



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 19, 2026**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: 1 AND 2**

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

ISSUES:

1. Accept \$40 million in grant funding, including \$15 million from the Federal Railroad Administration Rail Crossing Elimination Program, \$22 million from the State Transit and Intercity Rail Capital Program (TIRCP), and \$3 million from federal Community Project Funding/Congressionally Directed Spending (CPFCDs) CA999 Earmark funds; and
2. Adopt a Resolution agreeing to comply with all conditions, statutes, regulations and guidelines associated with the grant funding for the construction phase of the Third Street Grade Separation Project.

RECOMMENDATIONS:

That the City Council:

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;
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.

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.

On May 16, 2023, the 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.

In 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.

DISCUSSION:

The Third Street Grade Separation project (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 require the realignment of Commerce Street, construction of slopes, retaining walls, a storm water pump station, and relocation of wet and dry utilities.

Per instructions from Federal Railroad Administration (FRA) staff, the approval of the City Council is required prior to the City Manager executing the Rail Crossing Elimination (RCE) grant documents via GrantSolutions.gov portal.

Per instructions from CalSTA the adoption of the Resolution (Attachment 3) is necessary prior to the finalization of the grant's Master Agreement No. 64RiversideMA2026 (Attachment 4), as well as the preparation of the Program Supplement Agreement (PSA). The attached draft Master Agreement will be completed by the inclusion of Appendix A (TIRCP Program Guidelines and Department Delegation) and Appendix B (Recipient's Resolution) before final execution which will take place concurrent with the execution of the PSA at a later date.

\$3 million in federal Community Project Funding/Congressionally Directed Spending (CPFCDs) CA999 Earmark was secured for the Project through Congressman Takano's office (Attachment 5).

The acceptance and appropriation of the \$15 million in FRA's RCE Program grant (Attachments 1 and 2), and the appropriation of the \$22 million in state TIRCP grant and the \$3 million in federal Earmark are each necessary to fund the construction phase of the Project which is anticipated to begin in the fourth quarter of 2026 and last 2 years.

FISCAL IMPACT:

The total fiscal impact of this action is an increase in revenues and expenditures of \$40 million. Upon Council approval, revenues will be recorded and expenditures appropriated in the amount of \$40 million in the Capital Outlay Grants Fund, Third Street Grade Separation Project in the various Federal and State grant accounts as listed in the funding table below.

Table 1. Funding Table

Fund	Project	Account	Amount
Capital Outlay- Grants	<i>Revenue</i>		
	Third Street Grade Separation- Fed FRA	9990129-331310	\$15,000,000
	Third Street Grade Separation- State TIRCP	9990150-335980	\$22,000,000
	Third Street Grade Separation- CPFCDs	9990120-331310	\$3,000,000
	Total Revenue:		\$40,000,000
	<i>Expenditures</i>		
	Third Street Grade Separation-Fed FRA	9990129-440125	\$15,000,000
	Third Street Grade Separation- State TIRCP	9990150-440228	\$22,000,000
	Third Street Grade Separation-Fed CPFCDs	9990120-440125	\$3,000,000
	Total Expenditures:		\$40,000,000

Prepared by: Swetaben Patel, Principal Engineer
 Approved by: Nathan Mustafa, Interim Public Works Director
 Certified as to availability of funds: Julie Nemes, Interim Finance Director
 Approved by: Kris Martinez, Assistant City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. FRA RCE Program grant – General Terms and Conditions
2. FRA RCE Program grant – Project Specific Terms and Conditions
3. Resolution No. 23-1197
4. Draft Master Agreement No. 64 RiversideMA2026
5. RCTC Awardee Designation Earmark Letter
6. Presentation