

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: January 29-30, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.8v.(6), Action Item

Prepared By: Dee Lam, Chief
Division of Local Assistance

Subject: **REQUEST TO AMEND THE PERIOD OF PROJECT DEVELOPMENT
EXPENDITURE FOR TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM
COMPONENTS
WAIVER 26-20, AMENDING WAIVERS 24-42 and 24-201**

ISSUE:

Should the California Transportation Commission (Commission) amend the period of project development expenditure for four Transit and Intercity Rail Capital Program (TIRCP) (2018:19) Valley Rail components, 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 four TIRCP (2018:19) Valley Rail components, for the time periods as identified in the attachment.

BACKGROUND:

In January 2021, May 2022, and August 2022, the Commission allocated \$8,334,000 for four TIRCP (2018:19) Valley Rail components identified in the attachment. The responsible agency has not been able to complete the project components per the Timely Use of Funds policy and is now requesting a time extension for the period of project development expenditure.

The current TIRCP Allocation Policy stipulates that the agency implementing a project component request a time extension if the project component will not be completed within the specified timeline. This is a request to amend the previously approved project development expenditure time extension. The attachment describes the details of the project components and the explanation of the delays.

Attachment

**Amendment Time Extension/Waiver – Project Development Expenditure
Transit and Intercity Rail Capital Program**

Project Number: 1
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 3
PPNO: CP035E
Allocation Amount: \$802,000
Remaining Balance: \$3,710,758
Phase: Plans, Specifications, and Estimate
Allocation Date: 01/28/2021
Allocation Resolution: TIRCP-2021-10
1st Waiver: Waiver 23-62
Approved: May 2023
2nd Waiver: Waiver 24-201
Approved: December 2024
Number of Months Requested: ~~20 Months~~ ~~32 Months~~ **52 Months**
Extended Deadline: ~~02/28/2025~~ ~~02/28/2026~~ **10/31/2027**
Department Recommendation: Support

(2018:19) Valley Rail (Midtown Station)

The San Joaquin Regional Rail Commission (SJRRRC) requests an additional 20 months, from 32 months to 52 months, for the period of project development expenditure for the Plans, Specifications, and Estimate (PS&E) phase of the (2018:19) Valley Rail (Midtown Station) component. SJRRRC has experienced unexpected delays during the PS&E phase.

This project will implement new daily round-trips for the Gold Runner service to Sacramento. This project also extends Altamont Corridor Express (ACE) service to Sacramento and to Ceres and Merced.

In January 2021, the Commission approved an allocation of \$7,913,000 for the PS&E phase of the Final Design component of the (2018:19) Valley Rail project. In June 2021, an allocation amendment was approved to change the component name to Trackwork and Stations: Lodi, City College, Midtown, Natomas Station, and Layover Facility and UPRR Track Work. In August 2021, the Commission allocated an additional \$14,460,000 for the PS&E phase of the component. In August 2022, two allocation amendments were approved to officially separate the PS&E phase allocations into multiple components. The allocation of \$7,913,000 was separated into seven components, in which the Midtown Station component received \$802,000. The allocation of \$14,460,000 was separated into 11 components, in which the Midtown Station component received \$5,309,000, bringing the PS&E phase total of the component to \$6,111,000.

The PS&E phase is delayed due to unexpected potholing investigations required by Union Pacific Railroad (UPRR). After the 25 percent site walk was completed in May 2024, UPRR discovered the need for a potholing investigation. Although UPRR approved the 30 percent track design in August 2024, that approval was based on advancing the design using available as-built information, with the understanding that field verification would occur in the next phase. The subsequent potholing investigation revealed utility conflicts that were not reflected in the record drawings, including a water line that directly conflicted with the approved layout, several previously undocumented utility conflicts, necessitating utility relocations, detailed conflict resolution analyses, design revisions to protect utilities that will remain in place, updated plan sheets and cross-sections, and new approval from the affected utility owners. These findings required additional design revisions and a separate submittal to UPRR consistent with their standard review process. This required coordination with the City of Sacramento Department of Utilities, UPRR, and stakeholders to create new agreements and easements, in order to meet both UPRR and City of Sacramento standards. The investigation revealed Coordination with these utility companies has been ongoing since October 2024.

