



Southern Alameda County Rail Integrated Analysis

Appendix G: Funding Strategy

July 20, 2023

In partnership with:



Memo

Date: Thursday, July 20, 2023

Project: Southern Alameda County Integrated Rail Analysis (SoCo Rail Study)

To: Kara Vuicich, MTC Project Manager
Dan Leavitt, SJRRC

From: HDR

Subject: **Union City Intermodal Station Phase 3 Project Funding Strategy**

Introduction

The Southern Alameda County Integrated Rail Analysis (SoCo Rail Study) builds on the foundation of the 2018 California State Rail Plan (CSRP), which established a 2040 statewide vision for an integrated statewide passenger rail and express bus network that would be implemented in near-term, medium-term, and long-term phases. As part of this vision, the 2018 CSRP identified numerous rail hub stations around the State. One hub identified is an “East Bay” hub located in southern Alameda County, which sits at the nexus of the megaregional rail services from Sacramento and Central Valley and the Bay Area rail and bus services.

During Phase 1 of the SoCo Rail Study, Metropolitan Transportation Commission (MTC) and its partners identified the existing Union City Intermodal Station, which includes the San Francisco Bay Area Rapid Transit (BART) Station, as the best location for the rail-to-rail East Bay Hub as identified in the 2018 CSRP. In partnership with BART and AC Transit, the City of Union City adopted the Intermodal Station District Plan in 2002 to create a pedestrian- and transit-oriented community surrounding the Union City BART Station with future rail and transit connections.

Based on the location of the rail-to-rail hub connection, as per the 2018 CSRP, and in coordination with the City of Union City, the proposed project is referred to as the “Union City Intermodal Station Phase 3 Project”. Phase 2 of the SoCo Rail Study advanced the planning for the Union City Intermodal Station Phase 3 Project, identifying the necessary infrastructure improvements to deliver three Altamont Corridor Express (ACE) intercity rail round trips, operated by the San Joaquin Regional Rail Commission (SJRRC) to and from the Union City Intermodal Station.

Purpose of This Memorandum

This technical memorandum outlines potential funding and financing options which could be used to advance development of the Union City Intermodal Station Phase 3 Project. This memorandum outlines a strategy for SJRRC, Union City, and other partners to pursue funding for each stage of project development. At this time, the station, platform, layover facility, and

necessary track and other infrastructure to support the Mid-Term Horizon's service plan of three rounds trips per day from Merced (2 trips) and Natomas or Chico (one trip) are included in the project definition for which funding is sought. The estimated capital cost to construct the proposed project is \$220 million. A cost of approximately \$3.5 million is assumed at this time, for the purpose of this funding strategy, to advance the project to the next phase of development, project approval and environmental documentation in compliance with both the California Environmental Quality Act and the National Environmental Policy Act.

Overview of Funding Strategy

This memorandum describes the proposed steps to pursue funding for each project stage, including discussion of the anticipated scope, timeframe, and strategy for pursuing funding. Key tasks for pursuing funding may include dialogue or engagement with State officials on federal and State funding sources, preparing benefit cost-analyses for the project, and working to identify grant application and management teams. These strategies are discussed further in the report.

The report begins by summarizing a general approach to secure grant and non-grant funding. This is followed by detailed strategies for each stage—project development, final design/construction, and operations and maintenance—as well as project financing considerations. The summary outlines next steps for implementing the funding strategy. A December 2022 technical report summarizing the Evaluation of Funding Options is included as an appendix.

The project has completed its planning stage and is anticipated to begin environmental clearance (CEQA/NEPA) in late 2023, ending in late 2025. Final design procurement is expected in October 2025. Design and right-of-way (RoW) acquisition is anticipated from January 2026 to June 2027. Construction is anticipated from January 2028 to December 2029. Following testing, revenue operations are currently scheduled for June 2030.

The strategy is divided into three chronological stages: project development, construction, and operations and maintenance (O&M). The three stages are defined as follows:

- **Project Development:** This is the current stage of the project and is anticipated to end in October 2025. This stage should include, but is not limited to, achieving the following: final environmental clearance, including Tier 1 NEPA and Project NEPA/CEQA, preliminary engineering/design, risk assessment, and establishing the project delivery approach.
- **Final Design/Construction:** This stage is anticipated to begin in October 2025 and end in December 2029. The stage will include land and right-of-way (ROW) acquisition, vehicle acquisition, final design, and construction.
- **Operations & Maintenance:** This stage follows construction and is when revenue service begins operation in June 2030.

Each stage incorporates built-in decision points to evaluate advancement to the next stage and refine the project development approach to reflect the evolution of the project.

The proposed project funding/financing strategy must include multiple, parallel outreach efforts by the Project to mobilize support that will lead to committed funding from federal, State, regional, private, and local funding sources.

The key milestones for project success include the following:

- Continue discussions with involved State/local stakeholders to mobilize support and secure funding contributions that are readily available to support the project initiation stage
- Continue discussions with involved stakeholders that can champion additional, substantial State/local and federal funding to support the project development stage
- Continue to identify and secure sustainable funding mechanisms that will support the project’s construction and O&M costs

Table 1 provides a summary of the key elements and strategy involved to support the project for project development, construction as well as O&M.

Table 1: Key Project Development Stages

	Project Development	Final Design / Construction	O&M
Timeline	Present – December 2025	December 2025 – December 2029	June 2030 – Future
Length of Stage	5 years, including Planning Phase	Final Design: 1.75 years Construction: 2 years	Indefinitely following construction
Scope	Environmental Clearance (CEQA and NEPA) Preliminary Engineering/Design Procurement (Environmental) Coordination with UP	Land / right-of-way Acquisition Vehicles Final Design Procurement Construction	O&M
Strategy	Support project development through State and local funding	Support design and construction through a long-term funding stream (local, State, and Federal) and issue debt as needed to cover capital deficits during the construction stage	Support as needed
Cost	\$3.5 M	\$216.5 M	Ongoing O&M costs

General Approach to Secure Funding

This section proposes a strategy for pursuing project funding for three stages of project delivery: project development, construction, and O&M.

A key task for the project sponsors and administrators is identifying the need for funding and at what stage of the project. As of July 2023, \$500,000 has been allocated to project development by SJRRC and San Joaquin Joint Powers Authority (SJJPA); however, no additional long-term funding sources have been awarded for the project at either the project development, final design/construction, or O&M stages. All of these steps assume defined estimate ranges for scope and cost.

Grant/Discretionary Funding

To prepare for grant applications, the project must consider five initial steps:

1. Identification of discrete project elements to pursue grant funding
2. Definition of scope, schedule, and budget for each project element
3. Identification of lead or co-applicants for the grant and management/reporting to a federal agency
4. Discussion with State and local policy makers and elected officials to ensure sponsorship and buy-in from stakeholders to secure a local match
5. Preparation of benefit-cost analysis and other technical evaluations to support grant applications.

Before pursuing grant funding, the project elements to pursue funding must be determined. Furthermore, the scope, schedule and budget for each project element must be sufficiently defined to support a complete grant application.

Identification of the lead applicant is a necessary element for all grant applications. Once the lead applicant is identified, they will be responsible for completing the grant narrative, assembling all necessary materials, as well as providing report materials and engagement with the federal agency upon award. If the Project does not have a key team available to address this task, they may need to hire additional members, engage with team members at partner agencies or hire a consultant team.

The fourth step is equally important to ensure State and local policy makers are supportive of the project and willing to provide a potential match in funds for the project. Key elements of demonstrating their buy-in include securing letters of funding and support for the Project. Elected officials can lobby and advocate for funding of the Project to federal and State agencies.

The fifth step involves demonstrating the economic viability of the Project. Many grant programs require a benefit-cost analysis to measure the economic benefits of the project over a 25- or 50-year life cycle. If the Project does not have a key team available to address this technical task, they may need to hire a consultant team. In the case of State funding options, CalTrans

provides a BCA tool and regularly holds webinar training sessions. The Project may consider completion of other technical reports or assessments such as a Project Management Plan (PMP) to accompany a grant application.

Non-Grant Funding

To prepare for securing non-grant related funding, such as a local match, the project must consider similar steps:

1. Estimate local funding match required for each project element by stage, in alignment with grant funding objectives
2. Selection of preferred mix of local funding options
3. Discussion with State and local policy makers and elected officials to support approval and implementation of local funds

An initial step is to estimate the local funding necessary to match State and federal grant funds. This takes into account the cost of each project element by stage and the amount of grant funding that may reasonably provide support. Like the process for competitive grant funding, the project elements to pursue funding must be determined. Furthermore, the scope, schedule and budget for each project element must be sufficiently defined. Identification of the funding recipient is a necessary element for managing funds and any reporting required for expended funds.

The second step is to determine the preferred mix of local funding. This will take into account the amounts reasonably available from various local and regional sources, including total funding and approvals required to secure funding.

