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NOVEMBER 16, 2022

TO: BOARD OF DIRECTORS

THROUGH: STEPHANIE WIGGINS
CHIEF EXECUTIVE OFFICER

FROM: JAMES DE LA LOZA
CHIEF PLANNING OFFICER

SUBJECT: SB 1 CYCLE 3 CANDIDATE PROJECTS

ISSUE

At the August meeting of the California Transportation Commission, SB 1 Cycle 3 was announced, including \$1.48 billion in funding available for which Metro can apply. This report presents \$383 million worth of potential SB 1 funding requests for candidate projects for which Metro staff would submit applications, as well as details the evaluation process by which we selected these candidate projects. Since 2017, when the Evaluative Criteria Framework (ECF) - the strategic process by which staff selects candidate projects for grant opportunities -was shared with the Board (as detailed in File #: 2017-0546 and File #: 2019-0601). Metro has amassed a total of \$2.4 billion in federal and state grant awards. Our ongoing success depends on the use of the ECF, which guided Metro applications for funding under Senate Bill 1, the Road Repair and Accountability Act of 2017 (SB 1) programs and the Fixing America's Surface Transportation (FAST) Act of 2015.

BACKGROUND

To maximize Metro's ability to secure funding made available by SB 1, staff developed the ECF in 2017 as the set of guiding principles to support decisions on evaluation and selection of Metro projects for various competitive and formulaic funding programs. The ECF has also guided our work in evaluation and selection of Metro projects for various competitive grant programs created over the past several years. Staff is currently preparing to submit grants for SB 1 Cycle 3 and a number of these other new funding opportunities.

DISCUSSION

Attachment A shows the candidate projects for Metro to submit for funding in the Local Partnership

Program (Formula and Competitive), the Solutions for Congested Corridors Program and the Trade Corridors Enhancement Program under SB 1 Cycle 3. These funding requests total \$383 million and are selected from among Measure M, Measure R, and prior Board-approved Long Range Transportation Plan priorities. The projects were identified using the ECF In order to focus on the Board's highest priorities-within these priorities the ECF also helps staff identify the projects that can compete most effectively for state and federal programs. Additionally, the candidate projects for the Solutions to Congested Corridors Program underwent additional analysis through the Comprehensive Multimodal Corridor Plan development process.

Attachment B shows two additions to the ECF. The first change was needed to ensure competitiveness and deliverability of our projects, by identifying projects that are feasible, timely, and ready to go, so that the resulting grant awards can be successfully drawn down. The second change strengthens our framework to better reflect Metro priorities such as equity. The additions reflect the Metro Equity Platform and the current suite of equity assessment tools. This will also serve to support our responsiveness to grant criteria under development for federal and state funding programs.

Project Readiness, Deliverability, and Cost Estimates

Staff proposes to update the first ECF parameter, "Match Competitiveness of Projects to New/Expanded Program Criteria" to better reflect the importance of ensuring the readiness and deliverability of our projects. Ensuring the timely deliverability of the projects is the critical first step in identifying projects for grant applications. If the project is not construction-ready to receive funding in the current cycle, it will not be able to compete for funding until a later cycles. Also, if the project is not able to complete construction or meet other milestones specified by individual grant guidelines in a timely manner, it will risk the need to request rescheduling or rescoping, or the lapsing of hard-won competitive funds.

Project Readiness and Deliverability also apply strongly to cost estimates. When funding is applied for before a project scope is well-developed and is understood by all relevant partners, the project runs the risks of having costs increase as the project scope is finalized, leaving the acquired package of grants and committed Measure funding insufficient to carry the project to completion. Most grant programs do not allow a second grant for the same scope of work, or to leverage similar funding from another program from the original program, leaving Metro few options for obtaining the funds needed to close the gap and construct the project. Planning staff will consider applying local funds to pre-development activities, and only applying for grant funding for capital expenditures, such as right-of-way, construction, and final design if the design-build method is chosen. This decision may lead to a period of grant activities being focused on ready-to-go projects such as vehicle purchases, as many important projects proceed through the environmental, planning, and design (or early design) phases. Prior to committing to a grant application, staff will review projects carefully to assure timeliness, deliverability, and overall readiness. This process will have benefits as discussed above and may also lead to increased success on grant awards, as graphics, modeling and narrative will be developed as part of environmental, planning, and preliminary design processes which can be helpful in supporting grant applications and giving grant reviewers a clearer, more attractive impression of the project.

Equity Considerations

Staff proposes to incorporate equity consideration into the Geographic Balance parameter to provide guidance on how the Equity Platform will be applied to selecting projects for grant applications. The proposed revision would require an approved equity assessment or Board report Equity Platform section prior to grant consideration. These equity assessments will be conducted by the responsible project management staff in the Planning, Operations, Program Management or other departments, depending on the phase or status of the project at the time of grant consideration. A previous assessment can be used for the grant decision purpose, so long as the project scope and mitigations have not changed in the interim. This will help to ensure that the staff responsible for the assessment have direct access and knowledge of the necessary information.

Equity Scoring Criteria in State Programs

Most state transportation funding programs are incorporating equity provisions into their guidelines for the new funding cycles. Most are aligned well in concept with Metro equity policies. Metro staff is finding some areas where criteria are neither complete nor consistent and is working with federal and state staff to improve them when there are opportunities for comment. Attachment C shows summaries of language related to equity considerations found in current state guidelines. Local Jurisdiction Grant Assistance for the State Active Transportation Program Metro does not follow the ECF when considering local jurisdictions' projects for grant assistance for the state Active Transportation Program (ATP). This is a state program that distributes state and federal funding. Our ATP grant assistance is guided by a separate policy framework (File #: 2021-0587) that closely aligns with and amplifies state equity policy.

NEXT STEPS

- CTC Adoption of Funding Guidelines for 3 SB 1 Programs: August 2022
- SB 1 Applications Due: November-December 2022
- SB 1 Awards: June 2023