



Funding, Financing and Grants Strategy Memo

May 7, 2021



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1. EXECUTIVE SUMMARY

This memo for the Monterey Bay Area Network Integration Study (Study) presents an evaluation of funding sources applicable to three service timeframes: Initial (short-term), Phased (mid-term), and Vision (long-term). Sources evaluated include federal formula and discretionary grants, state bond revenues, transit assistance funds, and grant programs as well as regional and local fees, assessments, and special districts. Evaluation of these sources considered applicability of the funds to bus and rail transit, revenue generating potential for high-priority sources, flexibility of the use of funds, equity implications, existing financial commitments, and competitiveness, among other considerations. The findings apply information and assumptions presented in the memo related to capital and operating expenses, ridership, and environmental performance.

The Initial Service scenario capital costs are estimated at \$102 million. Potential capital revenue sources for the Initial Service are estimated to provide a total ranging between \$62 and \$235 million for one-time awards and \$3 to \$7 million in annual awards through state formula programs. Major sources of this potential funding are California's Solutions for Congested Corridors Program and Transit and Intercity Rail Capital Program, and the Federal Transit Administration's (FTA) Capital Investment 5309 Small Starts Grants program. These are all highly competitive grant programs, and will require thoughtful preparation of grant submission requirements, as well as a well-coordinated advocacy campaign that demonstrates the unique value added by this service. Due to the uncertainty of future grant and formula funding options, the Phased and Vision Service scenarios capital cost estimates are outlined but no specific funding recommendations are given.

Annual rail operations and maintenance costs are estimated at \$13.4 million for the Initial Service, \$98.5 million for the Phased Service, and \$133.7 million for the Vision Service. Annual rail farebox revenues are estimated at \$2.7 million for the Initial Service, \$11.4 million for the Phased Service, and \$20.8 million for the Vision Service. Farebox revenues are estimated to cover 20 percent of operations and maintenance costs for the Initial Service, 12 percent for the Phased Service, and 16 percent for the Vision Service.

Annual bus operations and maintenance costs are estimated at \$529,000 for the Initial Service, \$5.8 million for the Phased Service, and \$995,000 for the Vision Service. Annual bus farebox revenues are estimated at \$186,000 for the Initial Service, \$1.6 million for the Phased Service, and \$227,000 for the Vision Service. The portion of bus operations and maintenance costs to be covered by farebox revenues are estimated at approximately 35 percent for the Initial Service, 28 percent for the Phased Service, and 23 percent for the Vision Service.

2. OVERVIEW

The Transportation Agency for Monterey County (TAMC) is currently conducting a Monterey Bay Area Rail Network Integration Study to identify projects to enhance and expand passenger rail service in Monterey County, Santa Cruz County, and along the Central Coast of California. The Agency recognizes that project implementation will require an actionable funding and financing roadmap that can guide near-term and longer-term investment decisions. This memo describes the approach taken to evaluate federal, state, and local funding and financing sources, including prioritization of specific financial vehicles, and revenue generating potential of high-priority sources.

Section 3 briefly summarizes the three service concepts (the “project”). Section 4 provides a high-level summary of the cost methodology and key assumptions, as well as the estimated capital and operations and maintenance costs for the three service concepts. Section 5 describes key findings for the funding and financing strategies evaluated and includes additional documentation in matrix form, accounting for a range of criteria, including but not limited to application of funds, cost burden, and lead agency/authority of evaluated sources. Section 6 presents recommended next steps as TAMC pursues funding and grants to implement the Initial Service Concept. **Appendix A** includes additional matrices that provide a more detailed description of the funding and financing sources evaluated, including key considerations, benefits, and challenges. **Appendix B** describes the approach used to estimate bookend revenue generating potential for high-priority funding and financing sources.

3. SERVICE CONCEPTS

This section provides an overview of the concepts for three service timeframes: Initial (short-term, by 2027); Phased (mid-term, by 2032); and Vision (long-term, by 2050).

3.1 Initial Service

The Initial Service concept involves extending rail service from Gilroy to Salinas via Pajaro and Castroville to connect Monterey County with San Jose. Prior to the COVID-19 pandemic, Caltrain operated three commute-oriented round trips to and from Gilroy each weekday. The Initial Service concept is achieved by extending these round trips to Salinas.

In the Initial Service, connecting bus service would be coordinated between Hollister and Gilroy to meet each train. Additionally, a bus service would be implemented between Salinas and San Luis Obispo to connect with the last northbound train in the morning and the first southbound train in the evening.

3.2 Phased Service

The Phased Service concept builds from the Initial Service concept to establish regular, all-day, bi-directional service along the Coast Subdivision south of Gilroy. Trains would operate hourly between Salinas and San Jose, with through service to/from San Luis Obispo every four hours. To accommodate the increased frequency and reduce travel times, the Phased Service is assumed to be operated with bi-modal, hybrid train equipment that would be compatible with planned high-speed infrastructure between Gilroy and San Jose.

Bus service would be expanded in the Phased Service Concept to operate between Santa Cruz and Monterey connecting with hourly train services at Pajaro and Castroville. Bus service to and from Hollister would be coordinated or added to connect with hourly train service at Gilroy as well. The bus connection between Salinas and San Luis Obispo would be expanded to operate every four hours, such that combined rail and bus schedules would provide service every other hour.

3.3 Vision Service

The Vision Service concept represents a long-term vision for rail service in the Monterey Bay Area and Central Coast. Trains would continue to operate hourly service between Salinas and San Jose, but through service to/from San Luis Obispo would be increased to bi-hourly service, replacing the bus connections. Bus service between Monterey and Santa Cruz would also be replaced by the implementation of hourly, bi-directional regional rail service operated with multiple unit trains, providing timed, cross-platform connections to/from mainline service at Castroville and Pajaro.

4. COST ESTIMATION

This section describes how capital and operations and maintenance costs in each implementation phase were estimated and includes summary costs for each service timeframe.

4.1 Capital Costs

The capital cost methodology involved identifying the required capital investments under each timeframe, and then calculating a construction cost by estimating quantities and applying unit costs for each element. The elements include trackway civil work, trackwork, grade crossings, stations, train controls and communications, mainline sidings, train equipment, and a maintenance facility. Capital costs for integrated bus service were not estimated.

An assumed contingency and markup were then applied to derive the total costs, which are shown in 2020 dollars. As this estimate is based on preliminary concepts without actual design plans, a graded

approach to contingency was used. Complete details on the capital cost analysis are provided in the *Cost Estimate Memo* prepared for TAMC in January 2021.

4.1.1 Initial Service Capital Costs

In the short-term Initial Service timeframe, three commute-oriented round trips to and from Gilroy would be extended to Salinas, connecting Monterey County with San Jose. New stations with island platforms would be constructed at Pajaro and Castroville, with parking for 400 and 200 vehicles, respectively. The estimated total capital cost for the Initial Service improvements is \$102.4 million, as summarized in **Table 1**.

Table 1. Initial Service Capital Costs

Project Component	Cost (millions, rounded to nearest 100,000)			
	Construction	Allocated Contingency	Markup	Total
Pajaro Station (Initial)	\$30.0	\$11.5	\$13.3	\$54.8
Castroville Station	\$15.0	\$5.6	\$6.6	\$27.2
Subtotal	\$44.9	\$17.1	\$19.9	\$81.9
Unallocated contingency (25%)				\$20.5
Total				\$102.4

4.1.2 Phased Service Capital Costs

In the mid-term timeframe, the Phased Service concept proposes hourly service between Salinas and San Jose, with through service to/from San Luis Obispo every four hours, operated with bi-modal, hybrid train equipment. New stations would be constructed in Soledad and King City, each with a side platform. A new passing siding would also be constructed south of Salinas. The estimated total capital cost for the Phased Service improvements, including new train equipment, is \$402.8 million, as summarized in **Table 2**.

Table 2. Phased Service Capital Costs

Project Component	Cost (millions, rounded to nearest 100,000)			
	Construction	Allocated Contingency	Markup	Total
One (1) mainline siding	\$9.1	\$2.9	\$3.9	\$15.9
Soledad Station	\$15.0	\$5.6	\$6.6	\$27.2
King City Station	\$15.0	\$5.6	\$6.6	\$27.2
Subtotal	\$39.0	\$14.2	\$17.0	\$70.2
Train equipment (8 sets @ \$31.5 million each)				\$252.0
Unallocated contingency (25%)				\$80.6
Total				\$402.8

4.1.3 Vision Service Capital Costs

In the long-term, the Vision Service concept would increase intercity service to/from San Luis Obispo to bi-hourly frequency and establish an entirely new regional rail service between Monterey and Santa Cruz. The increase to bi-hourly mainline service would require two new passing sidings and an additional trainset, at an estimated total capital cost of \$79.2 million, as summarized in **Table 3**.

For the regional rail service, seven new stations would be constructed between Santa Cruz and Monterey, and the station in Pajaro would be expanded to accommodate timed, cross-platform connections between intercity and regional trains. The estimated total capital cost for the regional rail service, including new train equipment and a vehicle maintenance facility, is \$767.0 million, as summarized in **Table 4**.

Table 3. Vision Service Capital Costs – Intercity

Project Component	Cost (millions, rounded to nearest 100,000)			
	Construction	Allocated Contingency	Markup	Total
Two (2) mainline sidings	\$18.2	\$5.9	\$7.7	\$31.8
Train equipment (1 set @ \$31.5 million each)				\$31.5
Unallocated contingency (25%)				\$15.8
Total				\$79.2

Table 4. Vision Service Capital Costs – Regional

Project Component	Cost (millions, rounded to nearest 100,000)			
	Construction	Allocated Contingency	Markup	Total
Santa Cruz – Pajaro segment	\$147.2	\$48.1	\$62.5	\$257.7
Castroville – Monterey segment	\$127.2	\$41.5	\$54.0	\$222.7
Pajaro Station (Vision)	\$16.6	\$6.1	\$7.3	\$29.9
Maintenance Facility	\$23.6	\$9.1	\$10.5	\$43.3
Subtotal	\$314.6	\$104.8	\$134.2	\$553.6
Train equipment (5 sets @ \$12 million each)				\$60.0
Unallocated contingency (25%)				\$153.4
Total				\$767.0

4.2 Operations and Maintenance Costs

This section details the operating costs associated with the various rail and bus service scenarios and summarizes the methods in which they were derived. The total costs are shown below in **Table 5**, rounded to the nearest 100,000.

Table 5. Annual Combined Rail and Bus Operating Costs Estimates

Scenario	Annual Cost
Initial Service	\$14,000,000
Phased Service	\$104,300,000
Vision Service	\$134,700,000

4.2.1 Rail Operations and Maintenance Costs

Rail operating costs were developed using data from the Peninsula Corridor Joint Powers Board (Caltrain) 2017 Business Plan¹ and the Capitol Corridor Joint Powers Authority (CCJPA) Business Plan (FY20-21)². Costs were broken down into the categories of San Francisco to Salinas commuter rail service, Salinas to San Luis Obispo intercity service, and Santa Cruz to Monterey regional rail service.

San Francisco to Salinas service costs were calculated by multiplying the estimated cost per revenue mile by the total revenue miles reflected in the conceptual schedules for each service concept. The cost per revenue mile used in these calculations was sourced from Caltrain's reported value of \$47.50 per train mile as listed in their 2017 Business Plan and escalated by 3.2 percent per California average annual inflation to \$53.88 in 2021 dollars. This reflects service to Salinas as an extension of Caltrain's existing commuter service.

Salinas to San Luis Obispo intercity service costs were calculated in the same way; however, instead of Caltrain as a cost basis, CCJPA's value of \$57.86 per train mile (FY 2020-2021) cited in their business plan was used instead. This reflects service to San Luis Obispo as an intercity service similar to Capitol Corridor. Nonetheless, this study assumes that trains could operate between San Francisco and San Luis Obispo without a change of trains in Salinas.

The San Luis Obispo Council of Governments' (SLOCOG) Service Implementation Plan³ uses similar methodology for estimating Capitol Corridor costs; however, a cost basis of \$55.57 per train mile in 2021 dollars is used, derived from CCJPA's 2019 Business Plan.

¹ Peninsula Corridor Joint Powers Board 2017 Business Plan

² Capitol Corridor Intercity Passenger Rail Service Business Plan Update FY2020-21 FY 2021-22

³ San Luis Obispo Council of Governments, *Service Implementation Plan*, March 2021.

Because the vehicle type for Santa Cruz to Monterey regional rail service would likely be a hybrid (Diesel/Battery Electric) or Diesel Multiple Unit (DMU), a cost per train revenue mile was derived from similar services. The average cost of operating a DMU vehicle was determined at \$23.20 per train revenue mile (including diesel/battery-electric hybrid fuel consumption costs), based on similar DMU services reported in the NTD 2017 Annual Database Operating Expense Report⁴. The services used in this calculation were the New Jersey Transit River Line and the North (San Diego) County Transit District's SPRINTER. Three other services were also considered but not included due to having either a significantly lower than average maintenance cost or operating far fewer annual train miles, making them dissimilar to the regional rail service. Annual cost for rail operations and maintenance were estimated at \$4.7 million for the Initial Service, \$35.4 million for the Phased Service and \$56.9 million for the Vision service, as summarized in **Table 6**.

