



**JUNE 18, 2026**

**AGENDA ITEM # #**

**AUTHORIZE ACTIONS RELATED TO THE INTERSTATE 5 MANAGED LANES PROJECT, INCLUDING AMENDMENT OF THE MEASURE A CAPITAL ALLOCATION AND EXPENDITURE CONTRACT WITH CALTRANS, EXECUTION OF A CONSULTANT SERVICES CONTRACT, AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH THE CAPITAL AREA REGIONAL TOLLING AUTHORITY**

Action Requested: Authorize

Presenter: Kevin M. Bewsey, Executive Director

---

**Recommendation**

Staff recommends that the STA Governing Board authorize the Executive Director as follows:

1. Authorize the Executive Director to execute a Memorandum of Understanding with the Capital Area Regional Tolling Authority (CARTA) related to Preliminary Development Of High Occupancy Vehicle Toll Lanes on I-5 In Sacramento County.
2. Authorize the Executive Director to amend the Measure A Capital Allocation And Expenditure Contract with Caltrans for the Interstate 5 Bus and Carpool Lanes.
3. Authorize the Executive Director to execute a Consultant Services Contract with Drago Vantage, LLC, for the I 5 Managed Lanes Coordination and Grant Services.

**Background Information**

The voter-approved Measure A Transportation Expenditure Plan establishes a clear vision for freeway safety and congestion relief in Sacramento County. Under the Freeway Safety and Congestion Relief Program, 12 percent of sales tax revenue and 20 percent of revenues collected from new development are dedicated to congestion relief projects on the freeway system. Within this program, 9 percent of sales tax revenue is dedicated specifically to Regional Bus/Carpool Lane Connectors and Extensions, which are intended to provide congestion relief on the freeway system throughout the County.

The Measure A Expenditure Plan anticipates that these capital improvements will leverage federal, state, and local matching funds in order to maximize delivery of major regional transportation improvements.

The Interstate 5 Bus/Carpool Lanes from Elk Grove to I-80 are included in the Measure A Capital Improvement Program under the Regional Bus/Carpool Lane Connectors and Extensions category. This reflects the Expenditure Plan's broader strategy of using Measure A as a local funding foundation to improve freeway operations, support higher-occupancy travel, and compete for outside funding to deliver major regional transportation improvements.

Measure A has already helped connect and extend these lanes on Highway 50, I-80, and, most recently, I-5. In 2023, Caltrans completed the I-5 bus/carpool lane segment from Elk Grove to US 50 with Measure A support. The remaining segment, from US 50 to I-80 and continuing to the I-5 Sacramento River Bridge at the Sacramento/Yolo County line, is now being advanced through the Sac 5 Managed Lanes Project.

The Sac 5 Managed Lanes Project would implement high-occupancy toll (HOT) lanes as a form of managed lanes designed to improve travel-time reliability, support transit and higher-occupancy travel, and manage recurring freeway congestion.

The Sac 5 Managed Lanes Project proposes to add managed lanes in both directions on Interstate 5 in Sacramento County, from the I-5/US 50 interchange to I-80 and then to the I-5 Sacramento River Bridge at the Sacramento/Yolo County border. The project also includes intelligent transportation system infrastructure to support active management of both recurring and non-recurring congestion. The project is located within the City of Sacramento and unincorporated Sacramento County. Caltrans is the CEQA lead agency and implementing agency for the project.

STA, the Sacramento Area Council of Governments (SACOG), Capital Area Regional Tolling Authority (CARTA), and Caltrans staff have been coordinating to align the project with SACOG's 2025 Blueprint while maintaining consistency with the Measure A Expenditure Plan. STA, SACOG, CARTA, and Caltrans staff have agreed that the most viable near-term approach for the environmental phase is an alternative that adds one new high-occupancy toll lane in each direction. This approach preserves consistency with the Measure A Expenditure Plan by prioritizing higher-occupancy travel while also positioning the corridor for future regional managed lane connectivity and improving competitiveness for state and federal discretionary funding opportunities. Caltrans is anticipated to release a draft environmental document in fall 2026 identifying this alternative as the locally preferred alternative.

The total cost of the Sac 5 Managed Lanes Project is currently estimated at approximately \$450 million to \$500 million. Given the scale of the project and anticipated funding constraints, implementation is expected to occur in multiple construction phases, with the first phase anticipated to be a new southbound high-occupancy toll lane. STA and Caltrans anticipate pursuing state and federal funding for design, right of way, and construction. Near-term grant efforts are expected to include the SB 1 Trade Corridor Enhancement Program and the federal Infrastructure for Rebuilding America program.

