

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	10/23/17	Open	Action	10/17/17

Subject: Approving MOU Between the City of Sacramento and SacRT Regarding Transportation Development Partnership

ISSUE

Whether or not to approve the Memorandum of Understanding (MOU) between the City of Sacramento (City) and the Sacramento Regional Transit District (SacRT) regarding Transportation Development Partnership.

RECOMMENDED ACTION

Adopt Resolution No. 17-10-___, Approving the Memorandum of Understanding between the City of Sacramento and Sacramento Regional Transit District Regarding Transportation Development Partnership.

FISCAL IMPACT

There is no fiscal impact associated with this item.

DISCUSSION

In June 2017, the SacRT Board approved a commitment of \$25 million of the State's Proposition 1A High-Speed Rail Connectivity funds as match towards the \$100 million Federal Transit Administration (FTA) Small Starts grant for the Streetcar Project with the understanding that the City would commit to work with SacRT on certain issues as a condition of SacRT's agreement to allocate the Proposition 1A funds for the Streetcar Project. The following items, as further described in the MOU (attached), outline the commitments of the parties:

1. Sacramento Valley Station (SVS) Relocation and Loop Projects.

If the full Streetcar Project scope is implemented, the City and SacRT agree that the SVS Relocation Project will be required for streetcar operations. In that event, SacRT will provide the City with an updated cost estimate for the Relocation Project for approval and the City will then allocate funding to fulfill its obligation under the 2005 Relocation Agreement.

In addition, the City will work with SacRT to identify and prioritize local funding for the SVS Loop Project. SacRT understands that there may be a desire to look at different alignments for streetcar, light rail and intercity rail through the SVS to achieve better connectivity between the systems.

2. 1985 Operations and Maintenance Agreement Amendment and Restatement.

After execution of the MOU, the City and SacRT will enter into negotiations to prepare a new Operations and Maintenance (O&M) Agreement, replacing the existing O&M

Approved:

Presented:

Final 10/18/17

General Manager/CEO

VP, Engineering and Facilities

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Agreement that was executed in 1985. The parties agree that terms of the new agreement will be reasonable and balanced.

3. Light Rail Vehicle Storage.

The City will collaborate with SacRT in a joint effort to determine an agreeable location that meets SacRT’s operational needs for replacement of the light rail vehicle storage tracks.

4. Mutual Funding Assistance.

- The City and SacRT will be active partners in seeking federal or state grant funding to cover the costs of all large projects of mutual benefit.
- The City and SacRT will actively collaborate on projects of mutual benefit that support mobility, such as Intelligent Transportation System (ITS) projects.
- The City and SacRT will work together to identify and secure local funding for SacRT improvements and strategic initiatives.
- The City will cooperate with SacRT in the development of local funding options.
- The City will include in grant requests the cost of improving or replacing SacRT’s equipment required to implement City capital improvement projects that are located along SacRT’s light rail system alignment.
- SacRT will include in grant requests the cost of improvements to City infrastructure and systems necessary to support its proposed projects.

Both the City and SacRT have worked together productively and diligently in the last year to build a stronger partnership, with a mutual goal of enhancing and improving mobility.

Staff recommends the Board approve the MOU between the City and SacRT.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered in to this ____ day of _____, 2017 (“Execution Date”) by and between the SACRAMENTO REGIONAL TRANSIT DISTRICT, a public corporation, hereinafter referred to as “SacRT”, and the CITY OF SACRAMENTO, a municipal corporation, hereinafter referred to as “CITY,” in recognition of the important partnership between SacRT and the CITY the goal to create and maintain a safe, comprehensive, and integrated transit system as an essential component of a multimodal transportation system.

