

## MEMORANDUM

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 19-20, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.1s.(5), Action Item

Prepared By: Dee Lam, Chief  
Division of Local Assistance

Subject: **SENATE BILL 1 TRADE CORRIDOR ENHANCEMENT PROGRAM – PROJECT SCOPE AMENDMENT – HARBOR SCENIC DRIVE ENHANCEMENTS PROJECT RESOLUTION TCEP-P-2526-14**

### **ISSUE:**

Should the California Transportation Commission (Commission) approve a project scope amendment for the Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) Harbor Scenic Drive Enhancements Project (PPNO 6463), in Los Angeles County, to amend the scope?

### **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the Commission approve this project scope amendment for the SB 1 TCEP Harbor Scenic Drive Enhancements Project (PPNO 6463), in Los Angeles County, to amend the scope.

### **DISCUSSION:**

The SB 1 TCEP Harbor Scenic Drive Enhancements Project (PPNO 6463) was originally programmed to deliver upgraded pavement, ramp modification, roadway enhancements, and advanced Intelligent Transportation System technologies in the City of Long Beach Harbor District on Harbor Scenic Drive. The improvements included replacing existing asphalt with concrete and the addition of an auxiliary lane, including a barrier to separate local traffic and tourist destinations from the heavy truck movement towards Interstate 710 (I-710).

The City of Long Beach is now requesting a project scope amendment to change the pavement material, extend existing weaving areas, remove the proposed Northbound auxiliary lane, and reduce the total lane reconstruction miles, while maintaining similar benefits. Long lasting asphalt material will be used instead of replacing the existing asphalt with concrete. The existing northbound weaving area will be doubled through ramp realignment, providing an additional 530 feet of weaving distance, enhancing overall safety. Traffic flow analysis indicates

the proposed barrier-separated auxiliary lane is unnecessary, enabling significant cost savings. Pavement reconstruction will change from 10 to 4.4 lane miles and will be applied to the southbound Harbor Scenic Drive mainline lanes, secondary roadways and ramps. Additional improvements include establishment of consistent speed limit along the corridor, along with implementing real time traffic information monitoring at 10 locations within the project area.

As a result of the scope amendment, the proposed changes will deliver the same air quality benefits, with a reduction in cost benefit ratio due to an increase in overall project cost which will be covered by local funding. TCEP funding will be reduced by \$5 Million, along with a reduction in outputs. The project schedule reflects a slight delay, with construction completion projected two months beyond the original target date, remaining within Timely Use of Funds policy.

**ANALYSIS:**

The Department's analysis has concluded that construction inflation, commodity tariffs, and regional competition for labor and materials due to concurrent events such as the 2026 FIFA World Cup and 2028 Olympic and Para Olympic Games being held in Los Angeles, which are beyond the control of the applicant. The revised scope will improve freight mobility, reduce congestion, enhance safety and decrease emissions and deliver similar benefits to the original approved scope.

**ANALYSIS RECOMMENDATION:**

Based on the Commission's scope change guidance, as well as the analysis of the proposed scope changes, the Department has determined that this scope amendment will not significantly reduce the overall project benefit as there is a reduction to the project outputs. There is no major change to the project schedule and the proposed upgrades will provide more improvements than the original scope. Therefore, the Department supports the proposed scope changes for this project.

**BACKGROUND:**

TCEP Guidelines stipulate that any agency implementing a TCEP project present scope changes to the Department in a timely manner. The Department will make a recommendation to the Commission for final approval of this scope change with the understanding that scope changes that are significant and result in a decrease in project benefits may result in either a reduction of TCEP funds or removal of this project from the program.