The December 2024 time extension was driven by track realignment, but at that time the potholing effort had not yet resulted in a defined or reportable schedule impact. Once the track realignment was complete, the potholing investigation grew to have an impact on the schedule of the project. The December 2024 time extension then allowed SJRRC to continue this investigation and coordinate with utility companies. Progress was made in February 2025 when an additional potholing investigation was performed which confirmed the depth and alignment of a Pacific Gas and Electric high-pressure gas line crossing beneath the track on Q Street. This new information has since been incorporated into both the existing track plans and dedicated utility plans. These findings of a gas-line crossing have increased the design scope and therefore must be submitted to the UPRR Structure team to review and approve. Resolution of this utility issue is active and critical to achieving the 100 percent design approval.

In August 2025, Sacramento Regional Transit (SacRT) submitted a late-stage design change request concerning the 19th Street grade crossing and the addition of a bulb-out bus stop to address safety concerns. SJRRC has been working with SacRT and the California Public Utilities Commission (CPUC) General Order 88 to ensure compliance with these changes.

SJRRC has worked to resolve these delays by implementing in-depth design reviews in their schedule, adhering to UPRR requirements to minimize the need for resubmittals, conducting value engineering analyses, regular coordination with utility owners and stakeholders, and regular discussions with UPRR, the City of Sacramento, and SacRT. SJRRC will continue to complete all non-UPRR agreements before the design phase ends. The necessary potholing investigation, utility relocation, and late-stage design change request have resulted in a 20-month delay to the PS&E phase. There is a concurrent project development expenditure time extension for the Right of Way (RW) phase of this component under this same item on this month's Commission agenda.

SJRRRC submitted 100 percent track design to UPRR in May 2025, 100 percent roadway design in August 2025, and 100 percent station design in October 2025. As of December 2025, UPRR has approved SJRRRC's 90 percent track design in February 2025, 90 percent roadway design in February 2025, and 30 percent station design in May 2025.

Therefore, SJRRRC is requesting an additional 20 months for the period of project development expenditure for the PS&E phase from February 28, 2026 to October 31, 2027.

Project Number: 2
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 3
PPNO: CP035E
Allocation Amount: \$56,000
Remaining Balance: \$35,442
Phase: Right of Way
Allocation Date: 01/28/2021
Allocation Resolution: TIRCP-2021-10
1st Waiver: Waiver 23-62
Approved: May 2023
2nd Waiver: Waiver 24-201
Approved: December 2024
Number of Months Requested: ~~20 Months~~ ~~32 Months~~ **67 Months**
Extended Deadline: ~~02/28/2025~~ ~~02/28/2026~~ **01/31/2029**
Department Recommendation: Support

(2018:19) Valley Rail (Midtown Station)

The SJRRC requests an additional 35 months, from 32 months to 67 months, for the period of project development expenditure for the RW phase of the (2018:19) Valley Rail (Midtown Station) component. SJRRC has experienced unexpected delays during the RW phase.

This project will implement new daily round-trips for the Gold Runner service to Sacramento. This project also extends ACE service to Sacramento and to Ceres and Merced.

In January 2021, the Commission approved an allocation of \$9,599,000 for the RW phase of the Acquisition of Right of Way component of the (2018:19) Valley Rail project. In June 2021, an allocation amendment was approved to change the component name to Trackwork and Stations: Lodi, City College, Midtown, Natomas Station, and Layover Facility and UPRR Track Work. In August 2022, an allocation amendment was approved to officially separate the RW allocation into five separate components, in which the Midtown Station component received \$56,000. In May 2023, the Commission approved a supplemental allocation for \$5,650,000, bringing the RW phase total of the Midtown Station component to \$5,706,000.

The RW phase is delayed due to prolonged interagency coordination, required board approvals for SacRT easements, extended technical and legal reviews for a utility oversight agreement with Cogent/Sprint, and the lengthy process of drafting, negotiating, and executing essential Construction Reimbursement and multi-party Construction and Maintenance (C&M) agreements with UPRR.

