

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(9), 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 2775/EA 1J830 – SANTA CRUZ COUNTY – STATE ROUTES 129 AND 152
RESOLUTION FP-25-09

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$13,726,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Pavement Preservation project on State Route (SR) 129 and SR 152, in Santa Cruz 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 along SR 129 and SR 152 in and near the City of Watsonville, from SR 1 to east of Blackburn Street and from Main Street to Wagner Avenue, in Santa Cruz County. The project will rehabilitate the pavement and lighting, replace sign panels, install transportation management system (TMS) elements, crosswalks, flashing beacons, and Class II and III bike lanes; and construct sidewalk and curb ramps.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$7,296,000 in Construction Capital and \$1,659,000 in Construction Support for allocation in Fiscal Year 2023-24. In May 2021, the project was amended to increase Construction Capital to \$8,440,000 and

Construction Support to \$1,904,000 due to the addition of complete streets elements. In June 2024, the project requested an allocation time extension for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved for 12 months. In January 2025, the project received a 12-month project development expenditure time extension for the Plans, Specifications, and Estimate phase. In June 2025, the project received a 2-month allocation time extension amendment (totaling 14 months) for the Construction phase.

In June 2025, the Engineer's Estimate reflected the need of \$11,554,000 in Construction Capital (36.9 percent over the programmed amount) and \$2,172,000 in Construction Support (14.1 percent over the programmed amount). The Department plans to award the project in December 2025 and begin construction in January 2026. Construction is planned for two construction seasons with a duration of 345 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to refinements of the quantities and higher unit prices based on current market conditions for various roadway items. The Construction Support estimate is greater than the programmed amount due to an increase in the number of working days as a result of the revised workplan.

Capital Cost Increase:

The project will rehabilitate the pavement and lighting, replace sign panels, install TMS elements, and construct and install complete streets elements along an approximately 0.6-mile segment of SR 129 and 1.7-mile segment of SR 152. The project is located near and crosses a railroad facility. The complete streets elements include curb ramps at various locations through the project limits. The project originally anticipated concurrent work for the curb ramps to expedite the work and minimize public disruption. However, after several discussions with Construction staff, the work sequence was modified to perform the curb ramp work sequentially. While this approach minimized impacts to the public and facilitated construction activities, it also resulted in an increase in the number of working days which increased a variety of bid and supplemental funds items, including time-related overhead, traffic handling, partnering, and the resident engineer office.

The refinements that were made to the stage construction, updated quantities, and unit prices reflecting the current market conditions for all items, have resulted in an increase of \$3,114,000 in capital costs.

Support Cost Increase:

The support cost increase is due to the addition of 115 working days (from 230 to 345) as a result of changes to the workplan for curb ramp work. The original estimate for working days anticipated concurrent work for the curb ramps. However, after discussions with Construction staff, the work was changed to be performed sequentially. The increase to working days amounts to an additional \$268,000 in support costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise the contract to address critical deficiencies of the existing pavement and other roadside elements along each segment of SR 129 and SR 152. To address all 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 \$11,554,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-302-0890 and Non-Budget Act Item 2660-802-3290 for Construction Capital, and \$2,172,000 for Construction Support, to provide funds to advertise this SHOPP project.

Attachment

