

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 20-21, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(3), Action Item

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District 05 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 2627/EA 1G950 – SANTA CRUZ COUNTY – STATE ROUTE 9
RESOLUTION FA-26-03**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$250,000 in Construction Capital and \$1,000,000 in Construction Support for the State Highway Operation and Protection Program (SHOPP) Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation Program project on State Route (SR) 9, in Santa Cruz 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 along SR 9, near Ben Lomond, from Holiday Lane to north of the northern junction of SR 236/9, in Santa Cruz County. The project is replacing culvert systems and constructing energy dissipaters at 17 locations.

FUNDING AND PROGRAMMING STATUS:

In March 2018, the project was programmed for \$5,361,000 in Construction Capital and \$2,025,000 in Construction Support in the SHOPP for allocation in Fiscal Year 2021-22. In March 2021, the project was amended to move out allocation of the Construction and Right of Way Capital phases to 2022-23, and increase Construction Capital to \$7,234,000 due to widening of shoulders for bike travel, increasing the length of a retaining wall, and required

change in the method to replace culverts at three locations. In June 2023, the project was amended again to decrease Construction Capital to \$7,179,000 to split out the biological monitoring work into a child project (PPNO 2627X/EA 1G951). In June 2023, the project received a 20-month allocation time extension for the Construction phase. In August 2024, the project was allocated for \$8,503,000 in Construction Capital and \$2,170,000 in Construction Support. In March 2025, the project received a 6-month award time extension for the Construction phase. In May 2025, the project received supplemental funds in the amount of \$2,577,100 for Construction Capital to award the contract. In June 2025, the project was awarded for \$11,080,100 in Construction Capital. In September 2025, construction began with 270 working days. The project has not received any G-12 funds for Construction Support. The remaining funds are currently at \$7,289,000 in Construction Capital and \$280,000 in Construction Support. The project is approximately 40 percent complete with approximately 130 working days remaining. The planned Construction Contract Acceptance is scheduled for September 2027.

REASON FOR COST INCREASE:

The project realized capital cost increases due to higher cost of planned work as a result of contract change orders (CCO) that addressed differing site conditions and changes to the traffic control. The project realized support cost increases due to delays from differing site conditions, utility relocation work, environmental constraints, changes to the traffic control, and the need for a consultant contract for inspection work.

Capital Cost Increase:

During construction, several utilities were found that differed from or were not shown on the as-builts. Although the Department potholed and identified the utilities throughout the project, this required changes at 13 of the 17 locations, which included additional excavation around existing utilities that was not shown and shoring due to the size of the trench for misaligned utilities, drainage inlet change, and additional work on a headwall. Additional capital costs in the amount of \$250,000, were required to address the differing site conditions. In addition, the Department has actively monitored traffic control and project site management through public outreach for efficiency. However, additional capital costs which were addressed by contingency funds were required to modify traffic control at some locations by adding temporary concrete barriers to eliminate one-way traffic control and move traffic more efficiently and increase worker safety. This allowed the contractor to establish a work zone behind the temporary concrete barrier in order to keep both lanes open to traffic and the Department to minimize lane closures.

To minimize the capital cost increase, the project scope has been reduced or modified to absorb unanticipated CCO costs. The scope reduction and modification focused on project locations where construction had not yet fully begun. Each asset was evaluated to identify work that could be deferred to a future project, prioritizing culverts in fair or better condition. This review resulted in deferring work at eight culvert locations (six complete removals and two partial scope reductions), reducing the contract value by approximately \$700,000. More than

65 percent of the contingency balance has been expended while only approximately 40 percent of the project scope has been completed. The scope reductions are intended to closely manage the contingency and maintain the overall capital budget.

Support Cost Increase:

Construction on this project experienced work stoppage and delays which impacted the schedule, requiring additional time to complete construction. The work stoppage and delays were mainly caused by the design changes required, due to differing site conditions and utility relocation work. The stoppage and delays were exacerbated by the limited work windows that are a result of environmental requirements. The project includes culvert replacement work that involves tree removal which was originally identified at 8 of the 17 locations. However, tree removal was found to be required at an additional eight locations which was not shown on the plans. This required two days for bat surveys for each tree before removal as noted in the special provisions. In addition, delays occurred with utility relocations that were in conflict with guardrail or culvert work. This required changes at 13 of the 17 locations, which included additional potholing, and modifying the design of the culvert, drainage inlet, or headwall.

