

ACCEPTANCE OF FEDERAL AND STATE GRANT FUNDING FOR THE THIRD STREET GRADE SEPARATION PROJECT AND ADOPTION OF REQUIRED RESOLUTION – SUPPLEMENTAL APPROPRIATIONS

Public Works Department

City Council
May 19, 2026

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LOCATION MAP



THIRD STREET GRADE SEPARATION
FROM VINE STREET TO PARK AVENUE

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BACKGROUND

- On August 16, 2022, the City Council authorized the Public Works Department to prepare and submit a Railroad Crossing Elimination Program grant application to the Federal Railroad Administration in the amount of \$10 million and a Trade Corridor Enhancement Program grant application to the California Transportation Commission in the amount of \$24.5 million to construct the Third Street at BNSF Grade Separation.
- May 16, 2023 - City Council authorized the submittal of a grant application in the amount of \$22 million to the California Transportation Commission for the Port and Freight Infrastructure Program (PFIP) Grant offered by California State Transportation Agency (CalSTA) for the construction phase of the Project.
- May 2025 - Caltrans notified staff that due to the exhaustion of the PFIP funds, the \$22 million PFIP grant for the construction phase was being replaced with an equal amount of funds from the Transit and Intercity Rail Capital Program (TIRCP) grant funds.



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DISCUSSION

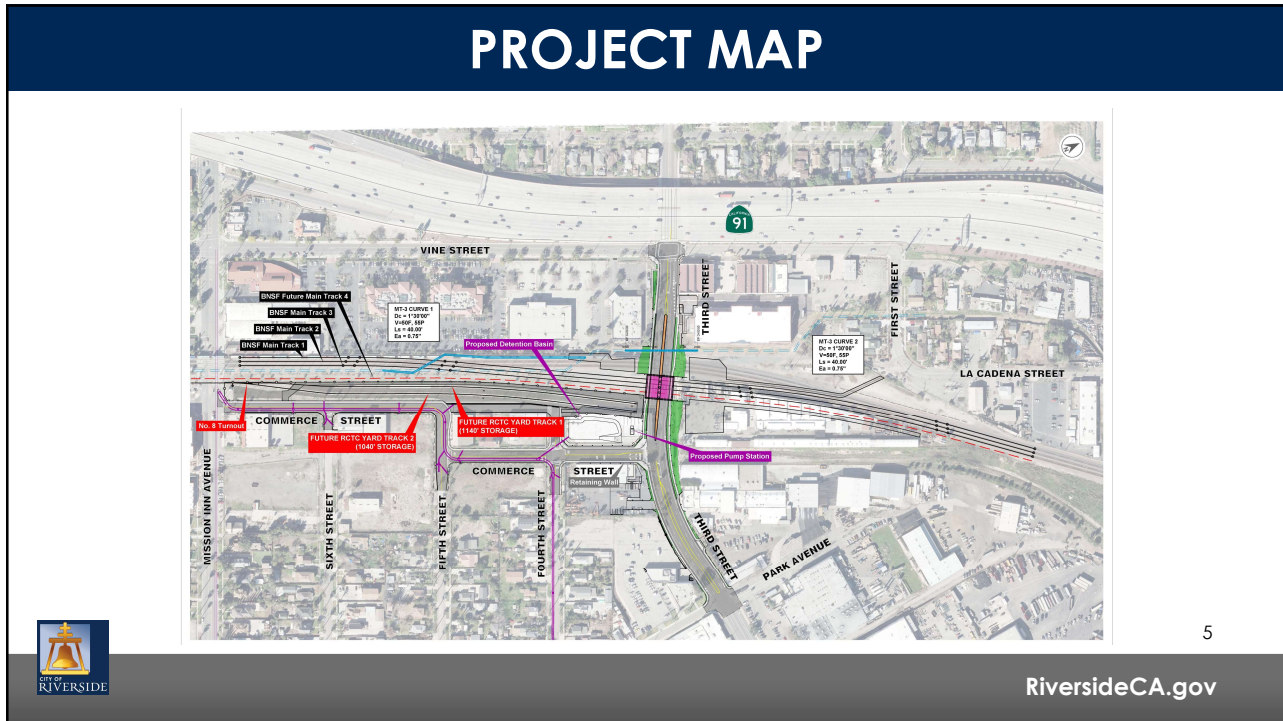
- Third Street Grade Separation project will construct a railroad underpass at Third Street and the BNSF railroad tracks. Third Street will be lowered between Vine Street and Park Avenue, and a bridge will be constructed to convey rail traffic. The project will realign Commerce Street, construct slopes, retaining walls, a storm water pump station, and relocate wet and dry utilities.
 - Engineering and right-of-way phases are complete.
 - Project will be advertised for construction by Q3 of 2026
 - Construction is expected to begin in Q4 of 2026 and last approximately 24 months.



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DISCUSSION

- Approval of the City Council is required prior to the City Manager executing the Rail Crossing Elimination grant documents via the GrantSolutions.gov portal.
- A resolution is necessary prior to the finalization of the TIRCP grant's Master Agreement as well as the preparation of the Program Supplement Agreement.
- \$3 million in federal Earmark was secured for the construction phase through Congressman Takano's office.
- Total supplemental appropriation amount = \$40 million


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RECOMMENDATIONS

1. Authorize acceptance of \$15 million in Federal Railroad Administration Rail Crossing Elimination Program grant funds, \$22 million in state Transit and Intercity Rail Capital Program (TIRCP) grant funds, and \$3 million in federal Community Project Funding/Congressionally Directed Spending (CPFCDs) CA999 Earmark funds;
2. Authorize the City Manager, or designee, to digitally execute all necessary grant documents via the GrantSolutions.gov portal;



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RECOMMENDATIONS

3. Adopt a Resolution agreeing to comply with all conditions, statutes, regulations and guidelines for state-funded transit projects, and authorize the City Manager, or designee, to execute the Master Agreement, all award agreements, Program Supplements, and any amendments thereto with the California Department of Transportation; and
4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenues in the amount of \$40 million and appropriate expenditures in the same amount in the Capital Outlay-Grants Fund, for various capital projects as outlined in the fiscal impact section of this report.



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