In the case of local funding opportunities such as local transportation sales tax measures, the Project must ensure State and local policy makers and elected officials are supportive. This will help to provide for a ballot measure that directs spending towards the Project. Community members and activists can advocate the importance and necessity of the project to decision makers. Therefore, stakeholder engagement is crucial to secure non-grant related funding.

The program should develop a financial risk mitigation plan that entails back-up funding streams to consider as ways to fill gaps of previously assumed funding streams. This may draw on secondary and tertiary funding options identified to support the Project. The financial risk mitigation plan should be updated regularly to reflect changes in the program funding and economic outlook. These financial risk mitigation plans should take into account match requirements and opportunities following conversations with local partners.

Strategy by Project Stage

This section proposes a strategy for pursuing project funding for three stages of project delivery: project development, construction, and O&M.

As of March 2023, no known long term funding sources have been awarded for the project at either the project development, final design/construction or O&M stages. All of these steps assume defined estimate ranges for scope and cost and consideration of preparation tasks outlined in the previous section. This section is organized by funding strategies for the following stages:

- Project Development
- Final Design/Construction
- Operations and Maintenance (O&M)

Project Development

This section defines the project development stage and describes the key steps for the program to consider during this stage.

The project development stage is the current stage of the SoCo Project. This stage includes, but is not limited to, achieving final environmental clearance, including Tier 1 NEPA and Project NEPA/CEQA, preliminary engineering/design, risk assessment, and establishing the project delivery approach.

Costs associated with project development are anticipated to be approximately 5% of the Union City Intermodal Station Phase 3 Project's (as defined in the SoCo Study Phase 2 Report) capital costs. According to current project-level only approach schedules for the proposed Project, this stage will last from present to December 2025.

A key aim of the project development stage is to secure a sustainable funding stream to support the project. The project is more likely to be delivered on schedule and within budget if the program continues to secure funding commitments in advance of each stage. Therefore, the program should engage in all necessary outreach and achieve buy-in from technical, federal, executive, and legislative decision makers in advance of the construction as well as O&M, described later.

Potential federal, State, and local funding sources to address project development costs are outlined in Table 2.

Table 2: Summary of Potential Funding Sources for Project Development

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
USDOT RAISE	The RAISE grant program is a highly competitive USDOT discretionary grant program which supports the capital costs of road, rail, transit, and port projects that have a significant impact on the nation, a region, or a metropolitan area.	Federal	\$25	For urban projects, minimum of 20% non-federal match may be public and/or private sector funding	Annual
FRA Federal-State Partnership for Intercity Passenger Rail	The program targeted towards intercity rail state of good repair and/or rail infrastructure replacement projects.	Federal	No Max Award Limit	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
FRA Corridor Identification and Development Program	The program is aimed towards the development of rail corridors and establishing a process and review to determine readiness for financial assistance from the Federal government.	Federal	TBD	TBD	TBD
CMAQ Congestion Mitigation and Air Quality	Provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses include capital costs of transit projects and up to three years of operations and maintenance (O&M) costs of new transit service.	Federal	\$498 million was apportioned to California in FY2020.	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
FRA CRISI Consolidated Rail Infrastructure and Safety Improvements	The CRISI program provides funding for rail improvements that address safety, reliability, and efficiency. Eligible applicants generally include intercity passenger and freight rail.	Federal	N/A \$5 – 25 on average	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
TIRCP Transit and Intercity Rail Capital Program	TIRCP is a grant program to fund capital improvements to modernize California's intercity, commuter and urban rail systems, and bus and ferry transit systems.	State	\$15 – \$100 on average \$427 highest award	None	Varies, tends to be biannual
Alameda County Transportation Commission Measure BB Transportation Expenditure Plan	Measure BB is projected to generate approximately \$8 billion in revenues from April 2015 to March 2045 for transportation improvements for Alameda County across all modes.	Local	n/a	None	Annual
RM3 Regional Measure 3	RM3 was developed to finance a comprehensive suite of highway and transit improvements through an increase of tolls on the region's seven State-owned toll bridges.	Local	n/a	None	Annual

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
Local Assistance (Partner jurisdictions)	A local jurisdiction or partner could provide a contribution towards the project. Contributions could be utilized as a match towards federal/State funds, ranging from \$15 to \$20 million.	Local	n/a	None	As needed

Based on the current scope, the Project should consider obtaining funding from Alameda CTC through their Measure BB Program. Other funding sources, such as RAISE and Federal-State Partnership for Intercity Passenger Rail at the federal level, and Transit and Intercity Rail Capital Program (TIRCP) at the State level, can be used to support the Project Development stage.

To begin preparing for grant applications at the Project Development stage, the Project must note the five steps highlighted previously: identification of project, definition of scope/schedule/budget, identification of lead agency, engaging stakeholders for buy-in, and completion of any necessary technical documents, such as a benefit-cost analysis. Procurement of professional services may be involved as an up-front cost prior to grant submission.

To ensure a timely application, the Project should note the latest schedule of Notice of Funding Opportunity (NOFO) releases from federal or State agencies, such as USDOT, FRA, and CalSTA.

The Project partners should also take note of the development of the FRA Corridor Identification and Development Program. As this is a new program from the Bipartisan Infrastructure Law (BIL), its policies and funding amounts are still being developed.

Final Design/Construction

According to the current schedule, the Final Design/Construction stage is scheduled for December 2025 – December 2029, followed by testing and then the O&M period when service operation begins. This long-term strategy is contingent on effective planning and, most importantly, on securing a sustainable funding source in advance of the construction stage.

The Final Design phase, including right-of-way acquisition, for the Union City Intermodal Station Phase 3 Project is anticipated to cost approximately \$17.3 Million and occur over 1.5 to 2 years. The Construction phase will be the most expensive of the project phases, totaling approximately \$199 million based on current estimates. Construction will likely last 2 years according to the current schedule. Construction costs include land and right-of-way (ROW) acquisition, vehicle acquisition, final design, and construction, including stations, systems, support and storage facilities, and contingency.

The funding stream necessary to fund construction will have already been identified during the previous stage (Project Development).

Potential federal, State, and local funding sources to address construction costs are outlined in Table 3.

Table 3: Summary of Potential Funding Sources for Construction

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
USDOT RAISE	The RAISE grant program is a highly competitive USDOT discretionary grant program which supports the capital costs of road, rail, transit, and port projects that have a significant impact on the nation, a region, or a metropolitan area.	Federal	\$25	For urban projects, minimum of 20% non-federal match may be public and/or private sector funding	Annual
FRA Federal-State Partnership for Intercity Passenger Rail	The program targeted towards intercity rail state of good repair and/or rail infrastructure replacement projects.	Federal	No Max Award Limit	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
CMAQ Congestion Mitigation and Air Quality	Provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses include capital costs of transit projects and up to three years of operations and maintenance (O&M) costs of new transit service.	Federal	\$498 million was apportioned to California in FY2020.	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
FRA CRISI Consolidated Rail Infrastructure and Safety Improvements	The CRISI program provides funding for rail improvements that address safety, reliability, and efficiency. Eligible applicants generally include intercity passenger and freight rail.	Federal	N/A \$5 – 25 on average	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
TIRCP Transit and Intercity Rail Capital Program	TIRCP is a grant program to fund capital improvements to modernize California's intercity, commuter and urban rail systems, and bus and ferry transit systems	State	\$15 – \$100 on average \$427 highest award	None	Varies, tends to be biannual
SCCP Solutions for Congested Corridors	SCCP is a grant program to address transportation improvements within highly congested travel corridors.	State	\$50 – 150 on average \$233 highest award	None	Annual

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
SRA State Rail Assistance Program	The State Rail Assistance Program is a grant program to fund capital and operations improvements for intercity and commuter rail within California.	State	Formula based allocations are \$5 - \$10 million funding allocations on average of 25% of intercity rail funding (ranging from \$5.7 - \$6.3 million annually) is “flexible” and authorized to plan for aspiring corridors	None	Annual
RM3 Regional Measure 3	RM3 was developed to finance a comprehensive suite of highway and transit improvements through an increase of tolls on the region's seven State-owned toll bridges.	Local	n/a	None	Annual
Other Local or Regional Sales Tax Measures	Potential future funding through a ballot initiative sales tax measure to support transportation improvements, requiring support from State and local policy makers and elected officials.	Local	n/a	None	Annual
Local Assistance (Partner jurisdictions)	A local jurisdiction or partner could provide a contribution towards the project. Contributions could be utilized as a match towards federal/State funds, ranging from \$15 to \$20 million.	Local	n/a	None	As needed

Based on the current scope, the Project should consider applying for programs such as RAISE and Federal-State Partnership for Intercity Passenger Rail at the federal level; and TIRCP, Solutions for Congested Corridors (SCCP), and the State Rail Assistance Program (SRA) at the State level for Construction funding. The project must consider securing a local match from partner jurisdictions or future sources such as regional sales tax measures.

