

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 2026

From: STEVEN KECK, Chief Financial Officer

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

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District 03 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION CLOSEOUT PHASE
PPNO 4785/EA 1H240 – PLACER COUNTY – STATE ROUTE 49
RESOLUTION FA-25-56**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$1,300,000 in Construction Capital for the State Highway Operation and Protection Program (SHOPP) Safety Improvements project on State Route (SR) 49, in Placer County, to close out 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 SR 49, in the City of Auburn, at the intersection of SR 49 and Lincoln Way/Borland Avenue, in Placer County. The project will replace the signalized intersection by realigning the roadway and constructing a roundabout.

FUNDING AND PROGRAMMING STATUS:

In October 2016, the project was programmed for \$1,697,000 in Construction Capital and \$819,000 in Construction Support in the SHOPP for allocation in Fiscal Year 2019-20. In January 2019, the project was amended to increase Construction Capital to \$4,000,000 and Construction Support to \$1,300,000 due to the addition of scope to construct a roundabout. In June 2020, the project received a 16-month allocation time extension for the Construction phase. In July 2021, the project was allocated for \$4,745,000 in Construction Capital and

\$1,525,000 in Construction Support. In January 2022, the project received a 6-month award time extension for the Construction phase. In May 2022, the project received supplemental funds in the amount of \$2,276,000 in Construction Capital to award the contract. However, the project was awarded to a lower bidder only utilizing \$1,305,100, for a total award amount of \$6,050,100 in Construction Capital. In June 2022, construction began with 130 working days. In April 2024, the project received G-12 funds in the amount of \$352,500 in Construction Support. The project cannot receive G-12 funds for Construction Capital due to the supplemental funds that were requested to award the project. In August 2024, the project received supplemental funds in the amount of \$775,000 in Construction Capital due to ongoing railroad permit issues that were not resolved until August of 2025. In May 2025, the project received a 6-month project completion time extension for the Construction phase. In October 2025, the project received supplemental funds in the amount of \$850,000 in Construction Capital due to labor and material cost increases. In addition, the project received a 3-month project completion time extension amendment (totaling 9 months) for the Construction phase. The remaining funds are currently at \$27,000 in Construction Capital and \$352,000 in Construction Support. The project is 100 percent complete and Construction Contract Acceptance occurred in February 2026. However, additional funding in the amount of \$1,300,000 is required to resolve claims submitted by the contractor.

REASON FOR COST INCREASE:

The cost increase was due to the acceleration of the construction schedule, traffic detours that were needed through County roads, sewer line relocation that was more complex than anticipated, and addressing unanticipated drainage deficiencies.

To complete the full scope within the remaining time window and mitigate impacts from the approaching winter weather, the Department requested that the contractor shift to an accelerated 24/7 schedule. This resulted in premium overtime rates for labor across all trades, higher costs for material deliveries during extended hours, and the need to perform paving operations on consecutive Sundays to keep progress on track. The acceleration prevented the project from extending into another construction season and avoiding winter suspension. The contractor filed a claim in the amount of \$196,000 and after review and discussion, the Department concurred.

In addition, the Department needed to detour traffic through County roads to speed up construction ahead of the winter weather which required an encroachment permit from Placer County. Placer County required an extensive traffic detour plan to maintain public safety and mobility throughout construction. This included temporary traffic signals, multiple portable changeable message sign boards, new striping, and 24/7 manned flaggers. These measures exceeded initial traffic control estimates and added substantial costs for equipment, installation, ongoing maintenance, and personnel. The contractor filed a claim in the amount of \$517,000 and after review and discussion, the Department concurred.

The sewer line relocation proved far more challenging and time-consuming than anticipated. Excavation occurred in hard rock, and the existing clay sewer line failed multiple times requiring

emergency repairs before relocation work could resume. The relocation was further complicated by the new alignment crossing under an active high-pressure Kinder Morgan gas line. Kinder Morgan's policies restrict work in these situations to hand tools only. The alignment also crossed under a Pacific Gas and Electric Company's gas line, Placer County Water Agency's water line, and American Telephone and Telegraph's fiber optic lines. These multiple utility crossings, combined with the rock conditions and safety restrictions, significantly increased labor and equipment hours for this item. The contractor filed a claim in the amount of \$492,000 and after review and discussion, the Department concurred.

Finally, during construction, unanticipated drainage deficiencies were discovered that required immediate remediation to prevent ongoing erosion, ensure compliance, and maintain site stability. This work included the addition of three rock-lined ditches, an overside culvert, a drain inlet, and associated erosion control measures. While essential, these items were not fully anticipated in the original or prior budgets. The contractor filed a claim in the amount of \$95,000 and after review and discussion, the Department concurred.

Overall, the additional capital costs required to close out the construction contract amount to an increase of \$1,300,000.

CONSEQUENCES:

The Department has determined that additional funds are needed to close out this construction contract, and are in the best interest of the State. The Department has exercised all feasible measures to minimize costs in carrying out work related to this project and has determined that this request is well-supported and is the only viable alternative available.

If this request for supplemental funds is not approved, the Department will not be able to pay the contractor invoices, and close out construction, with the risk that the Department would have to pay out the potentially higher cost for arbitration and interest on the invoices submitted by the contractor.

FINANCIAL RESOLUTION:

Resolved, that \$1,300,000 be allocated from the Budget Act of 2024, Budget Act Item 2660-302-0890 for Construction Capital, to provide funds to close out 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	Current Amount
Postmile		Project ID	by Fund Type	by Fund Type
		Adv Phase		
		EA		

2.5e.(2) Supplemental Funds for Previously Voted Project Resolution FA-25-56

1	In Auburn, from 0.2 mile south of Lincoln Way to Lincoln Way.	03-4785		
\$1,300,000		SHOPP/2021-22		
	<u>Outcome/Outputs:</u> Realign roadway and construct a roundabout at the intersection with Lincoln Way and Borland Avenue to improve traffic flow and safety. This project will reduce the number and severity of collisions.	CONST		
Department of Transportation		302-0042 SHA	\$104,100	\$104,100
<u>PCTPA</u>		302-0890 FTF	\$5,946,000	\$5,946,000
Placer		20.20.201.010		
03-Pla-49	Total revised amount \$8,975,100.	SHOPP/2023-24		
2.2/2.4	Supplemental funds are needed to close-out contract.	CONST		
		302-0890 FTF	\$775,000	\$775,000
		20.20.201.010		
	CEQA - ND, 05/16/2019; Re-validation 06/18/2021	SHOPP/2024-25		
	NEPA - CE, 05/06/2019; Re-validation 06/18/2021	CONST		
	Future consideration of funding approved under Resolution E-19-50; June 2019.	302-0890 FTF	\$850,000	\$1,300,000
		20.20.201.010		\$2,150,000
		0316000077		
	Project completion time extension amendment for an additional three months, for a total of nine months, for CONST and CON ENG approved under Waiver 25-188; October 2025.	4		
		1H240		