

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 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 26-101, AMENDING WAIVERS 26-17 AND 25-98**

ISSUE:

Should the California Transportation Commission (Commission) amend the period of project development expenditure for two 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 two SHOPP projects, for the time periods as identified in the attachment.

BACKGROUND:

In June 2017 and May 2022, the Commission allocated \$7,058,000 in Project Development Support for two SHOPP projects identified in the attachment. In accordance with SHOPP Guidelines (Guidelines), the deadline to complete the Project Approval and Environmental Document phase for projects allocated in June 2017 and May 2022 is June 30, 2020, and May 31, 2025, respectively. The projects received previous time extensions in January 2026 and June 2025. However, the Department is requesting an exception to the Guidelines for additional time to complete project development. The attachment shows the details of the projects and the delays that have resulted in the amended time extension requests.

Current Guidelines stipulate that the Department 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: 01
PPNO: 1112
EA: 0F280
Route: 101
Allocation Amount: \$5,000,000
Remaining Balance: \$1,604,000
Phase: Project Approval and Environmental Document
Allocation Date: 06/28/2017
1st Waiver: Waiver 20-44
Approved: June 2020
2nd Waiver: Waiver 26-17
Approved: January 2026
Number of Months Requested: ~~68 Months~~ ~~73 Months~~ **79 Months**
Extended Deadline: ~~02/28/2026~~ ~~07/31/2026~~ **01/31/2027**
Department Recommendation: Support

SHOPP Major Damage Restoration project

The Department requests an additional 6 months, from 73 months to 79 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.

Initially, in June 2017, the project received an allocation for \$5,000,000 for the PA&ED phase. In March 2019, an additional \$45,000,000 was allocated bringing the PA&ED phase total to \$50,000,000. The deadline to complete the PA&ED phase for this project was June 30, 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 (USFWS) Biological Assessment and Biological Opinion, National Marine Fisheries Service Biological Assessment and Biological Opinion, and Traffic Studies.

From January 2026, there was a delay in the completion of the Memorandum of Agreement (MOA) between the Department and the State Historic Preservation Officer (SHPO) that extended 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 required further consultation and collaboration between various Departmental units and outside agencies including the SHPO, Tribal Governments, and Redwood National and State Parks. It was anticipated that resolution of SHPO's comments and execution of the MOA would not occur until late February or early March 2026. The subsequent steps to achieve PA&ED, including incorporating final MOA measures into the Final Environmental Document (FED), completing legal review, technical review, and completion of the California Environmental Quality Act 10-day Public Agency Review, were anticipated to take an additional 6 weeks, resulting in completing the PA&ED phase by late April or early May. To mitigate for unforeseen delays that could occur, an additional two months were requested, resulting in a request of five months, from February 2026 to July 2026.

Since then, the MOA between the Department and the SHPO is still under review with SHPO, which has prevented the completion of the FED by the original target completion date of December 15, 2025. The new target date is June 22, 2026. However, there is still a risk that the MOA experiences additional delays and the PA&ED phase is incomplete, where it is anticipated that the PS&E and RW Support allocation requests and Future Consideration of Funding will be submitted for the August Commission meeting. Thus, the Department is requesting adequate time to continue work which is anticipated to last no longer than January 2027. There is a concurrent supplemental funds allocation for PA&ED and a concurrent allocation time extension for the Plans, Specifications, and Estimate (PS&E) and Right of Way (RW) Support phases on this month's Commission agenda.

Therefore, the Department is requesting an exception to the Guidelines for an additional six months to allow enough time to complete the PA&ED phase, from July 31, 2026 to January 31, 2027.

Project Number: 2
Applicant: Department of Transportation
County: Stanislaus
District: 10
PPNO: 3526
EA: 1H230
Route: 4
Allocation Amount: \$2,058,000
Remaining Balance: \$5,000
Phase: Project Approval and Environmental Document
Allocation Date: 05/19/2022
1st Waiver: Waiver 25-98
Approved: June 2025
Number of Months Requested: ~~13 Months~~ **17 Months**
Extended Deadline: ~~06/30/2026~~ **10/31/2026**
Department Recommendation: Support

SHOPP Bridge Preservation project

The Department requests an additional 4 months, from 13 months to 17 months, for the period of project development expenditure for the PA&ED phase of the SHOPP Bridge Preservation project. The Department has experienced unexpected delays in completing the PA&ED phase.

The project is on State Route 4, near Copperopolis, at Hoods Creek Bridge. The project proposes to replace the bridge.

Initially, the PA&ED phase experienced delays due to unforeseen environmental and cultural resource requirements identified during the environmental work. One of the primary causes of the delay was the unanticipated need for a potential Incidental Take Permit and a formal Section 7 consultation related to the California Tiger Salamander. This required extensive coordination with the USFWS and the California Department of Fish and Wildlife. The presence of suitable habitat within the project area for the Tiger Salamander triggered the need for additional biological surveys to be performed prior to obtaining the permit. In addition to the biological considerations, the potential presence of an archaeological site required a Phase 2 archaeological survey, further delaying the project. The environmental and cultural requirements have collectively delayed the completion of the Draft Environmental Document and impacted the overall PA&ED schedule. The remaining work was anticipated to be completed by June 2026.

Since then, in September 2025, the Department identified drainage issues that required revisions to the bridge profile and superelevation. These issues were found due to the Project Development Team's transition from the planning to environmental phase, which triggered the request for updated hydraulic studies. Subsequently, the Engineering Services Hydraulics Branch provided updated recommendations, which were based on flooding concerns and anticipated water level rise. The recommended solution required widening the drainage channel, which triggered additional RW needs and reevaluation of environmental studies. This will result in approximately two to three months of delays.

Beginning in February 2026, a federal district court decision paused the USFWS issuance of a Biological Opinions study, further delaying completion of the environmental process, which is ongoing and has already required an additional four months. The FED, originally anticipated in March 2026, is now expected by June 2026 pending the Biological Opinions receipt, which shifts the PS&E phase allocation from June to October 2026. The team continues advancing the FED and Project Report to ensure readiness. No additional Construction phase funding is anticipated. There is a concurrent allocation time extension for the PS&E phase on this month's Commission agenda.

Therefore, the Department is requesting an exception to the Guidelines for an additional four months to allow enough time to complete the PA&ED phase, from June 30, 2026 to October 31, 2026.