Table 6. Rail Operations and Maintenance Costs

Scenario	San Francisco to Salinas	Salinas to San Luis Obispo	Santa Cruz to Monterey	Total Annual Cost (Millions)*
Initial Service	\$13.4	-	-	\$13.4
Phased Service	\$79.3	\$19.2	-	\$98.5
Vision Service	\$82.4	\$38.5	\$12.8	\$133.7

* Rounded to nearest 100,000.

The Santa Cruz County Regional Transportation Commission has also conducted a recent study of rail service on the Santa Cruz Branch Line, which determined an annual operations and maintenance cost of \$25 million for its locally preferred alternative (LPA).⁵ The LPA's greater cost is attributable to several characteristics which differ from the Vision Concept, including more stations and more frequent service.

4.2.2 Bus Operations and Maintenance Costs

Operating costs for bus service were based on two separate modes listed in the NTD, metro bus and commuter bus. The distinction between each mode was made due to the difference in operating expenses for long haul buses (i.e., commuter) as compared to more mid-distance and local bus (i.e., metro) operations, and thus they could not be applied interchangeably. The service between Salinas and San Luis Obispo was classified as commuter bus, and the services between Gilroy and Hollister and between Santa Cruz and Monterey were classified as metro bus. The costs associated with both the metro bus and commuter bus mode types were derived by taking the average cost per hour for services operating in the region listed in the NTD 2019 Metrics Report⁶.

⁴ National Transit Database 2017 Annual Database Operating Expense Report

⁵ Santa Cruz County Regional Transportation Commission and Santa Cruz METRO, *Draft Transit Corridor Alternatives Analysis & Rail Network Integration Study: Business Plan for Electric Passenger Rail on the Santa Cruz Branch Line*, March 2021.

⁶ Ibid, page 7.

The services used for deriving the average metro bus cost per revenue hour were Monterey-Salinas Transit (MST), Santa Cruz Metropolitan Transit District (Santa Cruz METRO), and San Luis Obispo Regional Transit Authority (SLORTA). The average cost was determined at \$160.39 per revenue hour. The services used for deriving the average commuter bus cost per hour were Santa Cruz METRO and Santa Barbara County Association of Governments (SBCAG). The average cost was determined at \$181.66 per revenue hour. The costs for each mode type were then multiplied by the total number of revenue hours scheduled for operations. Annual cost for bus operations and maintenance were estimated at \$0.5 million for the Initial Service, \$5.8 million for the Phased Service and \$1.0 million for the Vision Service, as summarized in **Table 7**.

Table 7. Bus Operations and Maintenance Costs

Scenario	Annual Commuter Bus Hours	Annual Metro Bus Hours	Total Annual Cost*
Initial Service	1,947	1,095	\$529,000
Phased Service	8,030	26,888	\$5,771,000
Vision Service	-	6,205	\$995,000

* Rounded to nearest 1,000.

5. FUNDING AND FINANCING SOURCES

This section describes key findings from the variety of funding and financing sources evaluated, with a focus on monies potentially available for the Initial Service.

There is intense competition for grant funding because transit projects across the country are largely underfunded. When pursuing grant funding, TAMC and its project partners will need to strategize which projects in the Regional Transportation Plans (RTPs) are most competitive for which grants, and in which fiscal year. Not surprisingly, the grants that offer the most funding generally have more requirements and lengthier applications. Further, although there is growing State and Federal support for transit agencies in the wake of the COVID-19 pandemic, the extent and form of that support is still unknown. With ridership and revenues currently down, the near-term funding opportunities may be reduced, which will only heighten competition for funding. Fortunately, the Initial Service project is well-established as a regional priority, as evidenced by its prioritization in the 2018 TAMC RTP⁷.

When prioritizing which sources TAMC should pursue for rail and connecting bus services, there are numerous criteria to consider, including, but not limited to: compatibility between the source and transportation service, TAMC's existing funding needs and sources, ease of securing, revenue

⁷ 2018 Monterey County Regional Transportation Plan

generating potential, flexibility of the funds, administrative complexity, equity implications, and timing of the project phase. These criteria determined the rankings for each potential funding source. Additional descriptions of each revenue source, including key considerations, benefits, and challenges can be found in **Appendix A**.

5.1 Initial Service Funding and Financing Sources

5.1.1 Federal Sources

Federal grants can cover a significant portion (up to 80 percent, for some programs) of capital costs for transit projects and there are many grant opportunities for fixed guideway and/or congestion reduction projects, but they are highly competitive. The Biden Administration's commitment to combatting climate change through transit investments, coupled with a potential infrastructure bill, creates an environment in which projects like the Initial Service may be well-positioned to receive Federal grants.

The project is eligible for discretionary and formula rail and bus grants. The two formula grants the project is eligible for are the 5307 Urbanized Area Formula Grants and 5337 State of Good Repair Grants. For small urbanized areas (with populations less than 200,000), the state is the designated recipient. The state then requires Metropolitan Planning Organizations (MPOs) and Regional Transportation Planning Agencies (RTPAs) to allocate the funds to transit operators. The project is located within four small urbanized areas (i.e., Seaside-Monterey, Santa Cruz, Salinas, and San Luis Obispo) and within the jurisdictions of two MPOs (i.e., Association of Monterey Bay Area Governments and San Luis Obispo Council of Governments). For these two formula programs, the project would be expected to receive up to the funding amount generated by the new service: up to \$1.8 million annually from 5307 to support operations, and up to \$1.8 million annually from 5337 to support maintenance. The 5307 funds will not be available until two or three years after the project begins revenue service. The 5337 funds will not be available until eight years after the project begins revenue service.

Of the federal discretionary grants, the project's rail elements are well-positioned to pursue the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant. Estimates based on prior funding cycles indicate that this project could potentially receive approximately \$500,000 for planning and design, and between \$250,000 and \$16 million for construction, depending on the specific component of the project that funding is sought for (e.g., a grade crossing will be less costly than a track rehabilitation project or a full station buildout).

The FTA's Capital Investment Grant (CIG) Program offers Small Starts grants based on cost thresholds. Small Starts grants are applicable to this project and have the potential to fund a significant portion of the capital costs, estimated between \$34 and \$77 million, based on 33 percent to 75 percent of the Initial Service project cost. Because there are so few grant opportunities of this magnitude, competition

for Small Starts is significant and the level of effort to support this application is significantly higher than most other grant applications.

Table 8 provides an overview of federal funding and financing sources that were evaluated, identifying the strategy type (e.g., grant, loan), project phase, fund application (planning, capital, operations), funding potential (only researched for the high-priority sources), prioritization (high, medium, low), and lead agency or authority.

Table 8. Overview of Applicable Federal Funding and Financing Sources

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Lead Agency/ Authority
Consolidated Rail Infrastructure & Safety Improvements (CRISI) Grant	Federal Grant	All phases (rail)	Capital	\$250,000 - \$16.3 million (capital); \$500,000 (planning)	High priority	Federal Railroad Administration (FRA)
FTA Urbanized Formula Grants - 5307	Federal Grant	All phases (rail and bus)	Capital & Operations	\$1.75 million (Initial Phase Estimate)	High priority	Federal Transit Administration (FTA)
FTA Capital Investment Grants - 5309; Small Starts	Federal Grant	Most likely Initial Service Phase	Capital	\$33.8 – \$76.8 million (Initial Phase Estimate)	High priority	FTA
State of Good Repair Grants - 5337	Federal Grant	All phases (rail)	Operations	\$1.83 million	High priority	FTA
Defense Community Infrastructure Program (DCIP)	Federal Grant	Phased and Vision Service (rail)	Capital	Not estimated	Medium priority	Department of Defense (DOD)
FEMA Building Resilient Infrastructure and Communities (BRIC)	Federal Grant	Phased and Vision Service (rail and bus)	Capital	Not estimated	Medium priority	Federal Emergency Management Agency (FEMA)
FEMA Transit Security Grant Program (TSGP)	Federal Grant	Phased and Vision Service (rail and bus)	Capital & Operations	Not estimated	Medium priority	FEMA
FTA Grants for Buses and Bus Facilities Program	Federal Grant	All phases (bus)	Capital	Not estimated	Medium priority	FTA
Metropolitan & Statewide Planning and Non-Metropolitan Transportation Planning - 5303, 5304, 5305	Federal Grant	All phases (rail and bus)	Planning	Not estimated	Medium priority	FTA
NOAA Effects of Sea Level Rise Program	Federal Grant	All phases (rail and bus)	Planning	Not estimated	Medium priority	National Oceanic and Atmospheric Administration (NOAA)

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Lead Agency/ Authority
Other Federal Sources: Earmarks / Federal Grants / Financing Sources	Federal Funding & Financing Sources	All phases (rail and bus)	Capital & Operations	Not estimated	Medium priority	TBD
Railway-Highway Crossings (Section 130) Program	Federal Grant	All phases (rail)	Capital	Not estimated	Medium priority	Federal Highway Administration (FHWA)
Restoration and Enhancement Grant Program	Federal Grant	All phases (rail)	Capital & Operations	Not estimated	Medium priority	FRA
USACE Flood Damage Reduction Projects (Section 205)	Federal Grant	All phases (rail)	Capital	Not estimated	Medium priority	United States Army Corps of Engineers (USACE)
FHWA National Highway Performance Program (NHPP)	Federal Grant	Phased and Vision Service (rail)	Capital	Not estimated	Low priority	FHWA
NOAA Coastal Resilience Grants Program	Federal Grant	All phases (rail)	Capital	Not estimated	Low priority	NOAA
Railroad Rehabilitation & Improvement Financing	Credit Assistance	All phases (rail)	Capital	Not estimated	Low priority	US DOT
Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program	Federal Grant	Phased and Vision Service (rail)	Capital	Not estimated	Low priority	US DOT
Transportation Infrastructure Finance and Innovation Act	Credit Assistance	All phases (rail)	Capital	Not estimated	Low priority	US DOT

Eligibility Requirements

A review of the federal funding sources has found that they generally have two major eligibility requirements: an environmental document that confirms the project's compliance with the National Environmental Policy Act (NEPA); and a Benefit-Cost Analysis (BCA) that systematically quantifies the overall positive benefit and return on investment of the project. The relevant agencies within the USDOT, the FHWA, FRA, and FTA, all must abide by Council on Environmental Quality (CEQ) 40 Code of Federal Regulations (C.F.R.) Parts 1500 through 1508, which define "the specific procedures that must be followed by applicants for federal transportation funding in order to meet NEPA requirements and qualify for federal funds."⁸ For each priority funding source, **Table 9** indicates whether a BCA is explicitly required or a similar form of documentation is requested.

⁸ Council on Environmental Quality, C.F.R. Parts 1500 - 1508, Amended in 2005

Aside from the NEPA documentation and BCA, federal funding sources such as CRISI grants require a Preliminary Engineering (PE) package alongside the environmental document. The CRISI guidelines state that “PE examples include: PE drawings and specifications (scale drawings at the 30% design level, including track geometry as appropriate); design criteria, schematics and/or track charts that support the development of PE; and work that can be funded in conjunction with developing PE, such as operations modeling, surveying, project work/management plans, preliminary cost estimates, and preliminary project schedules.”⁹ The FTA Urbanized Formula Grants are eligible to urbanized areas with populations between 50,000 and 200,000; all urbanized areas in Monterey County, Santa Cruz County, San Benito County, and San Luis Obispo County qualify for this federal assignment of funds to the MPO. Capital Investment Grants (CIG) require both an initial PE package as well as a more “complete [and] sufficient engineering and design [package] to develop a firm and reliable cost, scope, and schedule for the project” in order to be considered for a Full Funding Grant Agreement.¹⁰ **Figure 1** in Section 6 below provides a high-level graphic presentation of the application process. For each priority funding source, **Table 9** indicates if a preliminary engineering package is required.

Federal funding sources also require documented coordination with the relevant MPO regarding the planning, design, and construction of the project. This documentation is most commonly achieved by having the project included in the MPO’s most current Transportation Improvement Plan (TIP).

Table 9. Federal Funding Source Requirements

Funding Source – <i>Administrative Body</i>	Match Requirement	Benefit-Cost Analysis (BCA)		Preliminary Engineering Package Required
		Explicitly Required	BCA or Similar	
Consolidated Rail Infrastructure and Safety Improvements (CRISI) – <i>FRA</i>	20%; 50% (selection preference)	✓		✓
CIG Small Starts – <i>FTA</i>	40%	✓		✓
Section 5307 Urban Formula Grants <i>FTA - Office of Program Management</i>	20% (capital) 50% (operating)		✓	✓*
Section 5337 State of Good Repair Grants <i>FTA - Office of Program Management</i>	20%		✓	✓*

* Suggested but not required under program’s requirements or similar requirement noted.

