

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 29-30, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.8v.(3), Action Item

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Division of Financial Programming

Subject: **REQUEST TO AMEND THE PERIOD OF PROJECT DEVELOPMENT
EXPENDITURE FOR STATE HIGHWAY OPERATION AND PROTECTION
PROGRAM PROJECTS, AS AN EXCEPTION TO THE SHOPP GUIDELINES
WAIVER 26-17, AMENDING WAIVERS 20-44, 25-53, 25-98, AND 25-138**

ISSUE:

Should the California Transportation Commission (Commission) amend the period of project development expenditure for five State Highway Operation and Protection Program (SHOPP) projects, for the time periods as identified in the attachment?

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the Commission amend the period of project development expenditure for five SHOPP projects, for the time periods as identified in the attachment.

BACKGROUND:

In June 2017, October 2021, May 2022, and June 2022, the Commission allocated \$12,572,000 in Project Development Support for five SHOPP projects identified in the attachment. In accordance with SHOPP Guidelines (Guidelines), the deadline to complete the Project Approval and Environmental Document and Plans, Specifications, and Estimate phases for projects allocated in June 2017, October 2021, May 2022, and June 2022 is June 30, 2020, October 31, 2024, May 31, 2025, and June 30, 2025, respectively. These five projects received prior time extensions in June 2020, May 2025, and June 2025. However, the Department is requesting an exception to the Guidelines for additional time to complete project development expenditures. The attachment shows the details of the projects and the delays that have resulted in these amended time extension requests.

Current Guidelines stipulate that the implementing agency request an expenditure time extension if the project phase will not be completed within 36 months of allocation for the pre-construction phases. The Commission may approve waivers to the timely use of funds deadline, one-time only, for up to 20 months.

Attachment

**Amendment Time Extension/Waiver – Project Development Expenditure for
State Highway Operation and Protection Program**

Project Number: 1
Applicant: Department of Transportation
County: Del Norte
District: 1
PPNO: 1112
EA: 0F280
Route: 101
Allocation Amount: \$5,000,000
Remaining Balance: \$2,957,000
Phase: Project Approval and Environmental Document
Allocation Date: 06/28/2017
1st Waiver: Waiver 20-44
Approved: June 2020
Number of Months Requested: ~~68 Months~~ **73 Months**
Extended Deadline: ~~02/28/2026~~ **07/31/2026**
Department Recommendation: Support

SHOPP Major Damage Restoration project

The Department requests an additional 5 months, from 68 months to 73 months, for the period of project development expenditure for the Project Approval and Environmental Document (PA&ED) phase of the SHOPP Major Damage Restoration project. The Department has experienced unexpected delays in completing the PA&ED phase.

This project is located near Crescent City, at Last Chance Grade, from Wilson Creek Bridge to 3.8 miles north of Wilson Creek Bridge. The project proposes permanent roadway restoration and realignment through a constructed tunnel bypass. This is a Construction Manager/General Contractor, long lead project.

In June 2017, the project received an initial allocation for \$5,000,000 for the PA&ED phase, and in March 2019, an additional \$45,000,000 was allocated bringing the PA&ED phase total to \$50,000,000. Initially, the deadline to complete the PA&ED phase for this project was June 28, 2020. However, the Department and the project partners (citizen groups, elected officials, government agencies, land managers) considered alternatives that provided more reliable connections through the region, to protect economic, environmental, and cultural resources, and also to reduce maintenance costs. This project proposed seven alternatives in response to landslides and roadway failures, which caused damage for decades. Six of the seven alternatives included realignment of United States Highway 101 with the goal of avoiding the unstable portions of Last Chance Grade. The project received a 68-month expenditure time extension in June 2020 to complete the Ground surveys, Botanical Studies, Geotechnical Studies, Wetland delineations, United States Fish and Wildlife Service Biological Assessment and Biological Opinion, National Marine Fisheries Service Biological Assessment and Biological Opinion, and Traffic Studies.

