

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(10), 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 2787/EA 1J880 – MONTEREY COUNTY – STATE ROUTE 68
RESOLUTION FP-25-10

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$12,064,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Drainage System Restoration project on State Route (SR) 68, in Monterey 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 68 in and near the City of Monterey, from west of Sunset Drive to west of the Toro Park Undercrossing, in Monterey County. The project will rehabilitate drainage systems and lighting, and install transportation management system (TMS) elements which consist of traffic count stations.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$7,600,000 in Construction Capital and \$2,500,000 in Construction Support for allocation in Fiscal Year 2023-24. In June 2022, the project was amended to decrease Construction Support to \$1,950,000 to split out two mitigation projects, (PPNO 2787Y/EA 1J881) for landscape and plant propagation and

(PPNO 2787X/EA 1J882) for biological monitoring. In June 2024, the project requested a 19-month allocation time extension for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved for 14 months.

In June 2025, the Engineer's Estimate reflected the need of \$9,564,000 in Construction Capital (25.8 percent over the programmed amount) and \$2,500,000 in Construction Support (28.2 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 250 working days. A concurrent project development expenditure time extension for the Plans, Specifications, and Estimate phase is on this month's Commission agenda.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to an increase to time-related overhead (TRO) and refinements of the quantities and higher unit prices based on current market conditions for drainage system items. The Construction Support estimate is greater than the programmed amount due to the need for biological and cultural resources monitoring that will be performed by consultants during construction.

Capital Cost Increase:

The project proposes to rehabilitate 33 culverts and 20 street lights, and install TMS elements along an approximately 15.5-mile segment of SR 68. The original construction schedule was developed to allow work at multiple locations per day to expedite the work and minimize traffic impacts. However, after several constructability discussions with Construction staff, the work sequence was modified to one location per day due to most of the work being performed during nighttime hours per the approved lane closure charts. This strategy increased the number of working days, which has a direct impact and significant increase to the cost of TRO.

In addition, the cost of the drainage system items has also increased significantly. During design, the construction method for several culverts was changed from a cut-and-cover to trenchless installation method to reduce traffic impacts. The unit bid price for the trenchless culvert installation method has increased significantly due to current market conditions.

The refinements that were made to the design, updated quantities, and unit prices reflecting the current market conditions for all items, have resulted in an increase of \$1,964,000 in capital costs.

Support Cost Increase:

The support cost increase is due to resources required for biological and archaeological monitoring work during construction. This work will be completed by consultant staff. The consultant task orders resulted in an increase of \$550,000 in support costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise the contract to address the critical deficiencies of the existing drainage systems and other roadside elements along this segment of SR 68. 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 \$9,564,000 be allocated from the Budget Act of 2024, Budget Act Items 2660-302-3290 and 2660-302-0890 for Construction Capital, and \$2,500,000 for Construction Support, to provide funds to advertise this SHOPP project.

Attachment

2.5 Highway Financial Matters

Project No.	Location	PPNO Program/Year Phase	Prgm'd Amount	Budget Year	Amount by
Allocation Amount	Project Description	Project ID	Adv Phase	Item # Fund Type	Fund Type
County	Project Support Expenditures	EA	Program Code		
Dist-Co-Rte Postmile					

2.5d.(10) Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount Resolution FP-25-10

1	In and near the city of Monterey, from 0.1 mile west of Sunset Drive to 0.1 mile west of Toro Park Undercrossing. <u>Outcome/Outputs</u> : Rehabilitate drainage systems and lighting, and install Transportation Management System (TMS) elements.	05-2787	505-3290 RMRA	\$500,000
\$12,064,000		SHOPP/23-24	001-0890 FTF	<u>\$2,000,000</u>
		CON ENG	20.10.201.151	\$2,500,000
		\$1,950,000		
Monterey	Preliminary	CONST	2024-25	
05-Mon-68	<u>Engineering</u>	\$7,600,000	302-3290 RMRA	\$956,000
0.2/15.7	PA&ED	0518000083	302-0890 FTF	<u>\$8,608,000</u>
	Budget	3,4	20.20.201.151	\$9,564,000
	PS&E	1J880		
	Expended			
	R/W Sup			

Performance Measure:

Planned: 34.0, Actual: 33.0 Culvert(s) (ea)

CEQA - MND, 06/07/2022; Re-validation 06/16/2025
 NEPA - CE, 06/14/2022; Re-validation 06/16/2025

Future consideration of funding approved under Resolution E-22-59; August 2022.

Addendum for the previously approved future consideration of funding approved under Resolution E-25-38A; May 2025.

Concurrent addendum for the previously approved future consideration of funding under Resolution E-25-54A; August 2025.

Amendment to time extension for an additional ten months, for a total of fourteen months, for CONST and CON ENG approved under Waiver 24-125; August 2024.

Performance Measure: Culvert(s) (ea)					
	<u>Unit</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>	<u>Quantity</u>
Existing Condition	Linear feet	35.0	530.0	2,186.0	2,751.0
Post Condition	Linear feet	2,751.0	0.0	0.0	2,751.0