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Authority
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PLANNING AND PROGRAMMING COMMITTEE
APRIL 14, 2021

SUBJECT: PROJECT PRIORITIES FOR NEXT NEW STARTS GRANTS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

1. APPROVING the West Santa Ana Branch (WSAB) Transit Corridor and Sepulveda Transit Corridor Projects as Metro's next priorities for pursuing New Starts grants from the Federal Transit Administration (FTA) Capital Investment Grants (CIG) Program;

2. APPROVING the East San Fernando Valley (ESFV) Transit Corridor Project as Metro's priority for pursuing a grant from the FTA Expedited Project Delivery (EPD) Pilot Program;

3. AUTHORIZING the Chief Executive Officer (CEO) or his designee to request from the FTA the entry into the Project Development Phase of the CIG Program for the WSAB Transit Corridor Project and the Sepulveda Transit Corridor Project, at the appropriate time, and to submit a grant application for the EPD Pilot Program for the ESFV Transit Corridor Project; and

4. AUTHORIZING staff to develop and implement targeted CIG/ EPD legislative and FTA engagement strategies that support securing grants for the three priority projects.

ISSUE

The Board of Directors last authorized the CEO to pursue New Starts grants for Metro capital projects in 2009. Following this directive, Metro secured a total of about $4.4 billion in New Starts grants for the Regional Connector and Purple Line Extension projects. Metro also succeeded in receiving voter approval for Measure M and its Expenditure Plan, which assumes federal and other funding to implement major capital projects throughout Los Angeles County. While Measure M better positions Metro to compete for additional New Starts grants, the nationwide demand for this discretionary funding has increased significantly as evidenced by the FTA's project "pipeline". The FTA awards New Starts grants through the execution of Full Funding Grant Agreements (FFGAs) following a multiyear/ multistep process with evaluation criteria per federal law and FTA's guidance.

Staff assessed the eligibility and competitiveness of the Board designated “pillar” and ESFV projects taking into consideration this process and evaluation criteria. Approval of the staff recommendation will allow Metro to start the grant application process, including adding the proposed projects to the FTA’s CIG/ EPD “pipeline” and Annual Report on Funding Recommendations that it submits to Congress. It also allows staff to focus its legislative and FTA engagement strategies to support securing New Starts grants for the recommended projects through President Biden’s proposed $2.3 trillion American Jobs Plan and legislation being considered by Congress for the reauthorization of the Fixing America’s Surface Transportation (FAST) Act that expires (unless extended) on September 30, 2021. Approval of the staff recommendation supports implementing Board directives to secure grants for Metro’s major capital projects, including prioritization for the “pillar” projects and other projects that may benefit from any additional federal funding that may be committed in support of the Los Angeles 2028 Olympic and Paralympic Games.

BACKGROUND

Metro has about 40 years of New Starts success during which it secured about $7 billion in grants that the FTA committed in FFGAs that were executed for several fixed-guideway projects throughout Los Angeles County: Metro B (Red) Line, Metro L (Gold) Line (Eastside Extension), Metro D (Purple) Line and Regional Connector. Of this total, the FTA allocated about $3.9 billion during the 30-year period between Federal Fiscal Year (FFY) 1992 and FFY 2021. Metro’s maximum annual allocation was about $430 million in FFY 2019 for four projects. Annual allocations will hold at about $300 million until FFY 2026 and will gradually decrease to $100 million in FFY 2030, which is the last allocation for the third section of the Purple Line Extension. The Regional Connector received its last allocation in FFY 2020. The first and second section of the Purple Line Extension are scheduled to receive their last allocations in FFY 2026 and FFY 2027, respectively. Overall, the FTA will complete the allocation of Metro’s New Starts balance of about $2.0 billion during FFY 2022- FFY 2030.

Well before Metro’s New Starts allocations phase out, there is an opportunity to add new Metro projects to the FTA’s New Starts “pipeline”. Metro and Los Angeles County would also benefit from the support of President Biden’s Administration for transit investments, particularly those that reduce greenhouse gas emissions and provide access to opportunities for low-income, disadvantaged, and underserved communities. Metro must seize this opportunity by starting the New Starts grant application process for projects that best meet the federal statutory evaluation criteria and FTA’s Policy Guidance, including readiness and the availability and amount of non-federal funds that the Metro Board can commit for these projects. President Biden’s Administration, as well as a Congressional majority that is supportive of transit investments and friendly to Los Angeles County and California, can play a key role in supporting Metro implement the largest transportation expansion program in the country. This support may include funding dedicated for the projects from the American Jobs Plan that President Biden unveiled on March 31, 2021 for consideration for approval by Congress, including the long-term reauthorization of the FAST Act.

DISCUSSION

The CIG Program is the largest among discretionary grant programs of the United States Department of Transportation (USDOT). It provides funding for fixed guideway investments, such as new and expanded rapid rail and corridor-based bus rapid transit (BRT) projects that emulate rail features.

