



Board Report

File #: 2022-0847, File Type: Program

Agenda Number: 10.

PLANNING AND PROGRAMMING COMMITTEE JANUARY 18, 2023

SUBJECT: STATE OF CALIFORNIA ASSEMBLY BILL 180 GRANT APPLICATIONS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING a report on Metro's upcoming applications for funding appropriated by Assembly Bill (AB) 180 to the California State Transportation Agency (CalSTA) for the Transit and Intercity Rail Capital Program (TIRCP) Cycle 6 and High-Priority Grade Crossing Improvement and Separation Projects as prioritized in Attachment A;
- B. APPROVING the programming and expenditure of \$8.5 million of Measure M High Desert Multipurpose Corridor (HDMC) funds identified in the Expenditure Plan to be repurposed as a local match for a TIRCP Cycle 6 grant application to be submitted by the High Desert Corridor Joint Powers Authority (HDCJPA) and to leverage other state and federal funds for advancing HDMC project needs; and
- C. AUTHORIZING the Chief Executive Officer (CEO) or their designee to request from the Federal Transit Administration (FTA) approval for entry into the Project Development Phase of the Capital Investment Grants (CIG) Program for the Locally Preferred Alternative (LPA) of the Metro L (Gold) Line Eastside Transit Corridor Phase 2 Project to meet CalSTA's TIRCP Cycle 6 eligibility requirement, pursuant to the December 2022 Board motion (File #2022-0830) to submit the project as a candidate for the TIRCP Project Development Reserve funding.

ISSUE

AB 180 authorized the allocation of surplus Fiscal Year 2023 General Fund dollars to create the 2023 TIRCP Cycle 6, which comprises three discretionary grant categories and a new program to improve or separate existing at-grade rail crossings. Staff recommendations for the main TIRCP grant category - "Existing TIRCP Projects" - were presented to and approved by the Board on December 1, 2022 (File #2022-0771), resulting in staff submitting an application for a prioritized Program of Projects on December 6, 2022.

Grant applications for the remaining AB 180 TIRCP Cycle 6 funding categories - the “Major Projects - Project Development Reserve Fund” and “New TIRCP Projects,” as well as for “High-Priority Grade Crossing Improvement and Separation Projects” - are due to CalSTA by February 10, 2023. Any remaining TIRCP Cycle 6 funds not assigned to “Existing TIRCP Projects” or “Major Projects - Project Development Reserve” may be administered by CalSTA to fund “New TIRCP Projects” selected through the Cycle 6 competitive process for this funding category.

This item builds upon last month’s recommendations approved by the Board for the TIRCP Cycle 6 “Existing TIRCP Projects” funding category, provides information on Metro’s priorities and approach to submitting applications for the remaining three AB 180 funding categories by the stated deadline, and implements Board policy adopted last month through Motion 49.1 (File #2022-0830, Director Dutra). Staff also requests Board action to program and allow the expenditure of Measure M funds assigned to the HDMC project that are necessary for a TIRCP Cycle 6 grant application and to serve as a local match in other upcoming state and federal discretionary grant competitions.

BACKGROUND

AB 180, approved by Governor Newsom in June 2022, amended the Budget Act of 2021 to appropriate \$3,630 million of General Fund statewide for the TIRCP to be administered by CalSTA. Of this total, AB 180 allocated up to a \$150 million set-aside for “Major Projects - Project Development Reserve” to be available for multiyear grants 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 TIRCP and federal funding for construction in the future once complete with project development.

Specifically for Southern California, AB 180 made \$1,831 million of the statewide total available for TIRCP Cycle 6, which includes a minimum of \$900 million for “Existing TIRCP Projects” and authorizes two other programs: “Major Projects - Project Development Reserve” and “New TIRCP Projects.” The “New TIRCP Projects” program will be funded by the remainder of funds not allocated to “Existing TIRCP Projects” and “Major Projects - Project Development Reserve.” The target range published in the TIRCP Cycle 6 Final Guidelines for this conclusory funding category is between \$331.5 million and \$931.5 million.

