

## Authorization to Utilize AB 3090 Financing for the San Dieguito Lagoon Double-Track Project

### Overview

The San Dieguito Lagoon Double Track Project (Capital Improvement Program Project No. 1239822) is a priority regional rail investment that improves reliability and capacity along the Los Angeles-San Diego-San Luis Obispo Rail Corridor, with an estimated cost of \$350 million. The project is funded with various federal, state and local funds, including TransNet Major Corridor funds. Approximately \$62 million is programmed for the project in FY 2029 in the State Transportation Improvement Program Interregional Improvement Program (STIP-IIP). Construction readiness is anticipated in FY 2027, creating a timing gap between when construction must begin and when state and federal funds become available.

To avoid construction delays and to support delivery of the project through a single unified construction contract, SANDAG proposes utilizing Assembly Bill 3090 (1992) authority which allows recipients of STIP-IIP funds to temporarily advance local funds (in this case, TransNet Major Corridor funds) in FY 2027 through FY 2029, with the TransNet funds to be reimbursed dollar for dollar from the project's existing STIP-IIP allocation beginning in FY 2029. This approach functions solely as a cash flow mechanism and does not modify the approved project scope, budget, or funding commitments.

### Key Considerations

#### ***Project Delivery and Regional Benefit***

The project is jointly prioritized by SANDAG and the North County Transit District and is essential to maintaining safe and reliable passenger and freight rail operations. Previously planned construction phases are being combined into a single contract to reduce overall cost, minimize schedule risk, and limit environmental impacts within the San Dieguito Lagoon. Advancing construction using AB 3090 financing allows this delivery strategy to proceed without interruption.

#### ***Funding Constraints***

Although the project is fully funded, the availability of key funding sources does not align with the construction schedule.

- STIP-IIP funds are scheduled for FY 2029 and are not accessible until that time.

### Action: **Approve**

The Transportation Committee recommends that the Board of Directors approve the use of Assembly Bill 3090 (1992) financing authority to advance up to \$62 million in TransNet Major Corridor funds for the San Dieguito Lagoon Double Track Project and authorize staff to pursue the required State Transportation Improvement Program amendment and AB 3090 reimbursement agreement with the California Transportation Commission.

### Fiscal Impact:

This action advances up to \$62 million in local TransNet funds on a temporary basis. All advanced funds will be reimbursed dollar for dollar from the project's existing State Transportation Improvement Program Interregional Improvement Program allocation beginning in FY 2029. This action does not increase the total project cost or alter approved funding commitments.

### Schedule/Scope Impact:

Approval of this action allows the project to proceed on schedule and supports delivery through a single construction contract. There is no change to the approved project scope, purpose, or benefits.

- Transit and Intercity Rail Capital Program funds are programmed as matching funds for the same phase of work and are required to be allocated at the same time as the STIP-IIP funding.

The proposed delivery strategy is contingent upon California Transportation Commission (CTC) approval of both the AB 3090 reimbursement agreement and the associated Transit and Intercity Rail Capital Program allocation. Without interim financing, project advertisement and construction would be delayed.

### ***AB 3090 Financing and Oversight***

Any TransNet funds advanced under this authority will be tracked by eligible project components in accordance with STIP-IIP guidelines to ensure full reimbursement. Any future changes to project scope, cost, or funding structure would require separate approval by the CTC.

SANDAG continues to coordinate with Caltrans, CTC staff, and regional rail partners to align the proposed AB 3090 agreement with the project procurement schedule. Once an AB 3090 agreement is in place, the CTC will designate the project as the highest priority for funding in FY 2029. In the event state reimbursement is delayed or not available due to statewide programming constraints, SANDAG will maintain the TransNet advance and prioritize funding through other regional funding sources to ensure project delivery is not disrupted.

### **Next Steps**

Upon the Board of Directors approval, SANDAG will submit the request for CTC approval at their June meeting. Upon CTC approval, SANDAG will finalize the AB 3090 reimbursement agreement with the CTC. These actions will secure reimbursement eligibility and allow the project to advance to construction in alignment with the planned procurement timeline.

***Susan Huntington, Director of Financial Planning, Budgets, and Grants***

Attachment: 1. Discussion Memo – AB 3090