



## MEETING NOTES

### Infrastructure Investment and Jobs Act (IIJA) Implementation Intercity Rail Sub-Working Group Meeting #3

March 23, 2022

10:00 am – 11:00 am PDT

#### House Keeping and Action Items

- IIJA ZE Transition Sub-working group kick off meeting. Their main focus is to develop and submit an EV infrastructure deployment plan to federal joint office of energy and transportation for approval by August 1, 2022
- National Electric Vehicle Infrastructure (NEVI) formula program.
  - NEVI fill gaps in the Alternative Fuel Corridors to establish an interconnected network of publicly available electric vehicle chargers. This effort is limited to battery electric vehicle charging infrastructure
- Transit – The Transit Sub-working group met yesterday, and they talked about the lack of operation funds and COVID related challenges. From the discussion, it was suggested that a sub-working group to be formed to develop a strategy to leverage federal and state funds
- NOFO update
  - The Mega (\$1 billion), INFRA (\$1.55 billion), and Rural (\$300 million) programs are being solicited together in the same NOFO as the Multimodal Project Discretionary Grant (MPDG) Opportunity
  - They are separate programs for purposes of award, they share many characteristics and requirements such that projects may be eligible and considered for multiple programs using a single application.
  - The deadline for applications is May 23 at 11:59PM Eastern. More information can be found here:  
<https://www.transportation.gov/briefing-room/president-biden-us-dot-announce-29-billion-bipartisan-infrastructure-law-funding>

- Meeting updates
  - Goods Movement/Freight Sub-Working Group meeting is on March 24 at 1 PM.
  - Transition to ZE sub-working group on April 5, at 1 PM
  - CalSTA IIJA Implementation Working Group meeting was held on March 9. There were updates on the general program and then updates from each sub-working group. The next meetings will be held March 30 and April 20 (about every 3 weeks).
- Action Items
  - Finalize Draft Charter (complete)
  - Research: (1) Funds in IIJA to use for maintenance and operations and (2) Emergency related funding (pending)

### **Finalize Project Charter**

- Comments have been received and we will go over these with the group today and redistribute to all members
- Internal and external goals and milestones will be separated

### **Discussion Topics**

- Current funding
  - Public Transportation Account- largest pot of money received and provides operating funding for the state's three JPA-managed intercity rail services
  - State Rail Assistance- much smaller pot of money split between multiple groups and can be used for capital or operations- mostly funding formula
- Potential Federal Funds used for Operating and Maintenance
- Restoration and Enhancement Grant Program
  - Projects that are eligible include:
    - Additional frequency of current service
    - Offering new on-board services
    - Establishing new service
    - Extension of current service
    - Restoration of previously operated service

- Expenses eligible for FY 2018-2020 funding must be for operating assistance to initiate, restore, or enhance intercity rail passenger transportation
- Eligible expenses include:
  - Staffing costs
  - Fueling
  - Any cost associated
  - Ticket sales
  - Customer
  - Training
  - Utility and maintenance costs
- Eligible Recipients
  1. A State (including the District of Columbia)
  2. A group of States
  3. An Interstate Compact
  4. A public agency or publicly chartered authority established by one or more States
  5. A political subdivision of a State
  6. Amtrak or another Rail Carrier that provides Intercity Rail Passenger Transportation

## Questions/Comments

Rob Padgette

- If we have incremental changes in service, I think we can go for these grants.
- Almost always a capital element of a project - So, we need to clarify when we need to apply for the Restoration and Enhancement Program is it now or when you will need it two years down the road when you are ready to start operations?

Momo

- Yes, I agree we need to set a meeting with FRA to reduce back and forth and provide some clarity around the Restoration and Enhancement Grant Program
- Or an interactive Q and A to understand how to make this an effective program

Lorelle Moe-Luna

- Is this discretionary program? And how long?

- Yes, this is discretionary program, and it is 6 years

Chad Edison

- The Restoration program is a sliding scale it starts large and goes down in percentage each year.