Under existing federal law (U.S. Code Section 5309), it funds projects that meet eligibility and other requirements under one of four categories that include New Starts, Core Capacity and Small Starts. New Starts projects are new or extensions to existing fixed guideway systems with a total estimated capital cost of $300 million or more, or that are seeking not less than $100 million Section 5309 grant. The maximum CIG share of New Starts projects is 60 percent of total eligible costs, with an overall maximum federal share from all sources of 80 percent.

As currently authorized by the FAST Act, the FTA's EPD Program aims to expedite the delivery of New Starts, Core Capacity and Small Starts projects. To be eligible for an EPD grant, projects must: i) utilize public-private partnerships (P3); ii) be operated and maintained by employees of an existing public transportation provider; and iii) have an overall federal funding share not exceeding 25 percent of the total capital project cost. The EPD Program seeks to increase innovation, improve the efficiency and timeliness of project delivery and implementation, and encourage new revenue streams such as those from private financing or the implementation of "value capture" techniques.

Attachment A provides a detailed overview of the CIG and EPD programs. This includes the grant application and evaluation process for both New Starts and EPD.

Demand for New Starts and EPD Grants within the FTA's Current Project Pipeline

The demand for New Starts grants is the largest in terms of total funding committed in FFGAs, as well as requested for projects that are currently in the PD and PE phases. The demand for New Starts grants has increased in parallel with the growing demand for other grants from the CIG Program, therefore increasing the program's competitiveness. Overall, there are currently 55 projects in the FTA's CIG and EPD project "pipeline" (Attachment B), including Metro's 3 projects for the Purple Line Extension, that may result in up to $20 billion in grant awards from these two programs. About $16 billion (80 percent) from this total, regardless of the approval status of the project requests, is the current demand for New Starts grants. For comparison, Congress appropriated about $13.8 billion in Section 5309 funds during the six-year period of the FAST Act (average of about $2.3 billion/year). Therefore, it would take the equivalent of nine years of apportionments at current funding levels to fund all the projects that are currently in the FTA's project "pipeline".

New Starts and EPD Grants Prioritization Assessment

In February 2019, the Metro Board of Directors approved a motion that prioritized funding for four "pillar" fixed guideway projects: Gold Line Eastside Extension Phase 2, Green Line Extension to Torrance, Sepulveda Transit Corridor, and WSAB Transit Corridor. The following month staff provided an overview of the CIG Program to Board Offices. Based on the feedback received, an interdepartmental team of staff, including from Government Relations, Program Management, and Countywide Planning, engaged consulting firms late in 2019 to conduct a prioritization assessment of the "pillar" projects for New Starts and EPD grants following the FTA's evaluation criteria. The goals of the Prioritization Assessment were to: i) identify opportunities and constraints for securing New Starts and EPD grants from the FTA; ii) assess CIG New Starts rating results and implications for individual projects; iii) develop project specific recommendations for pursuing New Starts and EPD grants; and iv) develop recommendations on targeted New Starts/ EPD legislative and FTA engagement strategies to secure grants for the projects that are eligible and most competitive.

In February 2020 staff held the first workshop to introduce the Board Offices to the goals, evaluation criteria, and assumptions of the Prioritization Assessment for the “pillar” projects. However, the assessment had to be paused due to the coronavirus pandemic and stay-at-home order. Also, due to the complexity and importance of this assessment, in December 2020 staff initiated a series of three workshops to allow opportunity for questions and receive feedback from Board Offices. Staff also expanded the scope of the Prioritization Assessment to include the ESFV Transit Corridor Project with specific consideration of the project as a candidate for the EPD program. Attachment C summarizes the topics of the three workshops and provides a link to access all three workshop presentations.

Results of the Prioritization Assessment

WSAB Transit Corridor Project: The results of the Prioritization Assessment (Attachment D) identified this project as being the first candidate among the “pillar” projects for a New Starts grant. This is due to its readiness status (including the fact that is already following the NEPA review process), likelihood of receiving a “medium” project justification rating from the FTA (based on a score within the upper end of the range that the FTA defines for this rating), and availability of Measure M funds for construction that supports achieving a “medium” local financial commitment rating from the FTA. It is anticipated that the project would likely receive an overall rating of “medium”, therefore meeting current federal statutory requirements.

Sepulveda Transit Corridor: The results of the Prioritization Assessment identified this project as being the second candidate among the “pillar” projects for a New Starts grant. This is also due to its readiness status (including the fact that is already following the NEPA review process), likelihood of receiving a “medium-high” project justification rating from the FTA (based on a score within the lower end of the range that the FTA defines for this rating), and availability of Measure M funds for construction that supports achieving a “medium” local financial commitment rating from the FTA. It is anticipated that the project would likely receive an overall rating of “medium-high”, therefore exceeding the minimum rating of “medium” that current federal law requires. This project is proposed to be second in the timeline for seeking New Starts grants taking also into consideration that the Board of Directors approved last month the award of two contracts according to which the potential private project developers would participate in early project definition and design, in partnership with Metro. Under these pre-development agreements (PDAs), the contractors will provide technical work products that support the ongoing development of the project as it progresses through the environmental review and approval processes.