After the 25 percent site walk was conducted in May 2024, SJRRC was informed they needed to obtain several permanent and temporary construction easements for construction and

staging areas. At that time, SacRT offered a refined approach to determine the valuation of the permanent easement required for the SacRT property. This refined approach shortens the duration and steps required as part of the permanent easement. However, SacRT must consult with the Federal Transit Administration (FTA) for approval of the refined valuation approach, which requires extensive coordination and has led to further delays in the RW phase. Delays in the RW phase occurred from negotiations with SacRT for these easements as final acceptance requires formal approval by the governing boards of both SJRRC and SacRT, as well as notification to the FTA. SJRRC submitted a revised offer to SacRT on November 13, 2025 that meets current FTA requirements, including updated valuations and the related permanent easement agreements. This letter is currently under review by SacRT's legal team. Following their review, it will either proceed to board approval and subsequent FTA approval, or be returned with requested revisions for further negotiation. Final governing-board approvals from both SJRRC and SacRT are anticipated in 14-18 months. Additional time is needed for appraisal reviews, negotiations, and board actions beyond the original projections.

The December 2024 time extension has allowed SJRRC to continue working on the temporary and permanent easements as well as begin coordination with Cogent/Sprint which began in February 2025. UPRR required the project team to work directly with Cogent and separately with UPRR Real Estate regarding the impacts to fiber facilities. In October 2025, SJRRC confirmed Cogent's franchise agreement in response to UPRR comments. However, further coordination is still needed with UPRR Real Estate and Cogent/Sprint because any real estate or fiber relocation deal will likely be negotiated directly between Cogent/Sprint and UPRR.

Additional time is necessary for executing key agreements including the Construction Reimbursement Agreement and multi-party C&M agreements involving UPRR, the City of Sacramento, utility agencies, and local property owners. C&M agreements can only be drafted near the end of the PS&E phase, with development and negotiation typically lasting between 6-18 months. The Department of Transportation's Right of Way guidelines require an executed railroad C&M agreement before a construction phase may be allocated. The Department did not request the allocation. This time extension request will provide the necessary time to complete these agreements with all parties. Additionally, UPRR requires that the C&M agreements remain open throughout the construction phase, meaning that the RW phase must remain open throughout the entire construction phase.

As of December 2025, approximately 20 percent of the RW phase has been completed. The amount of time needed to execute outstanding agreements with UPRR is unknown. No draft agreements have been received from UPRR, however SJRRC expects execution of the C&M

and Construction Reimbursement Agreement in 2026. Construction is currently scheduled to be complete by January 31, 2029. There is a concurrent project development expenditure time extension for the PS&E phase of this component under this same item on this month's Commission agenda.

Therefore, SJRRC is requesting an additional 35 months for the period of project development expenditure for the RW phase from February 28, 2026 to January 31, 2029.

Project Number: 3
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 3
PPNO: CP035A
Allocation Amount: \$536,000
Remaining Balance: \$3,008,856
Phase: Plans, Specifications, and Estimate
Allocation Date: 08/18/2022
Allocation Resolution: TIRCP-2223-16
1st Waiver: Waiver 24-42
Approved: 03/22/2024
Number of Months Requested: ~~20 Months~~ **46 Months**
Extended Deadline: ~~2/28/2026~~ **04/30/2028**
Department Recommendation: Support

(2018:19) Valley Rail (Elk Grove Station)

The SJRRC requests an additional 26 months, from 20 months to 46 months, for the period of project development expenditure for the PS&E phase of the (2018:19) Valley Rail (Elk Grove Station) component. SJRRC has experienced unexpected delays in completing the PS&E phase of this component.

This component proposes to construct a new Elk Grove passenger rail station and will function as part of the new passenger rail service between Stockton and Sacramento. A new surface parking lot will be provided, along with a new connection to Dwight Road. Additionally, a pedestrian overcrossing will provide access from the surface parking lot to the station platform.

In August 2021, the Commission approved an allocation of \$14,460,000 for the PS&E phase of the (2018:19) Valley Rail (Trackwork and Stations: Lodi, Midtown, Natomas Station and Layover facility and UPRR Trackwork) project. In August 2022, the Commission approved an allocation amendment to officially split the PS&E phase of the (2018:19) Valley Rail (Trackwork and Stations: Lodi, Midtown, Natomas Station and Layover facility and UPRR Trackwork) (PPNO CP035) project, into 11 separate components, in which the Elk Grove Station component (PPNO CP035A) received \$536,000 for PS&E. In May 2022, prior to the official split of the components, the Commission allocated \$4,190,000 for the PS&E phase of the Elk Grove Station component. In August 2023, the Commission approved a supplemental allocation of \$650,000 for the PS&E phase of the component, bringing the PS&E allocated total amount for this component to \$5,376,000.

