

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	01/26/15	Open	Action	01/20/15

Subject: Approving Supplemental Agreement 12th Street Corridor Safety Improvements Between Sproule Avenue and J Street with the City of Sacramento and Directing RT Staff to Initiate Discussions with the City of Sacramento for Purposes of Renegotiating the 1985 Sacramento Light Rail System Operations Agreement.

ISSUE

Whether or not to: (1) approve the Supplemental Agreement for 12th Street Corridor Safety Improvements between Sproule Avenue and J Street with the City of Sacramento; and (2) direct RT staff to initiate discussions with the City of Sacramento for purposes of renegotiating the 1985 Sacramento Light Rail System Operations Agreement.

RECOMMENDED ACTION

- A. Adopt Resolution No. 15-01-____, Approving the Supplemental Agreement for 12th Street Corridor Safety Improvements between Sproule Avenue and J Street with the City of Sacramento; and
- B. Motion: To Direct RT Staff to Initiate Discussions with the City of Sacramento for Purposes of Renegotiating the 1985 Sacramento Light Rail System Operations Agreement.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	197,866.19*
Budget Source:	Capital	Next FY:	\$	
Funding Source:	Local	Annualized:	\$	
Cost Cntr/GL Acct(s) or Capital Project #:	TBD	Total Amount:	\$	197,866.19*
Total Budget:	\$ 197,866.19*			

*Estimate based on current projected costs. RT will pay 23.11% of the actual project cost after deduction of federal grants.

DISCUSSION

1) Supplemental Agreement for 12th Street Corridor Safety Improvements between Sproule Avenue and J Street with City of Sacramento.

Over the last seven years, the 12th Street Corridor between Sproule Avenue and J Street has experienced ongoing operational failures due to obsolete signal controllers and end of useful life traffic signal infrastructure. This, in turn, has affected the LRT signal pre-emption system that is not operating as originally designed.

Approved:

Presented:

Final 01/21/15

General Manager/CEO

AGM, Engineering and Construction

J:\ISSUES\Authorization\12th St Agreement with City of Sacto Revised CB.doc

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The 12th Street Corridor Safety Improvement project (Project) is a City of Sacramento (City) project to improve operational safety and traffic flow through the 12th Street Corridor from 12th and J Street to 12th and Sproule Avenue. The City applied for and received \$900,000 in federal funding to upgrade traffic signal systems, repair conduit infrastructure between signals, provide dynamic train and vehicle signs, install detectors, install closed circuit TV cameras, install new traffic controllers and cabinets, and improve operations and pre-emption along the 12th Street Corridor between Sproule Avenue and J Street.

The estimated overall Project cost is \$1,756,079. The City contends that there are elements of work attributable to the presence of the light rail system and that a portion of the costs are, therefore, the responsibility of RT. Any project costs not covered by the grant will be allocated between City and RT, with RT bearing 23.11% of the final remaining costs in accordance with the 1985 Sacramento Light Rail System Operations Agreement. The Supplemental Agreement will provide for RT to reimburse the City for its share of the cost of the 12th Street Corridor Safety Improvements. The reimbursement from RT to the City is currently estimated at \$197,866.19.

2) 1985 Sacramento Light Rail System Operations Agreement.

In anticipation of the opening of the Light Rail Starter Line, RT and the City of Sacramento entered into a Sacramento Light Rail System Operations Agreement in 1985 (1985 Agreement). The agreement has never been amended in the 30 years since its inception. Though some degree of circumspection on the part of the City may have been appropriate when the 1985 Agreement was executed, the Agreement does not reflect the vital partnership that has developed between RT and the City. The light rail system has proven to be a regional and local asset, and will be even more integral to the implementation of the Regional Blueprint adopted by the Sacramento Area Council of Governments and incorporated into the City’s General Plan. The Agreement, as currently structured, has proven to be inequitable in several respects.

First and foremost, the 1985 Agreement requires RT to contribute funding for City-initiated capital projects if the City asserts that the cost of the project is increased due the existence of the light rail system. This provision plays havoc on RT’s capital budgeting process. Further, in the past, the City has “presumed” payment of such costs and, without notice to RT, has represented these amounts as a portion of its local match funds for purposes of receiving grants. After almost 30 years, when applying for grants for City-initiated projects, the City should not use RT’s obligations under the 1985 Agreement as a means to satisfy local match requirements and “fully fund” projects. RT’s continued subsidies for City-initiated projects directly impact RT’s ability to fund our capital and operating priorities.

Second, maintenance costs the City is alleged to have incurred as a result of the existence of the light rail system are likewise billed to RT.

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Third, the 1985 Agreement does not provided for mutual indemnification. RT is required to indemnify the City for claims arising out of its operations, but the corollary is not required. Thus, if City negligence results in a claim brought against RT, RT has no right under the 1985 Agreement to seek indemnification from the City. Mutual indemnification has become a hallmark of contracts of this type.

RT staff believes that the original terms of the 1985 Agreement requiring RT to contribute funding for City-initiated projects and maintenance activities is outdated. As such, RT staff believes that the 1985 Agreement should be modified or amended to eliminate RT’s obligation to provide supplemental funding for City-initiated projects and is requesting that the Board move to direct staff to make efforts to renegotiate the terms and conditions of the 1985 Agreement.

Notwithstanding the discussion above, Staff recommends that the Board approve the Supplemental Amendment 12th Street Corridor Safety Improvements between Sproule Avenue and J Street with the City of Sacramento to permit that project to move forward while negotiations are ongoing.

RESOLUTION NO. 15-01-_____

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

January 26, 2015

**APPROVING THE SUPPLEMENTAL AGREEMENT 12TH STREET CORRIDOR
SAFETY IMPROVEMENTS BETWEEN SPROULE AVENUE AND J STREET WITH
THE CITY OF SACRAMENTO**

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

THAT, the Supplemental Agreement 12th Street Corridor Safety Improvements between the Sacramento Regional Transit District, therein referred to as "RT," and the City of Sacramento, therein referred to as "City," whereby RT agrees to compensate City for 23.11% of the Project costs not covered by the federal grant awarded to City, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Supplemental Agreement.

THAT, the Board directs staff to make efforts to renegotiate the terms and conditions of the 1985 Sacramento Light Rail System Operations Agreement.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary