

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 14-15, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.1s.(4), Action Item

Prepared By: Dee Lam, Chief
Division of Local Assistance

Subject: **SENATE BILL 1 TRADE CORRIDOR ENHANCEMENT PROGRAM – PROJECT SCOPE AMENDMENT – ACCELERATING ZERO EMISSION FLEET CHARGING ON PRIORITY FREIGHT CORRIDORS PROJECT RESOLUTION TCEP-P-2526-21**

ISSUE:

Should the California Transportation Commission (Commission) approve a project scope amendment for the Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) Accelerating Zero Emission Fleet Charging on Priority Freight Corridors Project (PPNO Z001B-D), in various counties, to reduce the scope and funding?

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the Commission approve this project scope amendment for the SB 1 TCEP Accelerating Zero Emission Fleet Charging on Priority Freight Corridors Project (PPNO Z001B-D), in various counties, to reduce the scope and funding.

DISCUSSION:

The SB1 TCEP Gage Zero - Accelerating Zero Emission Fleet Charging on Priority Freight Corridors Project proposed to construct and install multi-fleet charging hubs in Alameda, San Bernardino, Fresno, and San Diego County. The project proposed to improve operational efficiency and reduce travel time variability for freight movement to significantly advance the State's goals to transition to clean transportation while reducing congestion and improving the reliability of the statewide freight network.

The Department is requesting the withdrawal of the San Bernardino, Fresno, and San Diego County sites from the project due to the inability to secure site host agreements and meet compliance within the SB 1 TCEP program deadlines. Additional constraints included insufficient utility capacity, along with proposed lease agreements and sublease structures that

were not meeting EV Realty Inc.'s operational and commercial requirements. EV Realty Inc. explored alternative locations but could not yield any alternative sites that would meet the environmental clearance deadlines. As a result of removing these three sites, the number of sites for the project will decrease from four to one project site. \$14,173,000 will be deprogrammed and returned to SB 1 TCEP at a future meeting.

ANALYSIS:

The Department's analysis has concluded that the inability to secure host agreements and meet compliance within the SB 1 TCEP deadlines is beyond the control of the applicant. The revised scope will remove three project sites and their associated SB 1 TCEP funding.

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 change will reduce the outputs and overall project benefit, while reducing SB 1 TCEP funding. However, the remaining site (Oakland) still proposes to develop a charging hub and provide an increase of benefits for the project site. The Department supports the proposed scope changes for this project.

BACKGROUND:

SB 1 TCEP Guidelines stipulate that any agency implementing a project, present scope changes to the Department in a timely manner. The Department will make a recommendation to the Commission for final approval with the understanding that scope changes that are significant and result in a decrease in project benefits may result either a reduction of SB 1 TCEP funds or removal from the program.

Attachment

EV Realty/Gage Zero – Accelerating Zero Emission Fleet Charging on Priority Freight Corridors

Date Analysis Completed: 3/24/2026

Project Information

Project Title: EV Realty/Gage Zero –
Accelerating Zero
Emission Fleet Charging
on Priority Freight
Corridors

Nominating Agency: Caltrans (modified)

Implementing Entity: EV Realty

Funding Program(s): TCEP

District: 4, 6, 8 and 11

PPNO: Z001A, Z001B, Z001C & Z001D

Cycle: 4

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Submitted Documents

Scope Change Request

Original ePPR

Revised ePPR

Additional Information: The proposed scope modification request includes updated ePPRs for Fresno, San Diego and Ontario, and a revised Benefit Cost Analysis that shows the overall project performance and public benefit from the removal of the three sites originally adopted under this project. A separate scope change request will be submitted for the remaining Oakland site which proposes to move its location to Livermore and equipment updates/changes.

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:

Does the SB 1 Office recommend?

Yes: No:

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Original Scope

The Gage Zero – Accelerating Zero Emission Fleet Charging on Priority Freight Corridors (Gage Zero) project was originally programmed to improve operational efficiency and reduce travel time variability for freight movement, aligning with the goals of the National Highway Freight Program, the 2020 California Freight Mobility Plan, and the California Sustainable Freight Action Plan. The project would act to significantly advance the State's goals to transition to clean transportation while reducing congestion and improving the reliability of the statewide freight network.

The awarded project is a portfolio of four individual sites. The site-specific project scopes within this awarded portfolio are summarized in the table on the next page.

