

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 20-21, 2026

From: STEVEN KECK, Chief Financial Officer

Reference Number: 2.8v.(6) Action Item

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

Subject: **REQUEST TO AMEND THE PERIOD OF PROJECT DEVELOPMENT
EXPENDITURE FOR TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM
COMPONENT PHASES
WAIVER 26-187, AMENDING WAIVER 24-201**

ISSUE:

Should the California Transportation Commission (Commission) amend the period of project development expenditure for two Transit and Intercity Rail Capital Program (TIRCP) (2018:19) Valley Rail (Natomas Station and Layover Facility) component phases, in Sacramento County, for the time periods as identified in the attachment?

RECOMMENDATION:

The California Department of Transportation recommends that the Commission amend the period of project development for two TIRCP (2018:19) Valley Rail (Natomas Station and Layover Facility) component phases, in Sacramento County, for the time periods as identified in the attachment.

BACKGROUND:

In January 2021, the Commission allocated \$17,512,000 for two TIRCP (2018:19) Valley Rail (Natomas Station and Layover Facility) component phases, identified in the attachment. The responsible agency has been unable to complete the project component phases per the Timely Use of Funds (TUF) policy and is now requesting a time extension amendment for the period of project development expenditure. In May 2023, the Commission approved a 20-month time extension with a deadline of February 28, 2025, under Waiver 23-62. In December 2024, the Commission approved an additional 20-month time extension with a deadline of October 31, 2026, under Waiver 24-201.

The current TIRCP Allocation Policy stipulates that the agency implementing a project component request a time extension if the project component will not be completed within the specified timeline. Under the TUF policy, an extension can be requested for up to 20 months for each delivery milestone, where permissible by statute. This is a request to amend the previously approved project development expenditure time extensions. The attachment describes the details of the project component phases and the explanation of the delays.

Attachment

**Amendment Time Extension/Waiver – Project Development Expenditure
Transit and Intercity Rail Capital Program**

Project Number: 1
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 03
PPNO: CP035B
Allocation Amount: \$2,331,000
Remaining Balance: \$300,000
Phase: Plans, Specifications, and Estimate
Allocation Date: 01/28/2021
Allocation Resolution: TIRCP-2021-10
1st Waiver: Waiver 23-62
Approved: May 2023
2nd Waiver: Waiver 24-201
Approved: December 2024
Number of Months Requested: ~~20 Months~~ ~~40 Months~~ **60 Months**
Extended Deadline: ~~02/28/2025~~ ~~10/31/2026~~ **06/30/2028**
Department Recommendation: Support

(2018:19) Valley Rail (Natomas Station and Layover Facility)

The San Joaquin Regional Rail Commission (SJRRRC) requests an additional 20 months, from 40 months to 60 months, for the period of project development expenditure for the Plans, Specifications, and Estimate (PS&E) phase of the (2018:19) Valley Rail (Natomas Station and Layover Facility) component. SJRRRC experienced unexpected delays during the PS&E phase.

This project will implement new daily roundtrips for the Gold Runner service to Sacramento. This project also extends Altamont Corridor Express (ACE) service to Sacramento and to Ceres and Merced. Improvements include construction of a 15-foot-wide by 1,000-foot-long at-grade side-loading passenger platform and construction of a surface parking lot providing approximately 250 parking spaces and three bus bays. The Project will also include layover tracks south of the platform to accommodate ACE and Gold Runner train layovers between service runs. The layover tracks will accommodate four trains (plus one train layover at the station platform). The tracks will also allow for interior train cleaning during layovers. New stations will be built as part of Valley Rail. In addition, Valley Rail provides for new rolling stock equipment for the planned service expansions for both the Gold Runner and ACE passenger rail services. Sixteen new stations will be built as part of Valley Rail. In addition, Valley Rail procures zero emission buses to support feeder services and acquires new rolling stock equipment for the planned service expansions for both the Gold Runner and ACE passenger rail services. In total, Valley Rail will provide seven new daily round-trips between the Gold Runner and ACE passenger rail.

In January 2021, the Commission approved an allocation of \$7,913,000 for the PS&E phase of the Final Design component of the (2018:19) Valley Rail project. In June 2021, an allocation amendment was approved to change the component name to Trackwork and Stations: Lodi, City College, Midtown, Natomas Station, Layover Facility and UPRR Track Work. In August 2021, the Commission allocated an additional \$14,460,000 for the PS&E phase of the component. In August 2022, two allocation amendments were approved to officially separate the PS&E phase allocations into multiple components. The allocation of \$7,913,000 was separated into seven components, in which the Natomas Station and Layover Facility component received \$2,331,000. The allocation of \$14,460,000 was separated into 11 components, in which the Natomas Station and Layover Facility component received \$425,000. In August 2023, the Commission approved a supplemental allocation of \$300,000, bringing the PS&E phase total of the component to \$3,056,000.

In May 2023, design was 27 percent complete as SJRRC temporarily lacked a location for the station due to prohibitive cost of the initial location. This temporary lack of location delayed both design and property acquisition. A purchase and sale agreement had reached tentative agreement and design of the station had resumed. In December 2024, the 25 percent site walk had been completed, acquisition for two parcels was ongoing, and UPRR had approved a revised retaining wall structural submittal that was previously rejected in June 2024.

This project is delayed due to unexpected utility potholing and relocation engineering required for fiber optic utilities within the Union Pacific Railroad (UPRR) Right of Way (RW), which was identified as an issue in July 2025, and stakeholder coordination has resulted in additional rounds of design revisions, extending the PS&E schedule. Additionally, in January 2026, a neighboring property owner and seller raised concerns about stormwater, drainage, and hydrology, which required additional reporting. Since the Clean Water Act permits have expired, they require renewal. Furthermore, the relocation of commercial tenants has taken longer than expected. SJRRC anticipates completing all activities related to the relocation of commercial tenants by late 2026 or early 2027. SJRRC is evaluating design revisions for the retaining wall which may require additional geotechnical borings to complete. This retaining wall is necessary to support the track design.

Currently, the 60 percent structure design, 30 percent roadway design, 90 percent track design, and 30 percent station design are in the process of being revised to address UPRR's comments. Initial revisions to structure designs were submitted in February 2025, and SJRRC has been in discussion with UPRR since October 2025. Roadway design was submitted to UPRR in January 2026 and is currently under review. Track design was submitted in March 2025, and SJRRC has been in discussion with UPRR since April 2025. Thirty percent station design was approved by UPRR in May 2025, with 100 percent station design being developed for submittal. With the additional time, SJRRC expects the PS&E phase to be completed and approved by June 30, 2028. There is a concurrent time extension amendment request for the period of project development expenditure for the Right of Way (RW) phase under this same item.

Therefore, SJRRC is requesting an additional 20 months for the period of project development expenditure for the PS&E phase from October 31, 2026 to June 30, 2028.

Project Number: 2
Applicant: San Joaquin Regional Rail Commission
County: Sacramento
District: 03
PPNO: CP035B
Allocation Amount: \$4,927,000
Remaining Balance: \$863,000
Phase: Right of Way
Allocation Date: 01/28/2021
Allocation Resolution: TIRCP-2021-10
1st Waiver: Waiver 23-62
Approved: May 2023
2nd Waiver: Waiver 24-201
Approved: December 2024
Number of Months Requested: ~~20 Months~~ ~~40 Months~~ **85 Months**
Extended Deadline: ~~02/28/2025~~ ~~10/31/2026~~ **07/31/2030**
Department Recommendation: Support

(2018:19) Valley Rail (Natomas Station and Layover Facility)

The San Joaquin Regional Rail Commission (SJRRRC) requests an additional 45 months, from 40 months to 85 months, for the period of project development expenditure for the RW phase of the (2018:19) Valley Rail (Natomas Station and Layover Facility) component. SJRRRC experienced unexpected delays during the RW phase.

This project will implement new daily roundtrips for the Gold Runner service to Sacramento. This project also extends Altamont Corridor Express (ACE) service to Sacramento and to Ceres and Merced. Improvements include construction of a 15-foot-wide by 1,000-foot-long at-grade side-loading passenger platform and construction of a surface parking lot providing approximately 250 parking spaces and three bus bays. The Project will also include layover tracks south of the platform to accommodate ACE and Gold Runner train layovers between service runs. The layover tracks will accommodate four trains (plus one train layover at the station platform). The tracks will also allow for interior train cleaning during layovers. New stations will be built as part of Valley Rail. In addition, Valley Rail provides for new rolling stock equipment for the planned service expansions for both the Gold Runner and ACE passenger rail services. Sixteen new stations will be built as part of Valley Rail. In addition, Valley Rail procures zero emission buses to support feeder services and acquires new rolling stock equipment for the planned service expansions for both the Gold Runner and ACE passenger rail services. In total, Valley Rail will provide seven new daily round-trips between the Gold Runner and ACE passenger rail.

In January 2021, the Commission approved an allocation of \$9,599,000 for the RW phase of the (2018:19) Valley Rail (Acquisition of Right of Way) component. In June 2021, an allocation amendment was approved to change the component name to Trackwork and Stations: Lodi,

City College, Midtown, Natomas Station and Layover Facility and UPRR Track Work. In August 2022, an allocation amendment was approved to officially separate the RW allocation into five separate components, in which the Natomas Station and Layover Facility component received \$4,927,000. At the same meeting, a supplemental allocation for \$5,433,000 was approved for the component. In August 2023, a second supplemental was approved for \$682,000, bringing the RW phase total of the Natomas Station and Layover Facility component to \$11,042,000.

In May 2023, SJRRC temporarily lacked a location for the station due to prohibitive cost of the initial location. This temporary lack of location delayed both design and property acquisition. A purchase and sale agreement had reached tentative agreement and design of the station had resumed. This property housed 15 tenants who were eligible for relocation assistance not covered by the Purchase and Sale Agreement. Due to the relocation needs for these tenants and complicated nature of the transaction, the transaction would not close before the funding expiration date, resulting in the need for a time extension. In December 2024, a time extension was required due to delays in the acquisition of two parcels. Acquisition of Parcel A required legal counsel due to concerns about impacts of drainage, lighting, security, and fencing. Acquisition of Parcel B required coordination with the Sacramento Area Flood Control Agency and the United States Army Corps of Engineers to provide an aquatic resource assessment and technical report.

The RW phase requires an additional 24 months after completion of the PS&E phase and must remain open during the Construction phase, which results in an additional 45 months. The host railroad, UPRR, will perform some track work and all signal work under the Construction and Maintenance agreement.

Currently, SJRRC has acquired the two parcels, including those with active commercial tenants, and is negotiating five partial acquisitions and five temporary construction easements. These are the last parcels and easements left to acquire. Additionally, coordination with fiber optic utilities for relocation agreements is underway. SJRRC is working closely with UPRR to evaluate and refine the construction sequencing approach, with the goal of aligning design, access, and operational constraints early to reduce downstream changes. SJRRC is also prioritizing early utility coordination and field investigations to reduce uncertainty and minimize future design revisions. With the additional time, SJRRC expects the RW phase to be completed and approved by July 31, 2030. There is a concurrent time extension amendment request for the period of project development expenditure for the PS&E phase under this same item.

Therefore, SJRRC is requesting an additional 45 months for the period of project development expenditure for the RW phase from October 31, 2026 to July 31, 2030.