Other “Pillar” Projects: The results of the Prioritization Assessment did not recommend the other two “pillar” projects for pursuing New Starts grants through the CIG Program. Although both projects would get a “medium” project justification rating, the score each received was within the lower end of the range that the FTA defines for this rating. Therefore, there is a potential risk for not meeting the statutory requirement of a minimum “medium” overall project rating and the FTA’s requirement of a minimum “medium” project justification rating. Not meeting these project ratings would make the projects ineligible for New Starts grants. Also, neither the Gold Line Eastside Transit Corridor Phase 2 Project nor the Green Line Extension to Torrance Project are currently following the NEPA review process.

Satisfying NEPA and other related federal requirements is needed to secure the FTA's approval of a Record of Decision (ROD) for either project, therefore making it eligible to seek and receive financial assistance from the FTA (including New Starts grants). However, "federalizing" one or both projects would result in schedule delays and cost increases, not only due to compliance with NEPA requirements, but also due to compliance with Buy America and other federal requirements. Regarding the availability of Measure M funds for construction, which is considered to assess achieving a "medium" local financial commitment rating from the FTA, such funds would not be available until 2025 for the Green Line Extension to Torrance Project and 2029 for the Gold Line Eastside Transit Corridor Phase 2 Project (compared to 2021 and 2024 for the WSAB and Sepulveda Transit Corridor projects, respectively). This adds to the risk of not meeting eligibility for New Starts grants. While staff is not recommending these two "pillar" projects for New Starts, staff will continue to follow a parallel approach as applicable to pursuing formulaic and competitive grants from the State of California building on the success that has already been achieved, such as the grant award of $231.3 million to the Green Line Extension to Torrance Project from the State's Transit and Intercity Capital Rail (TIRCP) Program.

ESFV Transit Corridor Project: Although staff did not intend for this project to compete with "pillar" projects for a New Starts grant, it was also rated following the same process to assess its eligibility and competitiveness. Although this project would get a "medium" project justification rating, the score it received was within the lower end of the range that the FTA defines for this rating. Therefore, there is a potential risk for not meeting the statutory requirement of a minimum "medium" overall project rating and the FTA's requirement of a minimum "medium" project justification rating. Not meeting these project ratings would make the project ineligible for New Starts grants, although it would rate very well for other criteria due to its readiness (well ahead of all projects that were evaluated) and the availability of Measure M funds for construction. Due to these last two criteria, as well as meeting other evaluation criteria, this project was identified as a potential candidate for an EPD grant. An EPD grant request for this project would not be competing with New Starts grant requests for the WSAB and Sepulveda Transit Corridor projects as Congress authorizes, appropriates, and allocates funds for EPD separately from New Starts.

Timing and Need for Action

Metro's success in securing four FFGAs for about $4.4 billion in New Starts grants during the last decade was largely due to funding needs, project readiness and timely actions that the Board of Directors approved. These actions better positioned the Regional Connector and Purple Line Extension projects to compete for the limited CIG funding that was available. These actions included the selection of the locally preferred alternative (LPA) for each one of these two projects, authorization to the CEO to pursue New Starts grants, and directives for agency-wide coordination and proactive engagement with the FTA, elected officials and other project stakeholders (including cities, County of Los Angeles and community based organizations). The Board of Directors also supported pursuing an aggressive and coordinated approach to maximize the grant requests and awards, including proposing and supporting legislative and regulatory changes related to the eligibility, evaluation and award of New Starts grants that coincided with the reauthorization of the federal transportation bill at that time. With the pending reauthorization of the FAST Act, there are very strong similarities in the timing and need for action now to support securing New Starts grants. The EPD Program could also be part of Metro's continued success story for securing FTA grants.

Equity Platform

The projects recommended for pursuing New Starts and EPD grants support the third pillar ("Focus and Deliver") of Metro's Equity Platform. These projects support providing access to jobs, education, and other opportunities for underserved communities. They are also included in the Measure M Expenditure Plan, which considered equity related factors among the five performance measures that were developed to assess and prioritize projects. Specifically, the "Economy" and "Sustainability/Quality of Life" themes included metrics relevant to investments in disadvantaged communities.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no direct impact on the safety of Metro customers or employees.

FINANCIAL IMPACT

Adoption of the staff recommendation would support the agency's efforts to secure several billion dollars in Federal New Starts and EPD grants for the WSAB, Sepulveda and ESFV Transit Corridor projects.

Impact to Budget

This item has no impact to the current budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The positioning of the recommended priority projects for New Starts and EPD grants will help Metro secure federal funding needed to implement key projects that help achieving all of the goals outlined in the Vision 2028 Plan.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the recommendation, or only approve some of the items it includes. Staff does not recommend either option, as doing so will preclude achieving the Board's directive to prioritize "pillar" and other projects that may benefit from any additional federal funding that may be committed in support of the Los Angeles 2028 Olympic and Paralympic Games.