Proposed Scope

The proposed scope change for the Gage Zero project includes the removal of the Fresno, San Diego, and Ontario sites and their associated awards from the current portfolio, as further advancement of these sites within the required timeframe is not feasible. The remaining site, Oakland, has no modifications to present through this request for scope change.

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Location/Element	Approved Scope	Proposed Change	Change in Benefit
OAKLAND			
Number of locations with ZEV infrastructure	1 site	1 site	No change
Number of DC charging ports	34 ports	34 ports	No change
Energy storage system capacity	4 MWh	4 MWh	No change
Solar capacity	0.75 MW	0.75 MW	No change
Number of AC charging ports	4 ports	4 ports	No change
Simultaneous EV charging capacity	5,100 kW	5,100 kW	No change
ONTARIO – Remove from portfolio			
Number of locations with ZEV infrastructure	1 site	0 sites	-1
Number of DC charging ports	32 ports	0 ports	-32 ports
Number of AC charging ports	4 ports	0 ports	-4 ports
Simultaneous EV charging capacity	4,000 kW	0 kW	-4,000 kW
FRESNO – Remove from portfolio			
Number of locations with ZEV infrastructure	1 site	0 sites	-1
Number of DC charging ports	40 ports	0 ports	-40 ports
Energy storage system capacity	4 MWh	0 MWh	-4 MWh
Solar capacity	0.75 MW	0 MW	-0.75 MW
Number of AC charging ports	4 ports	0 ports	-4 ports
Simultaneous EV charging capacity	5,000 kW	0 kW	-5,000 kW
SAN DIEGO – Remove from portfolio			
Number of locations with ZEV infrastructure	1 site	0 sites	-1
Number of DC charging ports	40 ports	0 ports	-40 ports
Number of AC charging ports	4 ports	0 ports	-4 ports
Simultaneous EV charging capacity	5,000 kW	0 kW	-5,000 kW

Reason/Justification

Gage Zero was the original applicant for this TCEP award. After application submittal, EV Realty acquired various Gage Zero assets including its portfolio of awarded TCEP projects, assuming responsibility for advancing the projects in accordance with program requirements and timelines. The acquisition was finalized on March 3, 2025. At the time of acquisition, there was no site control for any of the awarded sites as lease discussions were still in very early stages. No leases had been formally negotiated or executed. Of all the sites, only Ontario had early-stage lease discussions that had taken place.

EV Realty conducted a rigorous three-month due diligence period, engaging its real estate team in thorough conversations and in-person visits with site owners to lay the foundation for lease agreement negotiations. Conversations with site owners continued until late May 2025, when the projects were ultimately

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deemed non-viable due to multiple critical factors, including compliance with the TCEP program's December 31, 2025, CEQA clearance deadline. Moving into binding site control was impractical and commercially infeasible for the EV Realty team.

Additional critical factors included insufficient utility capacity at the Fresno and Oakland sites, proposed lease agreements that could not meet EV Realty's operational and commercial requirements at San Diego, Fresno, and Ontario, and sublease structures that created serious concerns with infrastructure development and site control at Ontario. Furthermore, the repeal of federal tax credits for EV charging and energy storage following the Gage Zero asset acquisition negatively impacted project economics, particularly around leased sites. EV Realty's model operates on site ownership, which reduces a significant amount of risk.

Ultimately, EV Realty determined that the identified sites were not viable for development due to the inability to secure site host agreements and complete the necessary environmental reviews in time. These challenges were driven by factors outside of EV Realty's control, including the pre-selected sites and their availability, property negotiations, and utility constraints.

In parallel, EV Realty continued its good-faith effort to advance each site by exploring alternative locations within the originally proposed cities. These activities took place through October 2025 but ultimately could not yield any alternative sites that could be developed with the CEQA clearance deadlines.

As a result, EV Realty is requesting to remove the Fresno, San Diego, and Ontario sites and their associated awards from the current portfolio, as further advancement of these sites within the required timeframe is not feasible.

Impact to Cost:

EV Realty recognizes that the proposed scope change includes the forfeiture of TCEP funding previously awarded to the Fresno, San Diego, and Ontario project sites.

