

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	09/23/19	Open	Information	09/20/19

Subject: Information on the Light Rail Modernization Project and the use of Proposition 1A High Speed Rail Funding

ISSUE

Use of Proposition 1A High Speed Rail Funding for new lower floor light rail vehicles for the Light Rail Modernization Project, Railyard light rail double track, and City of West Sacramento Connector Projects.

RECOMMENDED ACTION

This is an informational update, no action is being requested.

FISCAL IMPACT

Though this is an informational update, which has no fiscal impact, this item will return to the Board at the October 7th meeting (if approved in a prior action on this agenda) with a recommendation that the Board program the remaining Proposition 1A (Prop. 1A) High Speed Rail funds:

Prop 1A Total allocation:	\$30,165,000
Less Allocated to date:	<u>(1,207,517)</u>
Remaining Prop 1A to assign:	\$28,957,483

DISCUSSION

Background on Prop. 1A High Speed Rail Funds

Prop. 1A, or the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, was approved by California voters on November 4, 2008. As part of the Prop. 1A bond proceeds, \$950 million of formula-based funds were made available to other rail operators in the state for capital projects on passenger rail lines to provide connectivity to the high-speed train system and for capacity enhancements and safety improvements.

Once each rail operator determines the project(s) that they would like to spend their Prop. 1A funds on, they must request that the California Transportation Commission (CTC) take the following actions:

- (1) Program the funds to the project, at which point the CTC confirms that the project is eligible for the funds;
- (2) Allocate the funds to the project, at which point the project sponsor can actually expend the funds.

Approved:

Presented:

Final 09/20/19

General Manager/CEO

VP, Finance/CFO

J:\Board Meeting Documents\2019\14 September 23, 2019\IP Prop 1A High Speed Rail Funding Info Item.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	09/23/19	Open	Information	09/20/19

Subject: Information on the Light Rail Modernization Project and the use of Proposition 1A High Speed Rail Funding

SacRT’s formula share of the Prop. 1A funds are \$30,165,000. Table 1 shows the status of SacRT’s Prop. 1A funds and projects.

Previous Programming of Prop. 1A Funds to Downtown/Riverfront Streetcar

At the June 12, 2017 Board Meeting, the Board adopted Resolution No. 17-06-0088, approving the Programming of \$25 Million of Prop. 1A Funding for the Downtown/Riverfront Streetcar Project. The resolution specified that Staff could not request an allocation of the Prop. 1A funds from CTC until a Small Starts Grant Agreement for the Project had been executed with the Federal Transit Administration (FTA) and \$30 million in funding has been allocated by the California Transportation Commission (CTC) from the Transit and Intercity Rail Capital Program (TIRCP).

Table 1. Status of SacRT Prop. 1A Funding

Project	Amount	Programmed by CTC	Allocated by CTC	Spent
Green Line Environmental	\$575,517	Yes	Yes	100%
SVS Loop – Final Design	\$632,000	Yes	Yes	Partially
Downtown/Riverfront Streetcar	\$25,000,000	No	No	None
TBD	\$3,957,483	No	No	None
Total	\$30,165,000			

In January of 2019, the Downtown/Riverfront Streetcar Project received construction bids that placed the project significantly over budget. The project was placed on hold as the two Cities, the project owners, discussed options for a path forward for the project. In recent discussions, the Cities, at a staff level, are working on an option (called “Connector” Project) that would connect the two Cities up to the Sacramento Valley Station, and add double track from the Sacramento Valley Station to Township 9. SacRT would be able to operate light rail service on a 15 minute frequency from Township 9 to West Sacramento with these improvements. This connector between the two Cities would provide regional light rail access to the City of West Sacramento.

If the Cities agree, and move forward with these improvements, SacRT would include them in the Light Rail Modernization Project. The light rail vehicles purchased under that project would augment the light rail vehicle fleet providing a sufficient number of vehicles to operate service on the expanded system. Including the vehicles in the overall Light Rail Modernization Project would remove this cost from the Sacramento/West Sacramento connector project by an amount roughly equivalent to the \$25 million allocated to the Downtown/Riverfront Streetcar Project.

Urgent need for funding on SacRT’s Light Rail Modernization Project

In the 2018 Congested Corridors and Transit and Intercity Rail Capital Program (TIRCP) funding round, the State awarded \$84 million in grant funds to SacRT to support the purchase of 20 new low floor LRVs, construct capital enhancements to enable 15 minute service on the entire Gold

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	09/23/19	Open	Information	09/20/19

Subject: Information on the Light Rail Modernization Project and the use of Proposition 1A High Speed Rail Funding

Line, and modify “high priority” SacRT light rail stations to allow new low-floor vehicles to operate on the system. The award was contingent upon SacRT providing a significant local match amount toward the project, at an even higher match ratio than had been proposed in the application.

