

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 16-17, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(2), Action Item

Prepared By: Matthew Brady
District 01 - Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**
PPNO 2535/EA 0J801 – HUMBOLDT COUNTY – STATE ROUTE 299
RESOLUTION FP-25-30

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$87,354,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Major Damage (Permanent Restoration) project on State Route (SR) 299, in Humboldt 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 299 near the City of Blue Lake, east of Blue Lake Boulevard. The project will restore and relocate the storm-damaged roadway on a new alignment.

FUNDING AND PROGRAMMING STATUS:

In March 2021, this project was programmed in the SHOPP for \$49,684,000 in Construction Capital and \$4,668,000 in Construction Support for allocation in Fiscal Year 2024-25. In June 2022, the project was amended to modify the scope to combine a slope repair location that overlaps from another project (PPNO 2492/EA 0H431) and update the performance measure. In May 2024, the project was amended again to update the postmile limits and description to include the location which was added through the previous amendment. In

March 2025, the project was further amended to decrease Construction Capital to \$48,729,000 and Construction Support to \$4,555,000 due to the split of revegetation, monitoring, and reporting work into a child project (PPNO 2535M/EA 0J802). In June 2025, the project received an allocation time extension for the Construction phase for four months.

In May 2025, the Engineer's Estimate (EE) reflected the need of \$82,027,000 in Construction Capital (68.3 percent over the programmed amount) and \$5,327,000 in Construction Support (16.9 percent over the programmed amount). The Department plans to advertise the project in November 2025 and begin construction in February 2026. Construction is planned for 5 construction seasons with a duration of 730 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to refinements to the design as a result of multiple revisions of the geotechnical recommendations from ongoing investigations of the continuous land movement. The Construction Support estimate is greater than the programmed amount due to an increase in the number of working days as a result of refinements to the workplan.

Capital Cost Increase:

This is a permanent restoration project that was initiated to address historic geologic instability and repeated roadway damage caused by landslides along an approximately 1-mile segment of SR 299. The originally programmed scope of work included shifting the roadway centerline approximately 70 feet up-slope from its current alignment and constructing 7 retaining walls (2 soldier pile and 5 soil nail walls).

Challenges during project development included continuous land movement as the current roadway alignment sits on a smaller, more active landslide that is encompassed by a much larger earth flow. Geotechnical investigations and recommendations were ongoing during project development. During the Plans, Specifications, and Estimate phase, the final geotechnical recommendations involved increasing the retaining wall sizes, which increased the cost for the structure items and impacted the roadway and drainage items.

In an effort to reduce costs, two retaining walls were removed and replaced with cut slopes. However, the structures cost is the most significant increase to the EE. As a result of the impacts from the retaining wall work, there were also significant increases to the pavement structural section and drainage items, and mobilization.

The revisions that were made to the design based on the final geotechnical recommendations, updated quantities, and adjustments to the unit prices to reflect current market conditions, amounts to an increase of \$33,298,000 in capital costs.

Support Cost Increase:

The support cost increase is due to the addition of 390 working days (from 340 to 730) as a result of the revisions to the structural work, which also affected the roadway and drainage work. The significant increase in working days requires additional construction support

resources. Also, the refinements to the workplan as a result of revisions to the design which will require additional inspection efforts, amounts to an increase of \$772,000 in support costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise the contract to address the permanent restoration of the major damage to the existing roadway. The roadway will continue to deteriorate and increased maintenance efforts will be required to keep the existing roadway open. To address all of the damage, the project would have to be reprogrammed, which would result in delays and could result in higher costs due to escalation.

FINANCIAL RESOLUTION:

Resolved, that \$82,027,000 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 \$5,327,000 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
2.5d.(2)	Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount			Resolution FP-25-30
1 \$87,354,000	Near Blue Lake, from 0.9 mile east to 2.1 miles east of Blue Lake Boulevard. <u>Outcome/Outputs:</u> Restore storm damaged roadway by relocating on a new alignment.	01-2535 SHOPP/24-25 CON ENG \$4,555,000	505-3290 RMRA 001-0890 FTF 20.10.201.131	\$449,000 <u>\$4,878,000</u> \$5,327,000
Humboldt 01-Hum-299 R8.0/R9.2	Preliminary <u>Engineering</u> PA&ED PS&E R/W Sup	<u>Budget</u> \$2,171,000 <u>Expended</u> \$2,168,282 \$2,953,395 \$142,304	CONST \$48,729,000 0120000032 3,4 0J801	2017-18 802-3290 RMRA 2024-25 302-0890 FTF 20.20.201.131
	<u>Performance Measure:</u> Planned: 2.0, Actual: 2.0 Location(s)			
	CEQA - CE, 06/19/2023; Re-validation 05/02/2025 NEPA - CE, 06/19/2023; Re-validation 05/02/2025			
	As part of this allocation request, the Department is requesting to extend the completion of CONST and CON ENG an additional 18 months beyond the 36 month deadline.			
	SB1 Baseline Agreement approval under Resolution SHOPP-P-2324-04B; January 2024.			
	Four month allocation time extension for CONST and CON ENG approved under Waiver 25-95; June 2025.			