



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 6, 2026**

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

SUBJECT: APPROVE THIRD STREET GRADE SEPARATION PROGRAM SUPPLEMENT NO. F050 REV. 1 WITH THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR A \$5 MILLION GRANT FROM SECTION 190 GRADE SEPARATION PROGRAM – SUPPLEMENTAL APPROPRIATION

ISSUES:

Approve Program Supplement No. F050 Rev. 1 with the State of California Department of Transportation for a \$5 million grant from Section 190 Grade Separation Program; and a supplemental appropriation of the Section 190 Grade Separation Program funds.

RECOMMENDATIONS:

That the City Council:

1. Approve Program Supplement No. F050 Rev. 1 with the State of California Department of Transportation for a \$5 million grant from Section 190 Grade Separation Program (Sec190GSP);
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue in the amount of \$5,000,000 and record a supplemental appropriation in the same amount in the Capital Outlay-Grants Fund; Third Street/BNSF Grade Separation revenue and expenditure accounts; and
3. Authorize the City Manager, or designee, to execute Program Supplement No. F050 Rev. 1 with the State of California Department of Transportation, including making minor and non-substantive changes.

BACKGROUND:

On March 11, 2025, the City Council adopted a Resolution: (a) authorizing the filing of an application with California Department of Transportation (Caltrans) for State Section 190 Grade Separation Program funds, (b) authorizing the execution of all required documents by the City Manager, or his designee, (c) certifying that all matters prerequisite to the award of the construction contract can be accomplished within two years after allocation of the funds and (d) certifying that sufficient local funds will be made available.

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 the relocation of wet and dry utilities.

The approval of the Program Supplement No. F050 Rev. 1 is necessary to receive a total of \$5 million in State grant funding to support the construction phase of the Project. This action does not require City matching funds. The Project is scheduled to begin construction in Summer 2026 and the Project is anticipated to be completed within two years.

FISCAL IMPACT:

The total fiscal impact of this action is an increase in revenues and expenditures of \$5,000,000, representing additional funding added to the original grant amount of \$23,000,000. There are no City match requirements related to the new State funds added to the grant. Upon Council approval, an increase in revenues and expenditures will be recorded as outlined in the table below.

Table 1.

Fund	Project	Account	Amount
Capital Outlay-Grants	Third Street/BNSF Grade Separation	<i>Revenue</i>	
		9990160-335960	\$5,000,000
		<i>Expenditures</i>	
		9990160-440227	\$5,000,000

Prepared by:	Swetaben Patel, Principal Engineer
Approved by:	Gilbert Hernandez, Public Works Director
Certified as to availability of funds:	Kristie Thomas, Chief Financial Officer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment:

1. Program Supplement No. F050 Rev. 1