Like the Prop. 1A funds, both the Congested Corridors and TIRCP funds must be programmed and allocated by the California Transportation Commission (CTC) before SacRT can spend the funds. SacRT intends to go to the October 8-9th, 2019 CTC meeting to request an allocation of \$30 million toward the first 23 new low-floor LRVs per the terms of the conditions of a contract with Siemens Mobility, Inc. approved by the Board at their August 26, 2019 meeting. The CTC is prohibited from allocating funds to a project that does not have a full funding plan comprised entirely of *committed* funds.

When reviewing SacRT’s funding plan, CTC staff expressed concerns that some of the funding sources identified in the plan were not committed funds, and instead were funds that SacRT anticipated receiving in the future (e.g., sales tax revenues). CTC has said that, unless SacRT is able to fill the funding gap with committed funds, then SacRT’s October CTC allocation for LRV purchases is in jeopardy of not moving forward. Furthermore, SacRT will not be able to seek any other allocations from the \$84 million award until the issue is resolved.

In addition to being responsible for the programming and allocation of Congested Corridors and TIRCP funds, CTC is also responsible for the programming and allocation of Prop. 1A funds. CTC staff therefore expressed concerns about SacRT having a shortfall of “committed” funds on the Light Rail Modernization project, while simultaneously having a \$28.9 million balance of unprogrammed and unallocated Prop 1A funds.

CTC staff further requested that SacRT request an allocation of Prop. 1A funds as soon as possible for the following reasons:

- The Prop. 1A program is over 10 years old
- Most other agencies in the State have already delivered their Prop. 1A-funded projects
- Most of the funding remaining in the Prop. 1A program is SacRT’s
- CTC staff would like to be good stewards of the funds and deliver projects so that the program can be closed out

Finally, the new funding rounds of the TIRCP and Congested Corridors grant programs are expected to take place in the next six months, and it could reflect poorly on SacRT’s applications if any of our existing CTC-administered funds are not allocated and moving toward project delivery.

Benefits of SacRT’s Light Rail Modernization Project

The Light Rail Modernization Project is SacRT’s highest priority project. This project begins the transition to a low floor fleet and light rail system. The addition of low floor vehicles will significantly improve the reliability of the region’s light rail system. The age and high mileage of the existing light rail vehicle fleet has resulted in reliability issues which will be an increasing problem as these vehicles continue to age.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	09/23/19	Open	Information	09/20/19

Subject: Information on the Light Rail Modernization Project and the use of Proposition 1A High Speed Rail Funding

As always, there are many competing projects with multiple funding needs. As a fiscally prudent public agency, it is in SacRT’s best interest to find projects and funds that provide a system wide benefit. By assigning the \$28.9 million in Prop. 1A funds to the Light Rail Modernization project, the agency will accomplish many objectives. First, the funding will be used for new low-floor LRVs and the modification of light rail station platforms to enable the new low-floor LRVs to provide accessible service on the light rail system. Second, the Light Rail Modernization project is a shovel ready project that benefits the entire region, providing job opportunities to residents county wide, as well as improving the reliability by replacing existing aging light rail cars. In addition, these modern, low-floor, reliable light rail cars will showcase our region’s commitment to providing the highest caliber of environmentally friendly, reliable transportation options. Residents and businesses that are attracted to new, urban developments in the region, including the new Railyards Development downtown, will find that they are served by a regional light rail system that is reliable, clean, modern and accessible. The new low floor system will also facilitate multimodal trips by making it much easier to board a light rail train with a bicycle, and increasing the storage space for bicycles on-board the train. Finally, any future expansions of the light rail system will benefit from the new LRVs and the low-flooring of the light rail system, therefore, these new vehicles can be used to operate services for these projects such as the “Connector” connecting the City of West Sacramento and the City of Sacramento.

Next Steps

This item is being presented to the Board at this point for consideration and feedback. Staff will return to the Board at the October 7th meeting (if approved in a prior action on this agenda) to recommend that the Board program the entire \$28,957,483 unused portion of Prop. 1A funds to the procurement of new low-floor LRV’s and related station modifications to ensure that SacRT’s TIRCP and Congested Corridors funding allocations move forward, and to demonstrate to our funding partners at the State that SacRT can deliver projects and expend funds in a timely manner.