To begin preparing for grant applications at the Construction stage, the Project must note the five steps highlighted previously: identification of project, definition of scope/schedule/budget, identification of lead agency, engaging stakeholders for buy-in, and completion of any necessary technical documents, such as a benefit-cost analysis. Procurement of professional services may be involved as an up-front cost prior to grant submission.

To ensure a timely application, the Project should note the latest schedule of Notice of Funding Opportunity (NOFO) releases from federal or State agencies, such as USDOT, FRA, and CalSTA.

As outlined in the Attachment to this memorandum, sources highlighted within the table are more likely than other sources. However, the appendix evaluates all potential sources and identifies their applicability to a given stage for the Project and partners to consider.

Operations and Maintenance (O&M)

According to the current schedule, the O&M phase could begin in 2030, following completion of construction. The Union City Intermodal Station Phase 3 Project will need to consider all long-term funding streams available for O&M. In addition to fare revenues, which should cover a significant portion of the O&M costs, operations funding should come from State funds dedicated to intercity rail operations through the Public Transportation Account (PTA). SJRRC should consider technical, executive, and legislative outreach similar to the Project Development stage to secure funding stream(s) that can also contribute to O&M costs.

Potential federal, State, and local funding sources to address O&M costs are outlined in Table 4.

Table 4: Summary of Potential Funding Sources for O&M Stage

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
PTA Public Transportation Account	PTA funds are almost exclusively funded through the sales tax on diesel fuel. The PTA is the only State funding source for State-supported intercity rail service operations. About 60% to 70% of the funds go to the State Transit Assistance (STA) program, through which funds are apportioned on a formula basis to local transit agencies.	State			Annual
CMAQ Congestion Mitigation and Air Quality	Provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses include capital costs of transit projects and up to three years of O&M costs of new transit service.	Federal	\$498 million was apportioned to California in FY2020.	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual
TIRCP Transit and Intercity Rail Capital Program	TIRCP is a grant program to fund capital improvements to modernize California's intercity, commuter and urban rail systems, and bus and ferry transit systems	State	\$15 – \$100 on average \$427 highest award	None	Varies, tends to be biannual

Program Name	Description	Source Level	Maximum Grant Award (millions)	Matching Requirements	Funding Cycle
SRA State Rail Assistance Program	The State Rail Assistance Program is a grant program to fund capital and operations improvements for intercity and commuter rail within California.	State	Formula based allocations are \$5 - \$10 million funding allocations on average of 25% of intercity rail funding (ranging from \$5.7 - \$6.3 million annually) is “flexible” and authorized to plan for aspiring corridors	None	Annual
Local Assistance (Partner Jurisdictions)	A local jurisdiction or partner could provide a contribution towards the project. Contributions could be utilized to address any operational deficits associated with the project.	Local	n/a	None	As needed

Intercity rail operations are fully funded through State sources, including PTA and State Transit Assistance (STA), allocated through Metropolitan Planning Organizations (MPOs). Should additional funds be needed, the Project should consider TIRCP and SRA as potential sources for the O&M stage. Other sources for O&M could include securing a local match from partner jurisdictions or future sources such as local or regional sales tax measures.

Financing

This section highlights financing strategies for project funding for three stages of project delivery: project development, construction, and O&M.

As discussed previously, the program should seek to develop funding mechanisms on a pay-as-you-go basis. However, the development of a financing strategy may augment the funding for the proposed Project. Federal financing provides flexible loans at low interest rates which will improve the feasibility of a project’s financial planning.

If the Project seeks financing, programs such as RRIF and TIFIA will require a dedicated repayment funding stream. The Project will need to have commitment from partners to repay the amount financed as well as any costs associated with borrowing. Therefore, this report recommends the Project consider funding strategies before financing. However, information on the two programs is summarized below from the appendix.

TIFIA

USDOT’s TIFIA, administered by the Build America Bureau (BAB), provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA leverages federal funds by attracting private and non-federal investments to projects.

In October 2022, USDOT authorized borrowing of up to 49% of eligible costs for transit and public transit-oriented development projects. The combined share of TIFIA proceeds and other federal funding for a given project may not exceed 80% of the total project cost. The project must be at least partially supported by user charges such as fare revenues, toll revenues, or other non-federal dedicated funding sources.

The program permits repayment over a term of up to 35 years after a project's substantial completion and provides borrowers with the flexibility to defer principal and capitalize interest payments for up to 5 years. Credit worthiness is a critical factor in the evaluation process. If the revenue streams of a project are unproven, an additional pledge by the State or local government can be used to secure the loan. Applicants for TIFIA loans do not have to pay a credit risk premium to cover the cost of potential losses on the project. Congress appropriates funding each year to cover those costs.

The Project could be a strong candidate for TIFIA assistance if the program can identify a reliable repayment stream to demonstrate creditworthiness. Benefits of the TIFIA program include low interest rates equal to long term U.S. Treasuries, the ability to capitalize debt for up to five years, and credit risk premium assistance. However, the administrative requirements necessary to demonstrate creditworthiness are extensive and time consuming.

RRIF

The RRIF program by USDOT BAB offers long-term, low-cost loans to railroad operators to help them finance improvements to infrastructure and investments in equipment. The RRIF program aims to extend federal loans to rail projects of national significance by offering improved access to credit markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets. The program prioritizes projects that provide public benefits, including benefits to public safety, the environment, and economic development, as well as those that improve railroad stations and passenger facilities and foster transit-oriented development.

Railroads, states, and local governments are among the entities that are eligible to request RRIF loans.

Direct loans can support up to 100% of a project's planning, design, and/or construction stages. Loan repayment periods are up to 35 years, deferrable for five years after substantial project completion. The RRIF program is authorized to provide up to \$35 billion in direct loans and loan guarantees to finance development of railroad infrastructure. Because the program is intended to operate at no cost to the federal government and it does not receive an annual appropriation from Congress, applicants must pay an upfront amount related to the credit worthiness of their projects to cover any potential losses for the federal government.

To secure a RRIF loan from the USDOT Build America Bureau, the Project sponsors should be prepared to discuss with the USDOT the terms of a potential loan once funding streams for the project are known. Engaging early with USDOT will help ensure that loan terms will adequately support the project. Additionally, these discussions should aim to educate the USDOT on the needs of the Project so that the USDOT can best support the project.

The Project could be a strong candidate for a RRIF loan if the program can identify a reliable repayment stream to demonstrate creditworthiness. Benefits of the RRIF program include low interest rates equal to long term U.S. Treasuries and the ability to capitalize debt for up to five years. However, the administrative requirements necessary to demonstrate creditworthiness are extensive and time consuming.

No non-Federal cost shares are required. As part of the Bipartisan Infrastructure Law, \$1.2 billion is available until expended.

If the Project seeks financing, programs such as RRIF and TIFIA will require a dedicated repayment funding stream. The Project will need to have commitment from partners to repay the amount financed as well as any costs associated with borrowing. Therefore, this report recommends the Project consider all other strategies before financing.

Recommended Funding Strategy

Based on the strategic evaluation of all local, State, and Federal funding and financing options, the funding strategy summarized in **Table 5** is recommended.

Table 5: Union City Intermodal Station Phase 3 Project Funding Strategy

Project Phase And Funding Source	Environmental and Preliminary Engineering	Final Design and Right-of-Way	Construction	Total
State and Local				
Alameda CTC Measure BB Transportation Expenditure Plan Funds	\$3,000,000			\$3,000,000
San Joaquin Regional Rail Commission (Committed)	\$250,000			\$250,000
San Joaquin Joint Powers Authority (Committed)	\$250,000			\$250,000
Transit and Intercity Rail Capital Program (TIRCP)		\$12,500,000	\$47,500,000	\$60,000,000
Solutions for Congested Corridors Program (SCCP)			\$25,000,000	\$25,000,000
Regional Measure 3 (RM3)			\$20,000,000	\$20,000,000
State Rail Assistance (SRA)		\$5,000,000	\$10,000,000	\$15,000,000
Federal				
Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grants			\$30,000,000	\$30,000,000
Rebuilding American Infrastructure With Sustainability and Equity (RAISE) Program			\$25,000,000	\$25,000,000
Federal-State Partnership for Intercity Passenger Rail			\$31,500,000	\$31,500,000
Building Resilient Infrastructure and Communities (BRIC)			\$10,000,000	\$10,000,000
Total	\$3,500,000	\$17,500,000	\$199,000,000	\$220,000,000

Next Steps for Funding Strategy

The following is a high-level summary of recommended next steps for pursuing the State and Federal funding to advance the Project.

