

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.5s.(8), Action Item

Prepared By: Ann Fox
District 11 - Director

Subject: **ALLOCATION FOR PROJECT WITH COSTS THAT EXCEED THE PROGRAMMED AMOUNT BY MORE THAN 20 PERCENT**
PPNO 0999I/EA 05641 – SAN DIEGO COUNTY – STATE ROUTE 11
RESOLUTION FP-25-103
RESOLUTION TCEP-A-2526-38

ISSUE:

Should the California Transportation Commission (Commission) approve the San Diego Association of Governments' (SANDAG) allocation request for \$255,098,000 for Construction of the locally-administered multi-funded Coordinated Border Infrastructure (CBI) Program and Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) East Otay Mesa Land Port of Entry - Northbound Vehicle Processing and Tolling Package (ATP #2) project on State Route (SR) 11, in San Diego County, to award the construction contract?

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the Commission approve the SANDAG's requested allocation for this locally-administered multi-funded CBI and SB 1 TCEP project.

PROJECT DESCRIPTION:

This project is located on SR 11 near the City of San Diego, at 1.9 miles east of the Sanyo Avenue Undercrossing (at the Mexico Border), in San Diego County. The project proposes to construct a federal facility, information technology system (ITS), and tolling for the East Otay Mesa Land Port of Entry. The ITS consists of changeable message signs that will be used by SANDAG and the Department for congestion management, to provide advanced traveler information, and measure border wait times. The tolling system will read vehicle transponders or other toll reading technology and assign the dynamic toll to users of the

facility. This project is utilizing the Construction Manager/General Contractor (CMGC) delivery process. This work package will facilitate the opening of Northbound Vehicle facilities to traffic.

FUNDING AND PROGRAMMING STATUS:

In June 2024, this project was programmed for \$123,657,000 in Construction Capital, \$71,000,000 from the CBI Program for allocation in Fiscal Year 2024-25; and \$41,857,000 from the SB 1 TCEP State and \$10,800,000 from the SB 1 TCEP Regional for allocation in 2025-26. In October 2024, the project was amended to increase Construction Capital to \$49,659,000 from the SB 1 TCEP Regional. In June 2025, the project received a 12-month allocation time extension for the SB 1 TCEP funds of the Construction phase. In June 2025, the project was amended to decrease Construction Capital to \$6,457,000 from the SB 1 TCEP State.

In May 2026, the Agreed to Price reflected the need of \$262,098,000 in Construction Capital, \$98,500,000 from the CBI (38.7 percent over the programmed amount), \$103,888,000 from SB 1 TCEP State, \$52,710,000 from SB 1 TCEP Regional, and the project will also be receiving a local contribution of \$7,000,000 in Regional Surface Transportation Program funding. A concurrent amendment to update SB 1 TCEP programmed funding is on this month's Commission agenda. The SANDAG plans to award the project and begin construction in July 2026. Construction is planned for 3 construction seasons with a duration of 605 working days.

REASON FOR COST INCREASE:

The Construction Capital estimate is greater than the programmed amount due to SANDAG's proposal of several actions that would serve to consolidate and focus existing funding on this second CMGC construction package that includes construction of the northbound vehicle facilities. The proposed actions will accelerate an open-to-traffic date and facilitate the future sale of bonds to build the rest of the project. The increase is also due to the design changes and additions required to implement a phased opening of the Land Port of Entry. The original delivery plan did not assume an operational Land Port of Entry until full build-out. While this change has many benefits to the overall opening, there are additional risks related to this project. During the CMGC negotiations those risks were discussed and quantified. Some of the additional design costs required to implement an operational northbound lane include design of additional temporary security fencing, lighting, security cameras, temporary pavement, changes to the Land Port of Entry border fence, and the need for some operational equipment in the building that would have been in future packages.

This proposed construction package supports functions of the entire Land Port of Entry's operations, including passenger and commercial functions. Traffic management elements and processing technology are integrated within the entire Land Port of Entry system and serve freight traffic throughput, efficiency, and security. In addition, the vehicle facility ITS elements will provide the "brains" of the entire facility including the tolling system, interconnected traffic management system, and connection to the broader regional border management system.

