

AGENDA: October 2, 2025

TO: Regional Transportation Commission

FROM: Grace Blakeslee, Supervising Transportation Planner

RE: Coastal Rail Trail Segments 8 & 9 and 10 & 11 Project
Delivery

RECOMMENDATION

Staff recommends that the Regional Transportation Commission accept information about Coastal Rail Trail Segments 8 & 9 and 10 & 11 cost reduction and project delivery strategies, including options for potential scope modifications.

BACKGROUND

Coastal Rail Trail Segments 8 & 9 and 10 & 11 ("Projects") are ready to begin final design. The City of Santa Cruz is the project sponsor for Segments 8 & 9 and the County of Santa Cruz is the project sponsor for Segments 10 & 11. These Projects completed environmental review in 2023 and 2024, respectively. Following certification of the environmental documents, the project sponsors approved the Ultimate Trail Configuration as the preferred project. Since that time, project sponsors have been advancing these Projects.

At the September 4, 2025 meeting, RTC received information regarding updated construction cost estimates for Coastal Rail Trail Segments 8 & 9 and Segments 10 & 11 and directed staff to work with project sponsors to reduce costs and deliver Coastal Rail Trail Segments 8-11 projects, which could include modifications to the project scope. This is in addition to direction from the RTC received in April 2024 to identify cost reduction strategies that resulted in a value engineering analysis. A significant portion of the project cost is associated with construction of retaining walls and new bicycle and pedestrian bridges. The construction cost estimates shown in Attachment 1 were developed in August 2025 and reflect the value engineering cost reduction strategies previously presented to the Commission, but those savings were offset by recent bid price increases and escalation.

As described in the report to the RTC at the September 4, 2025 meeting, programming additional funding for Coastal Rail Trail Segments 8 & 9 and 10 & 11 for final design and preconstruction right-of-way activities will require near term financing of Measure D Active Transportation category revenues. RTC would also require longer term financing of Measure D to deliver Coastal Rail Trail Segments 8-11 based on current construction cost estimates. Also as discussed at the September 4, 2025 meeting, the projected Measure D Active Transportation category revenues combined with financing are insufficient to cover 100% of future construction costs based on current cost estimates. The program does not have sufficient capacity over the remaining life of the 30-year measure to cover these costs when considering debt service and ongoing corridor maintenance needs.

DISCUSSION

Options to facilitate delivery of Coastal Rail Trail Segments 8 & 9 and 10 & 11 based on current construction cost estimates and funding gaps include: seeking additional funding, reducing the project scope, and/or modifying the project design.

Additional Funding

RTC and project sponsors have been very successful in obtaining state and federal funding for Coastal Rail Trail Project Segments 8-11. These funding sources do not provide funding for cost increases, so additional funding would be needed to fill the funding gap. State and federal funding is very competitive and opportunities are very limited within the short term (prior to the projects being construction-ready) in accordance with funding deadlines. Waiting multiple program funding cycles to obtain additional state or federal funding to fill the construction funding gap puts the secured funding at risk. The Projects need to submit completed designs and right-of-way certifications to Caltrans in March 2027 to meet the current state funding grant deadlines. There is still significant work to do to meet this deadline. The projects are already at risk of missing this funding deadline and losing the awarded funds if design and right-of-way funding is not secured this Fall.

Project Scope Modification Options

Potential scope changes to Coastal Rail Trail Segments 8 & 9 and 10 & 11 were reviewed by project sponsors in coordination with RTC staff to facilitate project delivery and minimize the risk to previously awarded grant funding.

Constructing a project in phases whereby only part of the project is built now, and the rest of the project is built later, is one type of scope change to facilitate project delivery. The grantors have discretion to approve or not approve scope changes, through amendments to funding agreements. This approach could result in a reduction of secured grant funds because less of the Projects would be built now, and the grant funds are tied to the project benefits. Funding partners could also require project sponsors to commit to programming additional funding for future phases of the Projects prior to approving separating the Projects into phases. Funding partners could also decide to deprogram previously awarded funding altogether in lieu of a scope change. **At best, this phasing results in a proportional reduction of grant funds.**

When considering phasing of the Coastal Rail Trail Segments 8 & 9 and 10 & 11, project sponsors and RTC staff evaluated:

- logical termini for the Projects,
- project benefits,
- providing a continuous facility,
- risk to previously awarded grant funds; and,
- viability of funding future phases.

