



Board Report

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REGULAR BOARD MEETING DECEMBER 1, 2022

SUBJECT: TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM CYCLE 6 GRANT APPLICATION

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING a report on Metro's Transit and Intercity Rail Capital Program (TIRCP) Cycle 6 prioritized ranking of projects based on project readiness with an equity lens (Attachment A); and
- B. AUTHORIZING the Chief Executive Officer to send a letter of support for the prioritized projects signed by all Board members.

ISSUE

CalSTA published its 2023 TIRCP Cycle 6 Final Guidelines and Call for Projects on November 15, 2022. Grant applications for "Existing TIRCP Projects Leveraging Federal & Local Funds Reserve" are due to CalSTA by December 6, 2022. CalSTA requires applicants to prioritize their requests if submitting multiple project applications or a program of projects. This Board Report provides information on Metro's priorities and approach to submitting competitive, construction ready projects, with an equity lens, for this TIRCP application by the stated deadline.

BACKGROUND

Los Angeles County voters overwhelmingly approved Measure R (2008) and M (2016) to provide a significant source of local funding to support the delivery of a transformative, multimodal set of transportation projects to improve mobility, decrease air pollution, and increase the quality of life for all 10 million county residents. These local sales tax measures were designed to provide local match to leverage significant state and federal funds to fully fund and implement the priority projects found in their respective expenditure plans. The TIRCP is the best source of state discretionary funding available, eligible, and with sufficient capacity to leverage local sales tax dollars for major rail transit capital projects.

Assembly Bill (AB) 180, approved by Governor Newsom in June 2022, amended the Budget Act of 2021 to appropriate a one-time allotment of \$3,630 million of General Fund for the TIRCP to be administered by CalSTA. Of this total, AB 180 allocated \$1,831.5 million for CalSTA to administer set-aside programs, including a new TIRCP cycle (Cycle 6), to award multi-year grants to high-priority transit projects in Southern California (comprising the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura) following an application review and prioritization process.

Of the Southern California subtotal, AB 180 requires that no less than \$900 million be set-aside for “Existing TIRCP Projects Leveraging Federal & Local Funds Reserve” (“Existing TIRCP Projects”) that have previously received TIRCP grants and can demonstrate that a supplemental state grant would “leverage” or “maintain” an identified source of significant local or federal investment, including through the federal Capital Investment Grants (CIG) Program, Expedited Project Delivery (EPD) Program, or other such federal funding sources. This provision for an “Existing TIRCP Projects” funding opportunity is unprecedented for TIRCP. This program previously has not allowed projects receiving a TIRCP award in a prior cycle to receive supplemental program funding in a subsequent cycle. Any funding not allocated to an “Existing TIRCP Project” in Southern California will then be made available for new TIRCP projects.

Senate Bill (SB) 198 expresses the Legislature’s intent to provide an additional \$4,000 million over Fiscal Year (FY) 23-24 and FY 24-25 to be allocated statewide by a population formula that, if secured by the Legislature, could provide additional funding for CalSTA to consider when awarding Cycle 6 funding to “Existing TIRCP Projects.” LA County, which has a 25% share (approximately) of the state’s population, would stand to receive a total of \$1,000 million from SB 198 funds.

Metro’s ability to submit competitive applications to the TIRCP has resulted in CalSTA awarding \$1,513.8 million in discretionary TIRCP grant funds from the program’s first five cycles (FY 2015 to FY 2022) to support the delivery of 11 transit capital projects, including \$1,081.5 million in Cycle 3 (FY 2018) for a program of six Measure M priority transit capital projects. TIRCP Cycle 6 represents a unique and much-needed one-time opportunity to supplement funding for construction-ready, competitive projects previously awarded TIRCP funds and deliver Measure M priorities for LA County.

DISCUSSION

On November 7, 2022, Metro submitted a comment letter to CalSTA on the Draft TIRCP Cycle 6 Guidelines seeking four modifications to be incorporated in the Final TIRCP Cycle 6 Guidelines published on November 15, 2022. The letter and the changes made by CalSTA to the final guidelines can be found in Attachments B and C, respectively. The final guidelines can be found at <https://calsta.ca.gov/-/media/calsta-media/documents/tircp-cycle-6-final-guidelines.pdf>.

