

## STAFF REPORT

**SUBJECT:** Federal TIGER II Grant Program

**MEETING DATE:** June 17, 2010 **AGENDA ITEM:** 13

**RECOMMENDATION:** Authorize staff to submit applications to the TIGER II program

**STAFF CONTACT:** Sarkes Khachek

### SUMMARY:

The Federal Department of Transportation (FDOT) has announced the availability of \$600 million through the national Transportation Investment Generating Economic Recovery II (TIGER II) discretionary grant program, funded by the 2010 Appropriations Act. This program is similar to, but not identical to, the TIGER discretionary grant program included in the American Recovery and Reinvestment Act of 2009.

As with the original TIGER program, funds for the TIGER II discretionary grant program are to be awarded on a nationally competitive basis for projects that will have a significant impact on the Nation, a metropolitan area or a region.

For the original TIGER program, almost \$60 billion in funding applications from around the country were submitted to Federal Department of Transportation for the \$1.5 billion program. TIGER II is expected to be similarly competitive. Based on feedback from SBCAG's federal lobbyist and from federal representatives that participated in the scoring of TIGER applications, submitting quality applications for meritorious projects, not a quantity of applications, is the best strategy to obtain funding. SBCAG staff also recommends that the board authorize submittal of applications for the most competitive projects consistent with regional priorities.

At its June 3 meeting, TTAC recommended that applications be submitted for the Highway 101 HOV widening project, the Highway 101 Union Valley Parkway Interchange, and the Highway 246 Passing Lanes project. The total amount of federal TIGER II funding being requested for the three projects would be \$46.25 million.

### DISCUSSION:

Included in the American Recovery and Reinvestment Act of 2009 was a discretionary grant program called the Transportation Investment Generating Economic Recovery (TIGER) program. The goal of the TIGER program was to fund projects nationwide that would create and preserve jobs to assist in the recovery of the nation's economy and were of national or regional significance. The program made \$1.5 billion available to fund surface transportation projects such as highway, bridge, transit, passenger and freight rail, and port infrastructure projects.

While over 1,400 project applications requesting \$60 billion in funding were submitted, only \$1.5 billion was awarded to 51 projects. Less than three percent of the applications (by dollar value)

received any funding, highlighting the competitiveness of the program. In California, only four projects were funded for a total of \$30 million.

SBCAG submitted TIGER applications for the Santa Maria River Bridge and the Seacliff rail siding, but neither were funded.

## TIGER II

Similar to the original TIGER program, TIGER II discretionary grants are for capital investments in surface transportation infrastructure and are to be awarded on a nationally competitive basis for projects that will have a significant impact on the Nation, a metropolitan area, or a region. Planning activities will also be an eligible investment under the TIGER II program, an investment that was not eligible in the original TIGER program.

Highlights of the TIGER II program include:

- \$600 million discretionary grant program with up to \$35 million available for planning activities and \$140 million available for projects in rural areas.
- Eligible projects include highway or bridge projects, transit projects, passenger and freight rail transportation projects and port infrastructure investments.
- Grants may be not be less than \$10 million (\$1 million in rural areas) and not greater than \$200 million and the maximum amount any one state can receive is \$150 million.
- Grants may be used for up to 80 percent of the costs of a project, but priority must be given to projects for which Federal funding is required to complete an overall financing package and projects can increase their competitiveness by leveraging non-Federal contributions. (Local match is not required for rural projects.)
- Selection criteria are related to impact of project on the Nation, a metropolitan area, or a region including the medium and long-term benefits that would accrue post-project completion.

The Federal Department of Transportation has established that TIGER II Pre-applications are due by July 16<sup>th</sup> with final applications due by August 23<sup>rd</sup>. The federal DOT will announce projects selected for funding by September 15<sup>th</sup>. TIGER II funds are only available for obligation through September 30, 2012.

### Rural Projects

The FY 2010 Appropriations Act directs that not less than \$140 million of the TIGER II funds are to be used for projects in rural areas. The minimum rural area grant size is \$1 million and these projects do not require matching funds.

The federal DOT generally defines “rural area” as any area not in an Urbanized Area as defined by the Census Bureau. In Santa Barbara County, any project not located in the Lompoc, Santa Barbara (entire south coast) or Santa Maria urbanized areas would eligible as a rural project in TIGER II.

