

**Board Report**

File #: 2016-0154, **File Type:** Program**Agenda Number:** 16

**PLANNING AND PROGRAMMING COMMITTEE
MARCH 16, 2016****SUBJECT: CAP-AND-TRADE TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM****ACTION: APPROVE PROJECT APPLICATION PRIORITIZATION AND SUBMITTAL****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to submit project applications for grant funds from **California's Cap-and-Trade Transit and Intercity Rail Capital program**.

ISSUE

Applications for grant funds from California's Cap-and-Trade Transit and Intercity Rail Capital Program (TIRCP) are due to Caltrans' Office of Mass Transit Programs by the deadline of April 5, 2016. Metro will develop applications for up to four projects that were identified as potential candidates as a result of preliminary staff-level screenings (in alphabetical order):

- Airport Metro Connector;
- Division 20 Portal Expansion/Turnback Facility;
- Gold Line Foothill Extension Phase 2B; and
- Orange Line Electric Bus Purchase.

Following is a discussion of the evaluation process used to select the final grant fund candidates and the criteria used to prioritize the projects as required by TIRCP Guidelines.

DISCUSSION

At the February 2016 Board meeting, approval was granted to develop applications for candidate projects to Caltrans for potential receipt of Cap-and-Trade TIRCP grant funds. Board Report Item #19 (Attachment A) discussed the Program's eligibility criteria and identified potential Metro projects. Attachment A to Item #19 was a matrix of the criteria and of several candidate projects considered as the most competitive for the first cycle of the program at that time. The Board report also identified that staff would return to the Board in March to approve final application submittals.

As indicated in Attachment A, primary goals for TIRCP are greenhouse gas emissions (GHGe) reduction and maximization of benefits to disadvantaged communities. These goals can be met by improving accessibility to economic opportunities, integrating transit operations, creating a new or increasing the capacity of an existing transit system, and/or increasing transit ridership. One of the primary quantifications required by the Guidelines is the GHGe reduction stated as a ratio of metric emissions reductions to dollar of TIRCP grant request.

In this Cycle 2, the TIRCP guidelines impose no limit on the number of applications submitted by any one applicant, nor on the amount of funds requested for any or all of the projects. Current FY 2015-16 estimate for revenue generated from the auction of emissions credits to be continuously appropriated to the TIRCP program is \$200 million. Funds from Cycle 1 auction revenues that were not awarded will be added to this Cycle 2 amount, and the Governor's budget proposes additional funding sources; however the total amount is indeterminate at this time in the State's budget process. At this time we anticipate requesting funding in the range of \$50 million to \$300 million for each of the projects, depending upon each project's financial plan requirements and the relative value of the project.

Priority Setting Process and Recommendations

The guidelines continue to require applicants to prioritize projects if more than one application is submitted. We will prioritize the applications based on their competitiveness in the TIRCP criteria, but the GHGe screenings and comprehensive cost benefit analyses will not be completed prior to the due date of this board report. Therefore, the projects identified herein are stated in alphabetical order:

Airport Metro Connector

The Metro Airport Connector environmental clearance is anticipated for early 2017 and preliminary design work needs to proceed steadily to coincide with improvements planned for the Los Angeles International Airport, which are being undertaken by Los Angeles World Airports.

Division 20 Portal Expansion/Turnback Facility

Constructing the Division 20 improvements will enable Metro to attain needed headway improvements once the Section 2 project is completed. Faster headways will vastly improve passenger capacity and travel times on both the Metro Red and Purple Lines.

Gold Line Foothill Extension Phase 2B Project

This project is an extension of the Gold Line Foothill Light Rail System from Azusa to Claremont. The Gold Line Foothill Construction Authority will be ready to issue design/build construction contracts for this extension in 2017, if the potential ballot measure prioritizes this project and is successful. Applications for TIRCP funds for this project will be submitted subject to anticipated local funding availability.