⁹ 2019 CRISI Grant Eligibility Guidelines & NOFO

¹⁰ 2020 FAST Guidelines for CIG Grants

5.1.2 State Sources

There are several state grants that the project is well positioned for, covering all phases of development (planning, environmental, design, construction, and operations) and offering varying levels of funding. For discretionary grants, the Solutions for Congested Corridors Program (SCCP) and the Transit and Intercity Capital Program (TIRCP) are both good matches with this project and could offer between \$25 to \$100 million and \$1 to \$40 million, respectively.

The State also offers formula-type grants, including the Low Carbon Transit Operations Program (LCTOP), Senate Bill (SB) 1 State Rail Assistance (SRA),¹¹ State Transportation Improvement Program (STIP), Local Transportation Fund (LTF), and State Transit Assistance (STA), which are distributed based on population and revenues. These grants generally offer between \$220,000 and \$3 million annually. To be eligible, the project would need to be designated as the recipient via submittals to the relevant state entity. Depending on other grants that the project receives, TAMC and its project partners may elect to reserve formula grant funding for other service investments and/or operations.

Table 10 provides an overview of State funding and financing sources that were evaluated, identifying the strategy type, project phase, fund application, funding potential, prioritization, and lead agency or authority.

Table 10. Overview of Applicable State Funding and Financing Sources

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Lead Agency/ Authority
Low Carbon Transit Operations Program	State Grant	All phases (bus)	Capital & Operations	\$220,000 – \$450,000 annually	High priority	California Department of Transportation (Caltrans)
SB 1 State Rail Assistance (SRA) Program	State Grant	All phases (rail)	Capital & Operations	\$500,000 – \$1.2 million annually	High priority	California State Transportation Agency (CalSTA)
SB 1 Solutions for Congested Corridors Program (SCCP)	State Grant	All phases (rail)	Capital	\$25 – \$100 million	High priority	California Transportation Commission (CTC)
State Transportation Improvement Program (STIP) - Interregional Share	State Grant	All phases (rail and bus)	Operations & Maintenance	\$500,000 – \$1.25 million annually	High priority	Caltrans
State Transportation Improvement Program (STIP) - Regional Share	State Grant	All phases (rail and bus)	Capital & Operations	\$500,000 – \$1 million annually	High priority	CTC

¹¹ While most SRA funds are formula by statute, the project is designated as an aspiring corridor and is thus eligible for SRA through a competitive program.

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Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Lead Agency/ Authority
Transit and Intercity Rail Capital Program (TIRCP)	State Grant	Phased and Vision Service (rail)	Capital	\$1 – \$40 million	High priority	CalSTA
Transportation Development Act/ Local Transportation Fund (LTF)	State Grant	All phases (bus)	Operations & Maintenance	\$2 – \$4.1 million annually	High priority	Regional Transportation Planning Agencies (RTPAs)
Transportation Development Act / State Transit Assistance (STA)	State Grant	All phases (rail and bus)	Capital & Operations	\$1.5 – \$3 million annually	High priority	Transit operators
Climate Ready Program	State Grant	All phases (rail)	Capital	Not estimated	Medium priority	California State Coastal Conservancy
Local Partnership Program (LPP) - Competitive Program	State Grant	All phases (rail and bus)	Capital	Not estimated	Medium priority	CTC
Local Partnership Program (LPP) - Formulaic Program	State Grant	All phases (rail and bus)	Capital	Not estimated	Medium priority	CTC
Other State Funding Sources: new, emerging, and unknown	State Funding & Financing Grants / Loans / Bonds	All phases (rail and bus)	Capital & Operations	Not estimated	Medium priority	TBD
Proposition 68 Natural Resources Bond	State Grant	All phases (rail)	Capital	Not estimated	Medium priority	California State Coastal Conservancy
Regional Surface Transportation Program (RSTP)	State Grant	All phases (rail and bus)	Capital	Not estimated	Medium priority	RTPAs
Sustainable Transportation Planning Grants	State Grant	All phases (rail and bus)	Planning	Not estimated	Medium priority	Caltrans
Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)	State Grant	Phased and Vision Service (rail and bus)	Capital & Operations	Not estimated	Low priority	Caltrans

Eligibility Requirements

The main eligibility criteria for SB 1 grants are: quantification of traffic flow improvement, air quality improvement, and benefits for low-income and disadvantaged communities. According to the SB 1 overview, “SB 1 invests \$5.4 billion annually...to fix California’s transportation system. It will address a backlog of repairs and upgrades, while ensuring a cleaner and more sustainable travel network for the future.”¹² In addition to these baseline requirements, the SCCP grant requires “a description and quantification of the benefits the project will provide for disadvantaged communities and low-income areas.”¹³

STIP applicants are required to submit a complete project study report (PSR); for transit projects, the Uniform Transit Application is sufficient.¹⁴ TIRCP applicants should demonstrate that their projects will effectively lower vehicle miles traveled (VMT), reduce greenhouse gas (GHG) emissions, increase transit ridership, and provide interconnectivity and benefits to any directly affected or adjacent low-income and/or disadvantaged communities. Transportation Development Act (TDA) applicants (for both LTF and STA) are required to submit a fiscal audit report within 180 days after the end of the fiscal year.¹⁵

Most of the high-priority state transit and rail funding sources require documentation of: GHG reduction, congestion relief, ridership increases, improved service for low-income (LIC) and disadvantaged communities (DAC), and overall project area benefits, as indicated in **Table 11**.

¹² Senate Bill 1 (SB 1) General Overview SB-1

¹³ 2018 Solutions for Congested Corridors Program Guidelines

¹⁴ 2020 State Transportation Improvement Program

¹⁵ 2018 Transportation Development Act (TDA) Statutes and California Code of Regulations

Table 11. State Funding Source Requirements

Funding Source Name	Administrative Body	Benefit-Cost Analysis or Similar Required	Greenhouse Gas Emissions Reductions	Low-Income Community / Disadvantaged Community Benefits
Discretionary Grants				
Solutions for Congested Corridors Program (SCCP)	CTC	✓	✓	✓
Transit and Intercity Rail Capital Program (TIRCP)	Caltrans Division of Rail and Mass Transportation (DRMT)	✓	✓	✓
Formula Programs				
Low Carbon Transit Operations (LCTOP)	Caltrans with Air Resource Board (ARB) and State Controller's Office	✓	✓	✓
State Rail Assistance (SRA) ¹⁶	CalSTA	✓	✓	✓
State Transportation Improvement Program (STIP) – Regional Share	CTC			
State Transportation Improvement Program (STIP) – Interregional Share	CTC			
Transportation Development Act (TDA) – Local Transportation Fund (LTF)	Caltrans			✓
Transportation Development Act (TDA) – State Transit Assistance (STA)	Caltrans			✓

¹⁶ While most SRA funds are formula by statute, the project is designated as an aspiring corridor and is thus eligible for SRA through a competitive program.

5.1.3 Local Sources

Regional and local revenue sources often play a critical role in securing capital grant funding (as the local funding “match”) and covering the operations funding gap. Ticket revenue for the rail component of the service concepts, presented in **Table 12**, is estimated at \$2.7 million for Initial (2027), \$11.4 million for Phased (2032), and \$20.8 million for Vision (2050). Compared to estimated operation and maintenance costs presented in **Table 6**, farebox revenues are estimated to cover 20 percent of operations and maintenance costs for the Initial Service, 12 percent for the Phased Service, and 16 percent for the Vision Service.

Table 12. Rail Ticket Revenue and Farebox Recovery

Scenario	San Francisco to Salinas	Salinas to San Luis Obispo	Santa Cruz to Monterey	Total Annual Revenue in Millions* (Farebox Recovery)
Initial Service	\$2.7 (20%)	-	-	\$ 2.7 (20%)
Phased Service	\$10.7 (14%)	\$0.7 (3%)	-	\$ 11.4 (12%)
Vision Service	\$14.0 (17%)	\$1.5 (4%)	\$5.3 (42%)	\$ 20.8 (16%)

* Rounded to nearest 100,000.

Ticket revenue for the bus component of the service concepts, presented in **Table 13**, is currently estimated at \$186,000 for Initial (2027), \$1.6 million for Phased (2032), and \$227,000 for Vision (2050). Compared to estimated operation and maintenance costs presented in **Table 7**, farebox revenues are estimated to cover 35 percent of operations and maintenance costs for the Initial Service, 28 percent for the Phased Service, and 23 percent for the Vision Service.

Table 13. Bus Ticket Revenue and Farebox Recovery

Scenario	Commuter Bus	Metro Bus	Total Annual Revenue* (Farebox Recovery)
Initial Service	\$146,000 (41%)	\$40,000 (23%)	\$186,000 (35%)
Phased Service	\$603,000 (41%)	\$985,000 (23%)	\$1,588,000 (28%)
Vision Service	-	\$227,000 (23%)	\$227,000 (23%)

* Rounded to nearest 1,000.

As cited above, there are many federal and state sources available for both capital and operating costs. If federal and state grants cannot fund the full project costs, TAMC and its project partners will need to identify local and regional funding sources to close the capital and operations funding gaps. The region has had success building political support for locally-controlled transportation-related taxes and fees in the past, as evidenced by Monterey Salinas Transit’s Measure Q, Monterey County’s Measure X, Santa Cruz County’s Measure D, and TAMC’s Regional Development Impact Fee program. Each of these

measures have sunset dates, and reauthorizations could include the project, if the politicians and public are willing to support its inclusion. The development fee program is updated regularly based on changes to development and transportation conditions, providing another opportunity for the inclusion of the project. Other revenue-generating opportunities include sales taxes in other jurisdictions (e.g., San Luis Obispo County), assessment districts, and tax increment financing. The latter two mechanisms are especially suitable to more urbanized areas or areas with development potential.

At a more local level, there are financing district opportunities that could be explored near station sites. Many of these rely on the potential to capture the property value increase induced by introducing rail service to the area and depend on local voter approval. Examples include special assessments, Mello-Roos Community Facility Districts (CFDs), and Enhanced Infrastructure Financing Districts (EIFDs). In order to realize these options, property owners must agree that rail service at the nearby station is worth the extra tax/fee that would be associated with them. Additionally, value capture mechanisms take time to accumulate usable funds and are heavily dependent on the land use policies and market conditions around the station areas. Each city and county where rail service is introduced will need to critically assess the suitability of each option.

Table 14 provides an overview of local funding and financing sources that were evaluated, identifying the strategy type, project phase, fund application, funding potential, prioritization, cost burden, and lead agency or authority.

Table 14. Overview of Applicable Local Funding and Financing Sources

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Cost Burden	Lead Agency/ Authority
Farebox revenue	Fares	All phases (rail and bus)	Operations & Maintenance	Annual (millions): • 2027: \$2.9 • 2032: \$13.0 • 2050: \$21.0	High priority	Riders	Transit agency/ RTPA/ Joint Powers Agency (JPA)
Assessment District	Assessment	All phases (rail)	Capital & Operations	Not estimated	Medium priority	Property owners	City, County, or Special District
Development Impact Fees	Fee	All phases (bus)	Capital	Not estimated	Medium priority	Developers / Property Owners	City, County, or Special District
Monterey County Transportation Safety & Investment Plan (Measure X)	Sales Tax	All phases (bus, maybe rail if extended)	Capital	Not estimated	Medium priority	Consumers	TAMC

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization	Cost Burden	Lead Agency/ Authority
Other taxes: Business license tax, gross receipts tax / per employee tax, real estate transfer tax / other counties' sales taxes	Special or General Tax	Phased and Vision Service (rail and bus)	Capital & Operations	Not estimated	Medium priority	Variable	Variable
Parking revenue	Fees	All phases (rail and bus)	Operations & Maintenance	Not estimated	Medium priority	Riders	TAMC/ local jurisdiction
San Luis Obispo County Sales Tax	Sales Tax	Phased and Vision Service (rail and bus)	TBD	Not estimated	Medium priority	Consumers	San Luis Obispo Council of Governments (SLOCOG)
Santa Cruz County Measure D	Sales Tax	Vision Service (rail and bus)	Capital	Not estimated	Medium priority	Consumers	Santa Cruz County Regional Transportation Commission (SCCRTC)
Ad Valorem Property and Parcel Taxes	General obligation bond approval requirements similar to special tax	All phases (rail)	Capital & Operations	Not estimated	Low priority	Property owners	City, County, or Special District
Mello-Roos Community Facility District	Special Tax	All phases (rail)	Capital & Operations	Not estimated	Low priority	Property owners	City, County, or Special District
Monterey Salinas Transit Local Transit Funding for Senior Citizens, Veterans, and People with Disabilities Tax (Measure Q)	Sales Tax	All phases (bus)	Operations & Maintenance	Not estimated	Low priority	Consumers	MST
Tax increment financing (Enhanced Infrastructure Finance District (EIFD))	Property Tax Increment	Vision Service (rail)	Capital	Not estimated	Low priority	Property owners	City, County, or Special District

5.1.4 Private Sources

In the absence of sufficient grant funding and public revenue sources, non-traditional financial partnerships can offer additional funding and financing opportunities. Although analysis indicates that non-traditional opportunities may not be a priority, in part because of this project's expected competitiveness for state and federal grant funds, one option to consider is a public-private partnership (P3) for financing, constructing, and/or operating rail service, assuming legislation allows this kind of

partnership. This model allows public agencies to use private money to fund large capital projects and transfers some of the risks of launching a new transit service – such as schedule delay or unmet ridership projections – to the private sector, thus shielding a cash-strapped public agency from financial impacts. For example, Brightline is a privately-operated intercity rail route between Miami and West Palm Beach, Florida, which sought a Railroad Rehabilitation & Improvement Financing loan from the FRA as well as private financing.