Since then, there has been a delay in the completion of the Memorandum of Agreement (MOA) between the Department and the State Historic Preservation Officer (SHPO) that will extend past the original target date of December 2025. The time between submission of the draft MOA to SHPO on September 15, 2025, and receipt of SHPO's initial comments on October 31, 2025, was not lengthy. However, the nature of the comments received from SHPO requires further consultation and collaboration between various Departmental units and outside agencies including the SHPO, Tribal Governments, and Redwood National and State Parks. It is anticipated that resolution of SHPO's comments and execution of the MOA may not occur until late February or early March. The subsequent steps to achieve PA&ED, including incorporating final MOA measures into the final environmental document, completing legal review, technical review, and completion of the California Environmental Quality Act 10-day Public Agency Review, are anticipated to take an additional 6 weeks, resulting in completing the PA&ED phase by late April or early May.

To mitigate for any unforeseen delays that may occur, an additional two months are being requested, resulting in a request of five months, from February 2026 to July 2026.

Therefore, the Department is requesting an exception to the Guidelines for an additional five months to allow enough time to complete the PA&ED phase, from February 28, 2026 to July 31, 2026.

Project Number: 2
Applicant: Department of Transportation
County: Monterey
District: 5
PPNO: 2850
EA: 1K020
Route: 1
Allocation Amount: \$1,046,000
Remaining Balance: \$139,000
Phase: Plans, Specifications, and Estimate
Allocation Date: 10/14/2021
1st Waiver: Waiver 24-148
Approved: October 2024
2nd Waiver: Waiver 25-138
Approved: June 2025
Number of Months Requested: ~~9 Months~~ ~~14 Months~~ **20 Months**
Extended Deadline: ~~07/31/2025~~ ~~12/31/2025~~ **06/30/2026**
Department Recommendation: Support

SHOPP Major Damage (Permanent Restoration) project

The Department requests an additional 6 months, from 14 months to 20 months, for the period of project development expenditure for the Plans, Specifications, and Estimate (PS&E) phase of the SHOPP Major Damage (Permanent Restoration) project. The Department experienced unexpected delays in completing this project's PS&E phase.

This project is located on State Route (SR) 1 near Gorda, from north of White Creek Bridge to south of Los Burros Road. The project proposes to realign the highway, replace temporary safety features with permanent safety devices and install erosion control measures.

Initially, completion of the PS&E phase was delayed due to acquisition of the required Right of Way (RW). The property owner was not cooperative, and the parcel was acquired through condemnation. The Resolution of Necessity was adopted at the October 2023 Commission meeting followed by a hearing, and final order of possession was received on July 27, 2024. The RW Certification was expected to be completed by September 1, 2024. The California Coastal Commission (CCC) was not willing to issue the Coastal Development Permit (CDP) until RW was acquired. As part of the CDP, a 3-year plant establishment period to remove invasive plants was included. The CDP application was submitted on August 16, 2024, and expected to be approved by February 1, 2025. In addition, last minute design changes occurred due to presence of the underground (U/G) utilities, identified prior to the 95 percent constructability review. Due to misleading information from the utility owner, additional efforts and resources were required to protect the U/G utility line in place.

The project required a CDP from the CCC. The process to obtain this permit required more time than initially anticipated. The final CDP was granted in March 2025 at the CCC hearing. Due to the additional time required to obtain the CDP, the Ready to List (RTL) was delayed to the end of April 2025, further delaying the other milestones. Additional time was requested to complete

the PS&E phase by December 2025, with a concurrent Greater Than 120 request for the Construction (CON) phase on the June 2025 Commission agenda.

