

DATE: October 2, 2023

TO: Council Transportation Committee

FROM: Joy Houghton, Senior Civil Engineer
Dawn S. Cameron, Public Works Director

SUBJECT: California State Transportation Agency—Transit and Intercity Rail Capital Grant

RECOMMENDATION

Forward a recommendation to the City Council to allocate the \$20 million Transit and Intercity Rail Capital Program grant funding award from the California State Transportation Agency to the construction phase of the Rengstorff Avenue Grade Separation Project.

BACKGROUND

The City is partnering with Caltrain and the Santa Clara Valley Transportation Authority (VTA) to deliver the Rengstorff Avenue and Castro Street (Transit Center) grade separation projects. Caltrain is the lead agency responsible for final design and construction of the projects, and VTA is a funding partner providing 2016 VTA Measure B funds and general oversight of the Measure B grade separation program.

The Castro Street Grade Separation project cost estimate is currently \$136 million and has \$128 million in funding identified, including City funds, VTA Measure B, and grant funds (\$25 million from the Senate Bill 1 Competitive Local Partnership Program), and is eligible for \$5 million from the California Public Utilities Commission (CPUC) Section 190 Grade Separation Program. The project currently has \$3 million in funding unidentified.

The Rengstorff Avenue Grade Separation project cost estimate is currently \$262 million and has \$197 million in funding identified, including City funds and VTA Measure B, and is eligible for \$5 million in CPUC Section 190 Grade Separation Program funding. The project currently has \$60 million in funding unidentified.

As both projects proceed through final design, there is potential that the total project costs will increase due to rising construction costs and unforeseen design challenges. The Rengstorff Avenue Grade Separation project involves significant right-of-way acquisition and is, therefore, also susceptible to increasing land values. However, for grant application purposes, the current project cost estimate is used to indicate the potential for full funding through committed funds and the grant application amount.

Grant Applications and Awards

In partnership with Caltrain and VTA, a number of State and Federal grant applications have been submitted for these two grade separation projects. As noted above, the Castro Street Grade Separation project was successful earlier this year in securing \$25 million from the Senate Bill 1 Competitive Local Partnership Program.

Staff also submitted two Federal Railroad Administration (FRA) funding requests, each requesting \$60 million, for the Rengstorff Avenue Grade Separation project. Both grant applications were unsuccessful. More information about each of these grant programs is provided below:

- **Railroad Crossing Elimination (RCE) Program**—Upon evaluation of the RCE funding award recipients, the projects selected are receiving grants in amounts ranging from less than \$1 million to around \$40 million. Although the Rengstorff Avenue Grade Separation project is eligible for RCE funding, the request of \$60 million may have been too high for the project to compete successfully for the funding.
- **Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program**—Seventy (70) projects nationwide were successful in receiving CRISI grants. Similar to RCE, most of the grant awards were in the range of less than \$1 million to around \$40 million. There were a few projects that received \$60 million to \$100 million, but these were much larger-scale rail projects than the Rengstorff Avenue Grade Separation project.

Transit and Intercity Rail Capital Program

In February 2023, the City, in partnership with Caltrain and VTA, submitted a \$25 million grant application to the California State Transportation Agency (CalSTA) for the Transit and Intercity Rail Capital Program (TIRCP). TIRCP was created to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion; expand and improve transit service to increase ridership; and improve transit safety. One of CalSTA's key goals for the TIRCP is for the funding to be used to leverage Federal grant funds.

In collaboration with the City's partner agencies, it was decided that one application would be submitted combining the City's two grade separation projects. By submitting one application, the City was able to increase competitiveness with combined project benefits, including improving safety, reducing greenhouse gas emissions, delay, and congestion. The \$25 million grant application indicated that \$20 million would be for the Rengstorff Avenue Grade Separation and \$5 million for the Castro Street Grade Separation.

In July 2023, CalSTA announced the award of \$20 million in TIRCP funding to Mountain View.

DISCUSSION

The City is receiving \$20 million of the \$25 million requested. In informing City staff about the grant award, CalSTA staff indicated that the City could decide to put some of the funding toward the Castro Street Grade Separation project, but they strongly recommended that the City use the full \$20 million to position the Rengstorff Avenue Grade Separation to compete for Federal funding.

Consistent with CalSTA's recommendation, staff recommends allocating the full \$20 million toward the Rengstorff Avenue Grade Separation Project for the reasons below.

Project Funding Needs

The Rengstorff Avenue Grade Separation project still has a \$60 million funding gap. The final design and right-of-way acquisition phase is funded and has begun; however, the project will not be able to begin construction until all construction funding is secured. The FRA is expected to issue another call for projects for the RCE grant program later this year. By applying the \$20 million to the Rengstorff project, the RCE grant application request can be lowered to \$40 million, which may make the project more competitive.

California Environmental Quality Act and National Environmental Protection Act Clearances

Both the Rengstorff Avenue and Castro Street Grade Separations have California Environmental Quality Act (CEQA) clearance and are eligible to pursue State grant funding opportunities. The Rengstorff Avenue Grade Separation Project also has National Environmental Policy Act (NEPA) clearance, which makes it eligible to pursue future Federal grant funding opportunities. Applying Federal funds to the Castro Grade Separation Project at this stage may delay the project until NEPA clearance can be obtained.

NEXT STEPS

Staff will forward the CTC's recommendation for allocating the \$20 million of TIRCP funding to the City Council for approval. Staff will continue to identify available funding sources and pursue grant funding opportunities to fully fund the City's two grade separation projects.

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cc: PWD, APWD—Arango, APWD—Skinner, PCE—Gonzales, SCE—Houghton