

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 16-17, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(3), 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 5131/EA 3H590 – PLACER COUNTY – INTERSTATE 80 RESOLUTION FP-25-31**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$139,014,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Roadway Rehabilitation project on Interstate 80 (I-80), 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 I-80 near Applegate, from east of the Crother Road Overcrossing to east of the Weimar Overhead; near Magra, from postmile 39.5 to 41.1; and near Emigrant Gap, from postmile 53.0 to R55.1. The project will rehabilitate the roadway, construct truck climbing lanes in the eastbound direction, widen shoulders, replace or widen structures, and upgrade median barrier and transportation management system elements consisting of road weather information systems, variable and changeable message signs, and closed-circuit television cameras.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$93,500,000 in Construction Capital and \$9,500,000 in Construction Support for allocation in Fiscal Year 2022-23. In

June 2021, a Value Analysis was performed which recommended the replacement of the Blue Canyon Undercrossing in lieu of widening as the bridge would need to be replaced in approximately ten years. The Department determined that the effort would add value to the project with factoring in the future bridge replacement project being avoided, and ongoing maintenance being reduced. In December 2021, the project was amended to move out the allocation of the Construction and Right of Way Capital phases to 2023-24 to allow additional time for cultural resource studies as a result of an increased environmental footprint. In June 2023, the project was amended again to update postmile limits, project description, and performance measures due to refinements to the design to change the strategy from restriping to widening at one location, and operational and safety needs to extend the merge taper of the truck climbing lane at the second location. In June 2024, the project requested a 14-month allocation time extension for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved for 11 months. In May 2025, the project received a 5-month allocation time extension amendment for the Construction phase (totaling 16 months).

In September 2025, the Engineer's Estimate (EE) reflected the need of \$129,514,000 in Construction Capital (38.5 percent over the programmed amount) and \$9,500,000 in Construction Support (no increase over the programmed amount). The Department plans to advertise the project in November 2025 and begin construction in April 2026. Construction is planned for 4 construction seasons with a duration of 450 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to the increase in the number of years of escalation due to the movement of the year of allocation, inflation of roadway and structural items in excess of programmed escalation rates, design strategy modifications recommended by the Value Analysis, and design strategy changes as a result of Union Pacific Railroad (UPRR) permit requirements to minimize impacts. In May 2023, the Department completed the Project Approval and Environmental Document (PA&ED) phase just prior to the year of Construction programming in 2023-24. At this time, the project's estimate was escalated to \$122,000,000. In August 2023, the project received its Plans, Specifications, and Estimate allocation. As a result, the Construction phase could not be adjusted. The project parallels and impacts the UPRR at various locations. At the time, it was unknown what the UPRR would require, so many of the structural elements on the project could not be fully determined or estimated. However, conversations with UPRR were favorable that cost mitigation for Construction and Maintenance agreements (C&M) and Maintenance and Consent letters (MCL) would be minimal. In addition, to help bridge the gap between the project's programmed amount and the estimate at the completion of PA&ED, the Department had applied for a Wildlife Crossing Pilot Program federal grant, as the two wildlife crossings in the project were determined to be solid candidates for the program.

The requirements from UPRR on the applications for the C&M agreements and MCL were more extensive than first thought and pushed the project's Construction allocation out to

2024-25, specifically, Ready to List (RTL) for construction to June 2025. The project originally anticipated four years of escalation from 2018-19 to 2022-23, however, six years have elapsed. The escalation rates increased above what was anticipated for roadway and structural work. Roadway items encompass approximately 75 percent of the estimate, while structural items make up approximately 25 percent. The escalation rate for the structural items quadrupled in comparison to the escalation rate for roadway items.

The two significant design strategy changes that contributed to the cost increases along with associated escalation rate, is the addition of 3,275 feet to the retaining walls to avoid UPRR properties, and the revision to replace the 112-foot-long bridge at the Blue Canyon Undercrossing. Furthermore, in January 2025, the Department was notified that the wildlife funding was no longer available.

Since RTL in June 2025, the Department updated the EE to reflect current bidding trends. 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 \$36,014,000 in capital costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise or award the project which will address critical deficiencies of the existing roadway and roadside elements and improve operations for trucks. To address all of the deficiencies and improvements, the project would be delayed until funding is available to be reprogrammed in a future SHOPP cycle at a greater cost, resulting in further deterioration of the facility and negative impacts on the surrounding communities of Placer County.

FINANCIAL RESOLUTION:

Resolved, that \$129,514,000 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 \$9,500,000 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.(3)	Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount			Resolution FP-25-31												
1 \$139,014,000 Placer 03-Pla-80 R26.3/29.5	Near Applegate, from 0.1 mile east of Crother Road Overcrossing to 0.2 mile east of Weimar Cross Road Overcrossing; also near Magra, from PM 39.4 to PM 41.5; also near Emigrant Gap, from PM 52.8R to PM R55.2. <u>Outcome/Outputs:</u> Rehabilitate roadway, construct truck climbing lanes in eastbound direction, widen shoulders, replace or widen structures, upgrade median barrier and Transportation Management System (TMS) elements. This project will improve safety and ride quality.	03-5131 SHOPP/23-24 CON ENG \$9,500,000 CONST \$93,500,000 0318000017 3,4 3H590	505-3290 RMRA 001-0890 FTF 20.10.201.122 2017-18 802-3290 RMRA 2024-25 302-0890 FTF 20.20.201.122	\$801,000 <u>\$8,699,000</u> \$9,500,000 \$10,918,000 <u>\$118,596,000</u> \$129,514,000												
	<table border="1"> <thead> <tr> <th>Preliminary Engineering</th> <th>Budget</th> <th>Expended</th> </tr> </thead> <tbody> <tr> <td>PA&ED</td> <td>\$6,400,000</td> <td>\$6,168,056</td> </tr> <tr> <td>PS&E</td> <td>\$6,270,000</td> <td>\$5,786,382</td> </tr> <tr> <td>R/W Sup</td> <td>\$1,700,000</td> <td>\$1,402,869</td> </tr> </tbody> </table>	Preliminary Engineering	Budget	Expended	PA&ED	\$6,400,000	\$6,168,056	PS&E	\$6,270,000	\$5,786,382	R/W Sup	\$1,700,000	\$1,402,869			
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Performance Measure:

Planned: 13.6, Actual: 13.6 Lane mile(s)

CEQA - ND, 03/20/2023; Re-validation 06/13/2025

NEPA - CE, 03/20/2023; Re-validation 06/13/2025

Future consideration of funding approved under Resolution E-23-52; May 2023.

SB1 Baseline Agreement approval under Resolution SHOPP-P-2324-01B; August 2023.

Concurrent Amendment under SHOPP Amendment 24H-015; October 2025.

As part of this allocation request, the Department is requesting to extend the completion of CONST and CON ENG an additional 12 months beyond the 36 month deadline.

Amendment to time extension for an additional five months, for a total of 16 months, for CONST and CON ENG approved under Waiver 25-87; May 2025.

Performance Measure: Lane mile(s)					
	Unit	Good	Fair	Poor	Quantity
Existing Condition	Lane mile(s)	2.6	11.0	0.0	13.6
Post Condition	Lane mile(s)	13.6	0.0	0.0	13.6