### TIGER II Planning Grants

Guidelines state that up to \$35 million of the available TIGER II funds may be used for the planning, preparation, or design of eligible projects. Applications for planning assistance may be made alone or as part of a TIGER II discretionary grant application.

At the present time, the TIGER II guidelines specify that minimum grant size is \$10 million, but it is assumed by SBCAG staff that that minimum is only intended to apply to construction grants.

It is unclear what the minimum planning grant amount will be. Additional information as to planning grant size is expected to be released by the Federal Department of Transportation on or around June 15.

### Project Selection Criteria

The FY 2010 Appropriations Act focuses more broadly on the impact of projects on the Nation, a metropolitan area, or a region including the medium and long-term benefits that would accrue post-project completion. More information on the project selection criteria can be found in Attachment A.

### Santa Barbara County Project Applications for TIGER II

Based on the guidelines and criteria outlined by Federal DOT, SBCAG staff has developed a list of projects in Attachment B that could compete for TIGER II funding either for capital or planning/design funds. Local agencies and transit operators have indicated to SBCAG staff that no other agencies in Santa Barbara County will be submitting applications for the TIGER II program. The projects recommended by TTAC to be submitted for funding are:

#### **#1 - Highway 101 HOV Widening Project - Planning and Design Activities**

The SBCAG Board designated the 101 HOV project as the region's highest regional transportation priority for federal funding on January 21, 2010. All local agencies adopted resolutions in support of that designation.

The application submitted for this project would request \$6.25 million for planning and design activities for the project under the TIGER II Planning Grants category. TIGER funding received would be used to augment STIP planning and design funding so that one-third of the total cost is funded with federal TIGER II funding and two-thirds with non-federal funding. Any unused STIP design funding would be rolled into construction of the project. This request would target approximately 17% of the national planning/design pot. The 101 HOV project is not eligible for construction funding under TIGER II since it does not meet the September 2012 deadline for obligation of funds.

The project is of national significance because it will reduce congestion and improve safety and efficiency on Highway 101, one of only two north-south freeways connecting the San Francisco Bay Area and Los Angeles and it is an access way to military installations and agricultural areas of state and national importance.

#### **#2 – Highway 101 Union Valley Parkway Interchange – Construction**

This application submitted for this project would request \$10 million for construction of the Union Valley Parkway Interchange project that will connect Union Valley Parkway to Highway 101. The project will also include northbound and southbound on and off ramps to provide Orcutt residents and businesses with access to and from 101 in addition to the existing Clark Avenue and Santa Maria Way interchanges.

This financing plan developed for construction fully funds the project using a combination of STIP, Measure A and State-Local Partnership funding. If TIGER II funding were received, it would allow State-Local Partnership, and some Measure A funds, to be re-allocated to a different Measure A project.

The project is of regional and state significance because it will provide direct access to the Santa Maria Airport business park, improving the economic vitality of the Santa Maria Valley. It

will also improve traffic circulation to/from Highway 101 and Orcutt, reducing congestion at the Santa Maria Way and Clark Avenue interchanges.

### **#3 - Highway 246 Passing Lanes – Construction**

This application would request \$30 million for construction of the Highway 246 Passing Lanes project under the TIGER II Rural category. The project is considered rural since it is not located in a Census designated 'Urbanized Area.' Funding received would be used towards the improvement of the traffic safety and operations on Highway 246 between Buellton and Lompoc by adding passing lanes and turning lanes between Purisima and Domingos Roads.

Due to cash flow limitations identified in the working draft of the Measure A Strategic Plan, the Highway 246 Passing Lanes project is currently proposed to be delivered in two phases. Receipt of TIGER funding would allow the second phase which is scheduled for construction in 2030, to be moved forward and combined with the first phase which is scheduled to begin construction in 2014.

The project is of regional significance because it will provide a safer, less congested facility connecting Highway 101 to Lompoc and Vandenberg Air Force Base.

