

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 19-20, 2026

From: STEVEN KECK, Chief Financial Officer

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

Prepared By: David Ambuehl
District 04 – Director (Acting)

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 1453E/EA 2K950 – ALAMEDA COUNTY – INTERSTATE 580
RESOLUTION FA-25-40**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$2,120,000 in Construction Capital for the State Highway Operation and Protection Program (SHOPP) Materials Laboratories project on Interstate 580 (I-580), in Alameda County, to complete the construction contract?

RECOMMENDATION:

The Department recommends that the Commission approve the requested supplemental funds allocation for this SHOPP project.

PROJECT DESCRIPTION:

This project is located on I-580, in the City of Livermore (City), near the eastbound off-ramp of Isabel Avenue, in Alameda County. The project is constructing a new Materials Laboratory (Facility) to improve the worker safety, health, access, and operational functions. The original building from 1960 in San Francisco under United States Highway 101 was shut down in 2015 due to the asbestos, seismic and safety deficiencies, and security risks. Replacing the building at the original location was not economical and would not reduce security risks nor hazards by being under the freeway. The Facility provides testing to ensure specifications compliance for soils, aggregates, concrete and other materials used throughout the District. The Facility's staff are currently working in a leased space with many of the testing services being contracted out.

FUNDING AND PROGRAMMING STATUS:

In March 2018, the project was programmed for \$12,087,000 in Construction Capital and \$3,086,000 in Construction Support in the SHOPP for allocation in Fiscal Year 2021-22. In March 2021, the project was amended to increase Construction Capital to \$19,587,000 and Construction Support to \$5,086,000 due to the identification of Livermore as the new location and the original five proposed locations were found to be inadequate. In June 2022, the project received a 2-month allocation time extension for the Construction phase. In August 2022, the project was allocated for \$22,635,000 in Construction Capital and \$5,086,000 in Construction Support. In February 2023, the project was awarded for \$18,585,000 in Construction Capital. In April 2023, construction began with 375 working days. In May 2025, the project received G-12 funds in the amount of \$2,058,500 in Construction Capital. In December 2025, the project received partial G-12 funds in the amount of \$690,000 in Construction Support. In January 2026, the project received a 14-month completion time extension for the Construction phase. The remaining funds are currently at \$1,327,000 in Construction Capital and \$760,000 in Construction Support. The project is 95 percent complete and has received an additional 200 working days to complete construction. The planned Construction Contract Acceptance is scheduled for March 2027.

REASON FOR COST INCREASE:

The capital cost increase of \$2,120,000 is due to contract change orders (CCOs) to address design modifications, third party delays with Pacific Gas and Electric Company (PG&E), unforeseen City permit requirements, Office of the State Fire Marshal (OSFM) requirements, and claims. Significant schedule impacts and associated costs were due to delays from external entities. The Department addressed some of these issues with G-12 authority, however, the cost and delays are more than anticipated.

The majority of the building-related changes were necessary to address unforeseen conditions and functionality of the building, and added time to coordinate with PG&E, OSFM, and the City. The additional 200 working days and time-related overhead (TRO) provide for completion of the building by June 2026, with plant establishment by March 2027.

The remaining PG&E related work includes procurement and lead time for the revised switchgear per PG&E requirements, final inspection, power-on, and building commissioning. The additional TRO and equipment modification accounts for about 48 percent of the increase.

The CCOs to address requirements by OSFM and PG&E gas service, building functionality, and claims represent about 43 percent of the increase. The changes are related to the emergency gate egress modifications, PG&E-related trenching for gas service, site grading, and fire detection and suppression modifications.

Building commissioning will be completed after PG&E signs off on the inspection and turns on the power. Commission for occupancy includes testing for system performance and compliance checks of building automation, fire and life safety, electrical, and heating, ventilation, and air conditioning. The Department is coordinating closely with approval entities

and the building end users to track commissioning progress and manage risks. The testing, commissioning, and system integration accounts for about nine percent of the increase.

Therefore, the project will need a total of \$2,120,000 to address the TRO delays, pending CCOs, testing, commissioning, and system integration.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to complete the remaining work and move staff into the new Facility, and will have to continue leasing space and outsourcing testing, at higher costs and inefficiency. To complete construction at a later time the Department would incur contract termination cost and will have to program another project in a future SHOPP cycle with significant risks of cost escalation, additional support and new requirements.

FINANCIAL RESOLUTION:

Resolved, that \$2,120,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-303-0042 for Construction Capital, to provide funds to complete the Construction phase for this SHOPP project.

Attachment

2.5 Highway Financial Matters

Project #	Project Title	PPNO	State	State
Allocation Amount	Location	Program	Federal	Federal
Recipient	Project Description	Funding Year	Additional	Revised
RTPA/CTC	Project Support Expenditures	Item #	Amount by	Amount by
County		Fund Type	Fund Type	Fund Type
Dist-Co-Rte		Program Codes	Current Amount	Amount by
Postmile		Project ID	by Fund Type	Amount by
		Adv Phase		Fund Type
		EA		Fund Type

2.5e.(2)	Supplemental Funds for Previously Voted Project			Resolution FA-25-40
1	In Livermore, at eastbound offramp to Isabel Avenue.	04-1453E		
\$2,120,000	<u>Outcome/Outputs:</u> Construct new District 4 Materials Lab to replace obsolete facility closed in March 2015 due to unsafe conditions.	SHOPP/2021-22 CONST		
Department of Transportation		303-0042 SHA 20.20.201.354	\$2,058,500	\$2,058,500
MTC	Total revised amount \$22,763,500.	SHOPP/2022-23 CONST		
Alameda		303-0042 SHA 20.20.201.354	\$18,585,000	\$18,585,000
04-Ala-580	Supplemental funds are needed to complete construction.	SHOPP/2024-25 CONST		
14.4	CEQA - CE, 12/17/2019; Re-validation 06/20/2022 NEPA - CE, 12/17/2019; Re-validation 06/20/2022	303-0042 SHA 20.20.201.354		
	Fourteen month project completion time extension for CONST and CON ENG approved under Waiver 26-04; January 2026.	0417000057 4 2K950	\$2,120,000	\$2,120,000