Attachment

**Harbor Scenic Drive Enhancement Project**

Date: 01/28/2026

Project Information

**Project Title:** Harbor Scenic Drive  
Enhancements Project

**Nominating Agency:** Caltrans, City  
of Long Beach

**District:** 7

**Implementing Agency:** City of Long  
Beach

**PPNO:** 6463

**Funding Program(s):** TCEP

**Cycle:** 4

**Harbor Scenic Drive Enhancement Project**

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**Submitted Documents**

**Scope Change Request**

**Original ePPR**

**Revised ePPR**

**Additional Information:** Original Plan with Changes Highlighted, HSD Enhancements Project Map, Cost Comparison, Project Benefit Form, Assessment of Project Updates, Maintenance & Operations (M&O) Cost Savings, Application Text Updates. The Port of Long Beach hereby submits an Amended Request for Project Scope Change, October 30, 2025 - Harbor Scenic Drive Enhancements Project (PPNO: 6463), which provides clarification in response to meetings held with Caltrans and Commission staff on 10/8/2025 and 10/22/2025.

**Summary**

**Reduction in Outputs?**

Yes:  No:

**Reduction in Benefits?**

Yes:  No:

**Increase/Reduction in Total Project Cost?**

Increase:  Reduction:  No Change:

**Increase/Reduction in SB 1 Funds?**

Increase:  Reduction:  No Change:

**Do all partners and funding entities approve of the proposed scope change?**

Yes:  No:

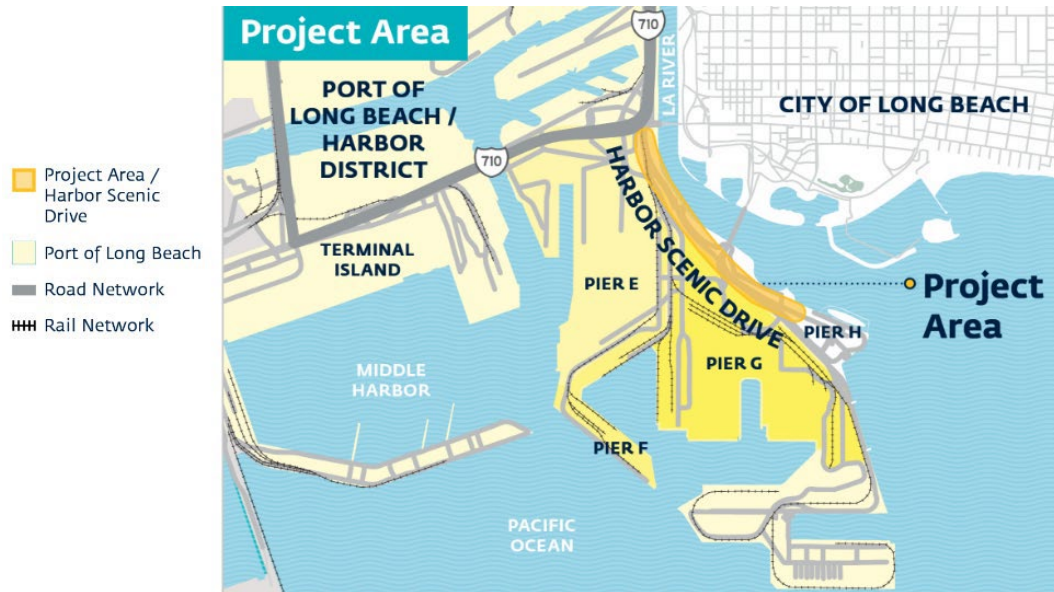
**Original Scope**

The Project will deliver upgraded pavement, turning pocket and ramp width roadway enhancements, advanced Intelligent Transportation Systems (ITS) technologies, including dynamic signage and an integrated communication and data system, CCTV cameras and traffic detection technology, real-time

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signal adjustment, remote monitoring and manual control, and transportation prioritization capability.



### Proposed Scope

The reconfigured HSD project retains all project scope benefits (enhanced safety, improved driver experience and wayfinding, improved traffic management and operations, journey time, travel reliability and decreased emissions) as stated in the TCEP application. However, there is a reduction of specific outputs compared to the project's original application.