Since then, the project received its CON phase allocation in June 2025 and was advertised on August 4, 2025. The Department held bid opening on September 10, 2025, and received four bids, with the lowest bid approximately 46 percent above the Engineer's Estimate (EE). The project had a Disadvantaged Business Enterprise (DBE) goal of 19 percent, which likely contributed to higher than anticipated bidding, given the project's location. The Department evaluated options and concluded that re-advertisement was in the best interest of the state. The project will be re-advertised in January 2026 without the DBE requirement. The re-advertisement is expected to result in more competitive bids. The proposed deadline includes bid opening in March 2026 and awarding by June 2026. There is a concurrent contract award time extension for the CON phase on this month's Commission agenda.

Therefore, the Department is requesting an exception to the Guidelines for an additional six months to allow sufficient time to complete the PS&E phase, from December 31, 2025 to June 30, 2026.

Project Number: 3
Applicant: Department of Transportation
County: Kern
District: 6
PPNO: 6960
EA: 0W810
Route: 155
Allocation Amount: \$2,300,000
Remaining Balance: \$119,000
Phase: Plans, Specifications, and Estimate
Allocation Date: 06/30/2022
1st Waiver: Waiver 25-53
Approved: May 2025
Number of Months Requested: ~~9 Months~~ **12 Months**
Extended Deadline: ~~03/31/2026~~ **06/30/2026**
Department Recommendation: Support

SHOPP Roadway Preservation project

The Department requests an additional 3 months, from 9 months to 12 months, for the period of project development expenditure for the PS&E phase of the SHOPP Roadway Preservation project. The Department experienced unexpected delays in completing this project's preconstruction phase.

The project is on SR 155 in Delano, from Fremont Street to west of Browning Road. The project proposes to rehabilitate roadway, widen shoulders, upgrade pedestrian facilities, rehabilitate drainage systems, and install complete street elements.

Initially, the PA&ED phase of the project commenced in June 2022, but shortly thereafter, it faced delays due to a few factors. The PS&E phase was notably affected by the inclusion of transit structure and landscape enhancements, the need to secure a Construction and Maintenance (C&M) agreement with Union Pacific Railroad (UPRR), the redesign of drainage systems, and a greater number of curb ramp improvements than initially forecasted. The integration of transit structure and landscaping work necessitated more design effort than originally planned. Additionally, the project was required to accommodate an existing railroad crossing. During earlier project phases, the Department identified potential impacts to the crossing and anticipated minimal delays or complications with the railroad. However, during the PS&E phase, it became apparent that a C&M agreement with UPRR would be required.

In addition, at the time of project programming, the goal was to construct new sidewalks and install curb ramps wherever facilities were lacking. However, field investigations during the design phase revealed that 18 existing curb ramps within the project boundaries did not comply with current standards. These non-compliant curb ramps required upgrading to meet the latest accessibility standards, thus necessitating additional design. Supplemental funds were approved at the May 2025 Commission meeting.

Since then, the project has experienced a longer duration than originally anticipated as a result of executing a C&M agreement with UPRR. The project achieved RTL in August 2025 and

received its CON phase allocation in October 2025. The project advertised on December 15, 2025, bid opening is planned for January 28, 2026, and the new target contract approval date is in April 2026.

Therefore, the Department is requesting an exception to the Guidelines for an additional three months to allow sufficient time to complete the PS&E phase, from March 31, 2026 to June 30, 2026.

Project Number: 4
Applicant: Department of Transportation
County: Fresno
District: 6
PPNO: 7009
EA: 0Y410
Route: 180
Allocation Amount: \$1,700,000
Remaining Balance: \$29,000
Phase: Plans, Specifications, and Estimate
Allocation Date: 05/19/2022
1st Waiver: Waiver 25-53
Approved: May 2025
Number of Months Requested: ~~6 Months~~ **10 Months**
Extended Deadline: ~~11/30/2025~~ **03/31/2026**
Department Recommendation: Support

SHOPP Collision Reduction project

The Department requests an additional 4 months, from 6 months to 10 months, for the period of project development expenditure for the PS&E phase of the SHOPP Collision Reduction project. The Department experienced unexpected delays in completing this project's PS&E phase.