The total project cost is \$48,622,000 for all four sites, consisting of \$20,177,000 in TCEP funds. **With the removal of the project sites in Fresno, San Diego and Ontario, this will result in a reduction of \$34,154,000 in private funding and \$14,173,000 in TCEP funding**

The new total project cost for the remaining Oakland site is \$14,468,000 with TCEP funding of \$6,004,000. There are no proposed changes to the

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programmed funding for the Oakland project site in this request for scope change

Impact to Schedule:

	Ontario (PPNO: Z001B)		Fresno (PPNO: Z001C)		San Diego (PPNO: Z001D)	
	Current Milestone Date	Proposed Milestone Date	Current Milestone Date	Proposed Milestone Date	Current Milestone Date	Proposed Milestone Date
PA&ED end	12/31/2025	removal	12/31/2025	removal	12/31/2025	removal
PS&E end	09/01/2025		08/03/2025		08/03/2025	
R/W end	N/A		N/A		N/A	
CON end	10/28/2025		1/15/2027		07/18/2026	

With removal of the Ontario, Fresno, and San Diego project sites from the portfolio, all milestones will be removed and funding de-allocated.

There are no proposed changes to the programmed milestones or associated funding for the Oakland project site in this request for scope change.

Oakland Project Site Schedule:

Oakland (PPNO: Z001A)			
	Current Milestone Date	Proposed Milestone Date	Change (Months)
PA&ED end	12/31/2025	12/31/2025	0
PS&E end	07/31/2025	07/31/2025	0
R/W end	N/A	N/A	N/A
CON end	04/13/2027	04/13/2027	0

Oakland project site (ePPR at time of adoption):

Project Milestone	Existing	Proposed
Project Study Report Approved		
Begin Environmental (PA&ED) Phase	7/1/2025	
Circulate Environmental Document	Document Type: CE	
Draft Project Report	7/1/2025	
End Environmental Phase (PA&ED milestone)	12/31/2025	
Begin Design (PS&E) Phase	7/1/2025	
End Design Phase (Ready to List for Advertisement Milestone)	7/31/2025	
Begin Right of Way Phase	N/A	
End Right of Way Phase (Right of Way Certification Milestone)	N/A	
Begin Construction Phase (Contract Award Milestone)	9/10/2026	
End Construction Phase (Construction Contract Acceptance Milestone)	4/13/2027	
Begin Closeout Phase	4/28/2027	
End Closeout Phase (Closeout Report)	5/12/2027	

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Impact to Outputs

With this scope change, there will be a reduction affecting:

- Number of locations with ZEV infrastructure
- Overall number of DC charging ports available
- Overall proposed capacity of energy storage available
- Overall Solar capacity available
- Overall simultaneous EV charging capacity available

The proposed changes below identifies that the outcomes will remain the same at the Oakland project site.

Project Outputs

Location/Element	Approved Scope	Proposed Change	Change in Benefit
Number of locations with ZEV infrastructure	4 sites	1 site	-3 sites
Number of DC charging ports	146 ports	34 ports	-112 ports
Energy storage system capacity	8 MWh	4 MWh	-4 MWh
Solar capacity	1.5 MW	0.75 MW	-0.75 MW
Number of AC charging ports	16 ports	4 ports	-12 ports
Simultaneous EV charging capacity	19,100 kW	5,100 kW	-14,000 kW

ePPR for Oakland:

Project Outputs			
Category	Outputs	Unit	Total
ZEV infrastructure	Number of Locations with ZEV infrastructure	Each	1
ZEV infrastructure	Number of DC charging ports	Each	34
ZEV infrastructure	Energy Storage System - Capacity	MWh	4
ZEV infrastructure	Solar Capacity	MW	0.75
ZEV infrastructure	Number of AC charging ports	Each	4
ZEV infrastructure	Simultaneous EV charging capacity	kW	5,100

Impact to Benefits

Although there is a drop in the benefits of the overall project, with the removal of the Fresno, Sand Diego and Ontario sites, the remaining Oakland project site does not have a decrease in its benefits.

The revised Benefit-Cost Analysis (BCA) was prepared using the same analytical framework, methodology, and baseline assumptions as the BCA submitted with the original project application. No changes were made to the structure of the

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model, the valuation of benefits, discount rates, analysis period, or underlying safety, emissions, or operational assumptions.

Updates to the BCA were limited to revised project inputs reflecting the proposed scope change. Due to the updated construction schedule and the deadline to claim the now canceled Investment Tax Credits (ITC), that incentive sources has been removed from all sites.

