

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 16-17, 2025

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5d.(11), 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 6960/EA 0W810 – KERN COUNTY – STATE ROUTE 155 RESOLUTION FP-25-39**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$19,122,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Roadway Rehabilitation project on State Route (SR) 155, in Kern 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 155 in the City of Delano, from Fremont Street to west of Browning Road, in Kern County. The project will rehabilitate the roadway and drainage systems, widen shoulders, upgrade pedestrian facilities, install complete street elements, and perform railroad crossing work.

FUNDING AND PROGRAMMING STATUS:

In May 2020, this project was programmed in the SHOPP for \$9,000,000 in Construction Capital and \$1,800,000 in Construction Support for allocation in Fiscal Year 2023-24. In June 2024, the project requested an allocation time extension for the Construction phase. However, the request was deferred to the August 2024 Commission meeting and approved for

12 months. In June 2025, the project received a 7-month allocation time extension amendment (totaling 19 months) for the Construction phase.

In July 2025, the Engineer's Estimate reflected the need of \$16,522,000 in Construction Capital (83.6 percent over the programmed amount) and \$2,600,000 in Construction Support (44.4 percent over the programmed amount). The Department plans to advertise the project in December 2025 and begin construction in March 2026. Construction is planned for one construction season with a duration of 150 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to prolonged delays with Union Pacific Railroad (UPRR) resulting in adjustments to the unit prices based on current market conditions, addition of complete street elements, and a higher cost for improvements at the railroad crossing. The Construction Support estimate is greater than the programmed amount due to an increase in the number of working days for the additional work.

Capital Cost Increase:

The project proposes to rehabilitate the roadway and drainage systems, widen shoulders, upgrade pedestrian facilities, and install complete street elements along an approximately 1-mile segment of SR 155. In November 2023, scope was approved to incorporate four transit shade structures with associated planting of trees and installation of irrigation systems. These elements are being funded through the Infrastructure Investment and Jobs Act to support climate resiliency.

This segment of the roadway also has an existing railroad crossing. At the time of programming, the Department anticipated minimal railroad crossing improvements and assumed that a Construction and Maintenance (C&M) agreement with UPRR would not be needed. However, during the design phase, and in coordination with UPRR, a C&M agreement was found to be required. The amount of work at the railroad crossing increased above what was originally anticipated. There was a substantial delay in design work as a result of protracted coordination with UPRR to obtain the C&M agreement. The UPRR requested additional indemnification language be added to the agreement with multiple iterations with each revision taking months to be resolved. In June 2025, both legal parties came to a mutual agreement on the indemnification language. In July 2025, the C&M agreement was finalized and fully executed. An estimate was provided for the railroad improvements tied to the C&M agreement which consists of project oversight, plan review, construction management, track replacement, installation of cantilever crossing gate structures, and signage.

Bid unit prices were updated to reflect current market conditions. The bid items that resulted in a significant cost increase include hot mix asphalt, roadway excavation, minor concrete, traffic control and drainage system items, railroad crossing improvements, mobilization, time-related overhead, and minor increases to various bid items.

The additional work and updates to the unit prices to reflect current market conditions, amounts to an increase of \$7,522,000 in capital costs.

Support Cost Increase:

The support cost increase is due to the addition of 80 working days (from 70 to 150) as a result of refinements to the workplan to account for the railroad improvement and transit enhancement work. The refinements to the workplan for the additional work, amount to an increase of \$800,000 in support costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to advertise the contract to address critical deficiencies of the existing roadway and roadside elements, and improvements along this segment of SR 155. To address all the deficiencies and improvements, 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 \$16,522,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-302-0890 and Non-Budget Act Item 2600-802-3290 for Construction Capital, and \$2,600,000 for Construction Support, to provide funds to advertise this SHOPP project.

Attachment

2.5 Highway Financial Matters

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

2.5d.(11) Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount Resolution FP-25-39

1	In Delano, from Fremont Street to west of Browning Road.	06-6960	505-3290 RMRA	\$166,000
\$19,122,000	<u>Outcome/Outputs:</u> Rehabilitate roadway, widen shoulders, upgrade facilities to Americans with Disabilities Act (ADA) standards, and rehabilitate drainage systems, install complete streets elements with transit shade structures and landscaping. This project will preserve and extend the life of the facility, improve ride quality, and improve safety. (Additional Contribution: \$150,000 PS&E, \$150,000 CON ENG, and \$1,200,000 CONST from City of Delano.)	SHOPP/23-24	001-0890 FTF	<u>\$2,434,000</u>
Kern		CON ENG	20.10.201.120	\$2,600,000
06-Ker-155		\$1,800,000		
R0.0 /R1.3		CONST	2017-18	
		\$9,000,000	802-3290 RMRA	\$1,655,000
		0617000303	2024-25	
		3,4	302-0890 FTF	<u>\$14,867,000</u>
		0W810	20.20.201.120	\$16,522,000

Preliminary Engineering	Budget	Expended
PA&ED	\$1,700,000	\$1,561,145
PS&E	\$3,120,000	\$2,933,996
R/W Sup	\$938,000	\$744,528

Performance Measure:
Planned: 2.6, Actual: 2.6 Lane mile(s)

CEQA - MND, 03/09/2022; Re-validation 05/07/2025
NEPA - CE, 11/04/2021; Re-validation 05/07/2025

Future consideration of funding approved under Resolution E-22-43; June 2022.

Amendment to time extension for an additional seven months, for a total of nineteen months, for CONST and CON ENG approved under Waiver 25-136; June 2025.

EA 0W810/PPNO 06-6960 combined with local project EA 1A500/PPNO 06-8109 for construction under EA 0W81U/Project ID 0624000009.

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