This project is located near Rolinda, from west to east of Dickenson Avenue. The project proposes to construct a roundabout.

Initially, the project was allocated in May 2022 and during the PS&E phase, the RW work being delivered concurrently experienced delays. As a result, the project's CON phase allocation request received a 6-month time extension in August 2024 due to delays related to utility conflicts and property acquisition. In December 2024, the CON phase allocation extension was amended for an additional five months to process Resolutions of Necessity and moved the deadline to May 31, 2025. In May 2025, the CON phase allocation extension was further amended by three months to August 31, 2025. After several meetings with utility and property owners, and issue resolution, the anticipated date to reach RTL was June 2025. The project received its CON phase allocation in August 2025.

Since then, the project advertised on November 10, 2025, and contract approval is expected in March 2026. To align the remaining PS&E activities through contract approval, additional time is needed.

Therefore, the Department is requesting an exception to the Guidelines for an additional four months to allow sufficient time to complete the PS&E phase, from November 30, 2025 to March 31, 2026.

Project Number: 5
Applicant: Department of Transportation
County: Alpine
District: 10
PPNO: 3433
EA: 1H560
Route: 88
Allocation Amount: \$2,526,000
Remaining Balance: \$18,000
Phase: Plans, Specifications, and Estimate
Allocation Date: 06/30/2022
1st Waiver: Waiver 25-98
Approved: June 2025
Number of Months Requested: ~~6 Months~~ **16 Months**
Extended Deadline: ~~12/31/2025~~ **10/31/2026**
Department Recommendation: Support

SHOPP Facilities project

The Department requests an additional 10 months, from 6 months to 16 months, for the period of project development expenditure for the PS&E phase of the SHOPP Facilities project. The Department experienced unexpected delays in completing this project's preconstruction phase.

The project is on SR 88, near Kirkwood, at the Caples Lake Maintenance Station. The project proposes to reconstruct a dormitory and sand shed structures, and rehabilitate a generator building.

Initially, the project began the design phase in June 2022 and was nearing completion. During design, facility use requirements necessitated adjustment to the size of the proposed structures. These adjustments impacted and required adjustments to site grading, electrical, plumbing, and ventilation designs. In addition, since the project proposed to construct new facilities, approval from the Office of State Fire Marshal (SFM) was required. This process took longer than anticipated as the SFM required plan modifications to the fire suppression system for the generator building. Final approval from the SFM was received in March 2025. The design package was finalized, the cost estimate was moving through certification, and RTL was expected to be completed in early May 2025. The EE was trending higher than planned and required supplemental funding. The Department analyzed the issue and required additional time to prepare and submit the funding request, and to advertise and complete the award process.

Since then, the project received its CON phase allocation in June 2025 and was advertised in mid-August 2025, with bids opened on October 15, 2025. Although three bids were received, including two below the EE, they were deemed non-responsive due to the Small Business Enterprise (SBE) participation goal, and the contract was canceled on November 4, 2025. The Department plans to readvertise the project, however the design was performed by a consultant and supplemental funding will be required to amend the existing design task order and update the PS&E package to the 2025 Standard Plans and Specifications. The PS&E supplemental funding request is anticipated for the March 2026 Commission meeting. Following approval, task

order amendment and execution, along with PS&E updates, are expected to occur between April and May 2026, with readvertisement in May 2026. The advertisement period is expected to extend through July 2026, followed by bid opening and award recommendation in August 2026, and contract award in September 2026. To improve bid responsiveness and support the project's SBE participation goal, the Department will conduct targeted outreach through the Quarterly Small Business Meeting and a pre-advertisement meeting for specialized building contractors. There is a concurrent contract award time extension for the CON phase on this month's Commission agenda.

Therefore, the Department is requesting a 10-month project development expenditure time extension to allow enough time to complete the PS&E phase from December 31, 2025 to October 31, 2026.