Orange Line Electric Bus Purchase Project

Metro is proposing to install electrification capabilities on the Metro Orange Line and operate electric buses on this dedicated bus rapid transit (BRT) roadway. If successful, the Orange

Line would be the first all-electric bus BRT in the nation. This project is suitable for several greenhouse gas emissions reduction programs and staff have already prepared applications for other state and federal funds that are directed to promoting the use of zero emission vehicles. A successful TIRCP application will enable Metro to operate this line exclusively with zero emission buses.

In coordination with Metro's Regional Rail department, we have determined that no joint Metrolink projects are ready for consideration at this time. We will continue to explore this opportunity in future funding cycles. Attachment B to this report is an updated version of the February 2016 matrix, populated with results of the preliminary staff-level screenings undertaken for selection of the projects.

DETERMINATION OF SAFETY IMPACT

The requested actions will have no impact on the safety of our customers or employees.

FINANCIAL IMPACT

Funding required for preparation of project applications was included in cost center 4420 budget for FY 2016.

Impact to Budget

Preparation of project applications will have no impact on the FY2016 budget.

ALTERNATIVES CONSIDERED

The Board could choose not to approve selection candidate projects as set forth herein and instead identify different candidates for application. Staff does not recommended this alternative as the listed projects have the potential to meet the criteria set forth in the Guidelines and should represent the strongest applications on behalf of Metro.

NEXT STEPS

Upon approval, staff will submit the project applications and prioritization, due to Caltrans by April 5, 2016. CalSTA will publish the list of approved projects by August 1, 2016 and the list will be presented to the California Transportation Commission on August 17, 2016. We anticipate funds will be available for allocation by September 1, 2016.

Multi-Year Cap-and-Trade Strategy

Pursuant to Director Butts' Amendment to Item No. 28 on October 22, 2015, Attachment C to Board Report Item #19 (Attachment A), that requested a comprehensive Cap-and-Trade strategy and action plan (Plan), staff has been developing an overall approach for identifying potentially competitive candidate capital transit expansion projects that are in the adopted 2009 Long Range Transportation Plan and that realize a nexus with the Cap-and-Trade Program priorities. The Cycle 2 nominated

projects have been identified as a result of our efforts to develop the requested Plan. Inasmuch as the Plan should also consider the draft expenditure plan for the potential ballot measure currently in development, we will respond to Director Butts' Motion at the April 2016 Board meeting to ensure that all priorities are considered and measured against the Program criteria.

As the GGRF grows and the Cap-and-Trade Program matures to a five-year cycle in FY 2018, we will likely see significant possibilities to strategically apply for funds using a multi-year strategy to compliment the funding profiles of our larger transit projects.

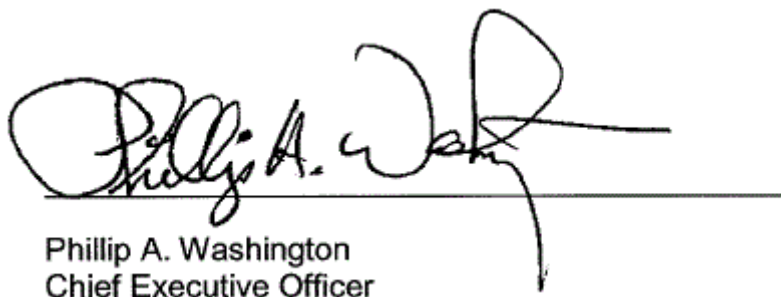
ATTACHMENTS

Attachment A - February 2016 Board Report Item #19

Attachment B - Proposed Metro TIRCP Projects Decision Matrix

Prepared by: Kathleen Sanchez, Regional Programming Manager, (213) 922-2421
Wil Ridder, Executive Officer, (213) 922-2887

Reviewed by: Calvin E. Hollis, Interim Chief Planning Officer, (213) 922-7319



Phillip A. Washington
Chief Executive Officer