AB 180 also allocated a total of \$350 million (comprising a \$100 million General Fund set-aside to CalSTA and a \$250 million appropriation to Caltrans) to fund “High-Priority Grade Crossing Improvement and Separation Projects” statewide to support projects that eliminate conflicts between road users and railroads and that benefit existing or proposed rail passenger services. CalSTA encourages applicants for funding from the combined set-aside programs to submit projects whose contingent award would leverage federal funds. While there is no formula distribution of these funds by county or region within California, CalSTA’s Final Guidelines published as its Southern California target for this program a range of \$140 million to \$280 million.

Funding made available by AB 180 for all three TIRCP Cycle 6 categories and the “High-Priority Grade Crossing Improvement and Separation Projects” program is available for expenditure or encumbrance and liquidation by June 30, 2027. Projects unable to meet this statutory requirement are not eligible for funding.

DISCUSSION

In addition to the TIRCP Cycle 6 “Existing TIRCP Projects” program, AB 180 also created and provided FY 2023 General Fund funding for three additional discretionary grant programs:

- **Major Projects - Project Development Reserve** (TIRCP Cycle 6)
 - Up to \$150 million statewide
- **High-Priority Grade Crossing Improvement and Separation Projects**
 - \$350 million statewide
 - Guidelines target range for Southern California: \$140 - \$280 million
- **New TIRCP Projects** (TIRCP Cycle 6)
 - Remainder of funds not programmed for other TIRCP Cycle 6 programs
 - Guidelines target range for Southern California: \$331.5 - \$931.5 million

Major Projects - Project Development Reserve

For the “Major Projects - Project Development Reserve,” projects must be seeking to enter or already have entered a federal project development process, such as for the FTA’s CIG Program or the Federal Railroad Administration (FRA) Corridor Identification and Development (ID) Program. Projects that have already received TIRCP funding in a previous cycle are not eligible.

CalSTA will prioritize funding for projects that expect to leverage federal project development funds, or that can advance a project or project component to readiness for future federal funding towards construction. In support of such projects, CalSTA will provide contingent TIRCP Cycle 6 awards, and encourages applicants to request contingent awards. Additionally, CalSTA expects projects that receive funding from this TIRCP funding category will also be able to apply for future TIRCP funds to leverage future federal funds. Applicants are also encouraged to have scalable requests to increase the likelihood that projects can receive at least partial support for project development.

At its December 1, 2022, meeting, the Board approved a motion (File #2022-0830, Director Dutra) that directed the CEO to submit the “Metro L (Gold) Line Eastside Extension” as a candidate project for this TIRCP Cycle 6 funding category. To be eligible for a grant award, per clarifying guidance from CalSTA staff, applicants must have received approval from the modal federal grantor agency to enter its project development process for at least a portion of the project or program of projects or must have applied to enter such process before the announcement of TIRCP Cycle 6 grant awards. With this announcement anticipated on April 24, 2023 (per CalSTA’s Final Guidelines), Metro must submit before this date its request to the FTA for entry into the Project Development Phase of the CIG Program for the LPA of the Metro L (Gold) Line Eastside Transit Corridor Phase 2 Project to meet CalSTA’s TIRCP Cycle 6 eligibility requirement.

Metro’s TIRCP Cycle 6 project development grant request is \$35 million. Metro will commit to

providing approximately \$2.8 billion in Measure R and Measure M Transit Capital funds dedicated to the project, which, combined with a TIRCP Cycle 6 award, would help support the delivery of the project as Metro works to secure a multi-billion grant from the FTA's CIG Program.

Metro previously evaluated each of the "pillar" projects and the East San Fernando Valley Transit Corridor Project for the Board in April 2021 (File #2021-0150) and identified the priorities for New Starts grants. The West Santa Ana Branch Transit Corridor (WSAB) and Sepulveda Transit Corridor Projects were approved by the Board as the next New Starts priorities, and the East San Fernando Valley Transit Corridor Project (ESFV) was approved as the priority for the FTA Expedited Project Delivery (EPD) Pilot Program. Metro has subsequently requested entry into the New Starts Project Development phase for WSAB and applied for the EPD program for ESFV. The Metro L (Gold) Line Eastside Transit Corridor Phase 2 Project was not identified as a priority because the estimated New Starts rating was lower than the two priority projects (but would still meet the minimum "medium" threshold), and the project was not following the NEPA review process. Given the Board authorized Metro in December 2022 to reinstate the NEPA process and the funding needs of the project, Metro will now initiate the New Starts process for Eastside while retaining WSAB and Sepulveda Transit Corridor as Metro's New Starts priorities.

