

**Board Report**

File #: 2023-0064, **File Type:** Motion / Motion Response**Agenda Number:** 13.

**EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 16, 2023****SUBJECT: TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM CYCLE 6 GRANT AWARDS
FOR EXISTING PROJECTS****ACTION: RECEIVE AND FILE****RECOMMENDATIONS**

RECEIVE AND FILE the results of Transit and Intercity Rail Capital Program (TIRCP) Cycle 6 grant awards for “Existing TIRCP Projects Leveraging Federal & Local Funds Reserve” made by the California State Transportation Agency (CalSTA).

ISSUE

This report updates the Board of Directors about CalSTA’s selection of projects for grant awards from the Cycle 6 “Existing TIRCP Projects Leveraging Federal & Local Funds Reserve” funding category that were announced on January 31, 2023.

BACKGROUND

Last year's State Budget took advantage of the historic surplus by providing significant funding to public transit. It is important to note that this surplus reflects volatility in the state budget, and one year later, the State is facing a significant deficit. The budget agreement from last year included one-time funds that were actually allocated in the Budget. The budget agreement also included an indication that the Legislature intended to allocate additional funds in the following two budget cycles. The specifics of that funding are described in more detail below.

In response to this opportunity, the Board unanimously approved a program of projects that could take advantage of these funds. This program of projects represented grant opportunities across multiple budget cycles, not just the current year budget agreement. The surplus funding is supplemental to our core projects' budgets, and it does represent an opportunity to fund projects that might not exist in normal budget cycles. As discussed below, this structure was acted upon based on guidance from the State to demonstrate how our agency would utilize funds not just from the current year's budget but also from future cycles.

The following details the specifics of the budget agreement and the Board's December action.

Assembly Bill (AB) 180, approved by Governor Newsom in June 2022, appropriated a one-time allotment of \$3.63 B of General Fund for the TIRCP to be administered by CalSTA. Of this total, AB 180 allocated about \$1.83 B to CalSTA for 3 funding categories 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 project prioritization process. Of the Southern California subtotal, AB 180 requires that no less than \$900 M be set-aside for “Existing TIRCP Projects Leveraging Federal & Local Funds Reserve” 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, EPD Program, or other such federal funding sources.

On December 1, 2022, the Board of Directors authorized the Chief Executive Officer to send a letter of support to CalSTA signed by all Board members for the following Metro prioritized and ranked projects and corresponding TIRCP Cycle 6 grant requests:

1. East San Fernando Valley (ESFV) Light Rail Transit (LRT) Project: \$600 Million
2. Metro L (Gold) Line Foothill Extension LRT Project: \$798 Million
3. West Santa Ana Branch (WSAB) Transit Corridor Project: \$500 Million

On December 6, 2022, staff submitted a prioritized Program of Projects grant application that comprised the 3 projects for a total request of \$1.898 Billion, exceeding the \$1.35 B maximum target range published in the Cycle 6 guidelines by CalSTA. This overall request exceeded the target range in accordance with guidance from CalSTA to consider the additional \$1.0 Billion potentially available through SB 198 for LA County in Fiscal Years (FYs) 2024-25 in our overall funding request, with the assumption that these funds would be realized with appropriate legislative budgetary actions in FY 2024 and FY 2025, respectively.

DISCUSSION

Subsequent to the December 6, 2022, deadline for submitting Metro’s “Existing TIRCP Projects”, Governor Newsom released details on his FY 2024 state budget proposal that identified an expected deficit and the need to reduce previously considered funding targets for various budget items. Of note, the budget proposal identified for reduction the SB 198 formula funding for local counties-of which Los Angeles County would have been slated to receive \$1 Billion to supplement AB 180 programming pending respective legislative budgetary actions in FY 2024 and FY 2025. As a result of this announcement, the prior CalSTA assumption that these funds would be available for programming with AB 180 TIRCP Cycle 6 “Existing TIRCP Projects” was contravened.