Under a phased approach to project delivery, previously awarded funding that is not reduced by the granting agency, would be focused on delivering the first phase. Subsequent phases would require additional grant funding that could come from state and federal sources, but the timing is uncertain. Obtaining additional state and federal grant funds for subsequent phases of Coastal Rail Trail Segments 8-11 would likely require a minimum 20% local match ranging from \$20-\$40 million in the future. Additional funding for a subsequent phase of Segments 8-11 could also come from RTC's discretionary funds if they are accumulated for this purpose over time.

Options for phasing Segments 8 & 9 and 10 & 11 are described below. Each of the Options require approval of a scope change from funding agencies. Note that these options are based on assumptions about project costs and funding availability, which are all subject to change. Table 1 provides a summary of each option and estimated grant funding at risk assuming a proportional reduction in funding of trail miles and grant funding previously awarded.

If Measure D Active Transportation Program funding is exhausted, it creates challenges for delivery of the subsequent phases of the Projects, as well as other Coastal Rail Trail segments throughout the region.

Option A: Phase 1 would construct 3.7 miles of the 7.0 miles planned between

Pacific Avenue/Beach Street in the City of Santa Cruz through Live Oak in the County of Santa Cruz to 47th Avenue in the City of Capitola. **Option A Phase 1 maximizes construction of the Projects within existing grant funds and projected Measure D revenues (est. \$43 Million additional funding need), but this amount could not be fully supported by Measure D revenues allocated to active transportation and the use of debt financing.** Should the City of Santa Cruz be awarded the Safe Streets for All Grant Program (\$21 Million federal funding) by the end of the year, the funding gap could be reduced to \$22 million. Phase 2 would include construction of 47th Avenue to State Park Drive (Segment 11) and would require an additional \$94 million in future grants to complete, with a minimum 20% local match of \$19M.

Option B: Phase 1 would construct 2.2 miles of the 7.0 miles approved in the grant application between Pacific Avenue/Beach Street to 17th Avenue. **Option B Phase 1 traverses the most densely populated area in Santa Cruz County, but like Option A, the funding gap (est. \$34 million) could not be fully supported by Measure D Active Transportation revenues and the use of debt financing. However, the additional funding need is close to what could be available through Measure D Active Transportation category funding revenues and available financing.** Should the City of Santa Cruz receive funding through the Safe Streets for All Grant Program, the funding gap could be reduced to \$13 Million. This funding gap could be further reduced should RTC award funding to Segments 8-11 preconstruction through the Consolidated Grant Program at their November 2025 RTC meeting. Future phases of construction would require an additional \$138 million to complete, with a 20% local match of \$28M.

Option C: Phase 1 would construct approximately 1.5 miles of the 7.0 miles approve in the grant application between Pacific Avenue/Beach Street to 7th Avenue. **Option C constructs the least amount of the Projects of these options but minimizes the need for additional funding (est. \$20 million). Under this scenario, there would be capacity within the program after financing for Segments 8-11 project delivery.** Of the options discussed in this report, this option would preserve the greatest amount of future Measure D Active Transportation category revenues to develop other Coastal Rail Trail segments. New revenues for subsequent phases and/or other Coastal Rail Trail segments would begin to be available in FY30/31 and grow to approximately \$20M by the term of Measure D. It is unclear how funding from the Safe Streets For All Grant Program would be jeopardized in this scenario as it's intended to provide funds that extend beyond 7th Avenue and the portion of trail between 7th and 17th are not included in this option.

Table 1:

Option	Strategy	Trail Miles Constructed in First Phase	Location of First Phase	Additional Local Investment Needed	Proportional Loss of Grant Funds	Measure D Active Trans. Capacity
A	Maximize Trail Constructed in First Phase	3.7	Pacific Ave/Beach Street in Santa Cruz to 47 th Avenue in Capitola	\$43 million	\$40 million	Not feasible to fund within anticipated Measure D AT revenues
B	Construct Trail in most densely populated section	2.2	Pacific Ave/Beach Street in Santa Cruz to 17 th Avenue in Live Oak	\$34 million	\$68 million	Close to feasible using anticipated revenues Measure D AT revenues
C	Minimize Additional Local Investment	1.5	Pacific Ave/Beach Street in Santa Cruz to 7 th Avenue in Santa Cruz	\$20 million	\$80 million	Feasible with anticipated revenues