In addition to this project, staff reviewed Metro's "pillar" and other major capital projects to determine eligibility, readiness, and competitiveness for this funding category, which will be oversubscribed statewide. Per this assessment, all of Metro's eleven projects that have already been awarded TIRCP grants in a previous cycle (Attachment B) are not eligible. Of the remaining projects, whether in the Measure M Expenditure Plan or identified in Metro's Long Range Transportation Plan or prioritized by the Board, no other projects (1) include an assumption of an FTA CIG award; and (2) can meet the federal 2-year statutory period to complete all the FTA's CIG Project Development Phase activities and deliverables, including documentation of environmental clearance under the National Environmental Policy Act (NEPA).

Staff also reviewed projects that are considering entry into the FRA's Corridor ID Program. The FRA announced the establishment of this program to facilitate the development of intercity passenger rail corridors through a Federal Register Notice it issued on May 13, 2022, in compliance with the directive of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), that President Biden signed into law in November 2021. The FRA encouraged eligible entities to submit expressions of interest in the Corridor ID Program and announced its plan to publish a notice soliciting proposals from eligible entities that may also include funding opportunities.

On August 3, 2022, the HDCJPA submitted an expression of interest to the FRA for the creation of high-speed rail passenger service between the City of Palmdale and the Victor Valley in San Bernardino County and requested its incorporation into the Corridor ID Program. The project is currently in Stage 2 (Service Development Planning) of the Corridor ID Program. Per HDCJPA staff, the FRA has indicated its intent to award \$500,000 to all eligible projects in Stages 1 and 2, which require a minimum 10% funding match. This is the only Measure M project for which an expression of interest has been submitted to the FRA, therefore meeting CalSTA's eligibility requirement to apply for and receive a TIRCP Cycle 6 "Major Projects - Project Development Reserve" grant award. This project is managed by the HDCJPA, which Metro joined in August 2022 (File #2022-0338).

The HDCJPA will develop and submit the grant application to CalSTA requesting a TIRCP Cycle 6 award of \$8 million, committing \$8 million in Measure M funds for project development activities. The remaining \$500,000 capacity will be used as a local match for the FRA Corridor ID application that supports the TIRCP Cycle 6 request. As Metro is not submitting the grant application to CalSTA, there is no need to rank/prioritize the project relative to the application for the LPA of the L (Gold) Line Eastside Transit Corridor Phase 2 Project. Metro will provide a letter of support to the HDCJPA for its TIRCP grant application to CalSTA.

High-Priority Grade Crossing Improvement and Separation Projects

Projects seeking “High-Priority Grade Crossing Improvement and Separation” funds must maximize safety benefits and reduce or eliminate conflicts between road users and railroads. These projects can also benefit existing or proposed rail passenger services. CalSTA encourages applications for projects that need a state funding award to leverage federal funds. This one-time set-aside funding is intended to advance projects that align with the California State Rail Plan, the California Freight Mobility Plan (where applicable), as well as the state’s Climate Action Plan for Transportation Infrastructure (CAPTI) climate action and equity goals.

Eligible projects include highway-rail or pathway-rail grade crossing improvement and separation projects that focus on improving the safety and mobility of people and goods, such as:

- Grade separation or closure, including using a bridge, embankment, or tunnel.
- Track relocation.
- The improvement or installation of protective devices, signals, signs, or other measures that improve safety, provided such activities are related to a separation or relocation project.
- Other means to improve the safety and mobility of people and goods at highway-rail grade crossings (including technological solutions).

Due to limited funding, CalSTA encourages applications to submit a programmatic set of inter-related projects with independent utility with clear prioritization of segments. Projects should have a realistic timeline for completion as applicants must have completed the Planning Approval and Environmental Documents phase and Design phase before allocating funds for the Right-of-Way or Construction phases. Expenditure or encumbrance and liquidation of all funding must occur by June 30, 2027.

CalSTA may choose to establish a reserve of funds at the time of initial project selection that can be used either: (1) to provide additional funding for the highest rated projects that pursue, but do not receive, federal or state funds from such programs; or (2) to provide funding for additional projects not yet awarded funds. Project selection criteria are the following: a) safety; b) climate change and sustainability; c) benefits for disadvantaged communities; d) funding match, leveraging of additional funding and innovative financing; and e) consistency with existing plans and project readiness.