- Maximize and align competitive funding opportunities alongside administration priorities** – The Project should pursue all available federal competitive funding programs pertinent to each project stage, such as the RAISE and CRISI programs as well as newly modified programs such as the Federal-State Partnership for Intercity Passenger Rail. SJRRC should also make a concerted effort to highlight the Project benefits related specifically to equity and climate change mitigation — two priority areas for the current administration.

The Project should subscribe to newsletters and media from federal and State grant agencies, such as USDOT, FRA, and CalSTA, to stay informed on any changes to grant programs.

- Prepare for upcoming competitive grants** – As noted earlier, the Project must consider the following steps to prepare for upcoming competitive grant announcements: identification of project elements, definition of scope/schedule/budget, identification of lead applicant and/or co-applicants; secure support from stakeholders leading to funding commitment letters for necessary local match; and completion of any necessary technical documents such as a PMP or BCA.
- Apply for upcoming competitive grants** – The Project should consider the upcoming opportunities to apply for funding shown in Table 6.
- Secure funding agreements with local jurisdictions** – SJRRC should work to execute funding agreements with these and other local jurisdictions to ensure funding can be directed to the project and programmed to align with the project schedule and satisfy any necessary local match for federal funding.
- At the State and local level, continue advocacy for the project with key stakeholders** – A number of grant and non-grant funding options, such as local sales tax measures, rely on coordination, representation and sponsorship from authorized agencies, who have access to additional options by virtue of being operating entities or have the legal authority or administrative ability to levy wider funding measure.

Table 6: Summary of Potential Funding Sources for all Project Stages

Funding Source	Project Stage	Status
Federal-State Partnership for Intercity Passenger Rail	Project Development/Construction	Next window likely in Spring 2024
CRISI	Project Development/Construction	NOFO likely Summer/Fall 2023
TIRCP	Project Development/Construction	NOFO likely Winter 2024
RAISE	Project Development/Construction	NOFO likely Winter 2024

Attachment

Overview of Funding Sources

Potential funding and financing sources described herein include federal, State, and local programs and sources, broken into the following sections:

- Federal Competitive Grant Funding Opportunities
- Federal Formula Funding Options
- State Competitive Grant Funding Opportunities
- State Formula Funding Options

Funding sources were evaluated based on a high, medium or low likelihood of funding for the Project. Table A1 on the following pages summarize the funding options evaluated at the federal and State levels.

Table A1: Competitive Grant Options

Program Name	Description	Maximum Grant Award (millions)	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities			
						Planning	Env. & Final Design	Construction	Oper. & Maint.
USDOT RAISE (formerly BUILD/TIGER) Rebuilding American Infrastructure with Sustainability and Equity	The RAISE grant program (formerly known as BUILD/TIGER) is a highly competitive USDOT discretionary grant program which supports the capital costs of road, rail, transit, and port projects that have a significant impact on the nation, a region, or a metropolitan area.	\$25	Medium	For urban projects, minimum of 20% non-federal match may be public and/or private sector funding	Annual	✓	✓	✓	
USDOT INFRA Infrastructure for Rebuilding America	INFRA funds support projects that improve safety and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements. INFRA only supports projects in the following categories: freight projects on the National Highway System, freight rail, ports projects, intermodal projects and highway rail grade crossings.	> \$100	Low	Minimum 40% matching requirement. Other federal funds may be used so long as the total federal share is no more than 80%	Annual		✓	✓	
FRA CRISI Consolidated Rail Infrastructure and Safety Improvements	The CRISI program provides funding for rail improvements that address safety, reliability, and efficiency. Eligible applicants generally include intercity passenger and freight rail.	N/A \$5 – 25 on average	Medium	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual	✓	✓	✓	
FRA Federal-State Partnership for Intercity Passenger Rail	The program targeted towards intercity rail state of good repair and/or rail infrastructure replacement projects.	No Max Award Limit	Medium	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual	✓	✓	✓	

Program Name	Description	Maximum Grant Award (millions)	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities			
						Planning	Env. & Final Design	Construction	Oper. & Maint.
FRA Corridor Identification and Development Program	The program is aimed towards the development of rail corridors and establishing a process and review to determine readiness for financial assistance from the Federal government.	TBD	TBD	TBD	TBD	✓	✓	TBD	
FTA Pilot Program for TOD Planning Pilot Program for Transit Oriented Development Planning	This program supports FTA's mission of improving public transportation for America's communities by providing funding to local communities to integrate land use and transportation planning with a new fixed guideway or core capacity transit capital investment.	\$2	Low	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual	✓	✓		
FTA CIG Capital Investment Grant Program	The CIG program provides funding for fixed guideway capital improvements such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus rapid transit investments.	Depends on program track. Core Capacity max project award is \$1.16 billion.	Low	Minimum of 20% non-Federal match may be public and/or private sector funding	Annual	✓	✓	✓	
CMAQ Congestion Mitigation and Air Quality	Provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses include capital costs of transit projects and up to three years of operations and maintenance (O&M) costs of new transit service.	\$498 million was apportioned to California in FY2020.		Minimum of 20% non-Federal match may be public and/or private sector funding	Annual	✓	✓	✓	✓

Program Name	Description	Maximum Grant Award (millions)	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities			
						Planning	Env. & Final Design	Construction	Oper. & Maint.
STBG Surface Transportation Block Grants	Also known as the Surface Transportation Program (STP), these funds are distributed by FHWA to states and MPOs using a highway-based funding formula. It is a flexible funding source for a range of transportation projects including transit safety infrastructure improvements for existing services and transit capital funding for new projects.	\$1.05 billion was apportioned to California in FY2021.		Minimum of 20% non-Federal match may be public and/or private sector funding	Annual		✓		
TIRCP Transit and Intercity Rail Capital Program	TIRCP is a grant program to fund capital improvements to modernize California's intercity, commuter and urban rail systems, and bus and ferry transit systems	\$15 – \$100 on average \$427 highest award		None	Varies, tends to be biannual		✓	✓	✓
SCCP Solutions for Congested Corridors	SCCP is a grant program to address transportation improvements within highly congested travel corridors.	\$50 – 150 on average \$233 highest award		None	Annual			✓	
Sustainable Transportation Planning Grant Program	The Sustainable Transportation Planning Grant Program is a grant program to further a region's Regional Transportation Plan and Sustainable Communities Strategy and contribute to greenhouse gas reduction targets	<\$1 on average \$0.7 highest award		11.47% local match in non-federal funds	Annual	✓	✓		

Program Name	Description	Maximum Grant Award (millions)	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities			
						Planning	Env. & Final Design	Construction	Oper. & Maint.
SRA State Rail Assistance Program	The State Rail Assistance Program is a grant program to fund capital and operations improvements for intercity and commuter rail within California.	Formula based allocations are \$5 - \$10 million funding allocations on average of 25% of intercity rail funding (ranging from \$5.7 - \$6.3 million annually) is "flexible" and authorized to plan for aspiring corridors		None	Annual	✔	✔	✔	✔

Federal Competitive Grant Programs

This section documents federal competitive grant programs under consideration to support the Union City Intermodal Station Phase 3 Project. Programs evaluated in this section include:

- USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE)
- USDOT Infrastructure for Rebuilding America (INFRA)
- FRA Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grants
- FRA Federal-State Partnership for Intercity Passenger Rail
- FRA Corridor Identification and Development Program
- FTA Pilot Program for TOD Planning
- FTA Capital Investment Grant (CIG) Program

The following describes each of the federal competitive grant programs in detail.

RAISE

USDOT's RAISE grant program (formerly known as BUILD and TIGER) is a highly competitive USDOT discretionary grant program which supports the capital costs of road, rail, transit, and port projects that have a significant impact on the nation, a region, or a metropolitan area. The Fiscal Year (FY) 2023 RAISE Notice of Funding Opportunity (NOFO) was released on December 14, 2022, making available \$1.5 billion for the program. The NOFO released will be updated on or before December 14, 2022 with additional information. As of December 6, 2022, the submission date of applications is February 28, 2023. A link to the NOFO can be found [here](#).

In the 2016 TIGER grant cycle, BART was awarded \$6.3 million for a series of station improvements in downtown Oakland. Other TIGER / BUILD grants in support of transit projects have gone to railcar replacement programs, streetcar extensions, or other first/last mile connection projects. In 2021, the City of Oakland received \$24.9 million towards the Reconnecting Oakland: Safe, Reliable and Equitable Access project.

The program is very competitive, and a successful RAISE application would need to demonstrate benefits associated with safety, state of good -repair, environmental protection, quality of life, and economic competitiveness. In addition, new Biden administration guidelines place an emphasis on projects that advance racial equity and climate change mitigation. The program is subject to annual appropriations by Congress and is likely to continue to remain part of the annual funding landscape for transportation projects.