The “Existing TIRCP Projects” TIRCP Cycle 6 competition will provide Metro with a one-time opportunity to secure supplemental state funding for high priority transit projects previously awarded TIRCP funding from Cycles 1 through 4. Cycle 5 projects are excluded from this opportunity.

Additionally, CalSTA will allow applicants to include proposed SB 198 formula TIRCP funds (approximately \$1,000 million for Metro) in cash flow assumptions put forth in Cycle 6 applications for

“Existing TIRCP Project” funding. Metro will assume in its application that these SB 198 funds will be secured in FY 2024 and FY 2025 to support cash flow needs for the entire program of projects.

Combining the total possible funding made available for the TIRCP Cycle 6 “Existing TIRCP Projects” through AB 180 and SB 198 formula funds, staff believes that the maximum capacity available to Metro through this grant opportunity could reach \$2,680 million, recognizing that there will be other projects in Southern California also competing for these funds that make securing the total amount available unlikely.

Cycle 6 Guidelines - Key Elements to Consider

Staff has evaluated the Final TIRCP Cycle 6 Guidelines to help guide the development of its approach to submitting a competitive Program of Projects application for TIRCP Cycle 6 “Existing TIRCP Projects” funding. Some of the key elements from the final guidelines Metro considered are as follows:

- Applicants for “Existing TIRCP Projects” must be the same as those that submitted the original TIRCP application.
- Applicants submitting a program of projects for the “Existing TIRCP Projects” competition must prioritize their projects.
- Only projects that received prior funding in TIRCP Cycles 1 through 4 are eligible for the “Existing TIRCP Projects” Cycle 6 competition.
- As the funds identified in AB 180 for this new TIRCP opportunity derive from the General Fund, TIRCP Cycle 6 funds awarded must be expended or encumbered and liquidated by June 30, 2027. TIRCP is a reimbursement-based program, creating longer lead times to liquidate funding—a factor which needs to be considered given the statutory requirement for funds to be liquidated by the end of FY 2027. In response to Metro’s guidelines comment letter, CalSTA has provided additional flexibility to re-order the expenditure of local and prior TIRCP funds to help the total cash flow meet this requirement.
- Cycle 6 TIRCP funding cannot be used to supplant other committed funds - applications must establish an existing funding gap that requires supplemental state funding to maintain or leverage federal or local funds.
- Construction readiness is a vital criterion. Most highly rated projects will have an approved environmental document.

To be eligible for consideration as an “Existing TIRCP Project,” CalSTA has established that projects must either (1) maintain or (2) leverage an identified source of significant local or federal funds, as defined below:

Maintain: Projects under construction that will lose access to committed federal funds unless additional non-federal funds are identified. It also includes retaining

access to local funds committed to a portion of the project not yet fully funded.

Leverage: Projects that need additional state funds to receive a significant future federal or local funding commitment.

The extent to which a potential Cycle 6 project can demonstrate its need for supplemental state funding to maintain or leverage funding as defined above will be a vital factor in how CalSTA evaluates that project for funding consideration.

Review of potential “Existing TIRCP Projects.”

CalSTA has previously awarded Metro grant funding from TIRCP Cycles 1 through 5 for 11 projects (Attachment D). As Cycle 5 projects are excluded from this opportunity, staff then evaluated the remaining 10 projects to assess their eligibility and competitiveness for the “Existing TIRCP Projects” competition, as follows:

Projects already completed (1):

- Willowbrook/Rosa Parks Station & Blue Line Light Rail Operational Improvements

Projects already under construction (2):

- Airport Metro Connector 96th Street Station / Metro Green Line Extension to LAX
- Metro Red & Purple Line Core Capacity Improvements

Projects neither construction ready nor competitive for Cycle 6 (3):