The Board may also choose to recommend additional projects, and/or replace one or more of the projects identified in the recommendation, for pursuing New Starts and/or EPD grants. Staff also does not recommend either option. The other two "pillar" projects that are excluded from the recommendation are not as competitive and may not meet federal eligibility statutory requirements. Also, among non "pillar" projects in the Measure M Expenditure Plan, the ESFV Transit Corridor Project is the most competitive for an EPD grant due to its readiness, immediate availability of Measure M funds for construction, and potential for near-term implementation of value capture strategies.

NEXT STEPS

Upon approval of the report, Metro staff will continue this interdepartmental effort with actions to develop, refine, and implement targeted CIG/ EPD legislative and FTA engagement strategies that support securing grants for the two “pillar” projects and the ESFV Transit Corridor Project included in the recommendation. By focusing on a limited number of regional priority projects that also have the most technical merit for receiving New Starts awards following the FTA’s grant application process and evaluation criteria, staff will identify opportunities for supporting other pillars of success that were identified through the Prioritization Assessment as applicable to Metro’s success in the CIG Program to date. These include demonstrated project readiness and technical capacity and capability, as well as early actions to add the projects to the FTA’s project “pipeline”, now more than ever as it currently includes 55 projects. As applicable to the EPD Program, and given that the FTA has only recently begun its implementation, staff will seek to relax existing federal statutory and regulatory limitations to provide greater flexibility to Metro to benefit from it, including increasing the current 25 percent maximum permissible overall federal share of the total project cost.

In Summer 2021 staff will submit a request from the FTA for entry into the Project Development Phase of the CIG Program for the WSAB Transit Corridor Project. Staff will continue to follow a parallel approach for the other two “pillar” projects as applicable to pursuing formulaic and competitive grants from the State of California building on the success that has already been achieved, such as the grant award of $231.3 million to the Green Line Extension to Torrance Project from the Transit and Intercity Capital Rail (TIRCP) Program. Last, staff will initiate a Prioritization Assessment for Small Starts Grants focused on BRT and other eligible projects listed in the Measure M Expenditure Plan.

ATTACHMENTS

Attachment A - Overview of CIG and EPD Programs
Attachment B - Overview of CIG/EPD Project Pipeline of the FTA
Attachment C - Metro CIG/EPD Prioritization Assessment Workshops & Presentations
Attachment D - Results of Metro CIG/EPD Prioritization Assessment

Prepared by: Ashad Hamideh, Senior Director, Countywide Planning & Development, (213) 922-5539
Wil Ridder, EO, Countywide Planning & Development, (213) 922-2887
Laurie Lombardi, SEO, Countywide Planning & Development, (213) 418-3251

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920

Phillip A. Washington
Chief Executive Officer

Overview of Capital Investment Grants and Expedited Project Delivery Programs

Funding Process

Congress authorizes policies and annual funding for the Capital Investment Grants (CIG) and Expedited Project Delivery (EPD) programs through long-term legislation such as the current Fixing America's Surface Transportation (FAST) Act. For each Federal Fiscal Year (FFY), Congress appropriates the funding for the CIG and EPD programs from the General Fund. Congress also specifies how much is dedicated to each CIG project category and for the EPD Program. Following the approval by Congress of the Appropriations Act for each FFY and signature by the President of the United States to become law, the Federal Transit Administration (FTA) allocates the CIG and EPD funds to projects in the "pipeline" based on the Annual Report on Funding Recommendations that it submitted to Congress for the FFY and for any additional projects that met the requirements following the submittal of this document contingent on funding availability. The FTA can also allocate funds to projects in the pipeline prior to the execution of the grant agreements, including Full Funding Grant Agreement (FFGAs) for New Starts projects, contingent on meeting certain requirements.

As applicable to New Starts and EPD grants, the FFGAs detail the annual schedule of Federal funds (including the amount of the New Starts or EPD grant, as applicable), as well as the project sponsor's funding sources and corresponding amounts. Ultimately, Congress has the authority to determine the actual amount on New Starts grants that will be made available for each project in any given FFY through the Appropriations Act. Whether allocated directly by Congress or by the FTA, it takes several years for a project to receive all its New Starts or EPD grant allocations. Also, annual appropriations for the CIG and EPD programs can be higher or lower than what Congress authorized in the long-term legislation. For example, the FAST Act authorized about $2.3 billion per year for the CIG and EPD programs. However, annual appropriations ranged between $1.98 billion in FFY 2020 and $2.64 billion in FFY 2018. Annual appropriations dedicated for New Starts projects ranged from $1.17 billion in FFY 2021 to $1.51 billion in FFY 2018. Overall, about 59 percent of the CIG funding was dedicated for New Starts projects.

New Starts Grant Application and Evaluation Process

The FTA's application and approval process for securing New Starts grants is very competitive and takes several years to complete. It is a "rolling" solicitation, with reviews and approvals following a "first-come/first-served" process. An optimistic schedule assumes about five years. A more aggressive schedule assumes a minimum of four years. The process and evaluation criteria are set by Congress and codified in Federal law. The FTA administers the process, evaluates potential projects, and makes funding recommendations to Congress as detailed in its Policy Guidance for the CIG Program.

