

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	12/10/12	Open	Action	11/26/12

Subject: Delegating Authority to the Board Chair and General Manager to Execute a Full Funding Grant Agreement for the South Sacramento Corridor Phase 2 Light Rail Extension

ISSUE

Whether or not to Approve a Resolution Delegating Authority to the Board Chair and General Manager/CEO to Execute a Full Funding Grant Agreement for the South Sacramento Corridor Phase 2 Light Rail Extension.

RECOMMENDED ACTION

Adopt Resolution No. 12-12-_____, Delegating Authority to the Board Chair and General Manager/CEO to Execute a Full Funding Grant Agreement for the South Sacramento Corridor Phase 2 Light Rail Extension.

FISCAL IMPACT

- a) Commits FTA to provide \$99,648,074 in New Starts funds over 2 years. \$35,351,926 previously awarded. Total commitment = \$135,000,000.
- b) Commits RT to match \$135,000,000 New Starts funds with \$135,000,000 match funds. Match funds approved in previous RT Board actions.

DISCUSSION

The South Sacramento Corridor Phase 2 light rail extension (Project), also known as the Blue Line to Cosumnes River College Light Rail Extension Project, will extend light rail from its existing terminus at Meadowview Road, 4.3 miles south and east to Cosumnes River College. The Project adds four new light rail stations with 2,700 park-and-ride spaces and a major new transit center at Cosumnes River College. The light rail extension would operate in an exclusive, primarily at-grade right-of-way requiring four street crossings and two aerial structures along the alignment.

Executing a Full Funding Grant Agreement (FFGA) is the final step of the New Starts Planning and Project Development process. FTA and RT will enter into a multi-year contractual agreement that formally establishes the maximum level of Federal financial assistance to construct the Project and outlines the terms and conditions of Federal participation. The FFGA will commit \$135,000,000 of Federal New Starts monies for the project and will also commit RT to provide matching funds in the amount of \$135,000,000. Of the \$135 million New Starts funds committed in the FFGA, \$35,351,926 has been previously awarded on FTA grants. The FFGA will allow RT to request the balance of funds over a two year time horizon. The \$135,000,000 matching funds includes a mixture of federal, state, and local funds approved in previous RT Board actions. RT's Chief Counsel has been working with FTA Region IX counsel to finalize the FFGA prior to both parties executing the agreement.

Approved:

Presented:

Final 12/03/12

General Manager/CEO

Director, Project Management

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The FFGA defines the Project, including cost, scope, and schedule; commits to a maximum level of New Starts financial assistance; establishes the terms and conditions of Federal financial participation; defines the period of time for completion of the project; and helps FTA and RT manage the project in accordance with Federal law.

The FFGA assures RT predictable Federal financial support for the project, while placing a limitation on the amount of this support. The FFGA limits the exposure of the Federal government if the project experiences any cost increases during construction, as it is RT’s responsibility to manage, design, and construct the Project.

Prior to execution of an FFGA, FTA requires that RT have a final project scope, schedule, budget, and financial plan to build and operate the project. Additionally, FTA has thoroughly reviewed RT’s technical and financial capacity.

Over the last several years, staff has spent a significant amount of time with FTA addressing issues related to RT’s Financial Capacity. In February 2010, the Project received a Medium-Low rating in the Federal Fiscal Year 2011 (FY11) New Starts report. This low rating prevented the Project from receiving additional New Starts funding in FY11. The reason for the low rating was primarily due to the recession that had impacted not just RT, but the entire country. During that year, RT’s Board and management made tough decisions, including reduction of service, and employee layoffs and furloughs that were necessary in order to balance the budget and ultimately allow the Project to achieve a higher New Starts rating.

The tough decisions made in 2010 resulted in a Medium rating in the FY12 New Starts report, which re-established the Project in New Starts process. The successful implementation of the budget recovery plan has resulted in the establishment of an operating reserve and the ability to reinstate some bus and rail revenue service hours that were cut in 2010, this past September.

BACKGROUND/HISTORY

RT received approval from FTA to begin Preliminary Engineering on the Project in February 2005. The Project was evaluated by the FTA and RT in a Supplemental Final Environmental Impact Statement/Subsequent Final Environmental Impact Report (SFEIS/SFEIR) in 2008. The SFEIS/SFEIR was approved in December 2008 through the issuance of a Record of Decision by FTA and the filing of a Notice of Determination with the State of California by RT.