CalSTA has asked prospective applicants to be mindful of the limited resources when scaling their grant requests. A project funded with this state funding source can and should be used to leverage federal grant requests from the FRA’s Consolidated Railroad Infrastructure and Safety Improvements (CRISI) or Railroad Crossing Elimination (RCE) programs (with a 50% match for CRISI ideally).

These FRA programs are highly competitive, with no more than \$100 million per year expected to be awarded for projects in California. Therefore, projects with large funding gaps will not likely be competitive unless a significant local match can be identified. Also, projects that cannot encumber, spend, and liquidate the CalSTA's grant awards by June 30, 2027, are not eligible for funding.

Staff has identified two major projects that meet CalSTA's evaluation criteria, are at an advanced level of design, have a funding gap, and can fully liquidate CalSTA's grant within the required timeframe. These projects, listed in priority order, are as follows:

- 1) Doran Street & Broadway/Brazil Grade Separation Project
- 2) Brighton to Roxford Double Track Project (Segments 2, 3, and 4)

Staff recommends applying for a scalable request for these two projects. While independent of one another, these projects will together improve service on the Metrolink Antelope Valley Line (AVL) as well as the planned LOSSAN extension to Santa Clarita. The Doran Street & Broadway/Brazil Grade Separation Project will also benefit Metrolink's Ventura County Line, LOSSAN intercity passenger rail, and Union Pacific Railroad operations between Los Angeles Union Station and Ventura County, as well as future California High-Speed Rail service. The Doran Street & Broadway/Brazil Grade Separation Project will seal the Metro-owned intercity passenger, commuter, and freight rail line at the border of the cities of Glendale and Los Angeles. The project will address an urgent safety hazard and is necessary to realize planned service improvements on Metrolink, LOSSAN, and future California High Speed Rail. The Brighton to Roxford Double Track Project includes new and upgraded traffic and pedestrian crossings, improving regional train service, and enhancing safety along the AVL corridor. Funding details on the projects are included in Attachment A.

New TIRCP Projects

If CalSTA does not award all funds to projects submitted under the "Existing TIRCP Projects" funding category, it may reserve some of the funding set-aside for Southern California for "New TIRCP projects." CalSTA's Final Guidelines include a non-binding target range of between \$331.5 million to \$931.5 million for these additional awards. Award announcements for the "Existing TIRCP Projects" funding category will be made by January 31, 2023, thus determining the capacity remaining for a potential "New TIRCP Projects" competition. If significant additional funds are still left to award for this funding category, Metro can choose to develop and submit a grant application for a new capital project by the February 10, 2023, deadline.

Given the lack of certainty of funding capacity and the limited time and staff available to develop an application for this funding category, staff will consider re-submitting the grant application for the Capital, Operational, Rehabilitation and Expansion (CORE) Capacity System Integration Project that was submitted but did not receive funding from TIRCP Cycles 4 and 5. CalSTA staff had indicated that this project would have been funded if it was Metro's only application.

This project will expand platforms at four stations on the existing C Line, add sufficient traction power to enable 3-car train operation on the K Line for special events, and provide the necessary capacity for future K Line extension to the B and D Lines in 2042. The project is needed to provide adequate

capacity to accommodate the travel demand due to events at Sofi Stadium and other venues and allow transfers to/from the City of Inglewood's Intermodal Transit Connector.

Metro's priority among all AB 180 funding categories is the "Existing TIRCP Projects" program, for which staff submitted a total grant request of \$1.898 billion for its prioritized program of light rail transit projects that comprises the East San Fernando Valley Transit Corridor Project, the Metro L (Gold) Line Foothill Extension to Montclair Project, and the West Santa Ana Branch Transit Corridor Project. Should Metro realize success in securing most of or all the funding sought from this priority funding category, then CalSTA will be left with minimal capacity to fund a "New TIRCP Projects" competition that would then be requested to provide geographic balance in funding projects from other parts of Southern California. Staff recognizes that foregoing the option of pursuing additional TIRCP funding for the CORE Project may be necessary to support Metro's and the HDCJPA's applications for grants from the "Major Projects - Project Development Reserve" and "High-Priority Railroad Grade Crossing Improvement and Separation Projects" funding categories.