The reason for any framework changes is that the original BCA relied on several hard-coded values, which limited the ability to recalculate results under the revised scope. To enable a consistent comparison between the four-site and one-site configurations, these values were converted into calculated inputs where necessary. The primary adjustment required for the baseline involved the calculation of project OPEX. In the original BCA, all cost components except energy costs were hard-coded based on the four-site configuration. As a result, Labor, Maintenance, and Software costs needed to be recalculated using an alternative method that would allow results to scale appropriately between the four-site and one-site scenarios. To maintain alignment with the original BCA framework as closely as possible, these costs were normalized using a cost-per-total-kWh-consumed approach.

The following values were applied to update both the four-site and one-site BCAs:

- Labor: \$0.069 per total kWh consumed
- Maintenance: \$0.699 per total kWh consumed
- Software: \$0.007 per total kWh consumed

A comparison was made between the new four-site baseline (considering the assumptions listed above) and the originally submitted BCA to confirm that these assumptions were aligned with the original results. The only adjustment made to the original BCA was the removal of the ITC. This resulted in an “original” BCA ratio of 2.056 and a Net Present Value of \$118,979,811. The new four-site baseline showed a BCA ratio of 2.072 and a Net Present Value of \$119,856,324. This is a less than 1% change in both values, and validated the use of the new baseline for equal comparison.

The changes made to the one-site BCA from the four-site baseline were threefold:

- 1) The chargers and utilization figures were removed from the Fresno, Ontario, and San Diego sites, leaving only Oakland.

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- 2) The job creation statistics were revised to 20 FTE during construction and three FTE for ongoing operations. Job creation was originally estimated at 80 FTEs for construction and 12 FTEs for ongoing operations, with no breakdown provided by site.
- 3) The CAPEX costs were updated by removing the costs of the Fresno, Ontario, and San Diego sites, leaving only Oakland. The Oakland costs were proportionally distributed over the 2025-2027 construction period.

Ultimately, these changes showed a 4.5% reduction in BCA ratio down to 1.979, but still well above 1.0. The Net Present Value decreased by 73.8% to \$31,397,273, in line with the reduction in overall project costs.

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Project Outcomes

Measure	Metric	Unit	Programmed Metric Benefits	Revised Metric Benefits	Change	Benefit Increase/Decrease
Air Quality	Particulate Matter (PM 10)	Tons	-5.65	-1.57	-72%	Decrease
	Particulate Matter (PM 2.5)		-4.67	-1.30	-72%	Decrease
	Carbon Oxide (CO2)		-702184	-195489	-72%	Decrease
	Volatile Organic Compounds (VOC)		-32.14	-8.95	-72%	Decrease
	Sulphur Oxides (SOx)		-2.83	-0.79	-72%	Decrease
	Carbon Monoxide (CO)		-441	-123	-72%	Decrease
	Nitrogen Oxides (NOx)		-775	-216	-72%	Decrease
Safety	Number of Fatalities	#	-3.64	-1.01	-72%	Decrease
	Rate of Fatalities per 100 Million VMT	#/100M VMT	-1.46	-1.46	0%	No change
	Number of Serious Injuries	#	-89.74	-24.98	-72%	Decrease
	Number of Serious Injuries per 100 Million VMT	#/100M VMT	-36.00	-36.00	0%	No change
	(Optional) Number of Non- Motorized Fatalities and Non-Motorized Serious Injuries	N/A	-	-	-	No change
	(Optional) Other Information	N/A	-	-	-	No change
Cost Effectiveness	Cost Benefit Ratio	N/A	2.072	1.979	-4.5%	Decrease
	(Optional) Other Information	N/A	N/A	N/A	N/A	No change
Economic Development	Jobs Created	N/A	456	114	-75%	Decrease
	(Optional) Other Information	N/A	N/A	N/A	N/A	No change

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Summary

This overall project was adopted with the intent to improve operational efficiency and reduce travel time variability for freight movement, aligning with the goals of the National Highway Freight Program, the 2020 California Freight Mobility Plan, and the California Sustainable Freight Action Plan. The project will act to significantly advance the State's goals to transition to clean transportation while reducing congestion and improving the reliability of the statewide freight network. There is a reduction in outputs for the overall project, however the remaining project in Oakland shows that benefits remain the same