In the absence of a single efficient regional transportation network that connects San Jose with coastal communities, which may have more affordable housing costs, Silicon Valley companies may see value in investing in the service for the benefit of their employees. Investments could take the form of naming rights of stations or other assets, advertising, or other service enhancements.

Table 15 provides an overview of private funding and financing sources that were evaluated, identifying the strategy type, project phase, fund application, funding potential, prioritization, cost burden, and lead agency or authority.

Table 15. Overview of Applicable Private Funding and Financing Sources

Strategy	Strategy Category	Project Phase	Use of Funds	Potential Applicable Funding Range	Strategy Prioritization*	Cost Burden	Lead Agency/ Authority
Naming Rights Agreements	Private investment	All phases (rail and bus)	Capital	Not estimated	Low priority	Private Sector	Transit Agency/ RTPA/ JPA
Other Private Sector Contributions	Private investment	All phases (rail and bus)	Capital & Operations	Not estimated	Low priority	Private Sector	Transit Agency/ RTPA/ JPA

5.2 Phased and Vision Service Funding and Financing Sources

The above opportunities, and those summarized in **Appendix A**, are primarily relevant to the Initial Service Concept. Available funding sources for the Phased and Vision Concepts, which are 10 to 30 years in the future, are simply not known at this time. The Federal and State funding and financing landscape could look very different then, and the population, density, and development of the cities and counties that will benefit from this service will be different as well. That said, TAMC and its project partners should not lose sight of the planning and construction costs required for these future stages of implementation and would benefit from laying the groundwork for future revenue generation. For example, local and regional revenue sources, including tax increment financing districts, assessment districts, and local taxes, can be in place for several decades and, thus, could provide capital for future projects and make the service even more competitive for state and federal grants.

6. NEXT STEPS

The Initial Service scenario capital costs are estimated at \$102 million. Potential capital revenue sources for the Initial Service are estimated to provide a total ranging between \$62 and \$235 million for one-time awards and \$3 to \$7 million in annual awards through state formula programs. Major sources of this potential funding are California's Solutions for Congested Corridors Program (SCCP) and Transit and Intercity Rail Capital Program (TIRCP) and the FTA 5309 CIG Small Starts Grants. These are all highly competitive grant programs requiring thoughtful preparation to create funding pathways that define what the local match will be and what "Plan B" options may be pursued. Starter conversations outlined below will likely need to occur simultaneous to the development of these funding pathways.

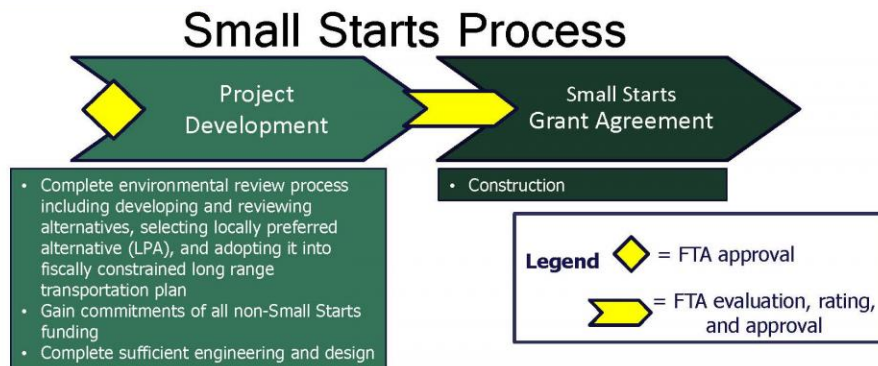
Positioning projects for grants, especially federal grants, takes time, resources, and a widespread coalition of support from various levels of the community and government. TAMC and its project partners will necessarily need to focus the first phase of grant pursuit work sourcing funds for design and engineering to become eligible for grant applications. This will be followed by the larger effort to secure construction funding, although the operations funding will need to remain a top priority as those funding sources will be critical for launching the service. Major next steps for securing grant funding include initiating conversations with priority granting agencies, initiating environmental review, progressing transportation and economic impact analyses, and building public support for the project.

While the specific eligibility requirements for grants are outlined in the prior sections, the specific strategy will be determined by prioritized funding pathways. For FTA planning program funds, the next step is meeting with Association of Monterey Bay Area Governments (AMBAG) to discuss the application process and applicant landscape. This project is already included in the Regional Transportation Improvement Program (RTIP) and STIP, which is a major step for receiving federal grant funding. For the CRISI program, TAMC and its project partners will need to meet with Union Pacific to understand any required infrastructure upgrades along the project right-of-way and identify improvement projects eligible for the CRISI program.

Unlike other federal discretionary grants, the Capital Investment Grants (CIG) Program (Small Starts) applications are multi-year processes through which projects are evaluated and scored by FTA at multiple stages. In order to enter the first stage, Project Development, project sponsors are required to submit a letter to FTA outlining a brief description of the Small Starts candidate project, geographic background information, justification of the need for project, cost estimates, projected level of service (including transit ridership and frequency), key project staff, anticipated non-CIG funding sources, anticipated project timeline, and other information pertaining to the project scope, schedule, cost, and funding. If decided that Small Starts should be pursued, TAMC or the appropriate project lead should initiate communication with the FTA Region IX office to express interest and obtain guidance. The flow

charts in **Figure 1** from the FTA's website shows the process to apply for the Small Starts grant.¹⁷ Meanwhile, TAMC needs to obtain commitment from all non-CIG funding partners, including state and local partners.

Figure 1. FTA Capital Investment Grants Program – Small Starts Process



State formula grants are allocated to each MPO based on statistical and demographic criteria on an annual basis; MPOs are responsible for distributing formula grants to individual transit agencies. As such, TAMC or the appropriate project sponsor is expected to receive funding from AMBAG without submitting applications to respective state agencies for the following formula funds: Low Carbon Transit Operations Program (LCTOP), State Rail Assistance (SRA) Program, State Transportation Improvement Program (Regional and Interregional share), and Transportation Development Act (Local Transportation Fund and State Transit Assistance).

For discretionary/competitive grants, the project sponsor must apply for a competitive review and selection review process. For the Solutions for Congested Corridors Program (SCCP), the project sponsor is required to prepare a corridor plan consistent with the Comprehensive Multimodal Corridor Plan (CMCP) Guidelines, or use an existing multimodal plan, plan update, hybrid plan, or new plan that outline improvements to highly congested transportation corridors in the region. For any one of these CMCP-compliant plans, the project sponsor is required to submit applications that quantify how the rail extension project will improve system performance and address environmental and community access concerns.¹⁸ More specifically, the project sponsor must address the following six performance measures in the SCCP application: congestion and delay; safety; accessibility; economic development, job creation, and retention; regional air quality and greenhouse gas emissions; and efficient land use.¹⁹ The Transit and Intercity Rail Capital Program (TIRCP) requires agencies like TAMC to submit an application that includes the project title and purpose, project scope, project location with sites and greenhouse gas

¹⁷ 2020 FAST Guidelines for CIG Grants

¹⁸ 2018 Comprehensive Multimodal Corridor Plan Guidelines

¹⁹ 2020 Solutions for Congested Corridors Program Guidelines

reducing features, estimated costs, and project benefits (including co-benefits).²⁰ The most important criteria of the TIRCP application is the greenhouse gas emissions reductions calculations.

Positioning for local funding sources does not follow a linear path but is instead an iterative process that is largely dependent on timing, political priorities, and perceived need by the community. Sales taxes and other fees and assessments are generally part of the funding package required to deliver new transit services, and the timing of the enabling vote(s) will be contingent on other outside factors. TAMC already has a strong understanding of the jurisdictions and communities that are most in support of the project and should continue conversations with these entities and local transit agencies to determine the appetite to levy a local fee, tax, and/or assessment to financially support the network vision.

²⁰ 2020 Transit and Intercity Rail Capital Program

APPENDIX A – FUNDING AND FINANCING MATRICES

This appendix provides additional context on the federal, state, local and private funding and financing sources evaluated.

Table 16. Key Considerations, Benefits and Challenges – Federal Funding and Financing Sources