The project also requires significant coordination on tolling authority and future tolling operations. CARTA is anticipated to be responsible for future tolling operations for the Sac 5 Managed Lanes Project. CARTA is also expected to lead preparation of the project's traffic and revenue analysis and serve as the lead agency for seeking tolling authority from the California Transportation Commission pursuant to AB 194. This action does not authorize implementation of tolling operations or adoption of toll rates, which would require future approval by the CARTA Board. However, these costs are project-development costs that would need to be funded from available project resources.

To advance the project toward construction, several key milestones must be completed before the project can seek grant funds for final design and construction. The project must complete the environmental phase and obtain tolling authority, which will improve project readiness. The CTC generally requires these milestones to be complete or nearly complete before awarding competitive SB 1 funds. Caltrans is the environmental lead and is already advancing the project. However, for tolling authority, CARTA has requested that a Memorandum of Understanding (MOU) be put in place to ensure that the costs of the tolling application and required studies are covered by Measure A. The total reimbursement reflected in the MOU is limited to \$1,108,000, plus reasonable financing costs incurred between expenditure and reimbursement. Eligible reimbursement costs include preparation of level 2 traffic and revenue study, Concept of Operations (ConOps) document, preparation of a tolling authority application, CTC staff costs for application review and public hearing, support, and associated financing costs necessary to advance the tolling authorization process.

To advance the pursuit of federal and state funds for the Sac 5 Managed Lanes Project, and at the request of Caltrans, STA issued a Request for Proposals in April 2026, with responses due May 1. A total of six proposals were received, with Drago Vantage, LLC, ranked highest by the selection committee, which was composed of staff from Caltrans, SACOG, and STA. Proposals were evaluated based on qualifications and experience, key staff qualifications and experience, work plan, quality and responsiveness of the proposal, and rates and fees.

The attached consultant services contract is for \$400,000 and includes coordination and grant services for 2026, 2027, and 2028, covering both SB 1 state and federal grant opportunities. Funding for this grant work will come from Measure A but will require an amendment to the existing contract with Caltrans to make the funds available.

Staff anticipates that completion of environmental clearance, advancement of tolling authority, and preparation of competitive grant applications during 2026 through 2028 will improve the project's readiness for future state and federal discretionary funding opportunities.

### **Discussion**

These actions are intended to advance the Sac 5 Managed Lanes Project through environmental clearance, tolling authority, and grant-readiness activities. Together, the Caltrans contract amendment, CARTA MOU, and consultant services contract will allow STA to use existing Measure A project funds to support the next phase of project development and position the corridor for future state and federal discretionary funding opportunities.

Staff recommend that the STA Governing Board authorize the Executive Director as follows:

1. Authorize the Executive Director to execute a Memorandum of Understanding with the Capital Area Regional Tolling Authority (CARTA) related to Preliminary Development Of High Occupancy Vehicle Toll Lanes on I-5 In Sacramento County.
2. Authorize the Executive Director to amend the Measure A Capital Allocation And Expenditure Contract with Caltrans for the Interstate 5 Bus and Carpool Lanes.
3. Authorize the Executive Director to execute a Consultant Services Contract with Drago Vantage, LLC, for the I 5 Managed Lanes Coordination and Grant Services.

### **Fiscal Impact**

The total reimbursement allowable under the MOU is limited to \$1,108,000, plus reasonable financing costs incurred between expenditure and reimbursement, which will be budgeted as part of the project specific I-5 Capital Improvement Program budget in future years. STA will reimburse CARTA for eligible costs and any applicable borrowing costs. STA has until December 31, 2030, to reimburse CARTA. These costs are reimbursable from Measure A. STA will need to work with the agencies receiving Measure A Capital funds to determine the timing of reimbursement.

The total cost of the I-5 Managed Lanes Coordination and Grant Services contract is \$400,000. These costs are funded by Measure A. Caltrans has agreed to reduce their existing Measure A Capital Allocation And Expenditure Contract for the Interstate 5 Bus and Carpool Lanes to cover these consulting costs and STA project specific staff time, limited to 15% of the contract value. The proposed reimbursement does not increase the overall Measure A program allocation for the corridor but reallocates existing project-development funding to support tolling authority and grant-readiness activities necessary to advance the project toward construction.