



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Nate Smith, Deputy Director of Public Works/City Engineer
Art Vela, Director of Public Works

MEETING DATE: June 9, 2026

SUBJECT: Consideration of Submittal of a Grant Application for Federal Railroad Administration Railroad Crossing Elimination Grant Funding Opportunity for the Hargrave Grade Separation Project.

STAFF RECOMMENDATION:

Authorize staff to submit a grant application to the Federal Railroad Administration Railroad Crossing Elimination (RCE) Grant program for the Hargrave Separation Project.

BACKGROUND:

The Hargrave Grade Separation Project includes the construction of a railroad grade separation between Hargrave Street and the Union Pacific Railroad ("Project"). The project is in the design phase, with conceptual work completed. A required 10% design submittal has been made to the Union Pacific Railroad. A 35% design submittal has been made to Caltrans. The environmental parameters of the project will be vetted after these submittals to begin the Federal National Environmental Policy Act (EPA) process. Grade separation projects are statutorily exempt from the California Environmental Quality Act (CEQA).

The City is conducting this work with the support of two grants. The City was awarded \$2.8M in funding from a previous round of the Federal Railroad Administration (FRA) Railroad Crossing Elimination (RCE) grant program. Subsequent to that award, the Riverside County Transportation Commission (RCTC) awarded \$5.0 million from SB125 sources to the City of Banning for the Project. Together, the \$7.8 million makes up the majority of the \$8.3 million in design costs for the project, with the remaining coming from local sources, including Measure A (in future years), and the City's Transportation Development Impact Fee program.

The FRA has issued a Notice of Funding Opportunity (NOFO) for the next, and likely last, round of the RCE program which includes a total of \$1.1 billion in anticipated national competitive awards. A priority is being given to projects that received prior RCE awards to advance those projects into future phases. As such, the Hargrave Grade Separation project is an ideal fit to seek funding for the construction phase. The NOFO does identify that a 20% local match is required, as it was for previous rounds as well. City Council policy requires that grants with a local match are brought for discussion by the City Council prior to submitting an application.

The early construction cost estimates for the Hargrave Grade Separation Project were provided at \$130 million dollars. To date, there has been no money allocated for the construction phase of the project. After early communication with our project manager at the FRA, as well as RCTC staff, both were supportive of pursuing the grant, even if we do not have 20% local money secured for the project. As such, we will identify local sources of funding that could be used to meet the local match requirement. Those sources have been discussed previously with the design team as part of the funding strategy

memorandum that was prepared. They include:

- Transportation Uniform Mitigation Fee (TUMF) Program - The nexus study identifies \$52.7M for the project. While that funding is dependent of TUMF being collected on new development and allocated by the zone, we will identify a portion of that money as potential local match.
- SB1 Competitive Funding - RCTC identified this as a potential funding source for future consideration.
- Congestion Mitigation and Air Quality (CMAQ) grants. This was a funding source for the Sunset grade separation project in the past, and will be looked at again.

Other programs and CTC allocations, as they become available.

Staff has also requested assistance from the RCTC for project delivery. The discussion at this time is that the City would provide completed plans, specifications, and estimates as well as environmental clearance to RCTC, and they would manage the construction and grant administration for the construction phase. This allows the City to use RCTC's extensive experience in delivering large federal funded construction projects.

JUSTIFICATION:

The RCE grant opportunity represents the likely last chance to take advantage of the RCE program, especially given the preference for projects with previous applications. For large capital projects such as the City's Project, it is often the case that once initial funding can be secured, other funding sources and programs become viable options. It will be necessary to submit several grant applications to various agencies to secure the total funding necessary to complete the project.

FISCAL IMPACT:

None today. The application will identify potential locally available funding sources to meet the 20% match statement. The final funding allocations will be developed over the next few years, with an exact amount of City money to be determined at a later date.

The City's RCE grant application will request the maximum grant amount of \$100M.