Table A2 summarizes RAISE program key information. RAISE grants should be pursued for elements of the Union City Intermodal Station Phase 3 Project, particularly those that would compete well in the categories of advancing racial equity and sustainability. This funding source is rated as having medium potential to fund up to \$25 million, considering that the project is expected to strongly align to RAISE grant criteria, but still compete against many other competitive projects for a limited pool of RAISE funding. As noted, the program is intensely competitive and capped at \$25 million per award, so RAISE grants will not be able to fund more

than a marginal portion of the overall project. It may be better-suited to support adjacent project elements such as first-last mile connections or other multimodal infrastructure.

Table A2: RAISE Program Summary

The RAISE grant program (formerly known as BUILD/TIGER) is a highly competitive USDOT discretionary grant program which supports the capital costs of road, rail, transit, and port projects that have a significant impact on the nation, a region, or a metropolitan area.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$7.5 billion as part of the five-year Bipartisan Infrastructure Law. Maximum Grant Award: \$25 million	Medium	For urban projects, federal share may not exceed 80% of total project costs; minimum of 20% non-federal match may be public and/or private sector funding.	Annual. The notice of funding opportunity (NOFO) for FY 2023 was released on November 30, 2022.	<ul style="list-style-type: none"> • Planning • Environmental and Final Design • Construction

INFRA

INFRA funds are available for projects and programs that leverage federal funds with private and toll revenues, improve safety, and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements. INFRA only supports freight projects on the National Highway System, freight rail, ports projects, intermodal projects and highway rail grade crossings. Applications require a benefit-cost analysis with projects scoring better if their benefit-cost ratio is above 1.0.

In FY 2022, INFRA Grants were released alongside the MEGA grants program and the Rural Surface Transportation Grant program as part of the Multimodal Project Discretionary Grant Opportunity (MPDG). \$8 billion is available in funding from FY 22 to FY 26.

Table A3 summarizes INFRA program key information. The INFRA program would only benefit the Union City Intermodal Station Phase 3 Project by funding enabling work that would offer benefits to freight rail traffic on the intercity rail alignment, or for work on grade crossings. Due to this and the competitive nature of the program, this has been rated as having low potential for funding for the project, with an estimate of \$10 million.

The Project should consider pursuing INFRA funds for discrete elements of the Union City Intermodal Station Phase 3 Project that would meet INFRA eligibility requirements (a highway/rail grade separation project, for example) and have independent utility.

Table A3: INFRA Program Summary

INFRA funds support projects that improve safety and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements. INFRA only supports projects in the following categories: freight projects on the National Highway System, freight rail, ports projects, intermodal projects and highway rail grade crossings.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$8 billion is available from FY 22 – FY 26. Maximum Grant Award: >\$100 million	Low	Federal share is 60%; additional funding from other federal grant programs in total may not exceed 80% of total project costs; minimum of 20% non-federal match may be public and/or private sector funding	Annual, with notice of funding opportunity released in the first few months and application deadline in April or May	<ul style="list-style-type: none"> • Environmental and Final Design • Construction

CRISI

FRA's Consolidated Rail Infrastructure and Safety Improvements (CRISI) program provides funding for rail improvements that address safety, reliability, and efficiency.

CRISI grants may be used for planning and environmental analysis, and projects could be eligible for grants during project initiation, project development, and construction. Given the total pool of funds available for projects nationwide, CRISI may provide only a small portion of the overall cost of the project. Still, the CRISI program is a promising U.S. federal funding source to support project development activities, as planning, project development, and environmental clearance are eligible fund uses.

Table A4 summarizes CRISI program key information. As an FRA grant program open only to intercity passenger rail, commuter rail, and freight, the CRISI program offers an opportunity to the Union City Intermodal Station Phase 3 Project. Therefore, this program has been rated as having medium potential as a funding opportunity. By highlighting potential safety improvements as well as reliability and efficiency, the project could submit a strong application.

Table A4: CRISI Program Summary

The CRISI program provides funding for rail improvements that address safety, reliability, and efficiency. Eligible applicants generally include intercity passenger and freight rail.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$1 billion per year in authorized funding from FY 22 – FY 26; \$ 1 billion per year in advanced appropriations from FY 22 – FY 26. Maximum Grant Award: N/A, \$5 – 25 million on average	Medium	Federal share no greater than 80% of total project costs; minimum of 20% non-federal match may be public and/or private sector funding	Annual – most recent round of applications closed on 12/1/2022	<ul style="list-style-type: none"> • Planning • Environmental and Final Design • Construction

Corridor Identification and Development Program

The Bipartisan Infrastructure Law required the Secretary of Transportation to establish a Corridor Identification and Development Program. The program is aimed towards the development of rail corridors and establishing a process and review to determine readiness for financial assistance from the Federal government.

Additional funding may develop in the coming years as the program is implemented. It is understood that the State of California included the Project and its alignment as part of a submission to the FRA on this program.

Pilot Program for TOD Planning

The Pilot Program for TOD Planning helps support FTA’s mission of improving public transportation for America’s communities by providing funding to integrate land use and transportation planning with a new fixed guideway or core capacity transit capital investment. In September 2019, FTA announced the availability of \$68 million in Pilot Program for TOD Planning funding from FY 22 – FY 26. \$13 million is available annually in FY 22 and FY 23; \$14 million is available annually from FY 24 to FY 26.

The maximum Federal funding share is 80%, and projects with committed local matching funds will receive higher ratings from FTA on this evaluation component. Typically, this grant program is not highly competitive, with funding available for all qualified applicants.

Table A5 summarizes Pilot Program for TOD Planning key information. If elements of the scope develop towards more of a transit-related project, MTC should consider pursuing an FTA TOD Planning grant, as a successful award would bring FTA into conversations around the project and could help the project to achieve a higher New Starts Economic Development rating.

Table A5: Pilot Program for TOD Planning Summary

Pilot Program for TOD Planning supports FTA’s mission of improving public transportation for America’s communities by providing funding to local communities to integrate land use and transportation planning with a new fixed guideway or core capacity transit capital investment.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$13 million available annually from FY 22 – FY 23; \$14 million available annually from FY 24 – FY 26. Maximum Grant Award: \$2 million	Low	The maximum federal funding share is 80%, with local matching requirement of at least 20%. Projects with committed local matching funds will receive higher ratings from FTA on this evaluation component	Annual, pilot program authorized for five years (2015-2020) and is extended for a sixth year (2021)	<ul style="list-style-type: none"> • Planning • Environmental and Final Design

Federal-State Partnership for Intercity Passenger Rail

The FRA’s Federal-State Partnership for Intercity Passenger Rail is targeted towards intercity rail state of good repair and/or rail infrastructure replacement projects. Projects eligible for

funding under this grant program may include investments to improve intercity passenger rail performance with general state of good repair investments or replacement of existing assets to increase capacity or provide a higher level of service.

As a result of the Bipartisan Infrastructure Law, changes to the program include broadening project eligibility to include projects to expand or establish new intercity passenger rail services and fund pre-construction project planning, expanding eligible project locations to include the entire intercity passenger rail network, and directing USDOT to publish a project inventory for Northeast Corridor projects to support long-term planning.

On December 7, 2022, a notice of funding opportunity (NOFO) for the Federal-State Partnership for Intercity Passenger Rail Grants was published in the Federal Register and applications were due on March 7, 2023. A link to the NOFO can be found [here](#).

Table A6 summarizes the program key information. Similar to the RAISE, INFRA, CRISI, and SOGR grant programs, Federal-State Partnership for Intercity Passenger Rail offers a potential funding source for discrete Union City Intermodal Station Phase 3 Project elements that would compete well under grant criteria. As a result, this program has been rated as having high potential for the Project.

Table A6: Federal-State Partnership for Intercity Passenger Rail Program Summary

The Federal-State Partnership for Intercity Passenger Rail Program is a program supporting improved safety and mobility of people and goods through the Federal Railroad Administration.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
<p>Funding Availability: \$7.2 billion total in advanced appropriations between FY 22 and FY 26. \$1.5 billion annually in authorized funding available between FY 22 and FY 26.</p> <p>Maximum Grant Award: \$50 million</p>	Medium	Projects must have a non-Federal share of 25%. Economically disadvantaged communities with 3,000 or fewer people can have a reduced non-federal share of 100%. No matching requirement for projects in Management Costs category or island areas with total cost of \$800,000	2022 applications were due on March 7, 2022, with pre-award selection notices due to be issued in June 2022. The period of grant performance is three years from the time of award.	<ul style="list-style-type: none"> • Planning • Environmental and Final Design • Construction

Capital Investment Grant

The Capital Investment Grant (CIG) program provides funding for fixed guideway capital improvements such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus rapid transit investments. The Federal Transit Administration (FTA) recommends projects demonstrate benefits for mobility, environmental, congestion relief, economic development, land use as well as trip cost effectiveness.