The New Starts grant application process includes the project sponsor's sequential request and the FTA's sequential approval for entry into the Project Development (PD)

Phase and the Project Engineering (PE) Phase, respectively, prior to the execution of the FFGA (the third and last step of the New Starts grant pre-award process). Existing Federal law allows project sponsors a maximum of two years from receiving approval for entry into the PD Phase to receiving approval for entry into the PD Phase. The FTA evaluates and rates projects during these two phases based on its Policy Guidance that implements Federal statutory justification and local financial commitment criteria. The FAST Act requires the FTA to evaluate a project as a whole on a 5-point scale and rate it based on the combined summary ratings for project justification and local financial commitment as high, medium-high, medium, medium-low, or low. These two set of criteria have the same weight (i.e., 50% each) in a project's overall rating. The project justification criteria consist of mobility improvements, environmental benefits, congestion relief, economic development effects, land use, and cost-effectiveness. The FTA assigns the same weight to each one of these six criteria. The local financial commitment criteria consist of the project sponsor's current capital and operating conditions, its commitment of funds (including share of New Starts grant requested) for the project, and its capacity/reliability to deliver the proposed plan (including financial and planning assumptions, among other). The weights that the FTA assigns to these criteria are 25%, 25% and 50%, respectively.

New Starts Grant Eligibility Requirements

Per the FAST Act, a project must receive at least a medium overall rating to be eligible for entry into the Engineering Phase and execution of the FFGA. To comply with this requirement, the FTA combines the project justification and local financial commitment ratings it estimated to arrive at an overall project rating. The FTA further requires at least a medium rating on both project justification and local financial commitment to obtain a medium or better overall project rating. The project's overall rating is among several factors the FTA considers in its evaluation of New Starts grant requests. Other factors include the availability of CIG program funds and considerations related to project readiness during the PD and PE phases. For example, project sponsors during the PD Phase must: i) commit at least 30 percent of the total project cost from sources other than the CIG Program; ii) complete at least 30 percent design and engineering; and iii) identify the delivery method. Similarly, project sponsors during the PE Phase must: i) commit at least 50 percent of the total project cost from sources other than the CIG Program within three years of entry into this phase; ii) complete sufficient design and engineering, within three years of entry into this phase, to develop firm and reliable project cost, scope and budget; and iii) obtain all funding commitments from sources other than the CIG Program. The FTA "locks-in" the amount of the New Starts grant for the project, not the share from the overall project cost, at the level included in the project sponsor's request for entry into the PE Phase. Project sponsors must demonstrate sufficient progress during the PE Phase to remain in the FTA's project "pipeline". The FTA withdraws a project from further consideration for a New Starts grant if the sponsor agency does not make sufficient progress in obtaining funding commitments or advancing the level of design within three years of entry into the PE Phase.

EPD Grant Application and Evaluation Process

The FAST Act repealed the original program that the Moving Ahead for Progress in the 21st Century (MAP-21) had authorized in 2012, including grant application and evaluation process. As currently authorized by the FAST Act, and as implied by its name, the FTA's EPD Program aims to expedite the delivery of New Starts, Core Capacity and Small Starts projects. The FAST Act (as in MAP-21) specifies a maximum of 8 EPD grant awards nationwide. The Federal authorization, appropriations and allocations processes are as detailed for the CIG Program. However, the funding that Congress has dedicated so far is much less with a total of $225 M during the six-year period of the FAST Act. Annual appropriations range between $5 M in FFY 2016 and $100 M in FFY 2020, which correspond to the minimum and maximum annual allocations, respectively. The FTA has so far allocated $125 M to the Santa Clara Valley Transportation Authority (VTA) for the Bay Area Rapid Transit (BART) Silicon Valley Phase II Extension Project. The balance of $100 M in appropriated funds remains to be allocated.

The FTA's application and approval process for securing EPD grants is complex and competitive. As with the CIG Program, it is also a "rolling" solicitation, with reviews and approvals following a "first-come/first-served" process. The grant applications process and evaluation criteria are set by Congress and codified in Federal law. The FTA administers the process, evaluates potential projects, and suggests funding awards in its Annual Report on Funding Recommendations to Congress.

EPD Grant Eligibility Requirements

The FTA does not have Policy Guidelines for the EPD Program as for the CIG Program. Instead, it has so far communicated its guidelines through: i) notices it published in 2015 and 2018 soliciting Expressions of Interest (EOI) from project sponsors to participate in the EPD Program; and ii) a Notice of Funding Opportunity (NOFO) published in July 2020 requesting grant applications for the balance of $100 M of appropriated funds that remains to be allocated. Although not specified in Federal law, the FTA listed additional project eligibility requirements in this NOFO for sponsor agencies to qualify for submitting EPD grant applications, including: i) completion of planning and other activities required under the National Environmental Policy Act (NEPA); ii) completion of at least 30 percent project design and engineering; and iii) execution of all "critical third-party agreements" that the applicant identifies and the FTA verifies during the application review process before construction or operations can begin, the absence of which may significantly change the proposed project's cost, scope and schedule. The FTA also required project sponsors to submit evidence of the P3 in their grant applications. It defined P3 as a "contractual agreement that is characterized by private sector investment and risk-sharing in the delivery, financing, and/or operation of a capital project" that also complies with the Federal statutory requirement to be operated and maintained by employees of an existing public transportation provider.