On January 31, 2023, CalSTA announced its awards for the “Existing TIRCP Projects” competition. CalSTA only programmed AB 180 funds, of which a total of \$1.31 Billion was awarded to seven projects in Southern California, an amount just short of the \$1.35 Billion upper limit of its published target range for the region. Of this amount, Los Angeles County received over \$1.0 Billion from CalSTA, including the following awards:

- \$600 Million for the ESFV LRT project, fully funding Metro’s first priority request. This award is

- the largest made to any project by CalSTA in TIRCP Cycle 6.
- \$407.4 Million for the Inglewood Transit Corridor project, fully funding the City of Inglewood's request. Per the award summary this award is contingent upon receiving favorable FTA CIG ratings by April 2023.
 - \$20.9 Million for the El Monte Siding and Station Improvements project, included as part of the overall \$106.9 Million awarded to Metrolink for its Southern California Optimized Rail Expansion (SCORE) program.

Metro's second and third priorities, the Metro L (Gold) Line Foothill Extension LRT Project and the WSAB Transit Corridor Project, were not awarded funding by CalSTA.

The \$1.028 Billion total awarded to LA County represents approximately 79% of the total funding awarded by CalSTA to Southern California, with the remainder of the funds-\$ 282.8 Million-awarded to projects in Orange, San Diego, San Bernardino, and Ventura Counties.

CalSTA's awards for projects reflected the state's commitment to funding environmentally cleared transit projects that were at risk of losing significant federal funds, as was the case with the ESFV LRT project and its commitment from the Federal Transit Administration (FTA) to provide \$908.8 million in Expedited Project Delivery funds, or in need of supplemental state funding to secure near-term federal funds. In its TIRCP Cycle 6 "Existing TIRCP Projects" award summary, CalSTA touted the key role that its AB 180 supplemental state funding would play in completing construction on projects implemented through FTA CIG FFGAs, finalizing funding plans for additional FTA CIG FFGAs, or maintaining and/or leveraging significant commitments of Federal Railroad Administration (FRA) or USDOT federal grants.

EQUITY PLATFORM

The TIRCP Cycle 6 grant award will support implementing this project and provide new service along a corridor that features a high level of transit priority populations. The TIRCP Cycle 6 grant award for

The ESFV Light Rail Transit Project will deliver tangible mobility benefits to historically underserved communities within areas of persistent poverty in the eastern portion of the San Fernando Valley. The population served by this project has twice as much poverty as the LA County average of 14.9 percent. Approximately 19% of households in the area do not have access to their own car and depend on public transportation, compared to 8.8 percent transit dependency of LA County as a whole.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Securing the supplemental TIRCP grant award for the ESFV LRT Project 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 to 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

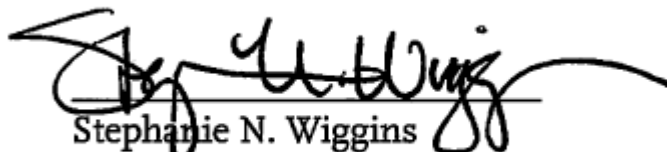
Staff will request a debriefing from CalSTA about the two projects that were not selected for TIRCP Cycle 6 grant awards and report back to the Board of Directors in March 2023, in response to the December 2022 Board of Directors Motion #1 (Agenda Number 49.1, File #2022-0830), with funding plans that close the funding gaps. Staff will also update the FTA about CalSTA's TIRCP Cycle 6 grant award for the ESFV LRT Project and present to the Board of Directors a funding plan that closes the remaining funding gap, which upon its approval would allow Metro to fulfill the FTA's condition to secure and document the commitment of all non-federal funding prior to the Project's consideration for a FFGA to award up to \$908.8 M from the EPD Pilot Program.

Staff will continue to rely on state funds in the funding plan for the WSAB Transit Corridor Project. Staff will work with the San Gabriel Valley Council of Governments to identify projects that could be deferred to advance the completion of the Metro L (Gold) Line Foothill Extension LRT Project.

Staff will also update the Board on CalSTA's selection of projects for TIRCP Cycle 6 grant awards from the "Major Project Development Reserve" and "New Projects" funding categories, which is anticipated by April 24, 2023. Staff will also request a debriefing from CalSTA should one or both of the projects for which we submitted grant applications by the February 10, 2023, deadline are not selected for TIRCP Cycle 6 grant awards.

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Stephanie N. Wiggins
Chief Executive Officer

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Transit & Intercity Rail Capital Program

Cycle 6 Outcomes – Existing TIRCP Projects



Metro

**Metro Board of Directors
Executive Management Committee**

February 16, 2023

Background: Assembly Bill (AB) 180 & CalSTA's Cycle 6 Final Guidelines

AB 180 provided **\$1.83 B** in one-time, surplus FY 2023 funds for Southern California to be allocated by CalSTA across three Transit & Intercity Rail Capital Program (TIRCP) funding categories:

- ✓ Existing TIRCP Projects Leveraging Federal & Local Funds Reserve
 - Minimum of \$900 M, with CalSTA discretion to award more funding.