Background

- A. SacRT has constructed and operates a light rail transit system, portions of which are located within CITY street rights-of-way, under the terms of project construction agreements and the 1985 Operations and Maintenance Agreement (City Agreement No. 84-165). The 1985 Operations and Maintenance Agreement provides SacRT an irrevocable encroachment permit to operate its light rail system within CITY’s street rights-of-way, limits CITY’s ability to permit incompatible uses, and sets forth the parties’ respective rights and obligations arising out of SacRT’s operation of its light rail system within the CITY’s municipal boundaries. SacRT believes that the 1985 Operations and Maintenance Agreement needs to be amended and restated for a more equitable distribution of costs, rights and responsibilities.
- B. In January 2005, CITY and SacRT entered into the Agreement for Construction and Relocation of Amtrak/Folsom Line Station Site Improvements (the “2005 Relocation Agreement”), under which SacRT is obligated to relocate its Initial Light Rail Station and related existing facilities, which include the storage track, at the Sacramento Valley Station (SVS) to a new location (the “Relocation Project”), to allow for development of the Sacramento Intermodal Transportation Facility (“SITF”). Under the 2005 Relocation Agreement, CITY is required to fully fund SacRT’s relocation expenses (including all hard and soft costs) as part of the SITF financing plan and is required to “use its good faith efforts to identify and pledge a source of funding for such Relocation Expenses” at the “earliest opportunity” and based on the SITF implementation plan.
- C. In March 2005, SacRT and the Union Pacific Railroad Company (UPRR) entered into the Grant of Easement Agreement (“UPRR Easement Agreement”), whereby UPRR conveyed to SacRT an easement at the SVS for its station and storage track. The UPRR Easement Agreement requires SacRT to relocate the light rail station and related facilities within 15 months after notice, subject to satisfaction of certain conditions precedent, including but not limited to final approval by the City of Sacramento of the plans for the SITF (now SVS) and a requirement that UPRR or its successor in interest provide perpetual easement rights in Replacement Property secured for SacRT for all facilities installed under the UPRR Easement Agreement. SacRT has an obligation to consider in good faith relocation to a site proposed by UPRR or its successor in interest. In December 2006, the CITY acquired title to the SVS property and became the successor to

UPRR as the “Grantor” under the UPRR Easement Agreement. Before the CITY can exercise its rights to issue the relocation notice, it must secure funding for the Relocation Project.

- D. SacRT has planned to relocate a portion of the Initial Light Rail Station as part of the Green Line Extension to the Airport to loop the light rail tracks from the SVS to F Street and 7th Street within the Railyards (the “SVS Loop Project”) for better efficiency, to reduce operating costs, and to connect to the future 7th Street light rail station. While the Relocation Project would be a part of the SVS Loop Project, the CITY would only be obligated to meet its funding commitment to replace the existing Initial Light Rail Station and related facilities under the 2005 Relocation Agreement.
- E. Since 2006, CITY, SacRT and the City of West Sacramento (“West Sacramento”), in partnership with the Sacramento Area Council of Governments (“SACOG”) and the Yolo County Transportation District (“YCTD”), have planned for the development of a \$150 million streetcar system, known as the Downtown/Riverfront Transit Project or the “Streetcar Project,” to provide transit service between Downtown Sacramento and the Bridge District in West Sacramento. The Streetcar Project is being considered for a Small Starts grant by the Federal Transit Administration (“FTA”). The Fixing America’s Surface Transportation (“FAST”) Act in 2015 increased the limit for Small Start project federal grants from \$75 million to \$100 million. In reaction to this increase, the design of the Streetcar Project was expanded to include additional components and the estimated costs for construction of the Streetcar Project increased to \$200 million. The federal government recently enacted legislation for the federal FY17 budget which includes a \$50 million allocation for the Streetcar Project. An additional \$50 million in federal funds to reach the \$100 million total ask for the Streetcar Project is anticipated in one or more of the upcoming fiscal year budgets.
- F. The UPRR Easement includes a storage track area that allows for up to eight light rail vehicles to be stored during the midday which reduces SacRT’s operational costs and increases operational efficiencies, overall and in connection with service to the Golden 1 Center. The planned alignment of the Streetcar Project will require relocation of these storage tracks.
- G. In addition, SacRT is concerned that there will be conflicts between light rail and the streetcar operations at the SVS without the remainder of the Relocation Project being completed. To maximize operational efficiency, the Relocation Project must be completed before the Streetcar Project becomes operational.
- H. In 2011, the State of California identified approximately \$30,165,000 in Proposition 1A High-Speed Rail Connectivity bond funds for SacRT. In June 2012, the California Transportation Commission (“CTC”) approved an allocation of \$25,223,000 of these funds to: “Relocate existing light rail track, passenger platform and associated systems to connect to new Sacramento Intermodal Facility and future High-Speed Rail Terminal.” In June 2016, the CTC approved SacRT’s request to change the project description for the Proposition 1A funds

