

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 14-15, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(15), Action Item

Prepared By: Michael Navarro
District 06 – Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT PPNO 6973/EA 0X430 – FRESNO COUNTY – STATE ROUTE 99 RESOLUTION FP-25-15**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$22,556,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Maintenance Facilities project on State Route (SR) 99, in Fresno County, to award 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 99 in City of Fresno, at the West Avenue Maintenance Station facility, at 1283 North West Avenue, in Fresno County. The project will demolish three existing buildings that consist of a warehouse and two office buildings for various crews, and construct one new building in its place.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$11,900,000 in Construction Capital and \$2,200,000 in Construction Support for allocation in Fiscal Year 2023-24. In May 2023, the project was amended to update the description to add the demolition of a third building and performance measure to correct an error, and increase Construction Capital to \$15,150,000 due to additional costs for asbestos abatement, mechanical equipment, electric

vehicle charging stations, and the addition of a sign printing room. In addition, the allocation of the Construction and Right of Way Capital phases was moved out to 2024-25 due to the installation of a dedicated power supply prior to construction of this project. In October 2024, the project received an 8-month project development expenditure time extension for the Plans, Specifications, and Estimate (PS&E) phase. In June 2025, the project received a 2-month allocation time extension for the Construction phase. A concurrent project development expenditure time extension amendment for the PS&E phase is on this month's Commission agenda.

In May 2025, the Engineer's Estimate (EE) reflected the need of \$19,162,000 in Construction Capital (26.5 percent over the programmed amount) and \$3,394,000 in Construction Support (54.3 percent over the programmed amount). The Department plans to award the project in November 2025 and begin construction in December 2025. Construction is planned for four construction seasons with a duration of 420 days lead time for electrical equipment supply chain delays and 335 working days for construction.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to refinements of the scope, compliance with zero emission regulations, and higher unit prices based on current market conditions. The Construction Support estimate is greater than the programmed amount due to an increase in the number of working days and lead time for supply chain delays.

Capital Cost Increase:

The project proposes to demolish three existing structures that consist of a warehouse and two office buildings previously utilized by various crews; and construct a single consolidated replacement building. During the design phase, the building footprint was revised to incorporate critical project elements, including space for a sign printing room and features required to meet Zero Net Energy (ZNE) standards.

As design development progressed, several additions significantly impacted costs. The building's footprint increased to accommodate a sign printing room and to create separation between crew areas. Additional site flatwork was incorporated to accommodate these changes. The initially proposed sign printing room was found inadequate in terms of safety and equipment needs, prompting design modifications to include compressed air equipment, a dedicated Heating, Ventilation, and Air Conditioning (HVAC) system, and mechanical ventilation, which collectively contributed to an increase in capital costs.

Electrical systems were subsequently revised to support increased power demands not previously accounted for. This included load requirements for compressors, HVAC systems, and other specialized equipment. Electric vehicle charging infrastructure was also added to comply with ZNE goals.

Overall, capital costs increased due to three primary factors: refinement and expansion of the facility during development, rising construction market prices and unit costs, and more

accurate cost estimates during the design phase, which identified additional expenses as the design was refined.

Specific building-related cost increases were significant and cumulatively resulted in an increase to the project. The increases are a result of adding a weatherproof enclosure for the air compressor, HVAC system refinements, upgrading the photovoltaic energy storage system, electrical service for sewage lift station, and the addition of a high voltage electrical transformer.

The project's site plans, traffic handling, construction staging, and State-furnished materials also experienced cost increases. The final grading plan requires parking lot repaving following construction. The electrical work outside of the building, traffic handling and staging plans, and State-furnished materials to account for building fiber optic and connectivity also increased.

At the time the programmed budget was amended, time-related overhead and mobilization costs had been underestimated. Updated quantities and current market unit prices have been incorporated into the EE.

The refinements that were made to the design based on the updated quantities and unit prices to reflect current market conditions, amounts to an increase of \$4,012,000 in capital costs.

Support Cost Increase:

The support cost increase is due to the addition of 85 working days (from 250 to 335) as a result of the addition of demolition work at a third building and refinements to the workplan. In addition, 420 calendar days have been added to the project as lead time required for supply chain delays for electrical equipment.

The additional work, refinements to the workplan, and days for supply chain delays, amount to an increase of \$1,194,000 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 at the existing facility. 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 \$19,162,000 be allocated from the Budget Act of 2025, Budget Act Item 2660-303-0042 for Construction Capital, and \$3,394,000 for Construction Support, to provide funds to advertise this SHOPP project.

Attachment

