

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 9, 2025

CAO File No. 0130-02171-0000

Council File No. 24-1055

Council District: ALL

To: The City Council

From: Matthew W. Szabo, City Administrative Officer

Subject: **FEDERAL AND STATE GRANT APPLICATIONS: AUTHORITY TO APPLY FOR THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS – SURFACE TRANSPORTATION BLOCK GRANT AND CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAMS FY 2026-27 AND FY 2027-28**

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Authorize the General Managers of the Harbor Department and the Los Angeles World Airports (LAWA), or designees, to prepare and submit grant applications for the Southern California Association of Governments Surface Transportation Block Grant and Congestion Mitigation and Air Quality Improvement Programs FY 2026-27 and FY 2027-28; and,
2. Instruct the General Managers of the Harbor Department and LAWA, or designees, to report back if the City is awarded the grants, to request authority to accept the grant awards, and to request approval for any related actions to implement the grant awards.

DISCUSSION

On March 12, 2025, the Southern California Association of Governments (SCAG) released a call for project nominations for the Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) Improvement Programs - FY 2026-27 and FY 2027-28 grant. SCAG is managing this grant as a pass-through of funds from the U.S. Department of Transportation, Federal Highway Administration.

The STBG will provide funding to support projects that preserve and improve the conditions and performance of highways, bridges, and public roads; pedestrian and bicycle infrastructure; and transit capital projects. The CMAQ Improvement Program will provide funding for projects and programs that reduce traffic and improve air quality. Projects must be eligible for either funding, but some components within projects may be deemed ineligible for reimbursement under a specific funding source, so SCAG intends to recommend that some projects be funded with a combination of STBG and CMAQ funds. The application deadline for the STBG/CMAQ grant is May 16, 2025.

This Office received two project proposals, one each from the Harbor Department and Los Angeles World Airports (LAWA):

- *Harbor Department* – National Highway Freight Network (NHFN) Improvement Program – State Route 47 – Seaside Avenue and Navy Way Interchange Improvement Project; and
- *LAWA* – commuteLAX Microtransit Program.

National Highway Freight Network Improvement Program (NHFN)

The Harbor Department will apply for funds in the amount of \$25 million for their State Route 47 (SR47) – Seaside Avenue and Navy Way Interchange Improvement Project. The proposed project will augment an existing partial interchange at SR47, Seaside Avenue and Navy Way, remove the last traffic signal and at-grade intersection on SR47 between Interstates 110 and 710, add a new Westbound auxiliary lane on SR47 between Pier S Avenue and Navy Way, and add a new Eastbound two-lane collector-distributor road between Ferry Street and Pier S Avenue. The project will address existing safety and traffic issues, improve traffic flow, optimize truck throughput, increase travel time reliability, and will decrease air emissions by reducing vehicular delay.

commuteLAX Microtransit Program

LAWA will apply for funds in the amount of \$3.6 million to implement a microtransit program. The proposed project aims to enhance transportation options for employees at Los Angeles International Airport (LAX). The goal is to provide a dedicated service with direct access to the airport that transports employees from locations within a 10-mile radius of LAX. This program will expand on the existing LAWA-sponsored Iride Inglewood program and operate in key locations within the community where many LAX employees reside. This microtransit program would reduce single occupancy vehicle travel in and around the airport with eco-friendly transportation options, reduce traffic congestion, and lower emissions, contributing to a healthier environment.

The estimated duration for each project is three years with a potential completion date of September 2029.

Applicant Eligibility and Availability of Funding

Applicants eligible to receive financial assistance to fund activities under the STBG/CMAQ grant include:

- SCAG region cities, counties, transit agencies, federally recognized Tribal governments, and county transportation commissions.

The SCAG region encompasses six counties including Los Angeles, Imperial, Orange, Riverside, San Bernardino, and Ventura, and 191 cities within these counties.

SCAG utilizes its Connect SoCal 2024 Regional Transportation Plan/Sustainable Communities Strategy as a guide in determining the best projects and programs to fund. Connect SoCal 2024 provides the long-term vision and goals for how the SCAG region will build and support transformative transportation projects and initiatives.

