

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.8a.(10), Action Item

Prepared By: Dee Lam, Chief
Division of Local Assistance

Subject: **REQUEST TO EXTEND THE PERIOD OF PROJECT ALLOCATION FOR A
LOCALLY-ADMINISTERED SENATE BILL 1 LOCAL PARTNERSHIP PROGRAM
(COMPETITIVE) PROJECT, OFF THE STATE HIGHWAY SYSTEM, PER
LPP (COMPETITIVE) GUIDELINES
WAIVER 26-113**

ISSUE:

Should the California Transportation Commission (Commission) extend the period of project allocation for the locally-administered Senate Bill 1 (SB 1) Local Partnership Program (LPP) (Competitive) Howard Streetscape Project (PPNO 2364M), in San Francisco County, for the time period as identified in the attachment?

RECOMMENDATION:

The California Department of Transportation recommends that the Commission extend the period of project allocation for the locally-administered SB 1 LPP (Competitive) Howard Streetscape Project (PPNO 2364M), in San Francisco County, for the time period as identified in the attachment.

BACKGROUND:

The local agency will not be able to request allocation for funds by the June 30, 2026, deadline. The attachment shows the details of the project and the explanations for the delays. The respective agency is requesting a time extension, and the regional planning agency concurs.

Current SB 1 LPP (Competitive) Guidelines adopted by the Commission, stipulate that funds programmed for all components of local grant projects are available for allocation only until the end of the fiscal year. The Commission may approve a waiver to the Timely Use of Funds deadline, one-time only, for up to 12 months.

Attachment

**Time Extension/Waiver – Project Allocation
Local Partnership Program (Competitive)**

Project Number: 1
Applicant: City of San Francisco
County: San Francisco
District: 4
PPNO: 2364M
Allocation Amount: \$14,000,000
Phase: Construction
Number of Months Requested: 12 Months
Extended Deadline: 06/30/2027
Department Recommendation: Support

Howard Streetscape Project

The City of San Francisco (City) requests a 12-month time extension for the period of project allocation for the Construction (CON) phase of the Howard Streetscape Project. The City experienced delays during the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant agreement review process.

The project proposes to install a permanent 2-way Class IV bikeway, create new civic amenity zones, remove one to two westbound vehicle traffic lanes, and implement pedestrian and intersection crossing improvements.

In anticipation of beginning construction in early 2027, the City has been working closely with the Federal Highway Administration (FHWA) to prepare and finalize the RAISE grant agreement. Now that FHWA has completed its review, the RAISE grant agreement is currently with the Office of the Secretary of Transportation (OST). When the finalized RAISE grant agreement was submitted in December 2025, the City expected the review and execution to take approximately three months. However, this timeline has extended due to staffing and policy changes at both FHWA and OST.

Meanwhile, the Office of Management and Budget has issued the administration's new budget, which calls for the elimination of all unobligated RAISE grants. The City is hopeful that the RAISE grant will be obligated before Congress adopts a new budget. However, due to the lack of clear direction from OST and FHWA, the City anticipates a delay of several months in the project schedule to allow for additional time for the review and execution of the RAISE grant agreement. If the United States Department of Transportation (USDOT) does not execute the RAISE grant agreement, the City has developed a contingency funding plan that would effectively reallocate funds programmed for other projects. However, the City prefers to await USDOT's decision on the RAISE grant agreement before proceeding, since reduced revenues from San Francisco's slow economic recovery after the COVID-19 Pandemic have already forced them to postpone several facility and infrastructure projects.

In addition, to align with the San Francisco Municipal Transportation Agency policy of minimizing construction impacts, the City has decided to delay the project's start by a few months. The Folsom Streetscape Project is expected to conclude construction by the end of 2026. The revised schedule indicates that the project will be advertised in late 2026, with a construction contract executed in early 2027. This pause in construction will help maintain support from local community organizations, residents, and businesses for these important and transformative projects. The requested time extension will allow the City to execute the RAISE grant agreement and provide a break between two large projects.

Therefore, the City is requesting a 12-month time extension for the period of project allocation for the CON phase from June 30, 2026 to June 30, 2027.