

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 25-26, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.8d.(12), Action Item

Prepared By: James R. Anderson, Chief
Division of Financial Programming

Subject: **REQUEST TO EXTEND THE PERIOD OF PROJECT DEVELOPMENT
EXPENDITURE FOR A STATE-ADMINISTERED SENATE BILL 1 TRADE
CORRIDOR ENHANCEMENT PROGRAM PROJECT, ON THE STATE HIGHWAY
SYSTEM, PER TCEP GUIDELINES
WAIVER 26-154**

ISSUE:

Should the California Transportation Commission (Commission) extend the period of project development expenditure for the State-Administered Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) SR 46 Expressway Conversion - Antelope Grade Segment project (PPNO 0226L), in San Luis Obispo County, for the time period as identified in the attachment?

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the Commission extend the period of project development expenditure for the State-Administered SB 1 TCEP SR 46 Expressway Conversion - Antelope Grade Segment project (PPNO 0226L), in San Luis Obispo County, for the time period as identified in the attachment.

BACKGROUND:

In March 2024, the Commission allocated \$22,241,000 for the RW Capital and Support phases of the State-Administered SB 1 TCEP SR 46 Expressway Conversion - Antelope Grade Segment project (PPNO 0226L). In accordance with SB 1 TCEP Guidelines (Guidelines), the deadline to complete the Right of Way (RW) Capital and Support phase for projects allocated in March 2024 is June 30, 2026. The project will not be able to meet the deadline, and the Department is requesting an expenditure time extension for the RW Capital and Support phases. The attachment shows the details of the project and the delays that have resulted in the time extension request.

Pursuant to the Guidelines, funds allocated for project development costs for the RW phases must be expended by the end of the second fiscal year following the fiscal year in which the funds were allocated. 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 Development Expenditure
SB 1 Trade Corridor Enhancement Program**

Project Number: 1
Applicant: Department of Transportation
County: San Luis Obispo
District: 05
PPNO: 0226L
EA: 3307E
Route: 46
Allocation Amount: \$22,241,000 (\$19,700,000 for RW Capital and \$2,541,000 for RW Support)
Remaining Balance: \$20,865,000 (\$19,468,000 for RW Capital and \$1,397,000 for RW Support)
Phase: Right of Way Capital and Support
Allocation Date: 03/22/2024
Allocation Resolution: TCEP-A-2324-10
Number of Months Requested: 38 Months
Extended Deadline: 08/31/2029
Department Recommendation: Support

SR 46 Expressway Conversion - Antelope Grade Segment project

The Department requests a 38-month time extension for the period of project development expenditure for the Right of Way (RW) Capital and Support phases of the SR 46 Expressway Conversion - Antelope Grade Segment project. The Department experienced unexpected delays in completing the project's RW Capital and Support phases.

The project location is in San Luis Obispo and Kern counties near Cholame from west of Antelope Road to the east of Kern County line. The scope of project involves converting existing 2-lane conventional highway to 4-lane divided expressway.

The project began the design phase in 2018 with funding from the State Transportation Improvement Program (STIP). At that time, the STIP did not have sufficient funding to cover the estimated \$7 million needed for RW, so RW activities could not begin with the design phase. Between 2018 and 2020, the project team developed a new design alternative that shifted the roadway onto a new alignment through an adjacent valley. This change improved roadway conditions by reducing the grade, avoided costly utility relocations, and minimized cost and schedule impacts, however, it also required new environmental studies and public review, which added time to the schedule.

In November 2020, the project secured RW funding through Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) Cycle 2. Although an initial request to access the RW funding was prepared in March 2021, it was not submitted because the required environmental studies were still incomplete. As a result, a one-year allocation time extension was requested and approved in June 2022. Continued delays in completing environmental work led to an additional 21-month extension of RW allocation in June 2023, which was also approved.

In March 2024, the California Transportation Commission approved the RW funding request, allowing RW work to officially begin. At that point, efforts started on property acquisition and utility relocation while environmental coordination continued. The RW Certification milestone was originally scheduled for March 2026. In June 2025, due to funding limitations in the STIP and a non-successful grant application for SB 1 TCEP Cycle 4, the Construction phase for the project was split into two construction projects; a STIP funded project PPNO 3307D (Segment 1), and future need PPNO 3307F (Segment 2). Although this increased complexity, as property acquisition, utility relocation, and environmental work are now being managed across two separate efforts, it will reduce delivery risk.

Currently, RW activities are ongoing and include acquiring three remaining parcels in Segment 1 and completing environmental permitting and mitigation for California Tiger Salamander, San Joaquin Kit Fox, California Red-Legged Frog and Crotches Bumble Bee. Acquisition of the final three Segment 1 parcels is ongoing and anticipated to be complete by October 2026. The mitigation credits for the four species will be made within three months of when final permits are received at Ready to List (RTL). Obtaining the mitigation credits should conclude by the end of February 2027. Segment 1 is progressing to RW Certification and RTL in November 2026, reaching Construction Contract Acceptance by August 2029. Because RW work started later than originally planned, environmental processes have taken longer than expected, additional time is needed to complete RW work. These activities are anticipated to be completed for Segment 1 by August 2029. Segment 2 will proceed with full acquisition of the remaining parcels and completion of environmental permitting and mitigation.

Therefore, the Department is requesting a 38-month time extension for the period of project development expenditure to allow enough time to finalize the RW Capital and Support phases from June 30, 2026 to August 31, 2029.