

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(1), Action Item

Prepared By: Matthew Brady
District 01 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CAPITAL OUTLAY SUPPORT PHASE
PPNO 1112/EA 0F280 – DEL NORTE COUNTY – UNITED STATES HIGHWAY 101
RESOLUTION FA-25-51**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$6,789,000 in Capital Outlay Support (COS), for the State Highway Operation and Protection Program (SHOPP) Major Damage (Permanent Restoration) project on United States Highway (US) 101, in Del Norte County, to complete the Project Approval and Environmental Document (PA&ED) phase?

RECOMMENDATION:

The Department recommends that the Commission approve this request for a COS supplemental funds allocation for this SHOPP project.

PROJECT DESCRIPTION:

This Long Lead project is located on US 101 near the City of Crescent City, from the Wilson Creek Bridge to 3.8 miles north of Wilson Creek Bridge, in Del Norte County. The project will permanently restore and realign the roadway through a 1.1-mile tunnel bypass. The project is utilizing the Construction Manager/General Contractor (CMGC) delivery method.

FUNDING AND PROGRAMMING STATUS:

In March 2017, this project's PA&ED phase was programmed for \$5,000,000 in the SHOPP for allocation in Fiscal Year 2016-17. In June 2017, the project received a PA&ED allocation for \$5,000,000. In March 2018, the PA&ED phase was programmed for an additional \$5,000,000 in the SHOPP for allocation in 2018-19. In March 2019, the project received an additional

PA&ED allocation for \$45,000,000. In June 2020, the project received a 68-month project development expenditure time extension for the PA&ED phase. In June 2025, the project was amended to update the postmile limits and project description to include the selected alternative for a tunnel bypass and utilize the CMGC delivery method. In January 2026, the project received a 5-month project development expenditure time extension amendment (totaling 73 months) for the PA&ED phase. In April 2026, the project received G-12 funds in the amount of \$5,200,000 for the PA&ED phase. The PA&ED phase is currently 98 percent complete, and the remaining budget is \$5,158,000, which is insufficient to complete the phase and continue progress on critical path activities. The project is scheduled to complete signing of the Final Project Report in late June 2026, and it is anticipated that the Plans, Specifications, and Estimate (PS&E) and Right of Way (RW) Support allocation requests and Future Consideration of Funding will be submitted for the August Commission meeting. A concurrent project development expenditure time extension amendment for the PA&ED phase and allocation time extension for the PS&E and RW Support phases are on this month's Commission agenda.

REASON FOR COST INCREASE:

The project realized cost increases due to the delays in achieving PA&ED, which resulted from delays in executing the Section 106 Memorandum of Agreement (MOA) between the Department and the State Historic Preservation Officer (SHPO) regarding cultural resources. The MOA formalizes measures the Department is required to take to avoid, minimize, or mitigate adverse effects on historic properties. The project area is within the ancestral territory of five local tribes and will have an adverse effect on the traditional cultural landscape of the five tribes. Due to sensitivity and uniqueness of the project impacts, and the challenges associated with identifying suitable mitigation/treatments for the project impacts that were meaningful to all tribes, the MOA negotiation and completion took five months longer than anticipated.

The Department and SHPO took steps to reach a timelier agreement, including meetings between agency directors, and holding a number of negotiation meetings between cultural resource experts. The MOA was executed on May 14, 2026.

The impacts from the current delay in completing the PA&ED phase are particularly significant because an extensive, complex, and specialized Geotechnical Investigation (GI) is scheduled for 2026-27 (beginning in September 2026). The purpose of the 2026 GI is to validate the project's preferred alternative and to collect additional data required for project design. This GI is a critical path item and if this season's environmental work window (September to January) is missed, delaying the investigation to 2027-28 will result in a 1-year delay in the allocation and award of the Construction phase. In order to secure the fleet of drilling rigs needed for the tunnel alignment investigation, the project must have adequate funds available. Securing the drilling rigs to perform the investigation must occur quickly before rigs are booked for the fall.

In April 2026, the Department had an internal discussion with all associated divisions and concluded the best course of action to mitigate for the risk of additional delays to the completion of the PA&ED phase and minimize schedule impacts would be to request G-12 funds to cover the project's more immediate funding needs, and request supplemental funds for the remaining

activities. It was agreed that the source of the supplemental funds would be pulled from the programmed PS&E phase. The supplemental funds would fund the project team's activities through end of October 2026, if needed, and this includes the initial GI work. If the PA&ED phase experiences substantial additional delays, supplemental funds will be requested again to continue funding of the project team's activities and remainder of the GI work.

Therefore, supplemental funds in the amount of \$6,789,000 are required to complete the remaining PA&ED activities and begin GI work through October 2026. A majority of the requested amount (\$5,550,000 of the \$6,789,000) will fund GI activities, which is approximately one third of the total amount needed to complete the 2026 GI program. The remainder of the requested amount (\$1,239,000) will fund ongoing critical activities being performed by Department and consultant staff which include the CMGC Construction Manager, Independent Cost Estimator, and Udall Foundation's National Center for Environmental Conflict Resolution.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will experience a one-year delay to the design and construction phases of this high-cost project to permanently restore and realign the existing roadway along this segment of US 101. The delay would lengthen the exposure to the community of a major landslide failure and generate an expected capital cost escalation. To address the restoration and realignment of the existing roadway, the project would need to be reprogrammed in a future SHOPP cycle which could lead to project cost increases.

FINANCIAL RESOLUTION:

Resolved, that \$6,789,000 be allocated to provide funds to complete the PA&ED phase for this SHOPP project.

Attachment

2.5 Highway Financial Matters

Project #	Allocation Amount	Recipient	County	Dist-Co-Rte	Postmile	Location	Project Description	PPNO	Program	Phase	Program Code	Project ID	Adv Phase	EA	Original Amount	This Supplemental Request
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2.5e.(1) COS Supplemental Funds for Previously Voted Project Resolution FA-25-51

1	\$6,789,000	Department of Transportation	Del Norte	01-DN-101	12.7/16.5	Near Crescent City, at Last Chance Grade, from Wilson Creek Bridge to 3.8 miles north of Wilson Creek Bridge.	<p><u>Outcome/Output:</u> Permanent roadway restoration and realignment through a constructed tunnel bypass.</p> <p>This is a Construction Manager/General Contractor (CMGC) project.</p> <p>(Long Lead Project)</p>	01-1112	SHOPP	PA&ED	20.10.201.131	0115000099	0	0F280	\$55,200,000	\$6,789,000
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Supplemental funds are needed to complete PA&ED.

Project development expenditure time extension amendment for an additional 5 months, for a total of 73 months, for PA&ED approved under Waiver 26-17; January 2026.

As part of this request, the Department is requesting to extend the period of project development expenditure an additional 6 months, for a total of 79 months, for PA&ED.