The transfer of risk from the public project sponsor agency to the private sector and the change in the FTA's status from majority to minority investor, due to the maximum Federal funding share (from all sources) of 25 percent of the proposed project's total cost, result in both challenges and opportunities. Although the intent of the EPD Program is to award grants following a very streamlined grant application and evaluation process, no project sponsor has executed a FFGA or any other agreement with the FTA. As also required by the CIG Program, the FTA cannot execute an EPD FFGA if the sponsor agency has not completed planning and other activities under NEPA. Compared to the CIG process, there are no PD or PE phases. Instead, the FAST Act requires the FTA to complete the review of grant requests that sponsor agencies submit for "project advancement" no later than 120 days after the date the Secretary of the United States Department of Transportation (USDOT) receives such requests and to either approve the grant request or provide a detailed explanation of the reasons for disapproval. In addition to the meeting eligibility requirements, the FAST Act requires the FTA to evaluate grant applications based on several factors, including: i) project justification (mobility and environmental improvements, congestion relief, economic development, and estimated ridership projections; and ii) degree of local financial commitment, including evidence of stable and dependable financing sources and cost-effective P3 strategies for project delivery. The FAST Act does not require the FTA to rate proposed projects, as required for the CIG Program or through any other methodology.

Metro's EPD Grant Application Related Experience

In September 2015, staff submitted EOI to the FTA in response to its solicitation for the Airport Metro Connector/ 96th Street Station and for Section 3 of the Purple Line Extension. Metro's EOI for Section 3 of the Purple Line Extension, which was among a total of eight EOI that project sponsors submitted nationwide, was well received by the FTA. However, the FAST Act repealed the law that authorized the EPD Program, which the FTA had used as reference in seeking EOI. In 2018, the FTA released another solicitation of EOI for participation in the EPD Program, now as authorized by the FAST Act. In November 2018, staff submitted EOI to the FTA in response to its solicitation for the WSAB, Sepulveda Pass and Vermont Transit Corridor projects. These three projects were proposed because they best met the criteria that the FTA outlined in its solicitation. These projects were among a total of seven EOI that project sponsors submitted nationwide. As shared with the Board of Directors in July 2019, staff discussed the design, development, and implementation of the EPD Program with staff from the FTA and the other three project sponsors that submitted EOI. The FTA announced its selection of Santa Clara VTA's BART Silicon Valley Phase II Extension Project as the first project to participate in the EPD Program with a grant request of about $1.4 billion. The CEO followed staff engagement with the FTA with a letter to the FTA's Acting Administrator, as well as in person. Unfortunately, the project eligibility requirements that the FTA included in its July 2020 NOFO disqualified the WSAB and Sepulveda Pass Transit Corridor projects from further consideration due to the 25 percent cap on the Federal funding participation from all sources and project readiness.

Overview of Capital Investment Grants and Expedited Project Delivery Project Pipeline of the Federal Transit Administration

Although the application and approval process of the Federal Transit Administration (FTA) for securing New Starts and other grants from the Capital Investment Grants (CIG) or Expedited Project Delivery (EPD) programs is very competitive and takes several years to complete, project sponsors nationwide continue to rely on these funding sources to complete the funding plans for their major capital fixed guideway projects. The demand for New Starts grants is the largest in terms of total funding committed in FFGAs, as well as requested for projects that are currently in the PD and PE phases. The demand for New Starts grants has increased in parallel with the growing demand for other grants from the CIG Program, therefore increasing the program's competitiveness. Regardless of its complexity, the CIG Program is very popular among project sponsors, as evidenced by the number of projects in the FTA's pipeline and the funding committed in grant agreements or requests pending approval.

There are currently 18 projects (14 New Starts and 4 Core Capacity) with approved Full Funding Grant Agreements (FFGAs) committing about $6.2 billion in CIG funds beyond Federal Fiscal Year (FFY) 2021. Of this total, about $4.9 billion are New Starts grants, including about $2 billion for Metro. In addition, there are 2 New Starts projects in the PE Phase (in addition to 1 Core Capacity project) that would receive about $0.8 billion beyond FFY 2021 contingent on the execution of the FFGAs. Also, there are 33 projects in the PD Phase (6 New Starts and 27 Small Starts) that could receive up to $12 billion beyond FFY 2021 contingent on meeting at least a "minimum" overall project rating, among other criteria, and the execution of the grant agreements. About $10 billion of this total is for New Starts projects. Also, the BART Silicon Valley Phase II Extension Project of the Santa Clara VTA may receive an EPD grant of about $1.2 billion in addition to the $125 million that the FTA has already allocated.