to: "Relocate existing light rail track, passenger platform and associated systems, and construct streetcar system (including track, passenger platforms, procure cars, etc.) to connect to new Sacramento Intermodal Facility and future High-Speed Rail Terminal." This state bond program requires a 50% match. SacRT originally intended to use Measure B sales tax proceeds as the match for the Proposition 1A funds for the SVS Loop Project or other improvement projects, but that 2016 ballot measure failed.

- I. In June 2017, the SacRT Board approved a commitment of \$25 million of the state Proposition 1A High-Speed Rail Connectivity funds as match towards the \$100 million FTA Small Starts grant for the Streetcar Project. However, if FTA only approves \$75 million in federal funds towards the original \$150 million project then only \$10 million in state Proposition 1A bond funds would be needed as a match from the Proposition 1A funds.
- J. The ultimate scope of the Streetcar Project cannot be precisely defined until the total amount of the FTA award is known. An FTA award for less than \$100 million will result in a total Streetcar Project budget of proportionally less than \$200 million. Such a reduced total project budget would result in a Streetcar Project scope reduction with indeterminate ramifications on the timeline of the Relocation Project.
- K. SacRT's agreement to allocate the Proposition 1A funds for the Streetcar Project is in consideration for CITY's commitments as stated below.
- L. The CITY acquired the two parcels located at 2824 N Street (APN No. 007-0273-004-0000) and 1323 28th Street (APN No. 007-0174-003-0000) ("Properties") through a final judgment in eminent domain in 1955 from Sacramento City Lines, a private transportation company. The Properties were utilized by the City as offices and shop facilities for the Sacramento Transit Authority ("STA") operations. With the establishment of SacRT in 1973, SacRT (City Agreement No. 2242) executed on March 30, 1973. SacRT has occupied and operated the facilities located on the Properties since 1973. SacRT has discovered that record title to the Properties was not transferred to SacRT in accordance with the Agreement, and has requested that the City quitclaim the Properties to SacRT.

Agreement

NOW, THEREFORE, in consideration of the mutual obligations set forth below, the parties agree as follows:

1. Sacramento Valley Station Relocation and Loop Projects.
If the full Streetcar Project scope is implemented, CITY and SacRT agree that the Relocation Project will be required for streetcar operations. In that event, SacRT will provide CITY with an updated cost estimate for the Relocation Project for approval and CITY will then allocate funding to fulfill its obligation under the 2005 Relocation Agreement and issue the relocation notice to SacRT subject to the terms and conditions of Articles 3, 4 and 5 of the UPRR Easement Agreement.

If a reduced Streetcar Project scope is to be implemented, such that the Relocation Project is no longer required for the Streetcar Project, the CITY's obligation for funding relocation of the Initial Light Rail Station under the 2005 Relocation Agreement will be deferred until SacRT initiates the SVS Loop Project, or until CITY issues a relocation notice to SacRT, whichever comes first.

In addition, the CITY will work with SacRT to identify and prioritize local funding for the SVS Loop Project. SacRT understands that there may be a desire to look at different alignments for streetcar, light rail, and intercity rail through SVS to achieve better connectivity between the systems.

2. Prop 1A Funding Amount.

If the FTA only approves a Small Start Grant of \$75 million for the Streetcar Project, then only \$10 million of SacRT's Proposition 1A funds is required as match. Under these circumstances SacRT may use the remaining \$15 million of Proposition 1A funds for its transit needs within the grant guidelines.

3. 1985 Operations and Maintenance Agreement Amendment and Restatement.