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Consolidated Rail Infrastructure & Safety Improvements (CRISI) Grant	The CRISI Grant funds capital projects that address congestion challenges affecting rail service. In September 2020, the U.S. Department of Transportation (DOT) awarded \$320.6M to 50 projects that improve the safety efficiency and reliability of freight rail and intercity passenger service.	<ul style="list-style-type: none"> • Eligible to capital projects that (1) address congestion challenges affecting rail service, (2) reduce congestion and facilitate ridership growth along heavily traveled rail corridors, (3) improve short-line or regional railroad infrastructure 	<ul style="list-style-type: none"> • Opportunity to receive significant funding. 	<ul style="list-style-type: none"> • Highly competitive.
FTA Urbanized Formula Grants - 5307	The Urbanized Area Formula Funding program makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. The governor or governor's designee acts as the designated recipient for urbanized areas with populations between 50,000 and 200,000. Eligible activities include: planning, engineering, design, and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.	<ul style="list-style-type: none"> • For areas with populations of 200,000 and more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. • Capital funding most likely for Phased Service and Vision Service. • Operations funding most likely for Initial Service. 	<ul style="list-style-type: none"> • Eligible activities include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies. 	<ul style="list-style-type: none"> • The Federal share is not to exceed 80 percent of the net project cost. The Federal share may be 90 percent for the cost of vehicle-related equipment attributable to compliance with the Americans with Disabilities Act and the Clean Air Act. The Federal share may also be 90 percent for projects or portions of projects related to bicycles. The Federal share may not exceed 50 percent of the net project cost of operating assistance.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
FTA Capital Investment Grants - 5309; Small Starts	The Small Starts program funds new projects or extensions to existing projects that are less than \$300M or are seeking less than \$100M. These grants are typically made available to rail or fixed guideway projects.	<ul style="list-style-type: none"> • TAMC more likely to secure funding through the Small Starts program compared to the New Starts program which has higher monetary thresholds. • Funding most applicable to the Initial Service Phase. 	<ul style="list-style-type: none"> • Opportunity to receive significant funding. 	<ul style="list-style-type: none"> • Highly competitive. • Must demonstrate significant mode shift benefits. • Federal grants can add significant time to projects and contractors often charge a premium to work on federally funded projects. • Federal grant requirements, such as the Buy American Act, could threaten eligibility. • Maximum federal share is 80%. Non-federal match of recent awards ranges from 33% to 75%. Higher the non-federal match, more likely to be awarded the grant.
State of Good Repair Grants - 5337	The State of Good Repair Grants Program provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. Additionally, SGR grants are eligible for developing and implementing Transit Asset Management plans.	<ul style="list-style-type: none"> • The federal share of eligible capital costs is 80 percent of the net capital project cost, unless the grant recipient requests a lower percentage. 	<ul style="list-style-type: none"> • State of Good Repair Grants funds are available for capital projects that maintain a fixed guideway or a high intensity motorbus system in a state of good repair, including projects to replace and rehabilitate rolling stock and track. 	<ul style="list-style-type: none"> • Funding only eligible to agencies looking to refurbish, not construct, railway lines.
Defense Community Infrastructure Program (DCIP)	Through the Defense Community Infrastructure Program (DCIP), the U.S. Department of Defense aims to develop community infrastructure, specifically in and around military installations, in order to address deficiencies and promote resilience and military family quality of life.	<ul style="list-style-type: none"> • The Department of Defense awarded 16 grants totaling \$50 million during Fiscal Year 2020, with awards ranging from \$250,000 to \$10 million. 	<ul style="list-style-type: none"> • U.S. Army Fort Hunter Liggett in southern Monterey County intends to use new rail service to move troops to and from the base, which makes the rail extension project eligible for funds. • Community infrastructure, as defined by the DOD, encompasses any transportation project, including rail service. 	<ul style="list-style-type: none"> • None of the projects awarded funds during Fiscal Year 2020 were related to transit.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
FEMA Building Resilient Infrastructure and Communities (BRIC)	Building Resilient Infrastructure and Communities (BRIC) supports states, local communities, tribes, and territories as they undertake hazard mitigation projects, reducing the risks they face from disasters and natural hazards. BRIC funding supports communities through capability- and capacity-building; encouraging and enabling innovation; promoting partnerships; enabling large projects; maintaining flexibility; and providing consistency.	<ul style="list-style-type: none"> • Applicants are awarded funds based on the following criteria (listed in order of relative importance): (1) risk reduction/resiliency effectiveness, (2) future conditions, (3) implementation measures, (4) population impacted, (5) leveraging partners, (6) outreach activities. • May be well-suited for initial planning and could be leveraged for future capital investment. 	<ul style="list-style-type: none"> • Up to half of available BRIC funds may be used for mitigation planning and planning-related activities per applicant. • Funds may be used for both the planning and implementation of public infrastructure projects. 	<ul style="list-style-type: none"> • Local governments are considered sub applicants and must submit sub applications to respective states to receive funding once funding from the federal government has been procured.
FEMA Transit Security Grant Program (TSGP)	<p>The TSGP provides funds to eligible public transportation systems (which include intra-city bus, ferries, and all forms of passenger rail) to protect critical transportation infrastructure and the travelling public from terrorism, and to increase transportation infrastructure resilience. TSGP identifies the following areas as priority areas:</p> <p>(1) Enhancing cybersecurity; (2) Enhancing the protection of soft targets/crowded places; and (3) Addressing emerging threats (e.g., transnational criminal organizations, weapons of mass destruction [WMD], unmanned aerial systems [UASs], etc.)</p>	<ul style="list-style-type: none"> • Although the TSGP has a significant amount of funding (\$355M), it's unclear whether the rail system would be a good candidate for it. Further exploration would be required. 	<ul style="list-style-type: none"> • Can fund a significant amount of capital costs. • Rail service offers an alternative to roadway and does not have fixed guideway infrastructure that would be impacted by some sort of shock (e.g. disaster event or attack). 	<ul style="list-style-type: none"> • TAMC would be seeking grant funding for capital expenses that are different from the Program's priorities. Rail service may qualify if emergency egress or climate resiliency are eligible purposes.
FTA Grants for Buses and Bus Facilities Program	The Grants for Buses and Bus Facilities Program makes federal resources available to states and direct recipients to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities.	<ul style="list-style-type: none"> • Funding is provided through formula allocations or competitive grants 	<ul style="list-style-type: none"> • A pilot provision allows designated recipients in in urbanized areas between 200,000 and 999,999 in population to participate in voluntary state pools to allow transfers of formula funds between designated recipients during the period of the authorized legislation. Monterey County qualifies for this provision. 	<ul style="list-style-type: none"> • The federal share of eligible capital costs is 80 percent of the net capital project cost, unless the grant recipient requests a lower percentage.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Metropolitan & Statewide Planning and Non-Metropolitan Transportation Planning - 5303, 5304, 5305	The Metropolitan & Statewide Planning and Nonmetropolitan Transportation Planning grants provide funding and procedural requirements for multimodal transportation planning in metropolitan areas and states. State Departments of Transportation (DOTs) and Metropolitan Planning Organizations (MPOs) are eligible to receive funding, which enhances the integration and connectivity of transportation systems for people and freight and emphasizes the preservation of existing transportation systems.	<ul style="list-style-type: none"> Major new fixed guideway projects, or extension to existing systems financed with New Starts funds, typically receive these funds through a full funding grant agreement that defines the scope of the project and specifies the total multi-year federal commitment to the project. TAMC is currently receiving 5303, 5304, and 5305 funding and may direct funds to this project. 	<ul style="list-style-type: none"> Funds are available for planning activities that "enhance the integration and connectivity of the transportation system, across and between modes, for people and freight," which aligns with TAMC objectives. 	<ul style="list-style-type: none"> Federal planning funds are first apportioned to State DOTs. State DOTs then allocate planning funding to MPOs. Transportation plans and technical studies that plan, design, and evaluate public transportation projects are the only initiatives eligible for funding.
NOAA Effects of Sea Level Rise Program	The ESLR Program provides funding to evaluate vulnerability under multiple sea level rise, inundation, and coastal management scenarios. Projects explore the vulnerability of natural ecosystems, evaluate the potential for natural structures (e.g., barrier islands, wetlands, etc.) to reduce coastal inundation, and develop best practices for the inclusion of ecosystem in coastal protection strategies.	<ul style="list-style-type: none"> Funding prioritizes natural coastal features over rigid hardened structures to achieve greater cost efficiency and efficacy in reducing flood risk. 	<ul style="list-style-type: none"> TAMC qualifies for one of two program focus areas: The Surface Transportation Resilience Focus Area, which focuses on evaluating natural and nature-based features for surface transportation infrastructure, including road, rail, and public transportation. 	<ul style="list-style-type: none"> Several previous grant applications have used some form of habitat restoration, including wetlands, coral reefs, and dunes. While this is not a requirement, it is indicative of the types of nature-based projects that NOAA prioritizes.
Other Federal Sources: Earmarks / Federal Grants / Financing Sources	TAMC may be eligible for new or emerging federal grants, loans, bonds, and other funding or financing sources.	<ul style="list-style-type: none"> Emerging funding sources may be used to cover capital or operations & maintenance costs. 	<ul style="list-style-type: none"> There is a potential to leverage greater funding for both rail and bus operations. 	<ul style="list-style-type: none"> Emerging state funding sources are constrained by the decisions of respective agency decisions.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Railway-Highway Crossings (Section 130) Program	The Railway-Highway Crossings (Section 130 Program) provides funds for the elimination of hazards at railway-highway crossings. \$245M in funds are set-aside for railway-highway crossing improvements from the Highway Safety Improvement Program (HSIP) apportionment.	<ul style="list-style-type: none"> • In accordance with 23 USC 130(i), the funds can be used as incentive payments for local agencies to close public crossings provided there are matching funds from the railroad. Also, in accordance with 23 USC 130(h), the funds can be used for local agencies to provide matching funds for State-funded projects. 	<ul style="list-style-type: none"> • Fifty percent of a State's apportionment under 23 USC 130(e) is dedicated for the installation of protective devices at crossings. The remainder of the fund's apportionment can be used for any hazard elimination project, including protective devices. • Beneficial to construction of rail crossings. 	<ul style="list-style-type: none"> • Very specific funding uses and requirements for railroad crossing. • Less funding potential
Restoration and Enhancement Grant Program	The Restoration and Enhancement Grant Program funds operating assistance grants for initiating, restoring, or enhancing intercity passenger rail transportation. \$22M were awarded to three projects across the country in May 2020.	<ul style="list-style-type: none"> • Expenses eligible funding must be for operating assistance to initiate, restore, or enhance intercity rail passenger transportation 	<ul style="list-style-type: none"> • Opportunity to receive significant funding. • Project requirements align with TAMC project. 	<ul style="list-style-type: none"> • Highly competitive.
USACE Flood Damage Reduction Projects (Section 205)	The 1948 Flood Control Act authorizes the US Army Corps of Engineers to study, design, and construct small flood control projects. Projects may be structural (i.e., levees, flood walls, diversion channels, pumping plants and bridge modifications) or non-structural (i.e., floodproofing, relocation of structures and flood warning systems).	<ul style="list-style-type: none"> • Levee and channel modifications are examples of flood control projects constructed utilizing the Section 205 authority. • USACE conducts general investigation studies to determine if congressional authorization and implementation of a specific civil works project are warranted. • Requires non-deferral match. • Begins with a planning study to determine federal interest. 	<ul style="list-style-type: none"> • Flood control projects are not limited to any particular type of improvements. 	<ul style="list-style-type: none"> • Feasibility studies are only fully federally funded up to \$100k; costs over \$100k are shared equally with the non-federal sponsor.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program	Previously known as the BUILD program, the RAISE program aims to fund road, rail, transit, and port projects that have a significant local or regional impact. Congress has dedicated nearly \$8.9 billion to twelve rounds of national infrastructure investments to fund projects.	<ul style="list-style-type: none"> • The eligibility requirements of RAISE allow project sponsors at the State and local levels to obtain funding for multi-modal, multi-jurisdictional projects that are more difficult to support through traditional DOT programs. • This flexibility allows RAISE and traditional partners at the State and local levels to work directly with a host of entities that own, operate, and maintain much of our transportation infrastructure, but otherwise cannot turn to the Federal government for support. 	<ul style="list-style-type: none"> • RAISE can provide capital funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional Federal programs which provide funding to very specific groups of applicants (mostly State DOTs and transit agencies). 	<ul style="list-style-type: none"> • Highly competitive due to its flexible uses for a number of different types of transportation projects.
FHWA National Highway Performance Program (NHPP)	The FAST Act continues the NHPP, which provides support for the condition and performance of the National Highway System (NHS), for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS. Estimated funding for 2020 is \$24.2B. NHPP grants are granted to each state and then the state divides to specific programs.	<ul style="list-style-type: none"> • Eligibility requirements focus on project related directly to highway construction and maintenance. 	<ul style="list-style-type: none"> • Opportunity to receive significant funding. 	<ul style="list-style-type: none"> • Highly competitive. • Would need to demonstrate benefits to the highway system, likely in the form of congestion reduction. • Federal grants can add significant time to projects and contractors often charge a premium to work on federally funded projects.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
NOAA Coastal Resilience Grants Program	The Coastal Resilience Grants Program funds projects that help coastal communities and ecosystems prepare for and recover from extreme weather events, climate hazards, and changing ocean conditions. The most common aspects of projects include (1) natural and nature-based infrastructure, (2) post-disaster recovery, and (3) risk assessments. These assessments (3) help communities determine which activities and locations are a priority for protection and recovery efforts; this aspect of the project is most applicable to the TAMC rail project.	<ul style="list-style-type: none"> Requires a nonfederal dollar match 	<ul style="list-style-type: none"> Provides funding for coastal property and infrastructure protection due to sea level rise. 	<ul style="list-style-type: none"> Several previous grant applications have used some form of habitat restoration, including wetlands, coral reefs, and dunes. While this is not a requirement, it is indicative of the types of nature-based projects that NOAA may prioritize.
Railroad Rehabilitation & Improvement Financing	RRIF provides direct loans and loan guarantees to finance development of railroad infrastructure.	<ul style="list-style-type: none"> Direct loans can fund up to 100% of a railroad project with repayment periods of up to 35 years and interest rates equal to the cost of borrowing to the government. 	<ul style="list-style-type: none"> Funding may be used to 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. 	<ul style="list-style-type: none"> Highly competitive.
Transportation Infrastructure Finance and Innovation Act	The Transportation Infrastructure Finance and Innovation Act (TIFIA) leverages limited federal resources and stimulates capital market investment in transportation infrastructure by providing credit assistance in the form of direct loans, loan guarantees, and standby lines of credit (rather than grants) to projects of national or regional significance.	<ul style="list-style-type: none"> TIFIA finances bridges and tunnels; intercity passenger bus and rail facilities and vehicles; publicly owned freight rail facilities; private facilities providing public benefit for highway users; intermodal freight transfer facilities; projects that provide access to such facilities; service improvements on or adjacent to the National Highway System; and projects located within the boundary of a port terminal under certain conditions. 	<ul style="list-style-type: none"> TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates that can be found in private capital markets for similar instruments. TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. 	<ul style="list-style-type: none"> TIFIA credit assistance is limited to a maximum of 33 percent of the total eligible project costs.

Table 17. Key Considerations, Benefits and Challenges – State Funding and Financing Sources

