




MEMORANDUM

TO: Mayor and Council Members

FROM: Robert Goode, Assistant City Manager 

DATE: April 22, 2024

SUBJECT: **I-35 Cap & Stitch Program: Multimodal Project Discretionary Grant Notice of Funding Opportunity**

I want to provide some background on the Transportation and Public Works (TPW) Department's proposal to submit a grant application to the United States Department of Transportation (USDOT) for the Fiscal Year 2025-2026 Multimodal Project Discretionary Grant Notice of Funding Opportunity in the amount of approximately \$124,000,000, with a City match of approximately \$82,600,000, for construction of improvements associated with the I-35 Cap and Stitch Program.

Staff plans on presenting a resolution seeking Council's permission to apply for the program at the May 2nd Council meeting. Pending affirmative permission, staff intends to submit the grant application on Friday, May 3rd ahead of the Monday, May 6th deadline.

Background

On March 25, 2024, the Office of the United States Secretary of Transportation released a joint Notice of Funding Opportunity for the National Infrastructure Project Assistance (Mega) program and the Infrastructure for Rebuilding America (INFRA) program. Applications are due on May 6, 2024. Together, this combined program is known as the Multimodal Project Discretionary Grant (MPDG) opportunity. The MPDG program is part of the Bipartisan Infrastructure Law (BIL), the most significant federal transportation investment made in decades, that provides discretionary funding for surface transportation infrastructure projects – including highway and bridge – with substantial national or regional impact. Funds for the Fiscal Year 2025-2026 MPDG Program will be awarded on a competitive basis for large, complex projects that are difficult to fund by other means and are likely to generate national or regional economic, mobility, or safety benefits, as well as multimodal highway projects that aim to improve the safety, accessibility, efficiency, and reliability of the movement of people in and across urban areas.

Since this is the last guaranteed cycle of MPDG funding, and given the compressed application turnaround, staff expect competition for the grant to be significant.

In March 2024, the USDOT Reconnecting Communities and Neighborhoods (NAE) Program, also funded by the BIL, awarded a \$105.2 million construction grant to the City of Austin, which will fund the construction of cap structures and amenities from Cesar Chavez to 4th Street. Now, staff seek an

additional discretionary federal grant to fund the construction of additional caps and stitches and surface amenities along the corridor.

Grant Request

Staff are seeking a federal grant in the amount of up to \$124,000,000 (60% of total project cost) to fund cap and stitch structures and amenities at Holly Street, 4th-7th Streets, and 11th-12th Streets. With a required City match of up to \$82,600,000 (40% of total project cost), the total project cost for construction of these caps and amenities will amount up to \$206,500,000.

The recommended cap and stitch locations for this grant application are based on a thorough analysis of the MPDG grant criteria, including USDOT's required quantitative Benefit Cost Analyses (BCA). Based on grant requirements and evaluation criteria, the caps and stitches listed above provide the strongest potential for the City's application to reach "highly recommended" status. The remaining caps at 38th-41st, 41st-Red Line, and the Cesar Chavez south extension do not currently calculate to receive a Benefit Cost Ratio (BCR) greater than 1, the minimum threshold required by the grant. Staff recommend pursuing alternative funding opportunities for these caps.

If successful, this grant could fund most of the remaining structural costs for each of these cap and stitch locations as well as surface amenities such as landscaping, recreational spaces, park and open space features, shade structures, and public bathrooms, depending on the surface amenities that are chosen.

Combined with the City's recent NAE award and the recent State Infrastructure Bank (SIB) loan application authorized by Council in March 2024, **a successful MPDG grant application will fund a majority of the construction funding secured for all caps and stitches between Holly and 11th/12th.**

Buildings are not included as part of the grant budget since they add project cost with limited additional quantified BCA benefits (USDOT will not pay for construction of buildings that are not directly mobility-related). However, buildings may be added to caps as part of future project phases, and staff will coordinate with the Texas Department of Transportation (TxDOT) to design caps with the structural loading capacity needed to support future buildings.

Local Match

On March 21, 2024, City Council authorized the City Manager to submit an application for a loan from the SIB for the I-35 Cap and Stitch Program in an amount not to exceed \$191,000,000. This loan is intended to fund structural elements for caps and stitches, as well as \$19,000,000 for additional design costs due to TxDOT.

Staff proposes using funds from this SIB loan for the local match of up to \$82,600,000. SIB funding would still fund the roadway support and other structural elements as described in the loan application, effectively leveraging those dollars for Federal funding for additional decks and surface amenities.

The City must demonstrate a stable and dependable commitment to fund the required local match by the grant obligation deadline of September 2028.

If you should have any questions, please contact me at Robert.Goode@austintexas.gov or 512-974-6783.

cc: Jesús Garza, Interim City Manager
 Richard Mendoza, Transportation and Public Works Director