The CIG Program includes four types of eligible projects:

- **New Starts**
 - Total project cost is equal to or greater than \$400 million or total New Starts funding sought equals or exceeds \$150 million
 - New fixed guideway system (e.g., light rail, commuter rail)
- **Small Starts**
 - Total project cost is less than \$400 million and total Small Starts funding sought is less than \$150 million
 - New fixed guideway systems (e.g., bus rapid transit, light rail)
- **Core Capacity**
 - Substantial corridor-based investment in existing fixed guideway system
 - Project must be in a corridor that is at or over capacity or will be in ten years; increase capacity by 10%; and "not include project elements designated to maintain a state of good repair."

Table A7 summarizes the program key information. The CIG program is targeted towards light rail, heavy rail, commuter rail, and bus rapid transit. As this project is considered intercity rail, it is not applicable. If the scope of this project expands to include one of those elements it could be a potential funding source. As a result, this program has been rated as having low potential for the Project.

Table A7: Capital Investment Grant Program Summary

The Capital Investment Grant (CIG) program provides federal grants for major transit capital investments through the Federal Transit Administration (FTA).				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Matching Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$7.2 billion annually in advanced appropriations between FY 22 and FY 26. \$1.5 billion annually in authorized funding available between FY 22 and FY 26. Maximum Grant Award: Dependent upon type of project	Low	Federal share may not exceed 80% of project costs	The period of grant performance is three years from the time of award.	<ul style="list-style-type: none"> • Environmental and Final Design • Construction

Federal Formula Grant Programs

This section describes federal formula grant programs that could potentially provide funding for the Union City Intermodal Station Phase 3 Project. These options include:

- FHWA Congestion Mitigation and Air Quality Improvement (CMAQ)
- FHWA Surface Transportation Block (STBG) Grant CMAQ

CMAQ

FHWA's CMAQ program provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses for CMAQ funding include construction,

planning, and research costs of transit projects and up to three years of O&M costs of new transit service.

Each state’s CMAQ apportionment is determined based on population in non-attainment and maintenance areas and severity of the air quality issues.

CMAQ funding is administered by local metropolitan planning organizations such as Alameda County Transportation Commission (Alameda CTC) or the San Joaquin Council of Governments (SJCOG).

Table A8 summarizes CMAQ program key information. CMAQ could provide moderate to low levels of funding for the Union City Intermodal Station Phase 3 Project, as capital and / or operations and maintenance support, but may require the project sponsor to competitively apply for funds on an annual basis. The level of funding the Union City Intermodal Station Phase 3 Project could receive from the CMAQ program will be limited by competing priorities for the funds.

Table A8: CMAQ Program Summary

CMAQ Program provides funding to transportation projects and programs to reduce congestion and improve air quality in designated air quality maintenance or non-attainment areas for carbon monoxide and/or ozone. Eligible uses for CMAQ funding include capital costs of transit projects and up to three years of operations and maintenance (O&M) costs of new transit service.			
Funding Availability	Matching Requirements	Funding Cycle	Eligible Activities
\$505 million was apportioned to California in FY2022.	Federal share must not exceed 80% of total project costs; minimum of 20% non-Federal match may be public or private sector funding. 2% set-aside for State Planning and Research.	Annual	<ul style="list-style-type: none"> • Planning • Environmental and Final Design • Construction • Operations and Maintenance

STBG

FHWA’s Surface Transportation Block Grant (STBG), also known as the Surface Transportation Program (STP), are distributed by the FHWA to states and MPOs using a highway-based funding formula. It is a flexible funding source for a range of transportation projects including transit safety infrastructure improvements for existing services and transit capital funding for new projects.

Similar to CMAQ, currently STBG funding is managed and appropriated by metropolitan planning organizations, such as Alameda CTC or SJCOG. However, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) noted to metropolitan planning organizations in California the following regulation:

As a general matter, STBG funds should not be distributed to individual jurisdictions or modes by pre-determined percentages or formulas unless it can be shown to be based on considerations required to be addressed as part of the metropolitan transportation planning process. (C.F.R. 326 (m)).

Policies surrounding disbursement of funds are subject to change as a number of planning organizations are holding working groups to develop a plan.¹

Table A9 summarizes STBG program key information. STBG is unlikely to provide significant funding for the Union City Intermodal Station Phase 3 Project. STBG funds could provide a small level of funding for construction but would require the project sponsor to apply competitively against highway and other modal projects.

Table A9: STBG Program Summary

STBG Program, also known as the Surface Transportation Program (STP), are distributed by the FHWA to states and metropolitan planning organizations using a highway-based funding formula. It is a flexible funding source for a range of transportation projects including transit safety infrastructure improvements for existing services and transit capital funding for new projects.			
Funding Availability	Matching Requirements	Funding Cycle	Eligible Activities
\$1.19 billion was apportioned to California in FY2022.	Federal share must not exceed 80% of total project costs (90% for projects on the Interstate System); minimum of 20% non-Federal match may be public and/or private sector funding	Annual	<ul style="list-style-type: none"> • Construction

State Competitive Grant Programs

This section details the State competitive grant programs potentially available to support the Project. Programs evaluated in this section include:

- Transit and Intercity Rail Capital Program (TIRCP)
- Solutions for Congested Corridors (SCCP)
- Sustainable Transportation Planning Grants

Transit and Intercity Rail Capital Program

The Transit and Intercity Rail Capital Program (TIRCP) program funds transformative capital improvements that will modernize California’s intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.

The program’s policy objectives are established under Section 75520(a) of the Public Resources Code:

- Reduce emissions of greenhouse gases
- Expand and improve transit service to increase ridership
- Integrate the rail service of the State’s various rail operations, including integration with the high-speed rail system
- Improve transit safety

¹ <https://www.sjog.org/AgendaCenter/ViewFile/Agenda/02162022-1243>

The available funds vary based on auction proceeds resulting from the Greenhouse Gas Reduction Fund, sourced from the State’s Cap-and-Trade program and SB 1. AB 180 amended the Budget Act of 2021 (Chapters 21, 69 and 240 of the Statutes of 2021) to appropriate \$3,630,000,000 of General Fund to the Transit and Intercity Rail Capital Program and \$350,000,000 of General Fund for High Priority Grade Crossing Improvement and Separation projects.

TIRCP also has a goal to provide at least 25% of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities.

Table A10 summarizes information on the Transit and Intercity Rail Capital Program. TIRCP is rated as a medium potential funding source for the Project. It is a highly competitive program and in 2022, CalSTA awarded 23 applicants a total of \$796 million.

As TIRCP seeks projects that focus on transit system integration as well as improving connectivity, the Project should highlight the intermodal connections between both regional transit systems including ACE and BART systems as well as local transit services including the Livermore Amador Valley Transit Authority and Tracy’s TRACER fixed route bus services.

Table A10: Transit and Intercity Rail Capital Program Summary

The Transit and Intercity Rail Capital Program is a grant program to fund capital improvements to modernize California’s intercity, commuter and urban rail systems, and bus and ferry transit systems				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Requirements	Funding Cycle	Eligible Activities
Funding Availability: \$500 million available in 2020 awards Maximum Grant Award: Highest award was \$107 million in 2020 awards, and \$427 million of all grant awards	Medium	None	Varies, tends to be biannual Previous applications due in January with awards announced in April	<ul style="list-style-type: none"> • Environmental and Final Design • Construction • Operations and Maintenance

TIRCP received \$2.415 billion in the 2023-24 enacted California Budget. Several reports and legislative briefs have mentioned that there will be a special round of TIRCP where funding will be decided by Metropolitan Planning Organizations. However, as of July 20, 2023, there are no publicly available sources to confirm this, nor was it confirmed in the text language for the State budget. A link to the statutory language for the enacted budget can be found [here](#).

Solutions For Congested Corridors

The Solutions for Congested Corridors Program (SCCP) funds projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors throughout the State.

Annual funding of \$250 million is available to be allocated by the California Transportation Commission. SB 1 requires preference to be given to comprehensive corridor plans that demonstrate collaboration between Caltrans and local or regional partners, reflecting a

comprehensive planning approach. No more than half the available funding each year can be awarded to projects nominated exclusively by Caltrans.

Eligible projects must be included in a comprehensive multimodal corridor plan and applicants must also be an MPO or Caltrans. SCCP grants will only fund the construction component of a capital project. Further, a project must have completed CEQA or NEPA, as applicable, by the time of program adoption.

Eligible rail-related projects include:

- Construction of track siding for passing trains;
- Adding railroad capacity by expanding the number of tracks;
- Operational and/or safety improvements that allow for faster train speeds;
- Transit hubs for multimodal transportation modes including network fare integration and fare modernization systems to increase linked trips;
- Transit hubs or stations and nearby roadways providing accessibility for first mile and last mile connectivity to public transit systems; and
- Acquisition of zero-emission buses, and the cleanest available rail cars, locomotives, or other rolling stock.

