

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 20-21, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.6g.(14)

Prepared By: Jeffrey Wyly, Chief (Acting)
Division of Mass Transportation

Subject: **SUPPLEMENTAL FUNDS ALLOCATION FOR THE TRANSIT AND INTERCITY
RAIL CAPITAL PROGRAM – (2023:18) ZERO EMISSION TRANSIT
ENHANCEMENTS 2.0 (ORANGE LINE IMPROVEMENTS PHASE 2)
COMPONENT
RESOLUTION TIRCP-2627-13S**

ISSUE:

Should the California Transportation Commission (Commission) approve a request for an additional \$12,132,000 for the Construction (CON) phase of the Transit and Intercity Rail Capital Program (TIRCP) (2023:18) Zero Emission Transit Enhancements 2.0 (Orange Line Improvements Phase 2) component (PPNO CP124), in San Diego County?

RECOMMENDATION:

The California Department of Transportation recommends that the Commission approve a request for an additional \$12,132,000 for the CON phase of the TIRCP (2023:18) Zero Emission Transit Enhancements 2.0 (Orange Line Improvements Phase 2) component (PPNO CP124), in San Diego County.

BACKGROUND:

In March 2026, the Commission approved an allocation of \$48,315,000 for the CON phase of the Orange Line Improvements Phase 2 component (PPNO CP124), under Resolution TIRCP-2526-57.

PROJECT LOCATION AND DESCRIPTION:

The Orange Line Improvements Phase 2 component (PPNO CP124) is located in San Diego County and operates between Downtown San Diego and the City of El Cajon. This component will incorporate a number of improvements including replacing key equipment,

upgrading technology for reverse running, installing new crossovers, replacing worn track, adding two rail crossovers, upgrading three stations, and improving safety at-grade crossings, along the 7.9-mile Orange Line corridor.

FUNDING STATUS:

The Orange Line Improvements Phase 2 component (PPNO CP124) currently has \$48,315,000 allocated to the CON phase. However, due to a budget shortfall, an additional \$12,132,000 is needed to complete the CON phase. The San Diego Metropolitan Transit System (SDMTS) is committed to contributing to fund the cost increase by supplementing local funds as well as other state and federal transit funds to complete the project component, including a 2028 potential local ballot measure.

REASON(S) FOR THE COST INCREASE:

During the bidding process, it was determined that the total cost for the Orange Line was 58 percent higher than originally estimated. The cost increase is primarily due to a combination of construction materials, contingency funds, and construction support and administrative expenses. A comparison was made to determine which items contributed to the increased cost overruns. The analysis showed that the largest differences were found in three categories: increased construction expenditures by \$11,703,000 (19.3 percent), administrative by \$13,685,000 (22.6 percent), and additional construction materials by \$9,660,000 (16 percent).

The increases in construction expenditures were due to increased construction escalation, higher bids from the Overhead Catenary System that came in three times higher than the engineers estimate, and the price of copper used to construct the rail increased by 40 percent. The increase for administrative costs resulted from higher prices associated with flagging, bus bridging, construction management services, signal software design, and Centralized Train Control modifications and reviews with the California Public Utilities Commission. A detailed review of previous light rail projects, which were unfinished prior to the engineer's estimate but have now since been completed, revealed that extra construction materials are needed to complete the Orange Line Improvements Phase 2 component (PPNO CP124). These construction materials include fiber replacements, insulation, drainage upgrades, grade crossings, case wiring, and the removal of signaling equipment.

CONSEQUENCES:

If this request for supplemental funds is not approved, the Orange Line Improvements Phase 2 project component (PPNO CP124), will be delayed until other funding is secured, and would put a greater strain on SDMTS's capital improvement project budget. It is critical that the component remain on schedule to avoid any delays with the delivery timeline.

FINANCIAL RESOLUTION:

Resolved, that an additional \$12,132,000 be allocated from the Budget Act of 2024 Budget Act Item 2660-301-0046R, to complete the CON phase of the TIRCP (2023:18) Zero Emission Transit Enhancements 2.0 (Orange Line Improvements Phase 2) component (PPNO CP124).

Attachment

2.6 Mass Transportation Financial Matters

Project #		PPNO			
Allocation Amount		Program			
Recipient	Project Title	Funding Year			
<u>RTPA/CTC</u>	Location	Item #			
District-County	Project Description	Fund Type	State	State	State
		Program Codes	Federal	Federal	Federal
		Project ID	Current Amount	Additional	Revised
		Adv Phase	by Fund Type	Amount by	Amount by
				Fund Type	Fund Type

2.6g.(14)**Supplemental Allocation - Transit and Intercity Rail Capital Program****Resolution TIRCP-2627-13S**

1	(2023:18) Zero Emission Transit Enhancements 2.0	11-CP124			
\$12,132,000	(Orange Line Improvements Phase 2). Construction of 7.9 miles of light rail track and 11 crossings of the Orange Line from Massachusetts Avenue to El Cajon Transit Center, including replacement and installation of special track, switch machines, and signal houses.	TIRCP/2024-25 CONST			
San Diego		301-0046R GGFR	\$48,315,000		\$48,315,000
Metropolitan Transit System		30.20.301.300			
<u>SANDAG</u>		TIRCP/2025-26 CONST			
11-San Diego	<u>Outcome/Outputs:</u> Reduced greenhouse gas emissions and congestion, improved multi-modal transit connectivity, decreased vehicle miles traveled, and increased safety. Enhanced operational flexibility and service reliability.	301-0046R GF		\$12,132,000	\$12,132,000
		30.20.301.200			
		0026000157			
		S			
	Total revised amount \$60,447,000.	T558GD			
	Supplemental funds are needed to complete construction.				
	CEQA - SE, 08/01/2023				
	Right of Way Certification: 04/19/2024				