

MEMORANDUM

TAB 78

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 16-17, 2024

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5e.(17), Action Item - **YELLOW MEETING HANDOUT**

Prepared By: Ryan Dermody
District 09 – Director

Subject: **SUPPLEMENTAL FUNDS FOR CONSTRUCTION COMPLETION PHASE
PPNO 0170/EA 21340 – INYO COUNTY – UNITED STATES HIGHWAY 395
RESOLUTION FA-23-117**

ISSUE:

Should the California Transportation Commission (Commission) approve the California Department of Transportation's (Department) request for an additional \$33,200,000 in Construction Capital and \$5,100,000 in Construction Support for the State Transportation Improvement Program (STIP) Olancha and Cartago Expressway project on United States Highway 395 (US 395), in Inyo County, to complete the construction contract?

RECOMMENDATION:

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

PROJECT DESCRIPTION:

This project is located on US 395, in and near Olancha and Cartago, from south of the Los Angeles Aqueduct Bridge to south of the Ash Creek Bridge, in Inyo County. The project will convert the two-lane conventional highway into a four-lane expressway.

FUNDING AND PROGRAMMING STATUS:

In March 2014, the project was programmed for \$80,400,000 in Construction Capital and \$8,100,000 in Construction Support in the 2014 STIP. The project was removed from the 2016 STIP due to a negative fund estimate. The project was restored in the 2018 STIP, and increased the programmed amount to \$83,100,000 in Construction Capital and \$9,850,000 in Construction Support based on the escalation of the resources to the year of allocation. In May 2021, the project was allocated for \$83,116,000 in Construction Capital and \$9,850,000 in Construction Support. In October 2021, the project was awarded for \$69,696,969 in

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Construction Capital, and construction began in January 2022 with 500 working days planned to construct the project.

In June 2023, the project received supplemental funds in the amount of \$7,800,000 in Construction Support. The remaining funds are currently at \$35,081,000 in Construction Capital and \$4,230,000 in Construction Support. The project is 60 percent complete with 40 working days remaining. The planned Construction Contract Acceptance is scheduled for November 2025. The Department is requesting supplemental funds in the amount of \$33,200,000 in Construction Capital and \$5,100,000 in Construction Support from the STIP’s interregional shares, to complete the construction contract.

STIP Component	Allocated Amount	Previous Supplemental Amount	Current Supplemental Amount	Revised Allocation Amount	Percent Over Allocated Amount
IIP (Capital)	\$44,451,000	-	\$33,200,000	\$77,651,000	74.7
RIP (Capital)	\$38,665,000	-	-	\$38,665,000	-
Capital Total	\$83,116,000	-	\$33,200,000	\$116,316,000	39.9
IIP (Support)	\$5,180,000	\$7,800,000	\$5,100,000	\$18,080,000	98.5
RIP (Support)	\$4,670,000	-	-	\$4,670,000	-
Support Total	\$9,850,000	\$7,800,000	\$5,100,000	\$22,750,000	51.8

REASON FOR COST INCREASE:

The project had challenges resulting in significant delays due to extreme weather events, including an exceptionally rare summer storm, an intense winter season, and Hurricane Hilary. Additionally, archeological resources encountered surpassed what was anticipated, requiring further studies, engagement with tribal groups, and adjustments to the road design. As a result of these challenges, the project needed to reconstruct drainage systems, regrade the roadway, and undertake additional work, leading to an increase in the number of working days required to complete the project.

Capital Cost Increase:

As a result of extreme weather events in 2023 that included an intense summer storm, Hurricane Hilary, and a very wet winter season, the project suffered major storm damage. To address damages caused by these events, the project required additional funding to rework damage to multiple drainage facilities and reconstruct damaged embankment areas along the 12.6-mile project limits.

In addition, the project is located in an environmentally sensitive area for biological and tribal/archeological resources. Extensive tribal coordination, engagement, and consultation have been and continue to be conducted throughout project development and construction.