FINANCIAL IMPACT

Funding made available by AB 180 could provide a significant source of discretionary state funding for Measure M and other board priority projects that are competitive for these funding opportunities.

The request for \$8.5 million of Measure M funds for the HDMC identified in its Expenditure Plan will be available in Metro's FY 2024 Budget.

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.

Under the "High-Priority Grade Crossing Improvement and Separation Projects" funding category, Metro is submitting a combination of capital projects that improve safety and efficiency along the AVL corridor, which is entirely within Los Angeles County. The AVL extends from the Los Angeles Union Station (LAUS) to the City of Lancaster. About 58% of the surrounding area population live in census tracts defined as AB 1550 low-income communities. An additional 6% live in areas defined as low-income buffer census tracts. Of the 11 cities and communities adjacent to the AVL corridor, nine are Equity Focus Communities (EFC).

The Metro L (Gold) Line Eastside Transit Corridor Phase 2 Project LPA (as detailed in File #2022-0684) will benefit communities along the eastern portion of Los Angeles County with a high quality and reliable light rail transit system. Its proposed alignment traverses several Equity-Focused Communities (EFC) and comprises over 1,800 households. When the LPA opens for revenue service, communities along the corridor will also have access to the Metro regional network and to

activity centers and job opportunities along the corridor that include but are not limited to East Los Angeles College and Citadel Outlets, The Project will fulfill a gap in high-quality transit services that currently exist in the eastern portion of Los Angeles County. The LPA would serve the highest concentration of EFCs in East Los Angeles and the cities of Commerce and Montebello.

Extensive outreach efforts will continue along the corridor to engage project stakeholders through various outreach methods through the Final EIR and upcoming activities. The project team will continue collaborating with the CBO Roundtable to discuss project milestones and enhance outreach methods.

The CORE Project, under consideration for “new TIRCP” funding, will complete the expansion of platforms and power substations to enable 3-car train service on the existing C Line near LAX and El Segundo and will be complemented by planned state of good repair activities. The benefits of the project fall into three main categories: improved long-term access from the capacity expansion to enable 3-car trains as the C line continues to expand, labor and local hire programs, and ADA improvements to existing stations such as expanded sidewalks and potentially tactile walkways. By expanding the capacity of the platforms along the C (Green) Line and completing associating accessibility improvements, the project will help improve access in a corridor where 75 percent of census tracts are classified as disadvantaged communities (per SB 535), and residents are connected to major employment and recreation centers such as LAX Airport and Hollywood Park in the City of Inglewood. While the project itself is not located within an EFC, the C Line extends into EFCs and provides access from those EFCs to the job-rich areas within the project corridor. In addition, by improving long-term capacity of the C Line, the project will ultimately minimize burdens created by pollution from vehicles and traffic congestion, especially in relation to special events at Inglewood’s Hollywood Park.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Securing supplemental funding made available by AB 180 for these 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 towards construction and leverage federal grants that depend on the commitment of additional state and local funding. The projects, when completed, will significantly expand transportation options, enhance commuter safety, and improve the quality of the transit network in our region.

NEXT STEPS

Staff will incorporate Board input into its development of competitive applications for each of the programs described in this Board Report to be submitted by the February 10, 2022, deadline. Staff will also provide a letter of support for the grant applications of the High Desert Corridor Joint Powers Agency for the TIRCP and other state and federal programs, as well as other applications for LA County projects as requested by partner agencies.

CalSTA is anticipated to announce awards for the “High-Priority Grade Crossing Improvement and Separation”, “Major Projects - Project Development Reserve” and “New TIRCP Projects” programs

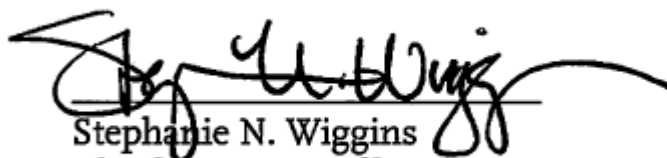
on April 24, 2023.

ATTACHMENTS

Attachment A - Proposed Projects for State of California AB 180 Grant Applications
Attachment B - Major Metro Projects Ineligible for Project Development Reserve Grants

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