Additional support resources are also required due to extension of the construction duration. The environmental requirements and delays from the environmental constraints impacted construction sequencing and work at multiple locations with land-use restrictions. Work on the contract had to be delayed due to design changes and to provide clarity of the proposed plans which pushed the CCO work out of the environmental work window. The environmental restrictions to start work at different locations and not being able to finish the work in some areas were due to the unforeseen utility impacts. Most of the locations with land-use restrictions delayed work to June 2026. The delays due to the environmental constraints increased support needs by approximately \$300,000.

As the Department actively monitored traffic control and project site management through public outreach for efficiency, additional resources, in the amount of \$100,000, were required to modify traffic control at some locations by adding temporary concrete barriers to eliminate one-way traffic control and move traffic more efficiently. The contractor was able to establish a protected work zone in order to keep both lanes open to traffic as the Department minimized lane closures.

Prior to the start of construction at a 10-foot diameter jack and bore culvert installation, it was found that an additional Temporary Construction Easement (TCE) area was required for constructability. Significant time and resources were spent evaluating the original proposed TCE, the additional space needed for construction, and working with the property owner to acquire the additional area. The work at this location could not progress until the TCE was acquired, causing delay and added support costs in the amount of \$200,000.

Consultants are being used to augment Department staff which was not originally anticipated in the workplan. Consultant augmentation increased support needs by approximately \$400,000 for inspection and environmental work. The necessary environmental work includes biological surveys.

Due to delays from addressing the issues mentioned above, an additional 30 working days are required to complete construction. Therefore, the project will need an additional \$1,000,000 in support costs to complete biological surveys, inspection of the CCO and remaining work, and close out the project.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to complete the remaining work to address critical deficiencies of the existing culvert systems. If the construction contract is further delayed, it will likely result in claims by the contractor. To complete construction at a later time, another project will have to be programmed in a future SHOPP cycle at a possible higher project cost.

FINANCIAL RESOLUTION:

Resolved, that \$250,000 be allocated from the Budget Act of 2025, Budget Act Item 2660-302-0890, and Non-Budget Act Item 2660-802-3290 for Construction Capital, and \$1,000,000 for Construction Support, to provide funds to complete the Construction phase for this SHOPP project.

Attachment

2.5 Highway Financial Matters

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

2.5e.(3)**Supplemental Funds for Previously Voted Project****Resolution FA-26-03**

1	Near Ben Lomond, from Holiday Lane to 4.7 miles north of the northern junction of Routes 236/9.	05-2627			
\$1,250,000		SHOPP			
		CON ENG			
Department of	<u>Outcome/Outputs:</u> Replace failed culverts systems and	001-0042 SHA	\$434,000	\$200,000	\$634,000
Transportation	construct energy dissipaters.	001-0890 FTF	\$1,736,000	\$800,000	\$2,536,000
<u>SCCRTC</u>		20.10.201.407			
Santa Cruz	Total revised amount \$14,500,100.				
05-SCr-9		SHOPP/2017-18			
8.5/25.5	Supplemental funds are needed to complete construction.	CONST			
		802-3290 RMRA	\$2,317,900	\$50,000	\$2,367,900
	CEQA - MND, 09/24/2020; Re-validation 01/12/2024	20.20.201.407			
	NEPA - CE, 09/21/2020; Re-validation 01/12/2024				
		SHOPP/2024-25			
	Future consideration of funding approved under	CONST			
	Resolution E-24-10A; January 2024.	302-0890 FTF	\$8,762,200		\$8,762,200
		20.20.201.407			
		SHOPP/2025-26			
		CONST			
		302-0890 FTF		\$200,000	\$200,000
		20.20.201.407			
		0516000005			
		3,4			
		1G950			