After execution of this MOU, the CITY and SacRT will enter into negotiations to prepare a new Operations and Maintenance (O&M) Agreement, replacing the existing O&M agreement that was executed in 1985. The parties agree that terms of the new agreement will be reasonable and balanced. The parties intend that new O&M Agreement will be developed no later than December 31, 2017 to take effect January 1, 2018.

4. Light Rail Vehicle Storage.

The CITY will collaborate with SacRT in a joint effort to determine an agreeable location that meets SacRT's operational needs for replacement of the light rail vehicle storage tracks. The parties disagree as to whether CITY's obligation to identify funding for the Relocation Project, as described in the 2005 Relocation Agreement, includes funding the costs to physically relocate the storage track. This issue must be resolved to the mutual satisfaction of the parties prior to SacRT, in its capacity as the contracting entity for the Streetcar construction, authorizing commencement of construction of the Streetcar Project

5. Mutual Funding Assistance.

The CITY and SacRT will be active partners in seeking federal or state grant funding to cover the costs of all large projects of mutual benefit. The CITY and SacRT will actively collaborate on projects of mutual benefit that support mobility, such as Intelligent Transportation System (ITS) projects. The CITY and SacRT will work together to identify and secure local funding for SacRT improvements and strategic initiatives. The CITY will cooperate with SacRT in the development of local funding options. The CITY will include the costs of improving or replacing SacRT's equipment, required to implement a CITY capital improvement project, in grant requests, as part of a CITY capital improvement project that is located along SacRT's light rail system alignment. SacRT will include the cost of improvements to CITY infrastructure and systems necessary to support its proposed projects in grant requests. Local funding will be used to support the

completion of smaller improvement projects. The CITY and SacRT will negotiate cost sharing on a case-by-case basis for smaller projects of mutual benefit.

6. Title Transfer

City agrees to transfer title to the Properties to SacRT in accordance with City Agreement No. 2242 via quitclaim deeds.

7. Contingency

If for any reason a full funding SSGA (federal portion of \$100M) is not awarded by October 2018 (FFY18/19), SacRT may apply the full \$25M of Proposition 1A funding to the SVS Loop Project or any other eligible project. If a partial SSGA is awarded (federal portion of less than \$100M), refer to sections 1 and 2.

8. Authority

Each of the signatories to this Agreement represents that he or she is authorized to sign the Agreement on behalf of the party represented, that all approvals, resolutions, and consents that must be obtained to bind such party as stated above with regard to existing agreements have been obtained, and further approvals, acts or consents will be required to bind such party to the new terms of this Agreement which are not expressed in the existing agreements as referenced in this Agreement.

9. Term

This Agreement will be effective on the last date set out below and may be modified or terminated only by mutual agreement of the parties, and will expire once the Streetcar Project construction commences, although the parties nonetheless intend to continue their planning and project funding coordination efforts as described in sections 1, 4 and 5. The obligations of the parties with respect to the existing agreements described in this MOU, including the new O&M Agreement, will survive the termination or expiration of this MOU and are not modified or affected by the termination or expiration of this MOU.

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IN WITNESS WHEREOF, the CITY and SacRT have entered into this MOU on the day and year set out in the last date set out below.

CITY OF SACRAMENTO,
a municipal corporation

SACRAMENTO REGIONAL TRANST
DISTRICT, a public corporation

By: _____
Hector Barron, Interim
Director of Public Works
For: Howard Chan, City Manager

By: _____
Henry Li,
General Manager/CEO

Approved as to Content:

By: _____
Neil Nance
VP of Engineering and Facilities

Approved as to Form:

Approved as to Legal Form:

By: _____
Senior Deputy City Attorney

By: _____
Timothy Spangler
Chief Counsel

Attest:

By: _____
Assistant City Clerk

RESOLUTION NO. 17-10-_____

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

October 23, 2017

APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO REGIONAL TRANSIT DISTRICT REGARDING TRANSPORTATION DEVELOPMENT PARTNERSHIP

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

THAT, Memorandum of Understanding (MOU) between the City of Sacramento (City) and the Sacramento Regional Transit District (SacRT) regarding Transportation Development Partnership, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to sign said Memorandum of Understanding.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary