



FEBRUARY 20, 2026

AGENDA ITEM # 15

AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE MEASURE A CAPITAL PROJECT ALLOCATION & EXPENDITURE CONTRACT AMENDMENT FOR U.S. HIGHWAY 50 HOV LANES AND APPROVE THE FISCAL YEAR 2025-26 BUDGET AMENDMENT FOR THE AUTHORITY AND SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY (SAVSA) AND BUDGET AMENDMENT RESOLUTION

Action Requested: Receive and File

Presenter: Dustin Purinton, Chief Financial Officer

Recommendation

Authorize The Executive Director to sign the Measure A Capital Project Allocation & Expenditure Contract Amendment for the U.S. Highway 50 HOV Lanes and Approve the associated Fiscal Year 2025-26 (FY 2025-26) budget amendment and resolution.

Background

The Measure A Ordinance and Expenditure Plan approved by the voters in 2004 includes the US Highway 50 Bus/Carpool Lanes project (Sunrise Boulevard to Downtown). Caltrans completed Phase 1 of that project in 2012, adding High Occupancy Vehicle (HOV) lanes on US 50 from Watt Avenue to Sunrise Boulevard. The total cost was approximately \$100 million, with approximately \$32.8 million funded by Measure A. This contribution exceeded the Expenditure Plan’s assumption that Regional Bus/Carpool Lane projects would be funded 50 percent by Measure A sales tax revenues.

In December 2017, The STA Governing Board authorized a \$12.5 Million Dollar Measure A Project Allocation and Expenditure Contract for phase 2, the construction of the US Highway 50 HOV lanes project from I-5 to Watt Avenue. This Measure A funding was proposed to help the project be more competitive for the upcoming Senate Bill (SB) 1 competitive funding round and resulted in a \$90 million SB 1 award for the HOV lanes under the Solutions for Congested Corridors Program (SCCP). These funds were combined with nearly \$370 million in SHOPP Roadway Rehabilitation program funds for the U.S. Highway 50 Multimodal Corridor Enhancement and Rehabilitation Project, which included both the High Occupancy Vehicle (HOV) lanes and to rehabilitate pavement on US 50 from I-5 to Watt Avenue. Over time, STA has made several amendments to the original Project Allocation and Expenditure Contract bringing the total Measure A contribution to \$36.3 million as described below.

Amendment Date	Maximum Allocation	Expenditure Period End	Key Changes
Dec 2017	\$12,500,000	June 30, 2022	Original contract, annual cap of \$3.5M,

			reporting/audit requirements
Apr 2022	\$12,500,000	June 30, 2026	No-cost extension (48 months)
Oct 2024	\$36,300,000	June 30, 2028	Additional \$23.8M, 24-month extension, managed lane provision

The Sacramento Transportation Authority (STA), in partnership with Caltrans and other agencies, manages multi-year capital improvement projects funded through Measure A and other sources. Each year, STA coordinates with the Professional Advisory Group (PAG) and participating agencies to update revenue estimates, review contract expenditures, and plan new allocations for the Measure A Capital Improvement Program (CIP). This process ensures that limited funds are efficiently programmed and responsive to evolving project needs.

The STA Governing Board approved specific CIP allocations for projects including the U.S. Highway 50 High-Occupancy Vehicle (HOV) Lanes. However, the implementation of this project has encountered significant challenges that have impacted both the timing and cost of construction. Notably, Caltrans has faced unanticipated delays in securing Construction and Maintenance (C&M) agreements with the Union Pacific Railroad (UPRR) for key bridge structures within the project corridor. The resulting delays have led to increased costs for both construction and project support. Caltrans has been required to request supplemental funds to address these cost increases. Consistent with prior cost increases, they have been addressed equally through both the SHOPP Roadway Rehabilitation program funds administered by the California Transportation Commission (CTC) and Measure A administered by STA.

At this time, not all funds allocated for FY2024-25 have been expended, and additional funding will be necessary to complete the project and address outstanding contractual obligations. The need to shift unspent but allocated funding to FY2025-26, and to anticipate further budget amendments in future years, reflects STA's commitment to maintaining project momentum, fulfilling contractual requirements, and ensuring the efficient use of public resources. STA staff utilizes the principles for remaining CIP allocations and targeted allocations approved by the STA Governing Board (Board) in October of 2020 to guide these discussions and to ensure that Caltrans was staying within their remaining allocation and not impacting other agencies anticipated receiving Measure A CIP allocation in the future.

This approach aligns with STA's principles of fiscal responsibility and transparency, ensuring that capital allocations remain responsive to actual project conditions and Board-approved priorities.

Discussion

To ensure the U.S. Highway 50 HOV Lanes project remains on schedule and adequately funded, STA staff recommend a series of budget and contract amendments that will realign Measure A allocations already programmed for the Caltrans I-5 HOV Lanes projects with updated project

needs and timelines for the US Highway 50 HOV Lanes project. These changes would only shift funds from one Caltrans project to another and have no impact other agency projects.

Time Extension:

Extend the expiration of the contract to June 30, 2029, to align with the future years CIP Budget Amendment.

Fiscal Year 2025-26 Budget Amendment:

A total of \$4,124,000 in unspent but previously allocated Measure A funds from Fiscal Year 2024-25 will be shifted into Fiscal Year 2025-26. This adjustment will facilitate current year spending and ensure resources are available to meet immediate project expenditures. This does not increase the overall funding allocation for the project.

Future Years CIP Budget Amendment and Contract Amendment:

In addition to the current year adjustment, staff propose amending the CIP Financing Plan to reallocate Measure A funding in future years from the I-5 HOV Lanes project to the US Highway 50 HOV Lanes project. The recommended reallocations are:

Fiscal Year 2026-27: \$1,500,000

Fiscal Year 2027-28: \$7,750,000

Fiscal Year 2028-29: \$6,500,000

These future year reallocations are included in a budget amendment and reflected in the CIP Financing Plan, ensuring that funding is programmed in alignment with anticipated project costs and contractual obligations. The contract amendment will formalize these allocations and provide Caltrans with the necessary resources to address ongoing construction, support needs, and any supplemental agreements resulting from project delays or scope changes. This change would increase the total contract expenditure cap to \$52,050,000. The total Measure A sales tax allocated for this project remains below the program-level assumption outlined in the Expenditure Plan for Regional Bus/Carpool Lane projects, which anticipated funding would be split evenly—50 percent from Measure A sales tax and 50 percent from matching federal, state, and/or local sources other than sales tax.

All proposed amendments are consistent with STA's commitment to fiscal responsibility, transparency, and compliance with the voter approved Measure A Transportation Expenditure Plan. The adjustments do not increase the overall financial impact to the CIP but instead ensure that funding is available in the years when expenditures are expected.

Fiscal Impact

The recommended budget and contract amendments will reallocate Caltrans' Measure A CIP allocation to match updated project schedules and anticipated expenditures for the U.S. Highway 50 HOV Lanes project.

Shifting \$4,124,000 in unspent but previously allocated funds from Fiscal Year 2024-25 to Fiscal Year 2025-26 will not increase the overall CIP funding commitment but will ensure resources are available in the year when expenditures are expected. This proposed amendment does not increase the total Measure A funding allocated to the project, but rather adjusts the timing and distribution of funds to better align with actual project needs and contractual obligations.

The reallocation of funding from the I-5 HOV Lanes project to the US Highway 50 HOV Lanes project will add \$1,500,000 in Fiscal Year 2026-27, \$7,750,000 in Fiscal Year 2027-28, and \$6,500,000 in Fiscal Year 2028-29 for the US Highway 50 HOV Lanes project. These allocations are necessary to address ongoing project requirements, including costs associated with construction delays, supplemental agreements, and extended support needs.

All changes are consistent with the voter approved Measure A Transportation Expenditure Plan and STA's commitment to fiscal responsibility and transparency. No additional impact to the overall CIP budget is anticipated as a result of these amendments.