The main changes to the projects scope include:

- Revised pavement material – utilizing long-life asphalt instead of concrete. The pavement design with longer-life asphalt will address the
- Removal of auxiliary lane (-0.4 miles)
- Reduction of pavement reconstruction (-0.3 miles SB/-5.0 miles NB)
- Summary of changes are shown in the table below

# Caltrans/SB 1 Scope Change Analysis Form

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**Table 1: Project Scope/Output Change Review**

		Application 2024	Change from Application	Current Scope 2025
1	ITS Elements, including Dynamic Signage	Changeable Message Signs; CCTV Cameras, Real-Time Transit Information/Data Management	No Change	Changeable Message Signs; CCTV Cameras, Real-Time Transit Information/Data Management
2	<u>Northbound (NB) Operational &amp; Safety Improvements</u> : Increase existing weave length from 470' to 1000'; establish a consistent speed limit; and relocate and consolidate driveways on the NB side of Harbor Scenic Drive.  Originally proposed barrier separated auxiliary lane no longer needed.	0.4 Lane mile NB auxiliary lane <sup>*4</sup>	-0.4 lane mile NB auxiliary lane  <u>NB Operational &amp; Safety Improvements</u> : + 530 ' of weave area length + Establish consistent speed limit + Consolidate driveways	NB Operational & Safety Improvements: Increase existing weave length from 470' to 1000'; establish a consistent speed limit; and relocate and consolidate driveways on the NB lanes of Harbor Scenic Drive.
3.1	Pavement Reconstruction <u>Extent</u> (lane-miles)	1.2 <sup>*1</sup>	+3.2 <sup>*2</sup>	4.4
3.2	Pavement Reconstruction <u>Location</u> (lane-miles SB, NB)	4.3 SB, 5.1 NB	-0.3 SB, -5.0 NB	4.0 SB, 0.1 NB
3.3	Pavement Reconstruction <u>Design</u> (Material/Detail)	Concrete; supports ZEVs	Asphalt instead of concrete pavement	Asphalt to replace end of life asphalt paving; supports ZEVs
4	Project Cost	\$53.2M	+\$41.1M	\$94.3M
5	Operations & Maintenance (O&M) Cost Annual Savings (in 2021 USD)	\$413K <sup>*3</sup>	-\$128K	\$541K
6	Economic Development –Job creation (Jobs)	691	+349	1,040
7	Benefit Cost Ratio	2.0 <sup>*3</sup>	-0.7	1.3

\*1: Lane-miles pavement reconstruction corrected to 10.0.

\*2: Pavement reconstruction Extent (lane-miles) change from application correction was -5.6

\*3: O&M calculation correction to include new pavement reconstruction lane-miles (3.1). Also see ATTACHMENT G.

\*4: In the application the proposed 0.5 miles for the auxiliary lane was indicated but the correct figure is 0.4. Based on subsequent review of northbound traffic flows, a barrier-separated auxiliary lane is not needed. Other operational improvements in the northbound direction have been included as reflected in the table.

## Reason/Justification

Since the submission of the Port's TCEP application, the Harbor Scenic Drive Enhancements Project has advanced to the 30 percent design milestone, accompanied by a significantly higher cost estimate. This revised estimate reflects substantial market-driven cost escalation, including construction inflation, commodity tariffs, and intensified regional competition for labor and materials due to concurrent megaprojects such as the 2026 Los Angeles World Cup, Brightline West, and the LA28 Olympic and Paralympic Games. Elevated prices for steel, asphalt, and concrete—combined with supply chain disruptions and extended lead times—are expected to drive up bid prices and contractor contingencies.

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In response, the project team conducted a rigorous cost analysis and implemented targeted design modifications to reduce expenditures while preserving the project's core objectives. These adjustments included eliminating the northbound auxiliary lane and associated retaining walls—originally significant cost drivers—and refocusing improvements on the southbound direction, which experiences the most severe freight congestion due to terminal queuing and backups onto I-710.

Despite the scope modifications, the reconfigured project retains the full scale of benefits outlined in the original TCEP application. These include improved freight mobility, reduced congestion, enhanced safety, and decreased emissions. The project continues to deliver Intelligent Transportation System (ITS) technologies such as changeable message signs and dynamic lane management and incorporates cost effective design solutions to maintain northbound signage and traffic performance.