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Low Carbon Transit Operations Program	This program provides operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility. The funding program is part of the state's Greenhouse Gas Reduction Fund. A portion of the LCTOP funds are allocated to operators based on the State Transit Assistance (STA) Revenue-Based formula. LCTOP funds can be used to support capital and operating expenses that enhance transit service and reduce greenhouse gas (GHG) emissions. These funds can also be used to support new or expanded transit services, or expanded intermodal facilities and equipment, fueling, and maintenance for those facilities.	<ul style="list-style-type: none"> • Grants for fare reduction range up to \$2M/year. The fund gave out up to \$3M for capital projects in 2019. • Investment plans under LCTOP must allocate a minimum of 5% of available monies to low-income households located within (or within 1/2 mile) of the boundaries of low-income communities. 	<ul style="list-style-type: none"> • LCTOP funds could be used to subsidize fares for lower-income individuals. Grants for fare reduction range up to \$2M/year. 	<ul style="list-style-type: none"> • Rail system may not be an ideal candidate for these funds. Funds available for bus.
SB 1 State Rail Assistance (SRA) Program	<p>Senate Bill 1 created the State Rail Assistance (SRA) Program by directing a portion of new revenue specifically to intercity rail and commuter rail.</p> <ul style="list-style-type: none"> • SB 1 directs a 0.5% portion of new diesel sales tax revenue for allocation: half to the 5 commuter rail providers and half to intercity rail corridors 	<ul style="list-style-type: none"> • Half of revenue is allocated in equal shares to commuter operators through 2019-20, and via guidelines thereafter (about \$10.5M to each total over 3 years) • Half of revenue is allocated to intercity rail corridors such that each of the existing three corridors receives at least 25% of the intercity rail share (about \$13.1M to each over 3 years) • Funding is available for capital and operations 	<ul style="list-style-type: none"> • The majority of program funding is directed by statutory formula to rail operators (Caltrain qualifies). • TAMC has been designated as a public agency authorized to plan and manage intercity rail operations for an aspiring corridor, and is thus eligible for flexible intercity rail funds. 	<ul style="list-style-type: none"> • Highly competitive funding source.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
SB 1 Solutions for Congested Corridors Program (SCCP)	The Solutions for Congested Corridors Program (SCCP) provides funding to achieve a balanced set of transportation, environmental, and community access improvements to reduce congestion throughout the state. The program makes \$250M available annually for projects that implement specific transportation performance improvements and are part of a comprehensive corridor plan by providing more transportation choices while preserving the character of local communities and creating opportunities for neighborhood enhancement.	<ul style="list-style-type: none"> Eligible project elements within the corridor plans may include improvements to state highways, local streets and roads, rail facilities, public transit facilities, bicycle and pedestrian facilities, and restoration and preservation work. Vision scenario (Monterey-Santa Cruz) most likely candidate for funding as RR parallels congested Highway 1. 	<ul style="list-style-type: none"> Applicants are to be selected based on the following criteria (of which, TAMC projects apply): (1) safety, (2) congestion, (3) accessibility, (4) economic development, (5) air pollution and greenhouse gas emission reductions, (6) efficient land use, (7) level of matching funds, and (8) the ability to complete the project in a timely manner. 	<ul style="list-style-type: none"> All agencies with projects included within the Solutions for Congested Corridors Program must comply with a series of guidelines outlined in 2020 documentation.
State Transportation Improvement Program (STIP) - Interregional Share	The Interregional Transportation Improvement Program (ITIP) aims to improve interregional mobility for people and goods across California on highway and passenger rail corridors of strategic importance. These programs cover high-speed rail, intercity passenger rail, and bus transit, among other projects.	<ul style="list-style-type: none"> The ITIP program is funded through the State Transportation Improvement Program (STIP), but funds are listed separately from STIP formula allocations. May be used to fund operations on mainline services. 	<ul style="list-style-type: none"> ITIP is dedicated to funding projects that connect metropolitan areas. TAMC bus and rail projects are eligible under these qualifications. 	<ul style="list-style-type: none"> ITIP is funded from 25% of STIP funding compared to 75% for the Regional Transportation Improvement Program (RTIP).
State Transportation Improvement Program (STIP) - Regional Share	The State Transportation Improvement Program (STIP) is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the Transportation Investment Fund and other funding sources. STIP programming generally occurs every two years. The fund estimate serves to identify the amount of new funds available for the programming of transportation projects. The primary objective of this program is to provide funding to counties, cities, districts, and regional transportation agencies in which voters have approved fees or taxes dedicated solely to transportation improvements or that have imposed fees.	<ul style="list-style-type: none"> The STIP is funded by the Transportation Investment Fund and programming occurs every two years. 	<ul style="list-style-type: none"> Monterey and Santa Cruz County receive STIP allocations - RTPAs recommend projects to the CTC 	<ul style="list-style-type: none"> Rail projects are eligible

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Transit and Intercity Rail Capital Program (TIRCP)	This program was created by Senate Bill (SB) 862 to provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to significantly reduce greenhouse gas emissions, vehicle miles traveled, and congestion. Assembly Bill (AB) 398 extended the Cap and Trade Program that supports the TIRCP from 2020 through 2030. SB 1 augmented this program with sales tax funding.	<ul style="list-style-type: none"> TIRCP is oversubscribed but is the best fit for this project. 	<ul style="list-style-type: none"> Projects that are funded by this program receive between \$5 and \$100M so there is the potential to receive significant funds. 	<ul style="list-style-type: none"> New evaluation criteria require that the project show how it will create GHG reductions and have significant ridership impacts relative to project cost. Currently, this program is scheduled to sunset in 2030.
Transportation Development Act/ Local Transportation Fund (LTF)	The Transportation Development Act provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. The Local Transportation (LTF) is derived from a 1/4 cent of the general sales tax collected statewide. The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF. Each county then apportions the LTF funds within the country based on population.	<ul style="list-style-type: none"> Requires each transportation planning agency, county transportation commission, and metropolitan transit development board to transmit to the State Controller to receive payment for regional projects. May be used to fund operations for branch line services. 	<ul style="list-style-type: none"> Funds may be used for a variety of transportation projects including local road rehabilitation, road widening/capacity, intersection improvements, bicycle and pedestrian facilities, public transit, passenger rail, and other projects that enhance the region's transportation infrastructure. 	Monterey County dedicates its TDA funds to Monterey-Salinas Transit. Potentially available for rail once operating. Unclear how Santa Cruz or San Luis Obispo Counties use TDA funds.
Transportation Development Act / State Transit Assistance (STA)	The Transportation Development Act provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. The STA funds, generated from sales tax on diesel fuel, are appropriated by the legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to transit operator revenues from the prior fiscal year.	<ul style="list-style-type: none"> Requires each transportation planning agency, county transportation commission, and metropolitan transit development board to transmit to the State Controller in order to receive payment for regional projects. 	<ul style="list-style-type: none"> Funds may be used for a variety of transportation projects including local road rehabilitation, road widening/capacity, intersection improvements, bicycle and pedestrian facilities, public transit, passenger rail, and other projects that enhance the region's transportation infrastructure. 	<ul style="list-style-type: none"> 50 percent of STA funds are allocated based on population, while the other 50 percent of funds are allocated based on the RTPA's previous year's revenues. This may pose challenges in procuring funds based on Monterey County's total population in relation to other California counties.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Climate Ready Program	The Climate Ready Program supports multi-benefit projects that use natural systems to assist communities in adapting to the impacts of climate change. The program also works to capture greenhouse gases from the atmosphere through the conservation of natural and working lands.	<ul style="list-style-type: none"> • Matching funds is not required, but strongly recommended. • Examples of previous projects include sea level rise adaptation planning, natural infrastructure, agricultural adaptation, carbon sequestration, and urban greening to maintain living shorelines. 	<ul style="list-style-type: none"> • Funding prioritizes nature-based solutions that address the needs of low-income and other underserved coastal populations that will be highly impacted by climate change. • Funding may be used to elevate and protect coastal rail lines from sea level rise. 	<ul style="list-style-type: none"> • This is a recurring funding source, yet funding was not available in 2020 and may not be available in 2021 either.
Local Partnership Program (LPP) - Competitive Program	The LPP appropriates \$200M annually from the Road Maintenance and Rehabilitation Account to local and regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees, which taxes or fees are dedicated solely for transportation improvements. The competitive program is eligible to jurisdictions with voter approved taxes, tolls, or fees, which are dedicated solely to transportation improvements or that have imposed fees, including uniform developer fees, which are dedicated solely to transportation improvements.	<ul style="list-style-type: none"> • Funding shares will be allocated for eligible taxing authorities by establishing northern and southern California shares and by attributing the proportional share of revenues from voter approved taxes, tolls, and fees and distributing in proportion based on the county's population and revenue. 	<ul style="list-style-type: none"> • The LPP provides funding to local and regional agencies to improve aging infrastructure, road conditions, active transportation, transit and rail, and health and safety benefits, which makes TAMC projects eligible for funding. • Jurisdictions with voter approved taxes, tolls, or fees, which are dedicated solely to transportation improvements (see Measure Q, Measure X, Measure D) 	<ul style="list-style-type: none"> • Rail system may not be an ideal candidate for these funds given high competition for funds and since sales tax project lists do not include rail (except SCCRTC), but bus projects are eligible.
Local Partnership Program (LPP) - Formulaic Program	The Formulaic Program is eligible to jurisdictions with voter approved taxes, tolls, or fees, which are dedicated solely to transportation improvements.	<ul style="list-style-type: none"> • TAMC currently receives \$600,000/year in formula LPP funds, dedicated to projects on the Measure X project list. • The formulaic program may fund rail projects in SCCRTC since rail infrastructure is included within Santa Cruz County's sales tax Measure D. TAMC is not eligible for funding for rail projects since its sales tax measures do not incorporate rail infrastructure. 	<ul style="list-style-type: none"> • The LPP provides funding to local and regional agencies to improve aging infrastructure, road conditions, active transportation, transit and rail, and health and safety benefits, which makes TAMC projects eligible for funding. 	<ul style="list-style-type: none"> • Rail system may not be an ideal candidate for these funds given high competition for funds and since sales tax project lists do not include rail (except SCCRTC), but bus projects are eligible.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Other State Funding Sources: new, emerging, and unknown state grants / loans / bonds	TAMC may be eligible for new or emerging state grants, loans, bonds, and other funding or financing sources.	<ul style="list-style-type: none"> Emerging funding sources may be used to cover capital or operations & maintenance costs. 	<ul style="list-style-type: none"> There is a potential to leverage greater funding for both rail and bus operations. 	<ul style="list-style-type: none"> Emerging state funding sources are constrained by the decisions of respective agency decisions.
Proposition 68 Natural Resources Bond	Proposition 68 provides funding to create parks, enhance river parkways, and protect coastal forests and wetlands. Prop 68 has funded several natural resources projects in Monterey County, including Salinas River riparian management (2015), Pajaro Valley agricultural climate change resiliency (2015), and Dolan Ranch conservation easement (2015) projects.	<ul style="list-style-type: none"> Matching funds is not required, but strongly recommended. May be well-suited for initial planning and could be leveraged for future capital investment. 	<ul style="list-style-type: none"> Funding may be used to elevate and protect coastal rail lines from sea level rise. 	<ul style="list-style-type: none"> Projects that protect local habitats with natural infrastructure and provide multiple benefits are prioritized.
Regional Surface Transportation Program (RSTP)	The Regional Surface Transportation Program (RSTP) allows smaller counties to exchange their apportionment of federal RSTP funds for State Highway Account funds, which are easier for local agencies to use for transportation with less stringent paperwork than with federal funds. TAMC distributes these funds to local agencies as part of its responsibilities as a Regional Transportation Planning Agency through several programs: RSTP Reserve, RSTP Fair Share, RSTP Competitive Grants, and other set asides.	<ul style="list-style-type: none"> The process of receiving funds is as follows: TAMC may exchange federal funds for state transportation dollars that are then sub-allocated to local jurisdictions and transit projects. Road projects near train stations could be eligible. 	<ul style="list-style-type: none"> For regions with populations under 200,000, the exchange of federal STP funds for state cash is allowed. 	<ul style="list-style-type: none"> RSTP allocation focuses on road construction, bridge preservation, and other vehicular transit projects. Rail transit projects are not prioritized for funding. Road projects near to stations are eligible. TAMC receives about \$5M annually, which mostly goes to jurisdictions for road projects. TAMC sets aside 10% for regional projects, for which rail is eligible. Consider neighboring counties' practices.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Sustainable Transportation Planning Grants	<p>The Sustainable Transportation Planning Grants make a total of \$34M available for transportation planning projects statewide. The program includes:</p> <ul style="list-style-type: none"> • Sustainable Communities Grants (\$29.5M) to encourage local and regional planning that furthers state goals, including, but not limited to, the goals and best practices cited in the Regional Transportation Plan Guidelines adopted by the California Transportation Commission. • Strategic Partnerships Grants (\$4.5M) 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. 	<ul style="list-style-type: none"> • Planning grants are primarily provided to improve public health, social equity, environmental justice, the environment, and provide other important community benefits. • Planning future project elements would qualify. 	<ul style="list-style-type: none"> • Successful planning projects are expected to directly benefit the multi-modal transportation system. TAMC projects are thus eligible for this funding source due to the community benefits of the extended rail system. 	<ul style="list-style-type: none"> • Projects must include significant disadvantaged communities justification component in order to qualify for funds.
Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)	<p>The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) funds may be used for transit rehabilitation, safety of modernization improvements, capital service enhancements, or rolling stock procurement, rehabilitation, or replacement.</p>	<ul style="list-style-type: none"> • Funds in this account are appropriated annually by the Legislature to the State Controller's Office (SCO) for allocation in accordance with Public Utilities Code formula distributions: 50% allocated to Local Operators based on fare-box revenue and 50% to Regional Entities based on population. 	<ul style="list-style-type: none"> • PTMISEA funding is available for transit capital projects that cover the construction of stations, payment of extended rail service, and access to rail lines, as needed to fulfill TAMC rail service objectives. 	<ul style="list-style-type: none"> • Funds are allocated based on project readiness (the six-month rule) as shown in the submitted project schedule. Formula transit funds. Bus service eligible in near term, rail eligible once in service.