The Commission intends to program two years of funding in the 2022 program in fiscal years 2023-24 and 2024-25.

Table A11 summarizes information on the Congested Corridors Grant Program. SCCP is a medium potential funding source. The Project should continue its discussions with CalSTA and eligible project sponsors, such as Alameda CTC, to be eligible for the next funding cycle.

The program is competitive, and the project will need to compete with road, bus and interchange projects.

Table A11: Solutions for Congested Corridors Grants Summary

The Solutions for Congested Corridors Grants is a grant program to address transportation improvements within highly congested travel corridors.				
Funding Availability and Maximum Grant Award	Likelihood of Funding the Project	Requirements	Funding Cycle	Eligible Activities
<p>Funding availability: \$250 million available annually</p> <p>Maximum Grant Award: Highest award was \$150 million in 2020, and \$233 million was highest of all grant awards</p>	Medium	<p>Environmental process must be completed for all segments.</p> <p>Must be part of a multimodal corridor plan.</p>	<p>Annual</p> <p>Previous applications due in May-July with awards announced in December</p>	<ul style="list-style-type: none"> • Construction

Sustainable Transportation Planning Grants

The Sustainable Transportation Planning Grant Program administered by Caltrans distributes funding towards local and regional projects to address the State’s overall transportation goals

and objectives. The program includes two grant types, totaling \$34 million in available funds during the current 2021-22 grant cycle:

- Sustainable Communities Grants (\$29.5 million), to encourage local and regional planning that furthers State regional transportation goals. There are two sub-programs, Competitive, which has a maximum award of \$700,000 and Formula, which has a maximum award of \$12.5 million for MPOs only.
- Strategic Partnerships Grants (\$4.5 million), to identify and address statewide, interregional, or regional transportation deficiencies on the State highway system in partnership with Caltrans. A sub-category funds transit-focused planning projects that address multimodal transportation deficiencies, for which the maximum award is \$500,000.

The program has a policy goal of 50% of grants benefitting disadvantaged communities. Projects must also meet a 11.47% minimum local, non-federal, match requirement.

CalTrans released the FY2023-24 Grant Application guide in early 2023 and 2023 applications were due in March 2023 with expected announcements in Summer 2023.

Table A12 summarizes information on the Sustainable Transportation Planning Grant Program. This is rated as a low potential funding source for the Project, as the funds can only be used to supplement planning efforts, the potential award funds are relatively modest and there are a wide variety of competitor projects that could apply for this funding.

If the Project chose to pursue this program, it should position itself as being part of a number of strategic and regional plans and highlight the benefits to disadvantaged communities that the project would provide, specifically to census tracts within San Joaquin County. As the Project will not be advanced by an MPO, the project would be eligible to apply for Strategic Partnership Transit grant funds as a sub-applicant.

Table A12: Sustainable Transportation Planning Grant Program Summary

The Sustainable Transportation Planning Grant Program is a grant program to further a region's Regional Transportation Plan and Sustainable Communities Strategy.				
Funding Availability and Maximum Grant Award	Program Competitiveness	Requirements	Funding Cycle	Eligible Activities
<u>Sustainable Communities Grants – Competitive</u> Funding Availability: Up to \$34 million available Maximum Grant Award: Maximum award is \$700,000	Medium	Program must reduce greenhouse gas emissions in disadvantaged or low-income community census tracts Requires 11.47% local match in non-federal funds	2023-24 applications are due in March 2023 with awards announced in Summer	<ul style="list-style-type: none"> • Planning • Up to 30% of design only
<u>Strategic Partnerships Grants</u> Funding Availability: Up to \$4.5 million available Maximum Grant Award: Maximum award is \$500,000	High	Requires 11.47% local match in non-federal funds	2023 applications are due in March 2023 with awards announced in Summer	<ul style="list-style-type: none"> • Planning

State Formula Grant Programs

This section details the State Rail Assistance formula grant program potentially available to support the Project.

State Rail Assistance

The State Rail Assistance (SRA) Program provides funding for intercity and commuter rail within the State. Available funds are sourced from a 0.5% portion of new diesel sales tax revenue. CalSTA also retains a portion of 'flexible' intercity rail agency funds for award to existing corridors, aspiring corridors and Caltrans, estimated to be \$29.8m over 2020-21 to 2024-25. Eligible activities include:

- Operations funding for expanded service, outreach, increased customer amenities, and discounted tickets, with a purpose of increasing ridership
- Capital investments, such as new and cleaner emissions rolling stock (to increase capacity and reduce emissions), as well as track and station investments (which will reduce travel times, delays, improve accessibility and enhance the customer experience).

Commuter rail is allocated 50% of SRA funds:

- The first \$17.5 million of commuter rail annual revenues are distributed evenly between the five agencies, including ACE
- Remaining distribution is allocated with a one-third weighting each to directional route miles, annual unlinked trips and annual passenger miles

Intercity rail is allocated 50% of SRA funds:

- 25% for the three intercity rail agencies, including the San Joaquin Joint Powers Authority and the Capitol Corridor Joint Powers Authority
- Remaining 25% is "flexible" and authorized to plan for or manage intercity rail operations within aspiring corridors.

To award the 25% of flexible intercity rail funds, CalSTA requires engagement with recipients and stakeholders, including a formal project concept letter, public notice and comment, and meetings to discuss project ideas. CalSTA has discretion over funds but its guidelines state it will favor projects that promote connectivity, integration of intercity rail service, and that have the greatest potential to grow rail ridership.

In October 2022, the California State Transportation Agency updated its approved application list to reflect additional programming of formula funds by commuter and intercity rail recipients, including projects selected with funding from Cycle 2 funding.

Table A13 summarizes information on the State Rail Assistance Program. As the majority of SRA funding follows a formula-based distribution to operating transit agencies, this is rated as a low potential funding source for the Project. If the project is led by the SJRRC, they are considered a lead agency and could receive allocated funds.

Table A13: State Rail Assistance Funds Program Summary

The State Rail Assistance Program is a grant program to fund capital and operations improvements for intercity and commuter rail within California.			
Funding Availability	Requirements	Funding Cycle	Eligible Activities
\$230.6 million available from 2020 – 2025 In the latest 2020 cycle, highest formula-based award was \$12 million and highest flexible funds award was \$2 million.	Must be directed towards intercity and commuter rail services	In the latest 2020 cycle, allocation requests were received in July and allocations were made in October.	<ul style="list-style-type: none"> • Planning • Environmental and Final Design • Construction • O&M

Public Transportation Account

The Public Transportation Account (PTA) is a funding source that can be used for operations and maintenance funding. The source of revenues is allocated from local Metropolitan Planning Organizations (MPO). Each MPO has a separate application process for accessing the funds. Applicants will need to provide information on service and operations as well as financial and administrative data as part of the request. A link to the funding application for the Metropolitan Transportation Commission (MTC) can be found [here](#).

PTA funds are almost exclusively funded through the sales tax on diesel fuel. The PTA is the only State funding source for State-supported intercity rail service operations. About 60% of the funds go to the State Transit Assistance (STA) program, through which funds are apportioned on a formula basis to local transit agencies.

Other Funding Sources

This section details other programs potentially available to support aspects of the Project. Programs evaluated in this section include:

- Brownfields Projects Program
- Local Contributions from local jurisdictions and transit/rail agencies

Brownfields Projects Program

During discussions regarding the project, there was interest in using funds for cleaning up a potential brownfields site. The Environmental Protection Agency’s (EPA) Brownfields Projects Program provides funding towards communities to prevent, inventory, assess, clean up and reuse brownfields sites.

No non-Federal cost shares are required. As part of the Bipartisan Infrastructure Law, \$1.2 billion is available until expended.

Local Contributions

To meet the match required for federal funding, the Project should explore conversations with local jurisdictions, such as Union City and Alameda CTC. The MTC and/or SJRRC should work to execute funding agreements with these and other local jurisdictions to ensure funding can be directed to the project and programmed to align with the project schedule.

Financing Options

This section details State and local financing programs potentially available to support the Project. Programs evaluated in this section are highlighted at the federal and State/local levels.

Federal Financing Options

This section describes federal financing programs that could potentially provide funding for the Union City Intermodal Station Phase 3 Project. These options include:

- USDOT Build America Bureau Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans
- Railroad Rehabilitation & Improvement Financing (RRIF)

Financing tools facilitate borrowing against future revenues to convert them into current funding when needed. The borrowed funds must then be repaid with interest in the future.

TIFIA

USDOT's TIFIA, administered by the BAB, provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA leverages federal funds by attracting private and non-federal investments to projects, with TIFIA credit assistance providing improved access to capital markets, offer flexible repayment terms, and potentially provide more favorable interest rates than can be found in private capital markets for similar instruments. Any transit capital projects eligible for federal aid and included in the applicable State Transportation Improvement Program (STIP) are also eligible for the TIFIA program.