The Port's strategic redesign ensures that the most critical corridor improvements are delivered within a feasible schedule, with construction completion targeted before the LA28 Games. The City of Long Beach Harbor Department will contribute committed local funding to meet additional costs and fully implement the revised scope. Retaining the full TCEP award is essential to achieving the originally proposed benefits in the face of rising market pressures and to maintaining the integrity of this regionally significant freight corridor.

**Impact to Cost:**

The total project cost has increased from \$53,155K to \$94,264K, equating to \$41,109k. This results in a 77% total project cost increase. Following table the changes by phase.

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*Table 2: Impact of Scope Reduction to Project Cost (\$1,000s)*

Phase	Projects Costs in Approved Application	Proposed Project Costs Based on Proposed Scope Change
E&P (PA&D)	\$920	\$2,866
Design Phase (PS&E)	\$3,468	\$4,991
Construction	\$39,701	\$71,814
Construction Support	\$9,066	\$14,593
<b>Total Project Cost</b>	<b>\$53,155</b>	<b>\$94,264</b>

The Port has the financial resources to fund project cost increases. Project budget at different stages of the project lifecycle and design maturation are an inherent part of the budget approval process. Such occurrences are handled in accordance with established Port Program Budget Approval and Accounting Policy. The current cost estimate is based on the 50% PS&E using actual material, equipment, and labor costs, compared to Caltrans cost data, considering escalation, contingency and project-specific risk analysis, resulting in significantly higher confidence than what was available at the time of the initial grant application. The Port will address the gap in funding by re-prioritizing projects in the POLB's Capital Improvement program and by sifting other projects out as necessary.

Due to the decrease in project outputs as outlined in the project scope section, the Port of Long Beach proposed a reduction of \$2,392,500 in TCEP funds. Further analysis resulted in a conclusion that a total of \$5,000,000 to be reduced from the TCEP programmed amount for the project. The revised TCEP programmed dollars are proposed to be \$26,900,000.

Proposed TCEP Adjustment			
Funding Source	Original TCEP Award	POLB Proposed Reduction (7.5%)	POLB Proposed Revised TCEP Award
Total TCEP Award	\$31,900,000	(\$2,392,500)	\$29,507,500
Funding Source	Original TCEP Award	CTC Analysis Reduction (17%)	CTC Review Revised TCEP Award
Total TCEP Award	\$31,900,000	(\$5,423,000)	\$26,477,000
Funding Source	Original TCEP Award	CTC Rounded Recommended Reduction (~15.7%)	CTC Rounded Recommended TCEP Award
Total TCEP Award	\$31,900,000	(\$5,000,000)	\$26,900,000

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### Impact to Schedule:

Impacts to schedule are minor.

- End Design is delayed by 0.5 months from the approved schedule
- Begin Construction starts 2 months earlier than shown on the approved schedule
- End Construction is delayed by 2 months from the approved schedule, but still within the same FY

### Impact to Outputs

Reduction in Pavement Reconstruction: Lane miles of pavement reconstruction will change from 10.0 to 4.4 lane miles and will be applied to the southbound Harbor Scenic Drive mainline lanes, secondary roadways and ramps only.

Elimination of Auxiliary Lane: Eliminate 0.4 miles of planned auxiliary lane. The barrier-separated auxiliary lane in the original Harbor Scenic Drive design was intended to separate local traffic heading to downtown Long Beach and tourist destinations from the heavy truck and movement towards I-710. After analysis of the traffic volumes, it was found that the local entering and existing volumes this roadway were not significant, therefore, constructing this barrier separated lane provided negligible benefits to traffic operations. Additionally, current operating conditions show that northbound, outbound truck traffic is metered by the marine terminals, which helps regulate vehicle flows and minimizes congestion in that direction. As a result, congestion pressures are less significant northbound compared to the southbound direction, where weaving and higher traffic volumes present greater operational challenges