- ✓ New TIRCP Projects
 - Maximum of \$900 M, with capacity contingent upon awards made for Existing TIRCP Projects

- ✓ Major Projects – Project Development Reserve
 - Up to \$150 M statewide

Background: Assembly Bill (AB) 180 & CalSTA's Cycle 6 Final Guidelines

TIRCP Cycle 6 – Existing TIRCP Projects:

Purpose – provide supplemental, one-time state funding for high-priority transit, commuter rail or intercity rail projects that met the following requirements:

- Prior receipt of a TIRCP grant award (excluding Cycle 5)
- Ability to “leverage” or “maintain” a significant, identified source of federal (e.g., FTA’s CIG or EPD programs) or local funds.
- All funds awarded must be liquidated by June 30, 2027
- Project readiness – highly rated projects will have an approved environmental document

CalSTA’s published TIRCP Cycle 6 “Existing TIRCP Projects” category target range for Southern California AB 180 FY 2023 funds: **\$900 M – \$1.35 B.**

Metro's Prioritized Program of Projects for TIRCP Cycle 6

In December 2022 the **Metro Board** approved for submittal the following prioritized Program of Projects that received TIRCP grant awards in 2018 (Cycle 3):

1. East San Fernando Valley (ESFV) LRT: Initial Operating Segment
Federal Funding at risk: \$908.8 M FTA EPD grant
Total amount requested: \$600 M
2. Metro L (Gold) Line Foothill Extension LRT: Pomona to Montclair
Local Funding at risk: \$39 M
Total amount requested: \$798 M
3. West Santa Ana Branch (WSAB) Transit Corridor: LPA
Federal Funding to be leveraged: FTA CIG New Starts grant
Total amount requested: \$500 Million

As encouraged by CalSTA guidelines, \$1,898 M total Metro TIRCP grant request assumed \$1B in SB 198 formula funds secured in FY 24-25 to support Program cash flow needs. Governor's FY 24 budget proposal (January 10, 2023) indicated a pending deficit that contravened this assumption.

Southern California – CalSTA TIRCP Cycle 6 Awards (January 31, 2023)

Project	County	Award
East San Fernando Valley	Los Angeles	\$600.0 M
Inglewood Transit Corridor	Los Angeles	\$407.4 M
LOSSAN Corridor	Ventura	\$ 6.6 M
OC Streetcar	Orange County	\$149.8 M
DMU to ZEMU	San Bernardino	\$ 15.8 M
West Valley BRT	San Bernardino	\$ 18.8 M
University Bikeway	San Diego	\$ 4.2 M
Metrolink SCORE	LA/Orange/Ventura	\$106.9 M
SOUTHERN CALIFORNIA TOTAL		\$1,309.5 M

Southern California – CalSTA TIRCP Cycle 6 Awards (January 31, 2023)

ESFV LRT Project grant award represents about 46% of all the TIRCP Cycle 6 funding awarded to projects in Southern California. Largest single grant awarded statewide.

- Total award for Southern California projects nearly at CalSTA’s maximum target.

WSAB Transit Corridor: Will continue to rely on state funds in the funding plan.

Metro L (Gold) Line Foothill Extension: Work with the SGVCOG to identify projects that could be deferred to advance project completion per board policy.

About \$522 M remains available for grant awards in Southern California from the “Major Projects – Project Development Reserve” (PDR) and “New Projects” funding categories. PDR will remain funded at up to \$150 M statewide.

Next Steps: Legislative Program

1. **Advocacy:** LA County to seek the maximum funding for our projects.
2. **Legislation:** Engage the LA County Legislative Delegation to actively support the necessary budget actions to allocate FY 2024 and FY 2025 SB 198 funds.
3. **Future Opportunities:**
 - Review current and support the creation of new opportunities to secure additional State funding for the WSAB Project when the project is environmentally cleared and construction ready through various State programs and funding streams to leverage existing Measure M and future FTA CIG funds.
 - Work with the SGVCOG to identify projects that could be deferred to support the completion of the Metro L (Gold) Line Foothill Extension LRT Project, per board policy.