- Green Line Light Rail Extension to Torrance
- Orange/Red Line to Gold Line BRT Connector
- Vermont Transit Corridor

Projects without significant federal or local funds to maintain or leverage with supplemental state funding (1):

- Metrolink Antelope Valley Line Capital and Service Improvements Project

Projects eligible and competitive for TIRCP Cycle 6 “Existing TIRCP Projects” competition (3):

- East San Fernando Valley (ESFV) Light Rail Transit Project
- Metro L (Gold) Line Foothill Extension to Montclair Project
- West Santa Ana Branch Project

Findings

Staff assessed all projects potentially eligible for the TIRCP Cycle 6 “Existing TIRCP Projects” competition against the evaluation criteria and CalSTA requirements established in the final guidelines.

Staff also reviewed the financial plans for the projects and assessed whether a supplemental TIRCP grant award would allow these projects to return to a fully funded status taking into consideration all

existing and expected funding sources and current cost estimates. Staff reviewed the project delivery sequencing per Measure M and evaluated Equity Focused Community benefits. Staff also reviewed how these projects would be evaluated by CalSTA as a project that “maintains” or “leverages” federal and/or local funding, and that is considered “construction ready” for the purposes of Cycle 6 eligibility. While some projects are technically eligible for TIRCP Cycle 6, they would not be considered competitive due to risks associated with these projects lacking a completed environmental document or being construction ready.

Staff also reviewed opportunities to secure funding for these projects through the upcoming AB 180-funded Major Projects-Project Development Reserve set-aside program which will provide planning funds to support the delivery of capital projects and programs of projects that have entered or have applied to enter federal project development processes for at least a portion of the project or program of projects, and that expect to receive federal funding in the future once complete with project development. This program excludes “Existing TIRCP Projects”, as the guidelines state that if the project would not be eligible to apply for TIRCP as a new project, it will not qualify for funding for program development.

Consequently, staff determined that Metro should submit the following Program of Projects (in priority order) to CalSTA for the TIRCP Cycle 6 “Existing TIRCP Projects” competition:

1. *East San Fernando Valley (ESFV) Light Rail Transit (LRT) Project*
 - **Scope:** Initial Operating Segment from the Van Nuys/G-Line Station to the Van Nuys/San Fernando Station.
 - **Federal funding at risk:** \$908.8 million
 - **Total amount to be requested:** \$600 million

2. *Metro L (Gold) Line Foothill Extension LRT Project:*
 - **Scope:** Pomona Station to Montclair Station.
 - **Local funding at risk:** \$39 million
 - **Total amount to be requested:** \$798 million

3. *West Santa Ana Branch (WSAB) Transit Corridor Project*
 - a. **Scope:** Locally Preferred Alternative from Pioneer Station to Slauson/A Line Station
 - b. **Federal funding to be leveraged:** FTA Capital Investment Grant
 - c. **Total amount to be requested:** \$500 million

Staff’s assessment of these projects in relation to their prioritization in this Program of Projects is as follows:

ESFV LRT Project: Maintaining Federal Funding

This project (a) is environmentally cleared and will break ground for advanced utility relocation on December 2, 2022 and (b) is at risk of losing up to \$908.75 million in Expedited Project Delivery federal funding-which was announced by the FTA in a Letter of Intent (LOI) in May 2022-if supplemental state funding is not secured by May 2024, per the terms of the LOI. Additionally,

the ESFV LRT Project provides significant and targeted benefits for a federally designated area of persistent poverty and for Equity Focused Communities (63% identified as Very High Need or High Need) along the project corridor and links these communities to the Metro G (Orange) Line and the Metrolink/LOSSAN system.

These factors contributed to this project being prioritized #1 by Metro.

Metro L (Gold) Line Foothill Extension LRT Project: Maintaining Local Funding

This project is (a) construction ready, (b) environmentally cleared, and (c) at risk of losing access to \$39 million in committed local San Bernardino County funds if CalSTA does not award supplemental state funding to the project. This project also serves Equity Focused Communities (4% identified as Very High Need or High Need) within the corridor, although not as extensively as the ESFV LRT Project.