In March 2024, a 20-month time extension was approved due to delays with the design review process with host railroads taking longer than anticipated. Host railroads require separate submittal packages for each element, such as individual structural submittals for platforms, culverts, and bridges. Each submittal initiates its own review process which typically involves

two or more review cycles. These multiple cycles create additional work for SJRRC's project and design teams and lead to more hold points, as even minor revisions often require extensive updates across multiple design sheets. The station design was at 60 percent completion and was nearing the 90 percent completion milestone. However, additional time is needed to complete the remaining design activities and reviews.

As a result of the previous time extension, SJRRC was able to reach 100 percent track design, but UPRR will not approve the documents until the C&M agreement is complete and the CPUC formal application is executed. Structure design is almost complete with Culvert Milepost (MP) 127.76 achieved 100 percent approval on November 18, 2024, Culvert MP 127.95 achieved 100 percent approval on October 23, 2024, Culvert MP 128.29 achieved 100 percent approval on November 18, 2024, Pier protection MP 127.8 achieved 100 percent approval on May 30, 2024, retaining wall MP 128.3 and the 100 percent submittal for platform, pedestrian overcrossing, and retaining wall at platform design achieved 100 percent approval on April 3, 2025. Station design reached 100 percent communication and electrical design in October 2025. The site security, fire protection, and fire alarm were submitted to the Cosumnes Fire Department in October 2025, and lastly, the 100 percent station and civil were submitted to SJRRC and the City of Elk Grove for review on December 20, 2025.

The PS&E phase is delayed due to SJRRC needing more time to complete the C&M agreement required by UPRR. This agreement needs to be completed prior to issuing the Invitation for Bid (IFB). In order to finalize the C&M agreement, design documents must be 100 percent complete. The IFB requires time to prepare the bid documents, complete Requests for Information (RFIs), and respond to questions routed through SJRRC's contracting staff.

To resolve these delays, SJRRC has worked alongside UPRR to resolve outstanding designs for platform width, clearance, and alignment, enabling the project to proceed with submittals and approvals. SJRRC has also been proactive in mitigating project delays by conducting value engineering analyses, coordinating with stakeholders to minimize impacts, and conducting regular meetings with UPRR and the City of Elk Grove.

SJRRC is requesting 26 months because the timeline for developing and negotiating the C&M agreement is approximately 18 months. SJRRC will need at least an additional three months to certify the RW, followed by the IFB process, which is expected to require five additional months for procurement. These activities include preparation of the IFB, pre-bid meetings, addressing contractor questions, issuance of addenda, and final award.

The revised schedule anticipates the completion of the PS&E phase by April 30, 2028. There is a concurrent project development expenditure time extension for the RW phase of this component under this same item on this month's Commission agenda.

Therefore, SJRRC is requesting an additional 26 months for the period of project development expenditure for the PS&E phase from February 28, 2026 to April 30, 2028.

Project Number: 4
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 3
PPNO: CP035A
Allocation Amount: \$6,940,000
Remaining Balance: \$4,625,436
Phase: Right of Way
Allocation Date: 05/19/2022
Allocation Resolution: TIRCP-2122-33
1st Waiver: Waiver 24-42
Approved: 03/22/2024
Number of Months Requested: ~~20 Months~~ **92 Months**
Extended Deadline: ~~2/28/2026~~ **02/29/2032**
Department Recommendation: Support

(2018:19) Valley Rail (Elk Grove Station)

The SJRRC requests an additional 72 months, from 20 months to 92 months, for the period of project development expenditure for the RW phase of the (2018:19) Valley Rail (Elk Grove Station) component. SJRRC has experienced unexpected delays in completing the RW phase of this component.

This component proposes to construct a new Elk Grove passenger rail station and will function as part of the new passenger rail service between Stockton and Sacramento. A new surface parking lot will be provided, along with a new connection to Dwight Road. Additionally, a pedestrian overcrossing will provide access from the surface parking lot to the station platform.