SCAG will fund projects under two tiers, which are consistent with Connect SoCal 2024 goals and strategies:

- Tier 1 Regional Priorities
 - Clean Transportation – alternative fuel and zero-emissions
 - Resilience of At-Risk Infrastructure – improving the resilience of infrastructure
 - Transit and Multimodal Integration – support increasing public transit ridership, sustain or expand service, microtransit, fare subsidies
 - Transportation Demand Management – activities to reduce single-occupancy vehicle use
 - Transportation System Management and Goods Movement – highway or local roadway projects that improve traffic flow
- Tier 2 Regional Priorities
 - Complete Streets – projects to enable safe use and mobility for all users
 - Natural Lands Preservation – projects that support the preservation of natural lands
 - System Preservation – projects that maintain existing transportation systems

There is no limit to the number of applications that each entity may submit for the STBG/CMAQ grant. Harbor Department and LAWA will be applying for the STBG/CMAQ grant under Tier 1 Regional Priorities. Harbor Department for Transportation System Management and Goods Movement and LAWA for Transit and Multimodal Integration.

Although it is not required to apply, all agencies awarded funding must be eligible for, and have a federal-aid master agreement in place with the California Department of Transportation (Caltrans) prior to having awarded funds programmed.

There are \$1.2 billion in funds available for distribution under the STBG/CMAQ grant. It is unknown how many grants will be awarded as there is no set funding floor or ceiling for application requests or grant awards, and it will also be dependent on the amount of Federal funding available at the time awards are granted.

Cost Sharing Requirements

The STBG/CMAQ grants have a cost-sharing requirement, from 11.47 percent to 20 percent, depending on the project type.

Harbor Department – The total project cost for the NHFN SR47 project is \$76.8 million. The Harbor Department has been awarded \$41.8 million under the California State Transportation Agency's SB198 Port and Freight Infrastructure Program (PFIP) which will be utilized to meet the 11.47 percent match requirement of \$7.93 million. The Harbor Department will fund \$10 million of the project through their Capital Improvement Program (CIP) funds.

LAWA – The total project cost for the commute LAX Microtransit Program is \$7.2 million. LAWA will fund above the minimum cost-share and will match \$3.6 million, or 50 percent of the project, through the LAX Revenue fund.

Required Approval to Accept Award

In accordance with Los Angeles Administrative Code Section 14.6(a), all departments are required to seek Mayor and Council approval before accepting and receiving a grant award. It is therefore recommended that the Harbor Department and LAWA report back to the Mayor and Council upon award notification to request authority to accept and receive the grant award and confirm that there is no additional General Fund impact.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will not result in a General Fund impact. There is a minimum 11.47 percent matching funds requirement for the STBG/CMAQ grant. However, upon notification of a grant award, a reassessment on the General Fund impact should be completed as it relates to either lower than requested grant award amounts, verification of local match requirements, or front-funding for grants on a reimbursement basis.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies.

Attachment: Proposed Grant Projects

MWS/PJH/JVW:JAS:10250185

*cc: CAO Grant Coordination
Harbor Department
LAWA*

ATTACHMENT 1 – PROPOSED GRANT PROJECTS

Grant Administrator: Southern California Association of Governments (SCAG)

Name of Grant: Surface Transportation Block Grant (STBG) & Congestion Mitigation and Air Quality (CMAQ) Program FY 2026-27 & FY 2027-28

NOFO Release Date: March 12, 2025

Award Date: November-December, 2025

Performance Period: 3 years

Lead Department	Project Name	Surface Transportation Block Grant (STBG) & Congestion Mitigation Air Quality (CMAQ) Program Grant Project Description	Total Project Budget (in millions)	Total Grant Request (in millions)	Local Match (in millions)	Planned Completion Date
Harbor Department	National Highway Freight Network (NHFN) Improvement Program–State Route 47-Seaside Avenue & Navy Way Interchange Improvement	The project will make modifications to an existing highway within the existing footprint to address safety and traffic issues, improve traffic flow, and reduce emissions by reducing vehicle delays.	\$76.8	\$25.0	\$7.9	3 years (09/2029)
Los Angeles World Airports (LAWA)	commuteLAX Microtransit Program	The project will implement a microtransit program to enhance transportation options for LAX employees that live within a 10-mile radius of the airport to improve commute times, reduce traffic congestion, lower emissions, and promote sustainable transportation solutions.	\$7.2	\$3.6	\$3.6	3 years (9/2029)