### Impact to Benefits

Although there is a drop in outputs, the project shows the benefits do not decrease. The reconfigured Harbor Scenic Drive Enhancements project maintains the same level of freight movement and reliability benefits outlined in the original grant application. The southbound (SB) side of HSD experiences the majority of queuing and stop-and-go traffic, which significantly affects roadway durability and freight movement. In contrast, the northbound (NB) lanes are subject to less truck congestion because the NB traffic flows are metered by terminal exit gate capacities. As a result, congestion pressures are

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less significant northbound compared to the southbound direction, where weaving and higher traffic volumes present greater operational challenges. Accordingly, the NB improvements add inside and outside shoulders where none exist, traffic safety device upgrades (i.e., guard railing length of need, terminal systems, median barrier), wayfinding/signage, slurry seal with standard striping details, and other geometric improvements to improve operations and safety.

The project's assessment of the reconfigured project, including the replacement of the proposed barrier-separated auxiliary lane with an extended merge section, indicates that benefits on traffic operations would remain the same. Separately, it was also assessed that the safety benefits associated with the barrier-separated auxiliary lane would still be achieved through the extended weaving area, improved sight distance via minor roadway and striping adjustments, and the addition of key signage. There would therefore be no change in benefits for the reconfigured project.

Port engineers assessed the proposed scope changes against the benefits and performance metrics outlined in the application. They confirmed that the modifications do not affect the Intelligent Transportation System (ITS) or Transportation Management System (TMS) components, which will be delivered in full and with the same functionality as originally proposed. These critical elements were intentionally preserved to ensure the Project continues to meet its expected performance outcomes. Below is a table that compares the performance outcomes for the original design vs. the current design.

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Measure	Indicator	Units	Application	Current Design
Congestion Reduction	Δ Daily vehicle hours delay	Hours	-103	-103
	Δ Daily truck hours delay	Hours	-59	-59
Freight Throughput	Δ Truck Volume	# Trucks	0	0
Freight Velocity	Daily truck travel time	Hours	140,071	140,071
Change in average peak period	Average peak period weekday speed for road facility	MPH	6 mph	6 mph
Air Quality – 20 years emissions	PM 2.5	Short Tons	-0.19	-0.19
	PM 10	Short Tons	-0.2	-0.2
	CO <sub>2</sub>	Short Tons	-2163	-2163
	VOC	Short Tons	-1.4	-1.4
	SO <sub>x</sub>	Short Tons	-0.03	-0.03
	CO	Short Tons	-14	-14
	NO <sub>x</sub>	Short Tons	-10	-10
Safety	# of fatalities	Number	-1	-1
	Fatalities per 100 million VMT	Number	-17	-17
	# of serious injuries	Number	-1	-1
	# of serious injuries per 100 million VMT	Number	-35	-35
	# of non-motorized fatalities and non-motorized serious injuries	Number	0	0
Cost Effectiveness	Cost Benefit Ratio*	Ratio	2.0	1.3
Economic Development	Jobs Created*	Number	691	1,040

## Summary

The requested scope change letter proposes a reduction in project outputs but maintains the same level of benefits as proposed in the original project application. There is also an increase in total project cost of about \$41,000,000 which will be funded with local funds. In addition, there is a reduction agreed by all parties (Port, Caltrans, and CTC) in TCEP funding by \$5,000,000 to account for reduction in outputs.

This project was adopted with the intent to improve goods movement through the corridor. Although there is a reduction in outputs, the project has shown that benefits remain the same, thus still delivering the original intent of the project. Benefit/Cost ratio decreased due to the increased cost of the project but number of jobs created increased as a result.

The project's cost increase is substantial, however, the project has taken steps to reduce the impact and stated additional funds will be secured by the Port and no additional TCEP funds are being requested to cover the overrun.

Based on the information provided in the request, **the Department recommends** the proposed scope change under the conditions that Port of Long Beach commits to fund any current and future cost overruns without financial support from TCEP or the Department.