In May 2022, the Commission allocated \$6,940,000 for the RW phase of the (2018:19) Valley Rail (Elk Grove Station) component. In January 2023, the Commission approved a supplemental allocation of \$300,000 for the RW phase of the Elk Grove Station component. In August 2023, the Commission approved an additional supplemental allocation of \$5,012,000 for the RW phase of the component, bringing the RW allocated total amount for this component to \$12,252,000.

Although SJRRC hired a Design Manager to improve quality assurance, additional time is still needed to finalize these RW activities, including resolving outstanding designs for the pedestrian overcrossing, maintaining maintenance access to the utilities, agreeing on a protect in place for the utilities, and a path forward to clean up existing easements, since the original time extension in March of 2024 described below.

The RW phase has been delayed further as a result of several unforeseen issues encountered during project development since the initial time extension in March 2024. SJRRC has acquired one parcel and continues to provide relocation services to the affected tenants through the end of calendar year 2025. This process was conducted through multiple letters

over the last 18 months, and there are no plans to extend the relocation services beyond that timeframe. A temporary and permanent easement is required over a private parcel to allow for the pedestrian overcrossing from the station plaza to the platform. Due to the extended period between the initial appraisal and verification of the structural footprint, an updated appraisal is now required. This extended period was required to finalize the location of the pedestrian overcrossing and its supporting elements in order to obtain the permanent easement. Various factors contributed to the constraints including utilities impacting the location of the support structure at the station side of the bridge in both the horizontal and vertical geolocations, and the overall final design of the structure, which is no longer prefabricated. The existing utilities, which run perpendicular to the bridge, also did not appear to have the proper easements to be located on SJRRC property. After several months of coordination, SJRRC was able to agree on a protect in place for these utilities and a path forward to clean up the existing easements. However, maintenance access to these utilities had to be maintained. All of these constraints have now been resolved and SJRRC is reviewing the 100 percent design submittal. After the appraisal is updated, new offer letters will be issued to the property owner. Utility relocations are no longer on the critical path for the RW certification. The designs are complete and SJRRC expected to have contracts with the carriers executed by April 2026. SJRRC continues to coordinate with the property owner regarding the easement for this overcrossing, but the terms are anticipated to take around 18 months to finalize, delaying the RW phase.

Additionally, UPRR has required SJRRC to obtain permanent access rights to the northern and southern track connections to the mainline. UPRR already owns the property adjacent to the northernmost switch, where access is established. However, while UPRR maintains a locked gate and access road to the southernmost switch, they were unable to provide documentation confirming that legal access had been secured through an agreement. As a result, UPRR is requiring SJRRC to obtain a new access agreement from the property owner. This unexpected effort will entail SJRRC appraisal, review, offer letter, negotiation, relocation, and settlement agreements, which will require approximately 18 months to complete.

Lastly, SJRRC continues to work with UPRR to obtain the C&M agreement for the project. UPRR has indicated that the RW phase must remain open during the Construction (CON) phase. The CON phase is set to begin after the PS&E phase and is anticipated to take 46 months, with project completion planned for February 29, 2032. The SJRRC RW team continues to make progress in securing easements required for both the overcrossing and UPRR access. Appraisals are estimated to be completed in June 2026 and offer letters for the affected tenants are expected to be issued in early 2027, concurrent with the completion of the title investigation and appraisal process for the southern access easement. These letters are being issued later than initially expected due to a statutory time limit on the ability for a tenant to claim relocation reimbursement. The RW manual requires the agency to provide 18 months from the date of notification of "eviction" for a tenant to request reimbursement for relocation. The date for this project/transaction was November 2025. SJRRC's only ability to pay for

relocations expenses comes from this allocation. Therefore, a time extension is required for SJRRC to make this payment.

To resolve these delays, SJRRC has worked alongside UPRR, utilities, and the City of Elk Grove to resolve outstanding designs for the pedestrian overcrossing, maintaining maintenance access to the utilities, agreeing on a protect in place for the utilities and a path forward to clean up existing easements. SJRRC has navigated and resolved these constraints and are reviewing the 100 percent design submittal.

The revised schedule anticipates completion of the RW phase by February 29, 2032. There is a concurrent project development expenditure time extension for the PS&E phase of this component under this same item on this month's Commission agenda.

Therefore, SJRRC is requesting an additional 72 months for the period of project development expenditure for the RW phase from February 28, 2026 to February 29, 2032.