Table 18. Key Considerations, Benefits and Challenges – Local Funding and Financing Sources

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Farebox Revenue	Revenue from ticket sales/ridership.	<ul style="list-style-type: none"> • Dependent on ridership, which is dependent on the economy. • Annual and seasonal fluctuations. 	<ul style="list-style-type: none"> • Easy to administer. • Directly billed to service users. 	<ul style="list-style-type: none"> • Revenue will not likely cover all O&M costs.
Assessment District	A charge imposed on property owners in a specified geographic area or district to fund specific projects or services that provide direct benefits to properties in that district. For transit related benefit districts, the district boundary is typically one-half mile radius from the transit station. Fee rate determines potential revenue amount.	<ul style="list-style-type: none"> • An Assessment District would be easier to implement in a location where there is significant development potential. Developers may support this effort if it would ensure that a terminal is co-located near their development site. • Overall, this mechanism has the potential to create only a modest sum of money so TAMC would need to make a strategic decision about whether it would be worth pursuing. uses this method now primarily for security and street cleaning purposes. 	<ul style="list-style-type: none"> • Not subject to Proposition 13 limitations. • Lower voter approval thresholds than special taxes. • Could bond against future revenues. 	<ul style="list-style-type: none"> • Must demonstrate that the cost of the assessment directly correlates with benefit received by the parcel owner. • Dependent on property owners supporting the service and willingness to ensure that the service connects to their area. • Assessment districts for transportation typically only include properties up to a half mile radius of the new station, which will limit the amount of potential revenue, particularly in the proposed landing locations where there are few existing parcels. • Bonds paid back by benefit assessments can be more expensive due to increased risk associated with property value changes.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Development Impact Fees	A type of non-property-related fee and that can be imposed by local governments to pay for infrastructure and public services expansion. Fee rate determines potential revenue amount.	<ul style="list-style-type: none"> • Requires new development / major redevelopment to generate significant funding. • Commonly used example: Transportation Impact Fee. • TAMC currently administers the Regional Development Impact Fee. The fee does not currently allocate any money for rail but this could be modified in future fee iterations. • Numerous cities and counties in the region administer some form of transportation / traffic impact fee (e.g., San Luis Obispo County, the City of Santa Cruz, the County of Santa Cruz, the City of Salinas) though the majority of funds go to traffic improvements (e.g., traffic signals) and pedestrian and bicycle improvements (e.g., sidewalk improvements), with some having designations for transit improvements / alternative transportation improvements (e.g., bus stops). • In the future, it is possible to explore a Vehicle Miles Traveled (VMT) program transportation fee which could be used to generate funds for rail projects. 	<ul style="list-style-type: none"> • No voter approval required. • Process has been done elsewhere and is understood. • Requires developers to pay for the expected burden to public infrastructure, such as congestion, that their new development will cause. 	<ul style="list-style-type: none"> • Tied to market conditions which are often cyclical and difficult to forecast. • Geographic scale limited to areas with development potential. • Monterey County already has a development impact fee program that excludes rail projects. To amend, need to consider where TOD might fit near a new station. It might be replaced with a vehicle-miles traveled fee, that might include bus/rail. • May want to explore neighboring county development impact fee programs.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Monterey County Transportation Safety & Investment Plan (Measure X)	Passed in 2016, Measure X levies a retail transaction and use tax of 3/8% for 30 years. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County	<ul style="list-style-type: none"> • 60% of funds are to be used on local road projects, 13% on 'mobility for all', and 27% on regional road projects. • Funds from this source may be used for bus services and bus capital. • Future renewal of this tax could include rail. 	<ul style="list-style-type: none"> • The measure generates \$20M annually, which may be used for a range of regional initiatives, including local road maintenance, road safety, and pedestrian & bike safety and mobility projects. 	<ul style="list-style-type: none"> • Funding not allocated to rail transit projects; maintenance of existing systems is prioritized. Not suitable for near-term given existing commitments and restraints; in the long-term, potential for a local sales tax to pay for rail service expansion.
Other taxes: Business license tax, gross receipts tax / per employee tax, real estate transfer tax / other counties' sales taxes	These taxes are levied at the city-level and are, generally, fees for doing business in that jurisdiction. These fees are either collected annually or at the time of a transaction.	<ul style="list-style-type: none"> • Voter support will depend on public's perception of the new service. • With service expansion beyond TAMC, can tap into other region's dedicated rail revenue sources. • A new sales tax may be proposed in Santa Cruz County dedicated to transportation. 	<ul style="list-style-type: none"> • Can be used for capital or operating expenses. • Tax can be structured to apply different rates to different transactions/business size/etc. 	<ul style="list-style-type: none"> • Often not a strong nexus between these taxes and the service. • Typically general taxes at the local level require a simple majority to be levied, while dedicated taxes require two-thirds vote. • Since Monterey & Santa Cruz County already have sales tax measures, another measure is unlikely to succeed.
Parking revenue	Revenue from daily parking fees.	<ul style="list-style-type: none"> • Dependent on ridership, which is dependent on the economy. • Annual and seasonal fluctuations. • Alternative free parking nearby makes this less revenue intensive. • May be used to fund maintenance costs, but not capital or operations. 	<ul style="list-style-type: none"> • Easy to administer. • Directly billed to service users. 	<ul style="list-style-type: none"> • Revenue will not likely cover all O&M costs; subject to negotiations with local jurisdictions, less likely in areas with plentiful free parking.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
San Luis Obispo County Sales Tax	Future plans for sales tax in San Luis Obispo County might include rail and bus transit.	<ul style="list-style-type: none"> Sales tax revenue is earmarked a variety of projects - not just one - so SLOCOG would have to collaborate with counties/cities that are in need of increased revenue. 	<ul style="list-style-type: none"> A substantial proportion of funds from sales taxes may be allocated to mass transit districts, while the remainder may be used for each jurisdiction and the county. Funds may be used to fund rail transit projects. 	<ul style="list-style-type: none"> Typically general taxes at the local level require a simple majority to be levied, while dedicated taxes require two-thirds vote. Requires SLOCOG to find a replacement funding source when sales taxes sunset. Voters did not pass Measure J in the 2016 election - approval was 66.3% and needed 2/3rds.
Santa Cruz County Measure D	Passed in 2016, Measure D levies a 1/2-cent sales tax for 30 years in order to guarantee every city and the county a steady direct source of funding for local streets and road maintenance, bicycle and pedestrian projects, safety projects, and transit and paratransit service.	<ul style="list-style-type: none"> Funding for neighborhood projects and active transportation projects include bus service improvements, including improved access to bus stops and bus service. Some funds might be applicable to preservation of the facility and/or environmental work. 	<ul style="list-style-type: none"> The measure generates \$40M in funding for the rail corridor. 	<ul style="list-style-type: none"> Only 8% of funds are allocated to rail corridor investments and 17% to active transportation projects, with the bulk of the tax to fund neighborhood projects (30%), highway corridors (25%), and transportation for seniors and people with disabilities (20%).
Ad Valorem Property and Parcel Taxes	Taxes based on property value. There are two components of ad valorem property taxes in California: (1) a 1% tax based on a property's assessed value that is a general tax that can fund any public purpose. (2) additional tax for voter-approved debt repayments, typically for general obligation bonds for local infrastructure. Parcel taxes are a special tax based on a fixed amount of tax per parcel of land, rather than on the value of the land. Can fund a variety of local government services and can be imposed as a flat rate. Potential revenue amount is determined by the geography and the rate.	<ul style="list-style-type: none"> General Obligation Bond may be a better route, but would depend on jurisdiction's debt capacity. Generally used to fund things that benefit the entire district or jurisdiction (water, sewage, emergency response, street lighting); the only exception is schools. Flat rate is regressive so the ad valorem tax is likely the preferred route. 	<ul style="list-style-type: none"> Can be used for capital or operating expenses. Could bond against future revenues. 	<ul style="list-style-type: none"> Requires two-thirds voter approval of those within the target jurisdiction or district (may require simple majority if levied by publicly sponsored special tax initiatives). Dependent on property owners within the target area supporting the service and willingness to ensure that the service connects to their city.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Mello-Roos Community Facility District	A special taxing district where a special tax on real property, on top of the basic property tax, is imposed on taxable property within the district. The special tax can fund the planning, design, construction, or improvement of public infrastructure and some public services. Rate of tax determines potential revenue amount.	<ul style="list-style-type: none"> • Likely most applicable for station improvements such as landscaping, streetscape, and lighting. • Most applicable for stations where there is significant development potential. • As of fiscal year 2017-2018, Monterey County had three Community Facilities Districts: (1) Aromas Water District, (2) East Garrison Public Financing Authority, and (3) Monterey Conference Center. 	<ul style="list-style-type: none"> • Low approval thresholds needed where there is new development. • Boundaries do not need to be contiguous. • Flexibility in tax rate formula - could be based on distance from stations. • Flexible use for capital and some maintenance. • Process has been done elsewhere and is understood. • District could be designed for a long time horizon. • Could bond against future revenues. 	<ul style="list-style-type: none"> • If more than 12 registered voters, requires two-thirds approval of district's registered voters. • Dependent on property owners supporting the service and willingness to ensure that the service connects to their area. • Need to consider existing property tax limit(s). • Given voter requirements, geographic scale may be limited to areas with development potential.
Monterey Salinas Transit Local Transit Funding for Senior Citizens, Veterans, and People with Disabilities Tax (Measure Q)	In 2014, Monterey County approved Measure Q, which raises approximately \$7M per year for 14 years. The funds are to be used only for services and equipment that support transportation programs for veterans, senior citizens, and persons with disabilities. An oversight committee reviews and reports on the revenue and expenditure of funds from the tax.	<ul style="list-style-type: none"> • The Transit Investment Plan identifies programs and projects to be implemented in the first five years. Future projects and programs in years six through 10 will be reviewed and evaluated again when the Investment Plan is updated. • Funds from this source may be used for specialized bus operations. 	<ul style="list-style-type: none"> • Prioritizes strategies that address multiple programs and serve multiple customer groups and trip purposes. • Improvement projects that benefit many people are preferred to those that benefit few. • Projects that address gaps left by other services are preferred 	<ul style="list-style-type: none"> • Funding prioritized to strategies that produce results quickly, which is not the case for this rail project. Not suitable for near-term given existing commitments and restraints; in the long-term, potential for a local sales tax to pay for rail service expansion.

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Tax increment financing (Enhanced Infrastructure Finance District (EIFD))	A city or other governing jurisdiction can allocate tax increment revenues for up to 45 years to fund the planning, design, improvement, construction, or rehabilitation of assets with an estimated life of 15 years or longer. These properties include but are not limited to highways, transit, water systems, sewer projects, flood control, and parks.	<ul style="list-style-type: none"> • District could be designed for a long time horizon (45-year cap). • EIFDs are a relatively new form of TIF financing in the State (2015) but are an upgraded version of the Infrastructure Financing District. There are no EIFDs in Monterey County. Examples of EIFDs include districts in the cities of West Sacramento, Santa Clara, and Los Angeles; these projects were related to urban redevelopment and infrastructure revitalization. 	<ul style="list-style-type: none"> • Not subject to Proposition 13 limitations. • Process has been done elsewhere and is understood. • Geographic boundaries are flexible. • Could bond against future revenues (although fees may be higher due to risk of fluctuations). 	<ul style="list-style-type: none"> • Issuance of bond requires 55% voter approval in district. • Requires redirecting future property tax revenue. • Dependent on anticipated increases in value, which is limited for highly built-out areas, particularly under Prop. 13 • Affected taxing entities (e.g. cities, special districts) must voluntarily agree to contribute funds. • Amount raised depends on the amount of new development; EIFDs work best when coupled with policies that increase density (primarily due to the limitations posed by Prop 13); limits geographic scale

Table 19. Key Considerations, Benefits and Challenges – Private Funding and Financing Sources

Strategy	Strategy Description	Key Considerations	Key Benefits	Key Challenges
Naming Rights Agreements	Corporations or other entities may purchase the right to name a facility or event, typically for a defined period of time. Naming rights are frequently utilized for properties like multi-purpose arena, performing arts arenas, and sports fields, but have also been approved by transit agencies for rail, bus lines, and transit stations.	<ul style="list-style-type: none"> Companies are often willing to pay more for naming rights of lines or stations near important sites, such as universities and sports centers. 	<ul style="list-style-type: none"> Potential to garner substantial revenue. 	<ul style="list-style-type: none"> Some transit agencies, including WMATA and Los Angeles Metro have faced controversy for their implicit support of corporations through naming rights agreements. In the past, certain corporate decisions have prompted the disbandment of partnerships.
Other Private Sector Contributions	Private sector contributions involve one or more parties bringing new financial resources to the table in order to support needed capital investments, operating subsidies or ancillary improvements that help to build patronage to sustainable levels. For example, a developer may choose to make contributions to the proposed rail service to ensure that the service connects to their development. Other private sector entities, such as a large employer, may choose to provide contributions to rail service in order to reduce its private transit offerings for employees.	<ul style="list-style-type: none"> In the absence of available grants and revenue sources, at least in the near future, private sector contributions could be critical to making rail service financially feasible. Interviews with stakeholders indicate that there is private sector interest in financially participating in a future rail system. 	<ul style="list-style-type: none"> Contributions can take many forms and include varying levels of private sector involvement, which can create flexibility and opportunities for TAMC. Private sector contributions include subsidies and direct contributions from companies. Depending on the proximity of the terminal to the development, a developer may be able to build the terminal, which would remove the burden from TAMC. Developer contributions are a strong indication of future ridership. 	<ul style="list-style-type: none"> Contributing organizations may want more control over service, including route and timing, which could impact the level of service provided to the general public. Several companies will likely need to contribute in order to make an impact on the overall funding shortfall. Aligning interests between private companies can be challenging.