Following approval of the SFEIS/SFEIR in 2008, RT identified a number of needed modifications to the Project’s design. Because these modifications were not evaluated in the SFEIS/SFEIR, the proposed modifications required further environmental evaluation in compliance with the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). RT prepared a joint Initial Study/Environmental Assessment (IS/EA) to analyze the potential impacts associated with the proposed modifications. The IS/EA was approved in October 2011 through

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FTA's issuance of a Finding of No Significant Impact.

On September 29, 2011, RT received a Letter of No Prejudice (LONP) for the parking structure at the Cosumnes River College station that Los Rios Community College District will construct. The LONP allows RT to use non-New Starts funds to start the LONP work, while preserving RT's ability to claim these monies as matching funds once the FFGA has been executed. In April 2012, RT received another LONP to begin construction of the two light rail bridges that are part of this Project. Both projects are currently under construction.

In May 2012, FTA gave approval to advance the Project into Final Design. Approval to enter Final Design grants authority to finalize the design and also provides additional pre-award authority to procure long lead-time materials needed for the Project. Final Design is the last major step prior to receiving an FFGA.

Prior to executing an FFGA, FTA requires an extensive Project and overall agency review. This past summer, staff worked closely with FTA to address all necessary items to provide a high level of confidence that RT has the ability to build and operate the light rail extension. Highlights included an FTA-sponsored Risk workshop, a three-day Safety Adherence review, and a two-day Project Real Estate Audit. These activities were in addition to nearly 50 separate reviews and approvals necessary for FTA to develop and approve an FFGA Readiness Report for the Project. The report was completed and approved by FTA on October 24, 2012.

On the same day the FFGA Readiness Report was approved by FTA, it was sent to the Federal Office of Management and Budget, as well as to the Office of the Secretary of Transportation. A 30-day review takes place before the report is sent to Congress for another 30-day review. Staff expects the Congressional review to be complete in December 2012. Once the reviews are complete, assuming no issues come up during the review, FTA will then sign an FFGA with RT to provide funding for half of the Project costs.

Staff recommends approval of the Resolution Delegating Authority to the Board Chair and General Manager to execute a Full Funding Grant Agreement for the South Sacramento Corridor Phase 2 Light Rail Extension once it is fully approved by the required Federal entities.

RESOLUTION NO. 12-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 10, 2012

DELEGATING AUTHORITY TO THE BOARD CHAIR AND GENERAL MANAGER TO EXECUTE A FULL FUNDING GRANT AGREEMENT FOR THE SOUTH SACRAMENTO CORRIDOR PHASE 2 LIGHT RAIL EXTENSION.

WHEREAS, Section 20008 of the Moving Ahead for Progress in the 21st Century Act (“Map-21”), authorizes the Federal Transit Administration, (“FTA”) to award Federal major capital investment (New Starts) funds for construction of Sacramento Regional Transit District’s South Sacramento Corridor Phase 2 Light Rail Extension Project; and

WHEREAS, by executing a Full Funding Grant Agreement, the U.S. Government is committing to provide New Starts funding for the South Sacramento Corridor Phase 2 Light Rail Extension in an amount not to exceed the amount of funds that have been or may be appropriated during the term of MAP-21 and subsequent authorizations; and

WHEREAS, a Full Funding Grant Agreement between the Sacramento Regional Transit District, therein referred to as “Grantee,” and the United States of America, acting through the Federal Transit Administration, therein referred to as “FTA,” or “Government,” whereby funding for the South Sacramento Corridor Phase 2 Light Rail Project is provided to Grantee up to 50% of the total Project costs, in an amount not to exceed \$135,000,000, is currently being reviewed by the Federal Office of Management and Budget, the Office of the Secretary of Transportation, and the Congress of the United States of America for approval.

NOW THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, upon full review and approval of the Federal Office of Management and Budget, the Office of the Secretary of Transportation, any other required federal agencies, and the Congress of the United States, and upon execution by the FTA, the RT Board Chair and the General Manager/CEO are hereby authorized and directed to execute the Full Funding Grant Agreement between RT and the United States of America, acting through the FTA.

A T T E S T:

BONNIE PANNELL, Chair

MICHAEL R. WILEY, Secretary

By:

Cindy Brooks, Assistant Secretary