Project Schedule & Funding Risks

Coastal Rail Trail Segments 8 & 9 and 10 & 11 are scheduled to complete final design and right of way in 2026 and begin construction in 2027. This is a tight schedule and is subject to additional funding becoming available or scope changes that allow the Projects to be completed within existing funding sources. **Not initiating the Projects final design and other remaining preconstruction activities in 2025 and meeting the 2027 construction schedule puts at risk \$96.6 million in secured state funding due to state grant funding deadlines and further delays could also risk \$19.5 million in federal funding.**

To prevent this delay, RTC staff is seeking additional funding to continue preconstruction activities. RTC staff prepared a grant application for the RTC Consolidated Grant Program requesting \$8.26 in funding for final design to advance these Projects. RTC staff also prepared a request for Measure D

funding in this amount should the Consolidated Grant Program funding not be awarded. These grant awards and new Measure D programming requests will be considered by the RTC in November 2025. **Without additional funding for design, project sponsors will need to pause project development, which further risks secured funding.** Requests for time extensions by the project sponsor are allowed, but are not endless, require justification, and are subject to approval by funding agencies.

Separating the Projects into phases also creates risk to previously secured funding because they are subject to approval from funding agencies. As noted above, the previously approved funding amount may be reduced or deprogrammed.

FISCAL IMPACT

There is no fiscal impact associated with receiving information on Coastal Rail Trail 8 & 9 and 10 & 11 cost reduction and project delivery strategies. However, the RTC may consider additional funding as part of the Consolidated Grant Program programming and Measure D 5-year plan updated scheduled for November 2025.

SUMMARY

The Coastal Rail Trail Segment 8 & 9 and Segments 10 & 11 project sponsors identified a need for additional funding to complete preconstruction activities and for construction based on current cost estimates. RTC would require financing of Measure D to deliver Coastal Rail Trail Segments 8-11 based on the additional funding needed for and project delivery schedules. However, there may not be sufficient Measure D revenues to meet funding and financing needs depending on the project delivery strategy. Options to facilitate project delivery based on current cost estimates include seeking additional funding, reducing the project scope, and/or modifying the project design. Potential scope changes to Coastal Rail Trail Segments 8-11 were reviewed by project sponsors in coordination with RTC staff. Scope changes are expected to result in a reduction of state and federal funding sources. Under a phased approach to project delivery, previously awarded funding that is not reduced by the granting agency, would be focused on delivering the first phase. Subsequent phases would require additional grant funding and remaining Measure D-Active Transportation funds would be exhausted or very limited. Table 1 summarizes options for reducing the Projects scope, funding gaps, and anticipated funding impacts.

Attachments:

1. Updated Cost Estimates for Segments 8-11

Attachment 1: Updated Cost Estimates for Segments 8-11

Segments 8 & 9 Cost Estimates (\$1000s)					
Phase	Description	Estimated Cost 2022	Estimated Cost 2024	Estimated Cost 2025	Estimated Funding Need 2025
PAED	Project Approval and Environmental Documentation	<i>combined with below</i>	<i>combined with below</i>	\$7.64	\$0
PSE	Plans, Specifications, and Estimate	\$4.87	\$4.87	\$2.46	\$2.77
ROW	Right-of-Way - Preconstruction & Acquisitions	\$0.5	\$0.5	\$2.5	\$1.96
ROW	Right-of-Way - Mitigation	<i>combined with above</i>	\$5.0	\$8.56	\$8.56
CON	Construction	\$39.27	\$50.23	\$68.80	\$26.72
TOTAL		\$44.64	\$60.6	\$89.96	\$40.01
Segments 10 & 11 Cost Estimates (\$1000s)					
Phase	Description	Estimated Cost 2022	Estimated Cost 2024	Estimated Cost 2025	Estimated Funding Need 2025
PAED	Project Approval and Environmental Documentation	\$4.5	\$4.5	\$4.8	\$0.2
PSE	Plans, Specifications, and Estimate	\$2.9	\$3.0	\$5.7	\$2.7
ROW	Right-of-Way - Preconstruction & Acquisitions	\$1.7	\$8.2	\$2.5	\$0.7
ROW	Right-of-Way - Mitigation	<i>combined with above</i>	<i>combined with above</i>	\$10.8	\$10.8
CON	Construction	\$74.7	\$96.2	\$114.2	\$22.8
TOTAL		\$83.8	\$111.9	\$138	\$37.2

Documents\MeasureD\5YearPlan_RTC\LatestApproved\Trail-5yearProjList.xlsx