State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 16-17, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(4), Action Item

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District 04 – Director (Acting)

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**
PPNO 1496J/EA 0K810 – SAN MATEO COUNTY – STATE ROUTE 82
RESOLUTION FP-25-32

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for $129,548,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Roadway Rehabilitation project on State Route (SR) 82, in San Mateo 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 on a 3.6-mile segment of SR 82 (or El Camino Real) in the cities of San Mateo and Burlingame, from East Santa Inez Avenue to Murchison Drive, in San Mateo County. SR 82 is the main conventional highway connecting the cities of San Jose and San Francisco. This project will improve pavement condition, address recurring flooding, enhance safety and access for all users, upgrade pedestrian infrastructure, and reduce frequent fallen tree hazards by replacing heritage trees to maintain the historical character. The project scope includes rehabilitating approximately 15 lane miles of roadway, replacing 4,770 feet of culverts, reconstructing 5 miles of sidewalk, upgrading 28 curb ramps, upgrading signals and lighting, installing 21 bus pads, 3,860 feet of crosswalk, and 80 accessible pedestrian signals. In addition, the project will remove 407 heritage trees, which are on the National Register of Historic Places, and replant 458 new trees.

This project is utilizing the Construction Manager/General Contractor (CMGC) delivery method. This project will be combined after allocation with PPNO 0730D/EA 1G900, which will upgrade pedestrian facilities and 82 curb ramps, and will be delivered under one construction contract.

FUNDING AND PROGRAMMING STATUS:

In March 2018, this project was programmed in the SHOPP for $86,061,000 in Construction Capital and $12,270,000 in Construction Support for allocation in Fiscal Year 2023-24. In May 2021, the project was amended to increase Construction Capital to $86,161,000 due to a transfer of accessible pedestrian signal work from an adjacent project. In October 2023, the project was amended again to utilize the CMGC delivery method. In June 2024, the project requested an allocation time extension for 19 months for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved 16 months.

In August 2025, the Department secured the Agreed-to-Price of $114,947,000 in Construction Capital (33.4 percent over the programmed amount) and updated the workplan to $14,601,000 in Construction Support (19.0 percent over the programmed amount). The Department will be ready to award the construction contract in October 2025 and begin construction in November 2025. Construction is planned for 4 construction seasons with a duration of 900 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater that the programmed amount due to complex construction staging to maintain full access for the community, large tree removal, higher costs of electrical work, and site specific conforms for over 200 properties within the work limits. The Construction Support estimate is greater than the programmed amount due to the expansion of working days as a result of complex construction staging.

Capital Cost Increase:

The project is located along the heavily developed urban downtown area, with over 200 private properties and a grove of federally registered heritage trees that creates a park-like boulevard with significant local cultural value. The properties are a combination of single-family homes, low-rise apartments, business buildings, and historic estates. To maintain full access to the community and preserve the historic setting, removing and replanting over 400 trees presented a significant challenge for staging the construction activities. In addition, to reduce climate change risks and minimize traffic disruption, the City of Burlingame also requested coordination with their undergrounding of Pacific Gas and Electric Company's (PG&E) overhead powerlines.

Staging accounts for approximately 40 percent of the increase due to extensive measures to minimize public inconvenience and provide full access for pedestrians, residents, and users of all properties. The Department developed the construction staging and traffic handling plans through extensive coordination and outreach with the City of Burlingame and property owners regarding closures, detours, and timing. The staging sequence consists of working

directionally block-by-block for 36 segments with requirements to complete each segment prior to progressing to the next one. Construction will start on the northbound side and move to the southbound side once PG&E completes utility undergrounding on the southbound side. Removal of each heritage tree can only be done after utility potholing and a daily full closure of the roadway due to their size, height, and proximity to existing buildings and roadway. This requires extensive detours through local neighborhood streets with traffic control devices and flagging at key intersections. Temporary conversion of two-way local streets to one-way traffic will also be necessary and will add to traffic handling costs. Lack of available areas within the State right of way for staging areas results in the contractor leasing private properties with higher rates. The complex construction staging and lower production rates require an increase to the number of working days from 500 to 900.

Removal, replanting, and landscaping related to the historical Howard Ralston Grove represents approximately 25 percent of the increase. Contributing factors include labor intensive tree removal due to extensive root systems entangled with underground utilities that have extended into roadway sections, drainage facilities, sidewalks, and private properties. In addition, extensive utility potholing was required during design to confirm and help determine the existing pavement structural section. This will be the first major roadway, sidewalk, and landscaping improvement project within this segment in several decades. As a result, careful removal will be required for the tree roots that are entangled with underground utilities, the roadway structural section, and sidewalks, impacting earthwork production rates. The replanting of 458 trees requires extensive procurement lead times since the trees must meet a substantial level of maturity and size to preserve the heritage character and visual impact of the corridor. The replacement trees require a more extensive irrigation system beyond what was originally anticipated to ensure their long-term health and sustainability. The system will integrate multiple water valves, meters, and service connections, with higher installation costs. Since the sidewalk design was adjusted to meander through and minimize impacts to the tree replacement, as well as incorporation of bio-swale strips for water quality treatment, quantities increased and production rates dropped.