The project's funding plan includes a mixture of state, federal, and local funding, along with bonds against future toll revenue. These bonds are issued by SANDAG and repaid over time using toll revenues from facility users of the border crossing. However, the project has faced challenges selling these bonds due to the lack of availability of certain types of bonds and broader economic uncertainty, including tariffs and higher fuel costs. As a result, SANDAG and the Department are requesting a concurrent program amendment to restructure the project so that CBI and SB 1 TCEP funds can be used to construct the primary tolled facilities first to initiate toll revenue generation earlier in delivery. This strategy will improve the project's financial viability, allow SANDAG to issue the appropriate type of bonds to finance the remainder of the project's improvements, and help advance project delivery. This phased approach will help advance project delivery, prevent risk that currently exists due to funding obligation deadlines and bond timing uncertainty. This approach plays a critical role in the project's ability to move people and goods more efficiently, with the goal of delivering an average 20-30-minute wait time.

Therefore, the construction allocation amounts to an increase of \$27,500,000 in Construction Capital from the CBI.

CONSEQUENCES:

If this allocation request is not approved, the SANDAG will not be able to award the contract to build a facility at the East Otay Mesa Land Port of Entry along this segment of SR 11, and reduce the wait time at the San Diego-Baja California border crossing. To address the funding shortfall, SANDAG and the Department will have to seek alternative funding sources, which will result in delays and could result in higher costs due to escalation.

FINANCIAL RESOLUTION:

Resolved, that \$255,098,000 be allocated from the Budget Act of 2024 and 2025, Budget Act Items 2660-301-0890 and 2660-301-3291 for Construction Capital, to provide funds to award this locally-administered multi-funded CBI and SB 1 TCEP project.

Attachment

2.5 Highway Financial Matters

Project No. Allocation Amount Recipient RTPA/CTC County Dist-Co-Rte Postmile	Project Title Location Project Description Project Support Expenditures	PPNO Program/Year Phase Prgm'd Amount Project ID Adv Phase EA	Budget Year Item # Fund Type Program Code	Amount by Fund Type
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2.5s.(8) Multi-Funded Coordinated Border Infrastructure Program (CBI)/Trade Corridor Enhancement Program (TCEP) projects with costs that exceed the Programmed Amount by More than 20 Percent **Resolution FP-25-103
Resolution TCEP-A-2526-38**

1 \$255,098,000 San Diego Association of Governments <u>SANDAG</u> San Diego 11-SD-11 2.7/2.7	East Otay Mesa Land Port of Entry - Construction Northbound Vehicle Processing and Tolling Package (ATP #2) Near San Diego on Route 11 at 1.9 miles east of Sanyo Avenue Undercrossing (Mexico border). Construct Port of Entry federal facility, Information Technology System (ITS), and tolling. The (ITS) are roadway technology (e.g. changeable message signs) that will be used by SANDAG and Caltrans for congestion management, to provide advanced traveler information, and measure border wait times. The tolling system will read vehicle transponders (or other toll read technology) and assign the dynamic toll to users of the facility. This work package will facilitate the opening of Northbound Vehicle facilities to traffic.	11-0999I	2025-26	
		CBI/25-26 CONST	301-0890 FTF 20.20.400.301	\$98,500,000
		\$71,000,000 \$98,500,000		
		TCEP-S/24-25 CONST	2025-26 301-3291 TCEA 20.20.723.100	\$103,888,000
			2024-25	
			301-3291 TCEA 20.20.723.200	\$52,710,000
		TCEP-R/24-25 CONST		
		\$49,659,000 \$52,710,000		
		1124000360 4CONL 05641		

Outputs	Unit	Total
Border crossing improvement(s)	Each	4 0.1
Port improvement(s)	Each	4 0.1

CEQA - EIR, 03/29/2012; Re-validation 04/03/2025
NEPA - EIS, 03/29/2012; Re-validation 04/22/2025

Future consideration of funding approved under Resolution E-12-35; June 2012.

Right of Way Certification: 04/30/2026

Time Extension for FY 24-25 CONST expires 06/30/2026.

Contribution from other sources: \$7,000,000.

This project originally carried all performance measures and future local contributions. Project phasing has been updated to reflect the new priority to open Northbound facilities to traffic under this package using all available funding. Performance measures and remaining identified funds have been transferred to Project 0999L to be delivered as future work packages.

Concurrent TCEP Programming Amendment under Resolution G-26-56; June 2026.

ALLOCATION IS CONTINGENT UPON THE PASSAGE OF THE 2026-27 BUDGET ACT.