#### Projects Considered but not Recommended

SBCAG staff also presented two other projects to TTAC for consideration. The Ortega Rail siding project could seek \$1 million from the planning category to conduct design of a siding project between Santa Barbara and Carpinteria. This project was awarded \$950,000 in funding through the High Speed/Intercity Rail program under ARRA to prepare environmental studies to add a rail siding that would improve passenger and freight rail efficiency in the 101 corridor. The lead agency for the environmental document is Caltrans Division of Rail. The environmental document would have to be completed by September 30, 2012 in order for design funds to be obligated. Since Caltrans has not announced a schedule for the environmental document, this would not be a competitive TIGER II application. The Cabrillo Pedestrian Improvement project would connect the existing pedestrian path along Cabrillo Boulevard through the Beach Area with Old Coast Highway/Coast Village Road and Montecito. Completing the project is a condition of the Milpas/Hot Springs Coastal development permit. The total project cost, including the 20% non-federal match may not meet the \$10 million threshold, and the project would also require an amendment to the environmental document, which would weaken the application. The project is also of great local benefit, but is not a project of national significance and would not stand out in a national competition for funding.

#### Additional Funding Opportunities

TIGER II is certainly not going to be the last opportunity for projects to be funded. For example, the Department of Housing and Urban Development (HUD) has a \$40 million Community Challenge Planning Grant Program which was also authorized under the FY 2010 Appropriations Act. The program focuses on fostering reform and reducing barriers to achieve affordable, economically vital, and sustainable communities. While the DOT and HUD planning grant programs have similar, related purposes, there are differences in the activities that the two programs can fund. DOT's program can fund planning activities that relate directly to a future transportation capital investment, while HUD's program can fund local planning activities that could support future transportation investment.

SBCAG staff and our federal lobbyist are also monitoring additional discretionary funding opportunities that will be available through the Federal Railroad Administration. The guidelines for these programs are forthcoming.

## **COMMITTEE REVIEW**

At its June 3<sup>rd</sup> meeting, TTAC discussed the proposed TIGER II grant application candidate projects. In addition to the original SBCAG staff recommendation, which only included the Highway 101 HOV planning and design and the UVP Interchange Project construction funding, TTAC recommended the SBCAG Board also include an application for construction of the Highway 246 Passing Lanes as a rural category project. SBCAG staff concurred and a motion passed unanimously to recommend the SBCAG Board direct staff to submit TIGER II grant applications for the three projects.

## **RECOMMENDATION:**

SBCAG staff has compiled a prioritized list of projects that are candidates based on the information currently available from the Federal Department of Transportation on the TIGER II guidelines. TTAC has recommended that one project eligible for planning\design funding be submitted, the Highway 101 HOV project, and two projects eligible for construction be submitted, the 101 Union Valley Parkway Interchange and Highway 246 Passing Lanes projects. The Highway 246 Passing Lanes project would be submitted as a candidate for rural area funding. All three of the projects are regional priorities and are included in the Measure A investment plan.

SBCAG staff believes it is important to submit high quality applications, and therefore we should concentrate our staff resources on a small number of priority projects that have the best chance of being successful. Taking the shotgun approach of submitting a large number of projects with the hope that one or more of them are funded is not advised by our federal lobbyist.

## **Attachments**

- A. TIGER II Selection Criteria
- B. SBCAG TIGER II Priority List

## **Attachment A: TIGER II Selection Criteria**

The FY 2010 Appropriations Act focuses more broadly on the impact of projects on the Nation, a metropolitan area, or a region including the medium and long-term benefits that would accrue post-project completion.

Specifically, TIGER II Discretionary Grants will be awarded based on two categories of selection criteria, "Primary Selection Criteria" and "Secondary Selection Criteria."

The Primary Selection Criteria include:

- Long-Term Outcomes
  - State of Good Repair: Improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize life-cycle costs.
  - Economic Competitiveness: Contributing to the economic competitiveness of the United States over the medium- to long-term.
  - Livability: Fostering livable communities through place-based policies and investments that increase transportation choices and access to transportation services for people in communities across the United States.
  - Environmental Sustainability: Improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions and benefitting the environment.
  - Safety: Improving the safety of U.S. transportation facilities and systems.
- Job Creation & Economic Stimulus: While the TIGER II Discretionary Grant program is not a Recovery Act program, job creation and economic stimulus remain a top priority of this Administration; therefore, DOT will give priority (as it did for the TIGER Discretionary Grant program) to projects that are expected to quickly create and preserve jobs and stimulate rapid increases in economic activity, particularly jobs and activity that benefit economically distressed areas.