Higher cost for electrical items is approximately 20 percent of the increase, and consists of upgrades to existing signalized intersections, non-standard poles and mast arms to accommodate intersection geometry, new roadway loop detectors, additional pedestrian hybrid beacons, traffic devices, safety lighting, and decorative street lighting poles consistent with City of Burlingame's downtown aesthetics and historical character. In addition, to mitigate utility-service interruption risk during construction, the contract includes approximately 2,000 potholing locations to identify underground utilities and facilities associated with service lines to the residential, apartment, business, and commercial buildings.

Site specific conforms of the new construction at over 200 properties within the work limits represents approximately 15 percent of the increase. Over the decades, most properties behind the trees have encroachments, such as lawn, shrubs, fencing, retaining walls, stairs, walkways, driveways, and other hardscape. The cost for the removal and replacement of the encroachments while maintaining access increased more than anticipated and required

extensive outreach with individual property owners and coordination with officials from both San Mateo and Burlingame.

The early engagement of the contractor in design through the CMGC delivery method has been essential to resolve constructability; facilitate stakeholder coordination; respond to questions from the community; clear right of way constraints; optimize schedule with consensus on staging, closures, detour and traffic handling plans; assess project budget with real time cost feedback from bidding of subcontractors and meeting Disadvantaged Business Enterprise goals; and reduce risks of utility conflicts, changes and delays during construction.

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 $28,041,000 in capital costs.

Support Cost Increase:

The support cost increase is due to the addition of 400 working days (from 500 to 900) after extensive coordination to develop the construction staging, closures, detours, and traffic handling plans. Increased efforts are necessary to administer the complex staging, coordinate with the cities, utility companies, transit operators, and provide high level public information and outreach to the residents and community. The additional work and refinements to the workplan amount to an increase of $2,331,000 in support costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to award the construction contract to address the critical deficiencies of the existing roadway and reduce roadside hazards along this segment of SR 82. Reprogramming for future delivery will require re-engagement with the cities and communities about scope, staging, and closures, and risk higher costs due to escalation, further asset degradation, recurring flooding and fallen tree hazards, emergency repairs, and related safety exposure of maintenance workers and public inconvenience.

FINANCIAL RESOLUTION:

Resolved, that $114,947,000 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 $14,601,000 for Construction Support, to provide funds to award 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.(4)	**Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount**			**Resolution FP-25-32**
1 $129,548,000 San Mateo 04-SM-82 12.3/15.9	In the cities of San Mateo and Burlingame, from East Santa Inez Avenue to Murchison Drive. Outcome/Outputs: Rehabilitate roadway, improve drainage, and upgrade existing curb ramps and sidewalks to Americans with Disabilities Act (ADA) standards. This is a Construction Manager/General Contractor (CMGC) project. This project will improve safety and ride quality.	04-1496J SHOPP/23-24 CON ENG $12,270,000 CONST $86,161,000 0416000142 3,4 0K810	505-3290 RMRA 001-0890 FTF 20.10.201.120 2017-18 802-3290 RMRA 2024-25 302-0890 FTF 20.20.201.120	$1,675,000 $12,926,000 $14,601,000 $13,184,000 $101,763,000 $114,947,000

Preliminary Engineering

	Budget	Expended
PA&ED	$8,181,000	$8,169,752
PS&E	$9,081,000	$7,572,737
R/W Sup	$4,091,000	$3,222,565

Performance Measure:
Planned: 15.2, Actual: 15.2 Lane mile(s)

CEQA - EIR, 04/19/2022; Re-validation 09/01/2025
NEPA - EIS, 04/19/2022; Re-validation 09/01/2025

Future consideration of funding approved under Resolution E-22-31; May 2022.

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

Sixteen month allocation time extension for CONST and CON ENG approved under Waiver 24-125; August 2024.

SB1 Baseline Agreement approval under Resolution SHOPP-P-2223-02B; October 2022.

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.

EA 0K810/PPNO 04-1496J combined with EA 1G900/PPNO 04-0730D for construction under EA 0K81U/Project ID 0420000075.

Concurrent Greater than 20 percent CONST and CON ENG allocation under Resolution FP-25-34; October 2025.

Performance Measure: Lane mile(s)

	Unit	Good	Fair	Poor	Quantity
Existing Condition	Lane mile(s)	0.0	15.2	0.0	15.2
Post Condition	Lane mile(s)	15.2	0.0	0.0	15.2