

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 4-5, 2025

From: STEVEN KECK, Chief Financial Officer

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

Prepared By: Gloria Roberts
District 07 - Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT PPNO 5780/EA 37300 – LOS ANGELES COUNTY – STATE ROUTE 2 RESOLUTION FP-25-61**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) allocation request for \$10,576,000 for Construction of the State Highway Operation and Protection Program (SHOPP) Transportation Management Centers project on State Route (SR) 2, in Los Angeles 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 SR 2 in the City of Los Angeles, at the Los Angeles Regional Transportation Management Center (LARTMC), at 2901 West Broadway, in Los Angeles County. The project will replace uninterrupted power supply systems and automatic transfer switch and install zero emission vehicle charging stations. This project is utilizing the Design-Build (DB) delivery method. This project will be combined after allocation with PPNO 5781/EA 37310, which will replace heating, cooling, and ventilation systems, and add a new hot and chilled water pump, and will be delivered under one construction contract.

FUNDING AND PROGRAMMING STATUS:

In March 2022, this project was programmed in the SHOPP for \$6,187,000 in Construction Capital and \$1,495,000 in Construction Support for allocation in Fiscal Year 2025-26. In July 2025, the project was selected to utilize the DB delivery method.

In September 2025, the Engineer's Estimate reflected the need of \$10,326,000 in Construction Capital (66.9 percent above the programmed amount) and \$250,000 in Construction Support (83.3 percent below the programmed amount). The Department plans to award the project to the DB contractor in January 2026 and begin construction in May 2026. Construction is planned for 2 construction seasons with a duration of 380 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to additional work related to replacing the aging building lighting system and installation of a carport photo-voltaic system to convert a portion of building power source from the traditional power supplier to solar power, and design and construction administration costs from utilizing the DB delivery method.

In July 2024, the Department, in early compliance with Senate Bill (SB) 1203, opted to include the LARTMC decarbonization into the scope of this project. The decarbonization requires analysis and upgrades to the facility's electrical systems to convert from carbon-based fuel powered equipment to electric powered equipment. Since this requires specialized analysis and design, the Department will be utilizing consultants to perform this work. The Department will utilize the California Department of General Services' (DGS) established project delivery process by contracting with Pacific Gas and Electric Company's DB consultant and contractor.

The electrical system rehabilitation will help the 20-year-old facility meet current standards and needs. The LARTMC operates 24/7 to monitor and manage the greater Los Angeles area's traffic to keep the traveling public safe. This project will not only fulfill the decarbonization requirements per SB 1203, but it will also move this facility one step closer to Title 24 Certification for the California Building Energy Efficiency Standards.

The major increases in capital costs are due to additional work related to replacing the aging building lighting system and installation of a carport photo-voltaic system to convert a portion of building power source from the traditional power supplier, Southern California Edison, to solar power. The aging building's lighting infrastructure was not included during initial scoping. Decarbonization efforts brought forth renewable energy solutions utilizing solar panels. These shortcomings were identified at an on-site 45 percent Investment Grade Audit (IGA) workshop in July 2025 and were included in the 100 percent IGA. In addition, the capital cost includes the Fixed-Firm-Price from the DB consultant and contractor to complete design and construction, a 5 percent contingency, and DGS' contract administration costs. As a result, the Construction Support estimate was reduced to only include the Department's oversight costs.

The additional work related to replacing the aging building lighting system and installation of a carport photo-voltaic system, and design and construction administration costs from utilizing the DB delivery method, amounts to an increase of \$4,709,000 in capital costs.

CONSEQUENCES:

If this allocation request is not approved, the Department will not be able to award this contract to the DB consultant and contractor to address critical deficiencies of the existing LARTMC. 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 \$10,326,000 be allocated from the Budget Act of 2025, Budget Act Item 2660-303-0042 for Construction Capital, and \$250,000 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	Budget Year	Item # Fund Type	Program Code	Amount by Fund Type
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2.5d.(2) Allocation of Project with Construction Cost that Exceeds 20 Percent of the Programmed Amount Resolution FP-25-61

1	\$10,576,000	Los Angeles	07-LA-2	R18.7	In the city of Los Angeles, at the Los Angeles Regional Transportation Management Center (LARTMC) at 2901 West Broadway.	07-5780 SHOPP/25-26	\$1,495,000	0720000249	2024-25	001-0042 SHA	20.10.201.355		\$250,000
					<u>Outcome/Outputs:</u> Replace uninterrupted power supply systems and Automatic Transfer Switch (ATS) and install seven Zero Emission Vehicle (ZEV) charging stations. (This is a Design-Build project.)	CON ENG	\$6,187,000		2024-25	303-0042 SHA	20.20.201.355		\$10,326,000
					Preliminary Engineering								
					PA&ED		\$294,000						
					PS&E		\$1,998,000						
					R/W Sup		\$12,000						

Performance Measure:

Planned: 1.0, Actual: 1.0 Location(s)

CEQA - CE, 04/21/2023; Re-validation 10/02/2025

NEPA - CE, 04/21/2023; Re-validation 10/02/2025

EA 37300/PPNO 07-5780 combined with EA 37310/PPNO 07-5781 for construction under EA 3731U/Project ID 0725000235.

Concurrent SHOPP CONST and CON ENG allocation under Resolution FP-25-63; December 2025.

Performance Measure: Location(s)					
	Unit	Good	Fair	Poor	Quantity
Existing Condition	Square feet	88,581.0	0.0	0.0	88,581.0
Post Condition	Square feet	88,581.0	0.0	0.0	88,581.0