The Secondary Selection Criteria include:

- Innovation: DOT will give priority to projects that use innovative strategies to pursue the long-term outcomes outlined above.
- Partnership: DOT will give priority to projects that demonstrate strong collaboration among a broad range of participants and/or integration of transportation with other public service efforts.

The Department will give more weight to the Long-Term Outcomes and Jobs Creation & Economic Stimulus criteria than to the Innovation and Partnership criteria. Projects that are unable to demonstrate a likelihood of significant long-term benefits in any of the five long-term outcomes will not proceed in the evaluation process. For the Jobs Creation & Economic Stimulus criterion, a project that is not ready to proceed quickly is less likely to be successful.

ATTACHMENT B: SBCAG TIGER II Priority List (June 17, 2010)

Projects Recommended for TIGER II Funding Application							
Priority	Project	Amount Requested	Purpose (Planning\Design or Construction)	Current Status	National, Metropolitan, State Significance	Comments	TIGER II Category
1	Highway 101 HOV Widening Project	\$6.25 M	Planning\Design	Project is in environmental.  Planning/design funding:  STIP = \$9.45 m (env) + \$12.585 m (design)	Among other things, one of only two N\S freeways connecting L.A. and Bay Area	Funding received would be used to augment STIP design funding such that design is funded 1/3 fed., 2/3 non-federal. Unused STIP design funding would be rolled into construction. This request would be approximately 17% of the national planning/design pot.	Planning
2	Union Valley Parkway I/C	\$10 M	Construction	Environmental is done; design is 60% complete.  Construction funding:  STIP = \$5.05 m (capital), \$1.8 m (support) Meas. A = \$10 m SLPP = \$8-10 m (proposed)	Economic development in SM Valley. Parkway will provide direct connection of Hwy 101 to SM Airport and business park.	\$10 M is the smallest request that can be made. TIGER II funding received would allow the proposed use of state/local partnership funds to be re-dedicated to a different Measure A project. Could also displace some Measure A funding for UVP that could be reallocated to another project.	Regular non – planning or non-rural category (const.)
3	Highway 246 Passing Lanes	\$30 M	Construction	NEPA Environmental completion in June 2010. Design starting.  Construction funding:  Meas. A = \$20 m STIP = \$30 m (proposed)	Provide safer, less congested facility connecting Hwy 101 to Lompoc and Vandenberg AFB.	Currently phased in Measure A Strategic Plan (not ideal). Would allow to be delivered as one project.	Rural (const.)

**Projects Considered but not Recommended for TIGER II Funding Application**

<b>Priority</b>	<b>Project</b>	<b>Amount Requested</b>	<b>Purpose (Planning\Design or Construction)</b>	<b>Current Status</b>	<b>National, Metropolitan, State Significance</b>	<b>Comments</b>	<b>TIGER II Category</b>
4	Ortega Rail Siding	\$1 M	Planning\Design	ARRA High Speed Rail grant received for environmental  Planning\design funding:  ARRA = \$950,000 Meas. A (match) = \$250,000	Improve efficiency of passenger and freight rail service in 101 corridor; reduce traffic congestion on 101 corridor.	Awarded ARRA funding for preliminary engineering and environmental. Funding could accelerate the project schedule. Waiting on Caltrans to initiate NEPA process. Design funds probably could not be obligated by Sept. 30, 2012 deadline.	Planning
5	Cabrillo Pedestrian Improvements	\$10 M	Construction	Project is a condition of Coastal Permit for Caltrans on Milpas\Hot Springs project.  Project design of a pedestrian tunnel stymied by UPRR. Alternative would be to replace steel overhead bridge.  Construction funding:  HSIP = \$900k TE = \$1.477 m City of SB = \$206k	Improve pedestrian circulation of Montecito/Santa Barbara beach front area and complete condition of Milpas/Hot Spring project.	Est. construction cost is \$8-12 m for a steel bridge replacement. Funding needed may not meet the \$10 M minimum threshold when the 20% match applied.  An amendment to the environmental document would be necessary to move project forward as a bridge replacement.	Regular – non planning or non-rural category (const.)