

March 11, 2026

Draft FY 2027 TransNet Capital Program Budget Update

Overview

The annual budget update for the TransNet Capital Program is underway. The budget includes the expenditure and funding plans for all TransNet Program projects on the region's major transportation corridors. This report highlights the adjustments made to the currently approved budgets for the TransNet Capital Program which includes Major Corridors Program of Projects, Goods Movement, Regional Bikeway Program and Comprehensive Multimodal Corridor Plans. The TransNet Capital Program is a multi-year program and estimates expenditures and reasonable funding out to FY 2035.

Key Considerations

Attachment 1 shows the proposed changes to the Draft FY 2027 Program Budget related to the approved FY 2026 TransNet Capital Program. The Capital Improvement Program project number and project name are shown for each project. Increases or decreases to the overall project budget account for new phases of work being added, refinements in the engineer's estimate as projects progress, construction bids coming in above or below the engineer's estimate, and savings being captured as projects close out. The attachment also includes the phase each project is currently funded through, which includes the project study report, environmental mitigation, preliminary engineering, environmental clearance, design, right-of-way, construction, and implementation phases.

The proposed budget adjustments will increase the overall TransNet Capital Program budget for active projects and projects pending closeout from \$8.3 billion to \$8.4 billion, for a total increase of \$89.4 million, as shown in Attachment 1. The attachment provides a summary of the funding changes by fund source, including a \$37.4 million increase in state funds, \$29.6 million increase in TransNet funds, \$22 million increase in federal funds, and a \$288,000 increase in local funds.

Key TransNet capital program changes include:

1. I-5 North Coast Corridor - \$41 million
 - Shifting of State Transportation Improvement Funds and federal Regional Surface Transportation Program (RSTP) funding to fund construction segments along I-5 HOV in Carlsbad (1200510) and Oceanside (1200516), as well as the Regional Managed Lanes System Implementation (1200517).
2. I-805 South: HOV Conversion to Express Lanes (1280521) – \$39.6 million

Action: Discussion

Staff will present the proposed SANDAG Draft FY 2027 Program Budget that is scheduled to be presented to the Board of Directors on March 27, 2026. The TransNet Independent Taxpayer Oversight Committee is asked to discuss the Draft FY 2027 TransNet Capital Program Budgets.

Fiscal Impact:

The Draft FY 2027 TransNet Capital Program multi-year budget has a proposed increase of \$89.4 million which consists of an increase of Federal (\$22 million), State (\$37.4 million), Local (\$288,000), and TransNet (\$29.6 million) funds.

Schedule/Scope Impact:

The Draft FY 2027 TransNet Capital Program budget proposes to accomplish 24 milestones with 5 projects to begin construction and 4 projects to be opened to the public by the end of FY 2027.

- Adding State Solutions for Congested Corridors Program grant funding to fully fund the construction phase.
- 3. San Dieguito Lagoon Double Track Phase 1 Construction (1239823) – \$32.3 million
 - Adding future federal funding to fully fund the construction phase.
- 4. SR 67 Improvements (1206701) - \$5 million
 - Additional TransNet-MC funding to complete the Final Environmental Document.
- 5. Palomar Street Rail Grade Separation (1210091) – \$6.7 million
 - Additional TransNet-Major Corridor (MC) funding to fully fund the design phase.
- 6. Howard Bikeway Project (1223079) – \$9.3 million
 - Additional \$9.1 million federal RSTP and \$200,000 TransNet-BPNS funding to fully fund the construction phase.
- 7. Mid-Coast Light Rail Transit (1257001) – \$9.6 million
 - TransNet-MC funding is being added to cover costs adjustments during project close-out which are not eligible for federal funding.
- 8. Eastbrook to Shell Double Track (1239809) – \$5.8 million
 - Additional TransNet-MC funding to fund remaining costs for design and right-of-way.

These investments reflect continued progress in advancing priority regional infrastructure projects while leveraging state, federal, and local funding sources. Additional updates will be incorporated into the Final FY 2027 Budget as project schedules, cost estimates, and funding commitments are further refined.

Attachment 2 shows the proposed Draft FY 2027 milestones scheduled to be accomplished in FY 2027. These milestones include the completion of the environmental phase, advertisement of the construction contract, beginning of construction, opening to the public, and completion of construction. For the Major Corridors and Goods Movement program, there are currently 16 milestones scheduled for completion in FY 2027. For the Bikeway program there are eight milestones scheduled to be accomplished in FY 2027. Currently, there are three Major Corridors and Goods Movement program projects that are scheduled to begin construction and one project scheduled to open to the public in FY 2027. For the Regional Bikeway program, there are two projects scheduled to begin construction and three projects scheduled to open to the public in FY 2027. Staff will continue to review schedules and update the ITOC on any changes throughout the fiscal year.

Next Steps

The Draft FY 2027 Program Budget is scheduled to be presented for consideration by the Board of Directors on March 27, 2026. The Final FY 2027 Program Budget is scheduled for Board approval in May and will go into effect on July 1, 2026.

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

- Attachments:
- 1. Draft FY 2027 TransNet Capital Program Budget Changes
 - 2. Draft FY 2027 Planned Milestones