These factors contributed to this project being prioritized #2 by Metro.

WSAB Transit Corridor Project: Leveraging Federal Funding

While this project serves Equity Focused Communities (71% identified as Very High Need or High Need) within the corridor from Artesia to Los Angeles, this project is (a) not yet construction ready but still eligible for Cycle 6, (b) not yet environmentally cleared, and (c) potentially at risk of losing access to a future CIG award if supplemental state funding is not secured.

These factors contributed to this project being prioritized #3 by Metro.

As encouraged by CalSTA, staff will include in this single program of projects application the overall TIRCP grant request for each project and discuss the timing for funding across all projects.

Outlook

Metro recognizes that these three projects will need to secure supplemental funding to ensure that these priority Measure M projects will be able to maintain and/or leverage significant federal and local funds to allow them to go to construction and deliver benefits for all LA County residents. (Attachment F)

As these projects are all “Existing TIRCP Projects” and uniquely positioned to secure one-time supplemental funding from the state through this well-aligned discretionary grant program. Metro does not expect CalSTA to allow these projects to secure supplemental funding from future TIRCP cycles that typically exclude such projects from consideration, without future legislation allowing such a change. Therefore, it is imperative that Metro work with its stakeholders and legislative delegation to ensure that (1) CalSTA programs as much AB 180 funding as possible to the “Existing TIRCP Projects,” (2) the full amount of funding intended by SB 198 is secured by the Legislature and remains available to supplement AB 180 funding for this application, (3) the entire Program of Projects submitted by Metro for TIRCP Cycle 6 is given as much support and prioritization as

possible for CalSTA consideration, and (4) future TIRCP cycles do not exclude existing TIRCP projects from additional funding.

FINANCIAL IMPACT

Funding made available through the TIRCP Cycle 6 competition would provide a much-needed, major source of supplemental state funding for Measure M Light Rail Transit projects to maintain existing or leverage future federal and/or local funding. These projects are the ESFV LRT Project, the Metro L (Gold) Line Foothill Extension LRT Project, and the WSAB Transit Corridor Project.

EQUITY PLATFORM

CalSTA seeks to award at least 25% of the funds allocated for its TIRCP Cycle 6 competitive grant process for projects that provide a direct, meaningful, and assured benefit to disadvantaged communities and priority populations, consistent with the objectives of SB 535 and AB 1550. CalSTA also directs applicants to demonstrate how their projects are consistent with the CalSTA's Statement on Racial Equity, Justice, and Inclusion in Transportation, including projects that will help achieve a cleaner, safer, and more accessible and connected future.

Staff has assessed CalSTA's Final Guidelines to identify the project(s) for which we may seek supplemental TIRCP grant awards among those approved by the Board of Directors. The three projects put forth by Metro provide a significant opportunity to deliver high quality light rail transit for priority populations.

ESFV LRT Project

The ESFV LRT Project will pass through or within one-half mile of 33 disadvantaged communities, connecting these communities with high quality north-south transit service that will increase travel speeds, increase capacity, improve on-time performance, and provide enhanced connectivity to local and regional transit services. These services include the Orange (G) Bus Rapid Transit Line, which connects to the Chatsworth Transportation Center and the Metro Red Line, and two Metrolink Lines- the Ventura County and Antelope Valley Line, which extend to Downtown Los Angeles and Hollywood -Burbank Airport and Ventura County and North LA County, respectively. Additionally, the Van Nuys Metrolink Station also provides access to the Amtrak Los Angeles-San Diego-San Luis Obispo Rail Corridor, the region's intercity rail service. The corridor features a high level of transit dependent priority populations that need better access to mobility in a corridor that suffers degraded bus service as a result of increased traffic congestion along Van Nuys Boulevard.