Each dollar of federal funding applied to TIFIA (as the subsidy amount) can provide up to \$15 in credit assistance and with applicant funding match supports up to \$50 in transportation infrastructure investment. Historically, credit assistance was limited to 33% of reasonably anticipated eligible project costs. However, in October 2022, USDOT authorized borrowing of up to 49% of eligible costs for transit and public transit-oriented development projects. The combined share of TIFIA proceeds and other federal funding for a given project may not exceed 80% of the total project cost. The project must be at least partially supported by user charges such as fare revenues, toll revenues, or other non-federal dedicated funding sources.

The program permits repayment over a term of up to 35 years after a project's substantial completion and provides borrowers with the flexibility to defer principal and capitalize interest payments for up to 5 years. Credit worthiness is a critical factor in the evaluation process, If the revenue streams of a project are unproven, an additional pledge by the State or local

government can be used to secure the loan. Applicants for TIFIA loans do not have to pay a credit risk premium to cover the cost of potential losses on the project. Congress appropriates funding each year to cover those costs.

The RPI program offers special benefits such as:

- Loans more likely to provide up to 49% of total project costs
- Fixed interest rates equal to one half of the U.S. Treasury rate of equivalent maturity at the time of closing (the traditional TIFIA program offers rates equal to the U.S. Treasury rate at the time of closing)
- Borrower fees are waived for projects under \$75 million in total cost (in order to be eligible for RPI, total project costs should be between \$10 million and \$100 million)

In December 2020, USDOT launched a new demonstration program to establish several Regional Infrastructure Accelerators, which will expedite delivery of transportation infrastructure projects through innovative finance and delivery methods, including TIFIA.

The Project could be a strong candidate for TIFIA assistance if the program can identify a reliable repayment stream to demonstrate creditworthiness. Benefits of the TIFIA program include low interest rates equal to long term U.S. Treasuries, the ability to capitalize debt for up to five years, and credit risk premium assistance. However, the administrative requirements necessary to demonstrate creditworthiness are extensive and time consuming.

RRIF

The RRIF program by USDOT BAB offers long-term, low-cost loans to railroad operators to help them finance improvements to infrastructure and investments in equipment. The RRIF program aims to extend federal loans to rail projects of national significance by offering improved access to credit markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets. The program prioritizes projects that provide public benefits, including benefits to public safety, the environment, and economic development, as well as those that improve railroad stations and passenger facilities and foster transit-oriented development.

Railroads, states, and local governments are among the entities that are eligible to request RRIF loans. Eligible uses of funding under this program that may be beneficial to include:

- Acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings and shops, and including the installation of positive train control systems;
- Develop or establish new intermodal or railroad facilities;
- Reimburse planning and design expenses relating to activities listed above;
- Refinance outstanding debt incurred for the purposes listed above

Direct loans can support up to 100% of a project's planning, design, and/or construction stages. Loan repayment periods are up to 35 years, deferrable for five years after substantial project completion. The RRIF program is authorized to provide up to \$35 billion in direct loans and loan

guarantees to finance development of railroad infrastructure. Because the program is intended to operate at no cost to the federal government and it does not receive an annual appropriation from Congress, applicants must pay an upfront amount related to the credit worthiness of their projects to cover any potential losses for the federal government.

To secure a RRIF loan from the USDOT Build America Bureau, the Project sponsors should be prepared to discuss with the USDOT the terms of a potential loan once funding streams for the project are known. Engaging early with USDOT will help ensure that loan terms will adequately support the project. Additionally, these discussions should aim to educate the USDOT on the needs of the Project so that the USDOT can best support the project.

Additionally, note that the RRIF program also offers “RRIF Express” to provide expedited loans for Short Line and Regional Railroads. Eligible borrowers for RRIF Express include: Class II & III Railroads, Commuter Rail Roads, and Joint Ventures. Eligible projects include projects with a total cost up to \$150 million, track improvements, bridge rehabilitation, rolling stock acquisition, planning and design, and refinancing otherwise eligible debt (up to 75%). Benefits of the RRIF Express program include:

- USDOT pays the Credit Risk Premium (up to 10% of the loan value, not to exceed \$5 million)
- Expedited processing
- Advisory fee assistance up to \$100,000

The Project could be a strong candidate for a RRIF loan if the program can identify a reliable repayment stream to demonstrate creditworthiness. Benefits of the RRIF program include low interest rates equal to long term U.S. Treasuries and the ability to capitalize debt for up to five years. However, the administrative requirements necessary to demonstrate creditworthiness are extensive and time consuming.

No non-Federal cost shares are required. As part of the Bipartisan Infrastructure Law, \$1.2 billion is available until expended.

State and Local Financing Options

This section details State and local financing programs potentially available to support the Project. Programs evaluated in this section include:

- Infrastructure State Revolving Fund Program
- Public Agency Revenue Bonds
- Tax Exempt and Taxable Municipal Bonds
- Revenue Anticipation Notes
- Commercial Paper

As noted in the federal financing section, financing tools facilitate borrowing against future revenues to convert them into current funding when needed. The borrowed funds must then be repaid with interest in the future.

Infrastructure State Revolving Fund Program (ISRF)

The Infrastructure State Revolving Fund Program (ISRF) is a financing program providing low-cost loans to State and local government entities for public infrastructure and economic expansion projects. The program is administered by the California Infrastructure and Economic Development Bank. Financing amounts range from \$50,000 to \$25 million.

Financing applications are continuously accepted and there are no matching fund requirements. The California Infrastructure and Economic Development Bank notes ISRF financing may serve as matching funds for other financing.

The California Infrastructure and Economic Development Bank notes ISRF uses a proprietary interest rate to provide below-market interest rates. Further, ISRF can be used for planning, environmental and final design, as well as construction for a project.

Public Agency Revenue Bonds (PARBS)

The California Infrastructure and Economic Development Bank offers financing programs by issuing bonds on behalf of a borrower.

Public Agency Revenue Bonds are offered by the bank to finance projects such as construction of transportation and transit for both private and public organizations. Bond financing applications are continuously accepted. The Authority could utilize this type of bond financing towards the Project.

In 2019, the California Infrastructure and Economic Development Bank approved tax-exempt revenue bonds totaling \$3.25 billion for the Virgin Trains planned high-speed rail project between Los Angeles, CA and Las Vegas, NV.

Tax-Exempt and Taxable Municipal Bonds

Municipal bonds are a fixed-income security issued by a U.S. state or U.S. local government, including public authorities, cities, and counties. Bonds are one of the lowest-cost methods of government borrowing and are the most common way of financing public works in the United States.

Federal statute permits municipal issuers to issue tax-exempt debt when any income derived from the project is exempt from federal tax. The interest earnings of tax-exempt debt are typically income tax-free to the bond holder, yielding a lower financing cost for the debt issuer.

Bonds are taxable when the income derived from the project is not exempt from federal tax. Taxable municipal bonds are generally issued to finance a project that provides major benefit to the public but is not eligible for tax-exempt debt.

Repayment of the bonds can be secured by the full faith and credit of the issuer. These are known as General Obligation Bonds. Transportation agencies typically issue a dedicated tax bond where debt service repayment is secured by pledge of one or more specific tax sources like a sales tax. Dedicated tax bonds feature security provisions where the first dollars flowing from the tax are used to pay debt service prior to any other agency obligations, limitations on

additional debt, minimum coverage ratios of pledged revenues to annual debt service and requirements for minimum cash balances or reserves. The project is eligible for taxable and tax-exempt municipal bonds in California.

Revenue Anticipation Notes

Revenue anticipation notes are a form of short-term borrowing against the expected receipt of near-term proceeds (e.g., taxes, fees, grants, bonds, or loans). Revenue anticipation notes can be used to fill small gaps between project needs and receipt of dedicated revenues, grants, or long-term financing. Debt typically matures in less than one year. Notes are issued by state governments, local governments, and transit agencies. Since this is short term debt, interest rates on the notes are attractive. However, it is important that the RANs are structured so that available funds either from a long-term bond issuance or cash flow are applied to pay off the RANs at maturity. The project is eligible to use this mechanism.

Commercial Paper

Commercial paper is an interest-only debt instrument with maturities of 270 days or less. This type of issuance is interest-only until maturity, followed by a balloon payment of the principal. Commercial paper requires a letter of credit and active day-to-day management. Eligible entities for tax-exempt debt may also issue tax-exempt commercial paper with a lower interest rate. Similar to RANs an identified source like long term bond proceeds or cash flow are required to pay off commercial paper at maturity.

The project is eligible to use commercial paper as a financing tool to fund short-term needs, if necessary.