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Archeological sites were anticipated on the project with a State Historic Preservation Officer approved treatment plan that was developed and implemented to handle sites on a case-by-case basis. Site treatments, when encountered, were developed in coordination with the Tribal Historic Preservation Officer for the project to determine avoidance, minimization, and mitigation measures. During roadway excavation, the sites encountered exceeded what preliminary environmental studies and exploratory testing anticipated. Due to the extent of resources encountered during construction, it was determined that exposed areas required 24/7 tribal security until the sites were mitigated and protected. The concentration of sites discovered during construction led to a full work shutdown on a two-mile section of the project from June to October 2023. Tribal engagement during this period resulted in the complete redesign of 12 lane-miles of roadway to avoid, minimize, and mitigate archeological impacts. This work shutdown in the area also impacted the critical path of the contractor's work and added additional delays to the contract.

These impacts to construction costs affected prices for time-related overhead, time delays, lump-sum bid items, tribal security, and site treatment. It also affected the quantities for earthwork, aggregate base, hot mix asphalt, drainage systems, and other time-related impacts due to the delay. These delays and redesign in construction of the roadway will amount to an increase of \$33,200,000 in capital costs.

Support Cost Increase:

The number of archeological sites encountered during construction exceeded what was anticipated following initial tribal consultations. Additional tribal engagement and archeological support was required to develop and construct a redesigned roadway that minimized and/or avoided the archeological resources. Project delays and the redesign of the roadway to address cultural resources require an additional 390 working days to complete the project. In addition, support efforts were and will continue to be required to identify, protect, and appropriately treat sites, and engage with Tribal partners. This additional work requires \$5,100,000 in support costs to finish the project. The funding will be used to continue engineering and construction support activities as described above and to cover archeological activities due to the increased number of working days.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Department will not be able to complete construction of this project to convert the two-lane conventional highway into a four-lane expressway. 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 STIP cycle at a possible higher project cost.

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FINANCIAL RESOLUTION:

Resolved, that \$33,200,000 be allocated from the Budget Acts of 2022 and 2023, Budget Act Items 2660-301-0042 and 2660-301-0890 for Construction Capital, and \$5,100,000 be allocated for Construction Support, to provide funds to complete the Construction phase for this STIP project.

Attachment

2.5 Highway Financial Matters

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

2.5e.(17) Supplemental Funds for Previously Voted Project Resolution FA-23-117

1	Olancha and Cartago Expressway	09-0170			
\$38,300,000	Near Olancha and Cartago, south of the Los Angeles Aqueduct Bridge to south of the Ash Creek Bridge.	RIP			
		CON ENG			
Department of Transportation	<u>Outcome/Outputs:</u>	001-0042 SHA	\$535,700		\$535,700
<u>ICLTC</u>	Widen 2 lane conventional highway to 4 lane expressway.	001-0890 FTF	\$4,134,300		\$4,134,300
Inyo	Total revised amount \$132,460,100.	20.10.075.600			
09-Iny-395	Supplemental funds are needed to complete construction.	RIP/2020-21			
29.2/41.8		CONST			
	CEQA - EIR, 6/27/2017	301-0042 SHA	\$4,754,400		\$4,754,400
	NEPA - FONSI, 6/27/2017; Re-validation 6/30/2020	301-0890 FTF	\$36,178,500		\$36,178,500
	Future consideration of funding approved under Resolution E-17-53; August 2017.	20.20.075.600			
	Addendum for the previously approved Future Consideration of Funding approved under Resolution E-23-98; June 2023.	IIP			
		CON ENG			
		001-0042 SHA	\$1,489,200	\$585,000	\$2,074,200
		001-0890 FTF	\$11,490,800	\$4,515,000	\$16,005,800
		20.10.025.700			
		IIP/2022-23			
		CONST			
		301-0890 FTF		\$29,391,000	\$29,391,000
		20.20.025.700			
		IIP/2023-24			
		CONST			
		301-0042 SHA		\$3,809,000	\$3,809,000
		20.20.025.700			
		IIP/2020-21			
		CONST			
		301-0042 SHA	\$4,132,400		\$4,132,400
		301-0890 FTF	\$31,444,800		\$31,444,800
		20.20.025.700			
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