Overall, there are currently 55 projects in the FTA's CIG project pipeline, including Metro's 3 projects for the Purple Line Extension, that may result in up to $20 billion in grants awards from the CIG Program. About $16 billion (80 percent) from this total, regardless of the approval status of the project requests, is the current demand for New Starts grants. For comparison, Congress appropriated about $13.8 billion in Section 5309 funds during the six-year period of the FAST Act (average of about $2.3 billion). Therefore, it would take the equivalent of nine years of apportionments at current funding levels to fund all the projects that are currently in the FTA's project pipeline.

There are very strong similarities in the circumstances (e.g., Federal reauthorization, adoption of Long Range Transportation Plan, Federal stimulus funding for economic recovery, etc.) and need for action to support securing New Starts grants during the current decade compared to what led to Metro's success in securing New Starts grants for the Regional Connector and Purple Line Extension projects. However, the number of projects in the CIG "pipeline", particularly those seeking New Starts grants and the total of their grant requests, is much higher today compared to what led to Metro's success.

Metro CIG/ EPD Prioritization Assessment Workshops and Presentations

Staff engaged late in 2019 the professional services of technical and legal consulting teams to conduct a prioritization assessment of the "pillar" and East San Fernando Valley (ESFV) Transit Corridor projects for New Starts grants from the Capital Investment Grants (CIG) Program and from the Expedited Project Delivery (EPD) Program following the evaluation criteria of the Federal Transit Administration (FTA) as applicable to each type of these grants. Staff, with support from the consulting team, organized four workshops for Board Ofices to seek their timely feedback.

February 2020 Workshop: Introduced Board Offices to the goals, evaluation criteria, and assumptions of the New Starts Prioritization Assessment for the Pillar Projects. However, the assessment had to be paused due to the coronavirus pandemic and stay-at-home order. Also, three separate workshops were delivered to allow opportunity for questions and receive feedback from Board Offices.

December 2020 Workshop: Focused on the goals of New Starts Prioritization Assessment: i) identify opportunities and constraints for securing New Starts and EPD grants from the FTA; ii) assess CIG New Starts rating results and implications for individual projects; iii) develop project specific recommendations for pursuing New Starts and EPD grants; and iv) develop recommendations on targeted New Starts/ EPD legislative and FTA engagement strategies to secure grants from the FTA for the projects that are fund to be eligible and most competitive. Staff expanded the scope of the New Starts Assessment to include the ESFV Transit Corridor Project. This Workshop also provided an overview of the CIG and EPD programs, including grant application and evaluation processes and criteria. It also discussed in more detail the FTA's current project "pipeline" and the pillars of success for securing New Starts grants based on lessons learned from Metro's most recent experience with the Regional Connector and Purple Line Extension projects and from other projects nationwide.

February 2021 Workshop: Focused on the general and project-specific assumptions for the New Starts Prioritization Assessment relevant to the FTA's project justification criteria. It also presented four scenarios for the evaluation of these criteria, including a sensitivity analysis that factors project cost increases based on recent bid trends. One scenario assumed a 20 percent higher cost that what was last reported to the Board of Directors (adjusted to 2020 $). Another scenario assumed an additional 20 percent increase. The FTA's local financial commitment criteria were also discussed, while identifying those with either a positive or negative impact in the project's rating.

March 2021 Workshop: Identified the pillars of success for securing New Starts/ EPD grants, presented the project justification ratings for the "pillar" and ESFV Transit Corridor projects, assessed schedules for securing New Starts and/or EPD grants while also taking into consideration project readiness in meeting the FTA's requirements, as well as the commitment and availability of non-federal funds. The presentations for the three CIG/ EPD Priority Assessment Workshops can be accessed here.

Results of Metro Capital Investment Grants/ Expedited Project Deliver Prioritization Assessment

Project	Scenario A (Four Criteria without Costs)	Scenario B1 (Current Costs)*	Scenario B2 (20% Higher Costs than B1)	Scenario B3 (20% Higher Costs than B2)
Sepulveda Transit Corridor				
Lower Cost Range Alternative	Medium-High (4.3)	Medium-High (4.0)	Medium-High (3.7)	Medium-High (3.7)
Higher Cost Range Alternative	Medium-High (4.3)	Medium-High (3.8)	Medium-High (3.7)	Medium-High (3.7)
West Santa Ana Branch Transit Corridor				
7th/Metro-Pioneer	Medium-High (3.8)	Medium (3.3)	Medium (3.2)	Medium (3.2)
Union Station-Pioneer	Medium-High (3.5)	Medium (3.2)	Medium (3.2)	Medium (3.0)
Eastside Transit Corridor Phase 2				
Atlantic-Lambert	Medium (3.3)	Medium (2.7)	Medium (2.7)	Medium (2.7)
Green Line Extension to Torrance				
Green Line Extension to Torrance	Medium (2.8)	Medium (2.5)	Medium (2.5)	Medium (2.5)
East San Fernando Valley				
Van Nuys MOL Station-Sylmar/San Fernando Metrolink Station	Medium (3.0)	Medium (2.7)	Medium (2.7)	Medium (2.7)
* Last reported to the Board (adjusted to 2020 $).				
Low (0.0 - 1.4)	**Medium-Low (1.5 - 2.4)**	**Medium (2.5 - 3.4)**	**Medium-High (3.5 - 4.4)**	**High (4.5 - 5.0)**