APPENDIX B – HIGH-PRIORITY REVENUE ESTIMATES

This appendix provides additional information on the approaches undertaken to estimate low-end and high-end revenue estimates for high-priority funding and financing sources, with an emphasis on sources most relevant to the Initial Service. No private funding and financing sources were considered high priority; as such, descriptions are limited to federal, state, and local sources.

Potential funding amounts from high-priority sources were estimated based on information publicly available. The eligibility of each high-priority program was reviewed and past awards to projects similar to the Initial Service Concept in scope and scale were identified.

For the discretionary grants, the funding amounts are inherently uncertain, subject to funding availability and competition from other eligible projects. A high estimate and a low estimate were developed for sources that could be awarded for the Initial Service Concept. These bookend estimates do not reflect probability of the funding award.

For formula grants, relevant formulas were applied to estimate funding potential, assuming the funds generated by the Initial Service will be fully retained for the operating or capital expenses of the Initial Service.

B.1 Federal High-Priority Strategies

FTA Capital Investment Grants - 5309 Small Starts

The Small Starts is a discretionary program that funds the capital costs of projects with total project cost of less than \$300 million and total Small Start funds sought less than \$100 million. The project sponsor is required to provide a funding match. The percentage of non-federal funding match in turn affects the competitiveness of a project—the lower the federal share, the higher the score a project will receive, all other things being equal. Among the Fiscal Year 2021 Small Start awards, the federal share ranges from 33 percent to 75 percent of total project costs. Therefore, the bookends of the funding estimates for the Initial Service are 33 percent and 75 percent of the total capital cost—the low estimate is \$33.8 million, and the high estimate is \$76.8 million.²¹

²¹ Annual Report on Funding Recommendations: Capital Investment Grants Program FY 2021

Consolidated Rail Infrastructure & Safety Improvements (CRISI)

CRISI is another discretionary program that funds rail safety improvement projects. Based on review of recent awards, the grant is most commonly awarded for capital projects, but a few planning projects were also awarded the grant.

CRISI grant amounts for capital projects have a wide range depending on the scope of the projects. Awards for passenger rail station construction are rare. Among Fiscal Year 2020 awards, Baton Rouge New Passenger Rail Station is the only station project that received funding from CRISI, at an amount of \$16.35 million. The Initial Service includes construction of two stations, which could be candidates for CRISI grants.

However, Union Pacific may request improvements on its right of way that will be part of the Initial Service project, which would be stronger candidates for a CRISI grant. Depending on the scope of the improvements ultimately determined by Union Pacific, the consulting team estimated that the CRISI grant amount could range from approximately \$250,000, as in the case of a Texas grade crossing improvement project, to over \$8 million, as in the case of improving 24 miles of tracks in Louisiana.

For planning projects, only one project in Fiscal Year 2020, *Front Range Passenger Rail Preliminary Service Development Plan and Railroad Simulation Modeling Study*, was awarded a CRISI grant in the amount of \$548,000.²²

Federal Transit Administration's Urbanized Formula Grants – 5307

The estimate of 5307 funds is based on Fiscal Year 2021 unit values published by FTA. As a formula grant, 5307 funds are allocated based on unit values of specified variables. New transit service will generate additional 5307 funds for an urbanized area due to the added revenue miles (for both fixed-guideway and bus services) and route miles (for fixed-guideway service only).²³ The Fiscal Year 2021 unit values relevant to the Initial Service include the following:

- For rail service,
 - Revenue rail-car mile: \$0.6244
 - Route mile: \$38,717
- For bus service,
 - Revenue vehicle mile: \$0.5425

Applying the unit values to the corresponding estimated operating statistics,

²² FRA's Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program FY20 Project Recipients

²³ 2015 Santa Cruz Branch Rail Line Rail Transit Feasibility Study

- Revenue rail-car miles = $408,435^{24} \times \text{Unit Value} = \$ 255,041$
- Route miles (Gilroy – San Jose) = $37.30 \times \text{Unit Value} = \$1,444,136$
- Revenue vehicle miles = $96,579 \times \text{Unit Value} = \$52,390$

Total 5307 funds the Initial Service could generate are about \$1,751,567.

Since the Initial Service goes through several small urbanized areas, for which the State is the designated recipient of 5307 funds, the amount of 5307 funds to be allocated to the Initial Service is subject to State's allocation policy.²⁵

State of Good Repair Grants – 5337

The estimate of 5337 funds is based on Fiscal Year 2021 unit values published by FTA. As a formula grant, 5337 funds are allocated based on unit values of specified variables. New transit service will generate additional 5337 funds for an urbanized area due to the added revenue miles (for fixed-guideway only) and route miles (for fixed-guideway service only).²⁶ The Fiscal Year 2021 unit values relevant to the Initial Service include the following:

- Revenue rail-car mile: \$0.6756
- Route mile: \$41,767

Applying the unit values to the corresponding estimated operating statistics,

- Revenue rail-car miles = $408,435^{21} \times \text{Unit Value} = \$ 275,952$
- Route miles (Gilroy – San Jose) = $37.30 \times \text{Unit Value} = \$1,557,909$

Total 5337 funds the Initial Service could generate are about \$1,833,862.

B.2 State High-Priority Revenue Generation Estimates

Low Carbon Transit Operations Program (LCTOP) (Formula Grant)

According to the 2018 Monterey County Regional Transportation Plan, TAMC is expected to receive between \$430,000 and \$470,000 annually from 2022 to 2027 through the LCTOP program, with a year-over-year average of \$450,000. It is estimated that the rail extension project will receive between 25 percent and 50 percent of these transit-specific funds, so TAMC may receive between \$110,000 and \$225,000 annually in LCTOP funds for this project.²⁷ Similarly, according to the 2019 SLOCOG Regional

²⁴ Total revenue rail-car miles are based on the assumption of five-car trains for all new service.

²⁵ Estimated Fiscal Year 2020 FTA Metropolitan Planning Fund Allocations to California MPOs

²⁶ 2015 Santa Cruz Branch Rail Line Rail Transit Feasibility Study

²⁷ 2018 Monterey County Regional Transportation Plan

Transportation Plan, San Luis Obispo County is expected to receive on average \$450,000 annually from 2020 to 2023 through the LCTOP program. It is estimated that the rail extension project will receive between 25 percent and 50 percent of transit-specific funds, so SLOCOG may receive between \$110,000 and \$225,000 annually in funds that may be allocated to the Phased Service Concept and Vision Service Concept projects.²⁸ Therefore, TAMC and SLOCOG are estimated to receive between \$220,000 and \$450,000 annually in funding for these projects through LCTOP.²⁹

State Rail Assistance (SRA) Program (Formula Grant)

According to 2019 State Rail Assistance (SRA) Program guidelines, aspiring corridors may receive \$5.7 and \$6.3 million annually from 2020 to 2024 through a competitive awards process, with a year-over-year average of \$5.9 million. Given that there are ten aspiring corridors in the state of California, TAMC is estimated to receive between one-fifth and one-tenth of these annual funds based on Monterey County and San Luis Obispo County's total populations in relation to other aspiring corridors. Therefore, TAMC may expect to receive from \$500,000 to \$1.2 million annually in SRA program funds to be used for the rail extension project.³⁰

Note that Monterey County and San Luis Obispo County have been identified as aspiring corridors and are thus eligible for SRA through a competitive awards process; this differs from self-help counties that are eligible for funds through a formulaic allocation process. Funds are flexible for intercity rail agencies, public agencies authorized to plan and/or manage intercity rail operations for aspiring corridors, and Caltrans.

State Transportation Improvement Program (STIP) – Regional Share (Formula Grant)

According to the 2018 Monterey County Regional Transportation Plan, TAMC is expected to receive between \$4.9 and \$16.3 million annually between 2022 and 2027 in STIP Regional Share, with a year-over-year average of \$6.9 million. \$2 million of the total \$6.9 million annual average are available for transit projects in Monterey County, given that 29 percent of county expenditures are allocated to transit overall. It is estimated that between 25 percent and 50 percent of these transit-specific funds may be distributed to all phases of the rail extension project, so TAMC may receive between \$500,000 and \$1 million annually in STIP regional share funds to be allocated to the project.³¹

²⁸ 2019 SLOCOG Regional Transportation Plan

²⁹ 2019 - 2020 Low Carbon Transit Operations Program Allocation Award List

³⁰ 2019 State Rail Assistance Final Amended Guidelines

³¹ 2018 Monterey County Regional Transportation Plan

State Transportation Improvement Program (STIP) – Interregional Share (Formula Grant)

According to the 2020 TAMC Regional Transportation Improvement Program (RTIP), TAMC has requested \$5 million in STIP interregional share to fund G12 operational and capacity improvements and rail extension to Salinas. It is estimated that between 25 percent and 50 percent of these transit-specific funds may be distributed to all phases of the rail extension project, so TAMC may receive between \$1 to \$2.5 million annually in STIP regional share funds to both of the aforementioned projects, half of which is estimated to be distributed to the rail extension project. Therefore, TAMC may receive between \$500,000 and \$1.25 million in STIP interregional share funds to cover operating costs on the Salinas extension.

Transportation Development Act – Local Transportation Fund (LTF) (Formula Grant)

According to the 2018 Monterey County Regional Transportation Plan, TAMC is expected to receive between \$15.7 and \$17.1 million annually from 2022 to 2027 through the LTF program, with a year-over-year average of \$16.5 million. \$4.7 million of the total \$16.5 million annual average are available for transit, given that 29 percent of county expenditures are allocated to transit overall. It is estimated that the rail extension project will receive between 25 percent and 50 percent of transit-specific funds, so TAMC may receive between \$1.2 and \$2.4 million annually in STIP regional share funds for this project.³² Similarly, according to the 2019 SLOCOG Regional Transportation Plan, San Luis Obispo County is expected to receive \$12.8 million annually from 2020 to 2024 through the LTF program. \$3.3 million of the total \$12.8 million annual average are available for transit projects, given that 26 percent of expenditures are allocated to transit in San Luis Obispo County. It is estimated that the rail extension project will receive between 25 percent and 50 percent of transit-specific funds, so SLOCOG may receive between \$800,000 and \$1.6 million annually in funds that may be allocated to the Phased Service Concept and Vision Service Concept projects.³³ Therefore, TAMC and SLOCOG are estimated to receive between \$2.0 and \$4.1 million annually in funding for these projects through LTF.

Transportation Development Act – State Transit Assistance (STA) (Formula Grant)

According to the 2018 Monterey County Regional Transportation Plan, TAMC is expected to receive between \$3.1 and \$3.5 million annually from 2022 to 2027 through the STA program, with a year-over-year average of \$3.3 million. It is estimated that the rail extension project will receive between 25 percent and 50 percent of these transit-specific funds, so TAMC may receive between \$800,000 and \$1.6 million annually in STA funds for the project. Similarly, according to the 2019 SLOCOG Regional Transportation Plan, SLOCOG is expected to receive between \$2.7 million annually from 2020 to 2024

³² 2018 Monterey County Regional Transportation Plan

³³ 2019 SLOCOG Regional Transportation Plan

through the LTF program. It is estimated that the rail extension project will receive between 25 percent and 50 percent of these transit-specific funds, so SLOCOG may receive between \$700,000 and \$1.4 million annually in funds that may be allocated to the Phased Service Concept and Vision Service Concept projects.³⁴ Therefore, TAMC and SLOCOG are estimated to receive between \$1.5 and \$3.0 million annually in funding for these projects through STA.³⁵

Solutions for Congested Corridors Program (SCCP) (Competitive Grant)

For the 2020-2021 SCCP funding cycle, awarded amounts in all California jurisdictions ranged between \$25 million and \$150 million, of which one project was located in the local region (i.e., \$92 million awarded to Santa Cruz County Regional Transportation Commission for the Watsonville-Santa Cruz Multimodal Corridor Program). One-higher end outlier (an award of \$150 million) was removed since its project scope and scale did not match that of the project. Therefore, TAMC is estimated to receive between \$25 million and \$150 million from a future funding cycle.³⁶

Transit and Intercity Rail Capital Program (TIRCP)

During the 2020-2021 TIRCP funding cycle, awarded amounts in all California jurisdictions ranged between \$1 million and \$107 million, of which none were local projects in Monterey County, Santa Cruz County, or San Luis Obispo County. Two projects, each awarded \$107 million, were omitted from this estimate given substantial differences in scope and scale compared to the project. Therefore, TAMC is estimated to receive between \$1 million and \$40 million from a future funding cycle.³⁷

B.3 Local High-Priority Revenue Generation Estimates

According to the *Monterey Bay Regional Rail Ridership Forecasts* prepared for TAMC by Caltrans, ticket revenue for rail service is estimated for each implementation timeframe as follows:

- Initial Service (2027): \$2,738,000
- Phased Service (2032): \$11,407,000
- Vision Service (2050): \$20,826,000

³⁴ 2019 SLOCOG Regional Transportation Plan

³⁵ 2018 Transportation Development Act (TDA) Statutes and California Code of Regulations

³⁶ 2020 Solutions for Congested Corridors - Program of Projects

³⁷ Transit and Intercity Rail Capital Program 2020 Awards