Performance Measure:

Planned: 1.0, Actual: 1.0 Location(s)

CEQA - CE, 10/17/2023; Re-validation 05/14/2025
NEPA - N/A

Amendment to time extension for an additional two months, for a total of fourteen months, for CONST and CON ENG approved under Waiver 25-136; June 2025.

Performance Measure: Location(s)					
	<u>Unit</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>	<u>Quantity</u>
Existing Condition	Square feet	0.0	0.0	1,270.0	1,270.0
Post Condition	Square feet	480.0	0.0	1,270.0	1,750.0