Pillar & East San Fernando Valley Projects
Priority Assessment for New Starts Grants

Planning and Programming Committee
April 14, 2021
Item 15

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Assessment Goals

- **Identify opportunities and constraints for New Starts grants from the Federal Transit Administration (FTA):**
  - Capital Investment Grants (CIG) Program
  - Expedited Project Delivery (EPD) for CIG Pilot Program
- **Assess CIG New Starts rating results and implications of individual projects**
- **Develop project specific recommendations for pursuing New Starts grants**
- **Develop recommendations on targeted CIG/EPD legislative and FTA engagement strategy**

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CIG Program Pillars of Success

- ✓ **Focus on a Limited Number of Projects**

- ✓ **Select Projects that are Eligible and Have the Most Merit**
  - Project Justification Criteria and Local Financial Commitment
  - System-wide financial capacity including operations and maintenance of Metro system

- ✓ **Demonstrate Readiness**
  - According to project development schedules and local financial commitment

- ✓ **Demonstrate Technical Capacity & Capability**
  - Reliable cost estimates and Project Management Plan (PMP)

- ✓ **Get Projects into the Pipeline**

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Project Justification Summary Ratings

Project	Scenario A (Four Criteria without Costs)	Scenario B1 (Current Costs)*	Scenario B2 (20% Higher Costs than B1)	Scenario B3 (20% Higher Costs than B2)
Sepulveda Transit Corridor				
Lower Cost Range Alternative	Medium-High (4.3)	Medium-High (4.0)	Medium-High (3.7)	Medium-High (3.7)
Higher Cost Range Alternative	Medium-High (4.3)	Medium-High (3.8)	Medium-High (3.7)	Medium-High (3.7)
West Santa Ana Branch Transit Corridor				
7th/Metro-Pioneer	Medium-High (3.8)	Medium (3.3)	Medium (3.2)	Medium (3.2)
Union Station-Pioneer	Medium-High (3.5)	Medium (3.2)	Medium (3.2)	Medium (3.0)
Eastside Transit Corridor Phase 2				
Atlantic-Lambert	Medium (3.3)	Medium (2.7)	Medium (2.7)	Medium (2.7)
Green Line Extension to Torrance				
Green Line Extension to Torrance	Medium (2.8)	Medium (2.5)	Medium (2.5)	Medium (2.5)
East San Fernando Valley				
Van Nuys MOL Station-Sylmar/San Fernando Metrolink Station	Medium (3.0)	Medium (2.7)	Medium (2.7)	Medium (2.7)
* Last reported to the Board (adjusted to 2020 $).				
Low (0.0 - 1.4)	**Medium-Low (1.5 - 2.4)**	**Medium (2.5 - 3.4)**	**Medium-High (3.5 - 4.4)**	**High (4.5 - 5.0)**

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Project Assessment Summary

CORRIDOR	30% Design*	NEPA or CEQA-Only	Measure M $ Availability	FTA Project Justification Rating
West Santa Ana Branch	2022	NEPA	2022	Medium (3.0-3.3)
Sepulveda Transit Corridor	2025	NEPA	2024	Medium-High (3.7-4.0)
Green Line Extension to Torrance	2024	CEQA-Only	2026	Medium (2.5)
Eastside 2 LRT Extension	2024	CEQA-Only	2029	Medium (2.7)
East San Fernando Valley	2021	NEPA	2021	Medium (2.7)

*Adding NEPA process will add time to schedule

CORRIDOR	Design Readiness Rank	Funding Availability Rank	Project Justification Rank	New Starts Priority Order
West Santa Ana Branch	1	1	2	**1**
Sepulveda Transit Corridor	4	2	1	**2**
Green Line Extension to Torrance	2	3	4	**3**
Eastside 2 LRT Extension	2	4	3	**3**
East San Fernando Valley	NA	NA	NA	NA

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Metro Board Recommendations and Next Steps

Project specific recommendations for pursuing New Starts grants

- ✓ Approve WSAB and Sepulveda as Metro's next priorities for New Starts
- ✓ Approve ESFV as Metro's priority for EPD

Recommendations on targeted CIG/EPD legislative and FTA engagement strategy

- ✓ Authorize staff to request entry into Project Development for WSAB and Sepulveda at the appropriate time
- ✓ Authorize staff to submit a grant application to EPD for ESFV
- ✓ Authorize staff to develop and implement targeted CIG/EPD legislative strategies

Next steps in parallel approach to State grants for Gold Line Eastside and Green Line to Torrance

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