### **Expert Speaker**

Rob Padgette, CCJPA Managing Director

- The funding highlighted today are among the best resources available but as Chad mentioned the amounts taper over time, so these are not ideal for long term funding solutions to support services
- The expectations are similar to transit in that everyone wants to pay for projects but not operations and we are in the same boat for IIJA
- Essential three different types of service
  - Northeast corridor- covered through fares except
  - Long distance services- greater than 750 mi- there is funding in IIJA and other operating subsidies with the notion it is in the national interest
  - Distances greater than 750 mi – are in state supported services bucket – which is paid through cost allocation policy
  - For the most part we cover the operating subsidies for these services
- Expectations in policy is that states will provide necessary operating subsidies
- Therefore, as a state our strategy needs to include the following:
  - As a state we need to bring down operating costs and cover costs with fares and stretch PTA dollars as far as possible
  - We need to look at this as opportunity to identify some state resources- not realistic to have local or regional funding sources to cover costs in the long-term
  - We will need to provide some form of documentation on how we will cover operating costs as we make these capital investments
- First Rail program is going to be the Grade Separation program coming out this year sometime in June.

### **Potential Opportunities to Explore**

- **Fix-It-First for Rail**
  - Periodically due to natural disasters rail infrastructure projects need to have access to emergency funding.

- There is currently no funding program for rail infrastructure like there is for highways even though rail is part of the safe transportation system
- We have raised this issue with leadership, and CalSTA; and we want to really learn what the highway side of Fix-it-First is doing so we on the rail side can learn from their progress and best practices.

### **Questions/comments?**

- Since much of rail used for passenger service is owned by private companies how might fix it first work in that regard?
  - We are not sure, and this is why we are having these types of discussions.
- Federal State Program- Discretionary. We should look at ways to package a programmatic ask in ways so we can create different funding stream.
  - Example- a program that replaces all overpasses or something like this. Because it's a 100% discretionary we should think about the way we apply a little differently and we might apply for money over a specific time period.
- Much is also publicly owned (Caltrain, much of the Metrolink system, Coaster, SMART). We haven't had any recent experience with private railroads needing a public contribution for emergency repairs. A mechanism for emergency repairs for at least the publicly owned segments could be very helpful. General state of good repair investments that are programmed over time are easier to match with federal and state funds over time, including discretionary.
- Part of the thinking is how can we protect our local/state investments. We must make sure that we protect these investments and ensure they continue to serve in the public interest. How do we keep the public investments going? Even during a time of disaster is a key consideration when thinking about the funding of these programs.
- Del Mar Bluffs is a great example of where this program would fit. If funds from this program could be used for planning, environmental work and long-term solutions rather than repairs then we just need to identify other programs for those issues.
- Vulnerability assessments can be helpful in identifying what the potential ask could be- we need a price tag on what we are asking, and these studies can help.

- **State Short Line Funding Program**
  - This program would provide funding support for capital projects, transitioning aging short line locomotive to zero emission, and provide technical assistance to small operators
  - Legislation created one-time short line through CTC- it would be good to have an ongoing funding program or to amend this one- still in discussions
  - There was funding for first round of State Short Line Funding Program with CTC- would be a great program to repeat (about \$7 million)
  - There may be opportunities for this program to benefit intercity passenger rail programs
  
- **Leverage Federal and State Funding**
  - The largest State and Federal programs for rail are discretionary and require match
  - Federal and state guidelines require matching funds need to be in place- these guidelines counter act each other because both sides waiting for the other to commit and sometimes we miss funding opportunities
  - We started discussions with SB 1 programs to look into this issue-CTC is also looking into how to provide flexibility to allow uncommitted funds from the federal programs so we as a state are more competitive and this is something the CTC is working to incorporate into their guidelines
  - Critical to look at ways to match funds, and I think we can form a Task Force to start discussing the financial related topics

### **Questions/Comments**

- Could there be opportunities to fund new technology or fuel efficiency? These are the type of things that have a strong business case but are typically hard to get funded.
  - Andy is currently researching several modal technologies right now. We would love to share our content with you and see what your organization is currently working on to.
  
- Next meeting will include Tony Dang and his ZE Transition
  
- What were you thinking would be the funding source from the IIJA such as Fix-it-first for rail?

- We do not know, but we want to model funding after rail and hope to include state and federal funding as well.
- The success of State Short Line Funding program has been very successful in other states, and we hope to continue the program's success here.

### **Recap and Action Items**

- Complete Doodle Poll
- Form separate Task Force to explore and discuss matching funds issues and other potential funding opportunities
- Start thinking about the ideas/recommendations to address ZEV and equity related challenges
- Draft Charter to be sent out to all SWG members