Metro L (Gold) Line Foothill Extension LRT Project

The Metro L (Gold) Line Foothill Extension LRT Project will link several disadvantaged communities located in Pomona, which has a high level of poverty and a very diverse population (70% Hispanic and 7% African American) with the entire length of the Metro L Line which runs through the San Gabriel Valley to Downtown Los Angeles / Los Angeles Union Station. Additionally, the project will connect these communities to the Montclair Transit Center, which provides a public transportation link

into the Inland Empire and connections with several Foothill Transit, Omnitrans, and RTA bus and bus rapid services. The project is located within 0.5 miles of seven communities identified as AB 1550 Low Income Communities by the California Air Resources Board - of these, four communities are also SB 535 Disadvantaged Communities. The project seeks to reduce GHG emissions by increasing transit ridership, reducing vehicle miles traveled, and increasing transit-oriented development opportunities which will all accrue to the local communities within the corridor.

WSAB Transit Corridor Project

The WSAB will connect underserved, densely populated, low income and heavily transit dependent communities between the City of Artesia and unincorporated Florence-Firestone in the southeast part of LA County as well as connect these communities with the rest of the Metro Rail system with transfers with the A (Blue) Line and the C (Green) Line. Of the 238 census tracts in the project area, 181 are identified as SB 535 Disadvantaged Communities, 203 are identified as AB 1550 Low-Income Communities, and 177 census tracts are both Disadvantaged and Low-income Communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Securing supplemental TIRCP funding for Metro high-priority transit capital projects will help to implement Goal 1 to provide high-quality mobility options that enable people to spend less time traveling and Goal 3 to enhance communities and lives through mobility and access to opportunity. The awards will also help address funding shortfalls and allow the projects to proceed toward construction and/or leverage federal grants that depend on the commitment of additional state and local funding. The projects, when completed, will significantly expand transportation options and improve the quality of the transit network in our region.

ALTERNATIVES CONSIDERED

Staff considered submitting one project rather than multiple projects. However, staff does not recommend submitting only one project given the ability to leverage federal funding. Staff considered submitting the WSAB Transit Corridor Project for consideration for the Major Projects - Project Development Reserve program. Upon reviewing the guidelines, staff determined that CalSTA's intent for this program is to provide planning funds for new TIRCP project that are attempting to enter the Federal Transit Administration (FTA) Capital Investment Grant (CIG) pipeline, not for projects-like the WSAB-that have already received prior TIRCP funds.

NEXT STEPS

The implementation of our funding program will be coordinated with a legislative strategy that stresses three key components. First, we will need to aggressively advocate for maximum funding from the current round of TIRCP funding. Staff will submit the TIRCP Cycle 6 application by the December 6, 2022, deadline. In LA County, other non-Metro led projects are also eligible for TIRCP. Metro, as has been past practice, will provide a letter of support upon request. CalSTA is anticipated to announce the "Existing TIRCP Projects" awards on January 31, 2023. Secondly, we will need to encourage the Los Angeles County Legislative Delegation to actively support the necessary budget actions to allocate the future year surplus funds in a future budget action. Thirdly we will continue to

look at future TIRCP cycles and be prepared to address any structural reforms that may be needed to ensure Metro's projects can continue to compete.

Staff will provide additional information in a future Board Box on other funding opportunities made available by funding appropriated by AB 180 (Attachment E), including the potential to submit the Metro Gold Line Eastside Extension as a candidate project for Major Project-Project Development Reserve funding.

ATTACHMENTS

Attachment A - TIRCP Cycle 6 "Existing TIRCP Projects" Prioritized Program of Projects

Attachment B - CEO Comment Letter on TIRCP Guidelines

Attachment C - Changes Made by CalSTA in Final Guidelines

Attachment D - Prior TIRCP Awards

Attachment E - Other AB 180 Programs

Attachment F - Funding Plans for ESFV, Gold Line Extension, and WSAB

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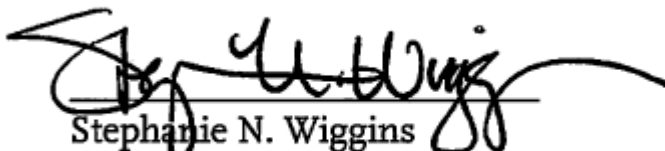
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