



## STAFF REPORT

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**DATE:** August 24, 2020

**TO:** Sacramento Regional Transit Board of Directors

**FROM:** Laura Ham, VP, Planning and Engineering

**SUBJ:** STREETCAR PROJECT UPATE AND APPROVE 1) REIMBURSEMENT AGREEMENT BETWEEN SACRT & THE RIVERFRONT JPA, 2) THE 3RD AMENDMENT TO THE CONTRACT WITH HDR, INC., 3) THE 1ST AMENDMENT TO THE CONTRACT WITH AECOM, & 4) STREETCAR OWNERSHIP AGREEMENT

### RECOMMENDATION

Adopt the Attached Resolutions.

### BACKGROUND

**Project Update:** The Downtown Riverfront Streetcar Project (Project) received approval from Federal Transit Administration (FTA) to enter Project Development as a Small Starts Project in 2014. The original scope of the Project was environmentally cleared, designed, and issued for bid in November 2018, with Construction Bids received in January of 2019. Unfortunately, the bids received for the Project came in significantly higher than expected. During 2019, the Project partners analyzed alternatives to reduce costs and to deliver a Project consistent with the original intent, purpose, and need. After several discussions with FTA, the Project partners determined that updating the Project with a revised scope, cost and schedule would be the most beneficial approach to preserve the original intent, purpose and need of the original project, preserve the \$50 million federal appropriation to the Project and establish a regional connection between the City of Sacramento and the City of West Sacramento (Cities). Re-scoping the Project also provided an opportunity to update the Project in light of significant development that has occurred in both Cities since the Project was approved for Project Development. Ultimately, Project partners decided that a revised project scope would provide the majority of the benefits of the Downtown Riverfront Streetcar Project, provide a stronger connection to the regional light rail system, and still take advantage of work done on the original Project. With strong support from Congresswoman Doris Matsui, Sacramento Area Council of Governments (SACOG) and SacRT sent a letter to the FTA on February 13, 2020 on behalf of the Project partners, expressing the partners' commitment to the Project as revised, and committing to deliver a full Project update, including environmental, project management plan, design, operating plan, and associated studies by April 2021.

The revised Project is a 1.51-mile segment from the Sacramento Valley Station (SVS) (Sacramento's intermodal transportation facility) to Sutter Health Park (formerly known as Raley Field) in West Sacramento. The Streetcar would depart the SVS at 3rd Street, turn west on Capitol Mall, cross the Sacramento River on the Tower Bridge and

continue on Tower Bridge Gateway to Sutter Health Park. The Streetcar project would add new Streetcar Stations at Sutter Health Park, Capitol Avenue and the SVS.

The revised Project will improve transit service and local circulation by connecting West Sacramento and downtown Sacramento with an alternative (non-auto) mode and support existing and future development in the City of West Sacramento and downtown Sacramento.

Some of the differences between the original and the revised scope are as follows:

- ) The revised Project scope is a 1.5-mile project versus the original 4.4-mile project.
- ) The revised Project has 3 stops versus 21 stops from the original scope.
- ) The terminus of the revised Project in West Sacramento is Sutter Health Park (Raley Field) rather than West Sacramento City Hall. There will be no connection to Riverfront Street in West Sacramento.
- ) The revised Project will terminate at the SVS, rather than serving Midtown Sacramento as planned with the original scope.
- ) The Project will be able to use SacRT's existing Operations and Maintenance Facility and will not require a new facility in West Sacramento as was planned for the Project.
- ) The revised Project does not include the relocation of Light Rail from K Street to H Street. Moving Light Rail to H Street is not a necessary element of the revised Project.
- ) Only two vehicles will be procured rather than the six vehicles from the original scope.
- ) Utility relocations will be significantly less than the original scope.
- ) Traffic impacts and at-grade crossing impacts will be less significant on the revised alignment versus the original alignment.
- ) End-to-end travel times are estimated at 10 minutes one way versus the original estimated 40-minute travel time.

As mentioned previously, SacRT and the Project partners are working on the Small Start Submittal Update, as requested by the FTA. The Small Starts Update consists of a revised Travel Forecast, an Updated Land Use/Economic Development plan specific to the reduced scope (alignment/stations) and an updated Financial Plan which is expected to maintain an acceptable project rating. SacRT and the partners intend to submit the update by August 28, 2020, which is the deadline by the FTA for project submittals.

In addition to the updated application, the environmental documentation and the design are required to be updated in order for the FTA to perform a project readiness review. A successful review will ensure that the \$50 million Small Starts Grant Agreement will be executed prior the expiration of the 2017 appropriation in September 2021. These updates will be performed by the environmental and design consultants that previously performed work on the Project through new amendments. Funding this work requires the execution of the reimbursement agreement between the Riverfront Joint Powers Authority (Authority) and SacRT as presented in this report, which allows the Authority to reimburse SacRT for these contract services.

Any further delay of the execution of the contract amendments for environmental and design work beyond September 2020 will potentially delay the FTA project readiness review and jeopardize the 2017 \$50 million federal appropriation.

## RESULT OF RECOMMENDED ACTION

1. Approving the Reimbursement Agreement between Sacramento Regional Transit District (SacRT) and the Authority will provide funding from the Cities of Sacramento and West Sacramento through the Authority to SacRT to move forward toward: delivering a revised Project consistent with the original intent, purpose, and need by meeting the Small Starts application update for the 2017 earmark expiration in September 2021. The Reimbursement Agreement would provide partial interim funding for specific additional work needed to continue advancing the project through the Small Starts application and a portion of Final Design. Based on the decisions from the August 18, 2020 City of Sacramento Council Meeting, the council approved an amended agreement that reduced the City of Sacramento's commitment by \$151,000. This creates a shortfall in funding for SacRT staff time to manage the project consultants. SacRT anticipates enough funding to allow SacRT staff to work for approximately 60 days. The Reimbursement Agreement would also fund two Work Orders with SacRT's existing consultants: (1) an updated ridership analysis performed by Fehr & Peers as a sub-consultant to Psomas (\$99,479.31) and (2) assistance with the Small Starts applications process by AECOM under the On-Call Planning Support Services Contract (\$49,689.91) and SacRT staff costs.
2. The Third Amendment to the Contract for the Downtown Riverfront Streetcar Design Services with HDR, Inc. will allow HDR to complete final design for the revised Project. Execution of the Amendment would be contingent upon execution of the Reimbursement Agreement referenced above.
3. The First Amendment to the Contract for the Downtown Riverfront Streetcar Environmental Support Services with AECOM would provide funding to complete the CEQA/NEPA revisions necessary to move forward with the Project as revised. Execution of the Amendment would be contingent upon execution of the Reimbursement Agreement referenced above.
4. The Subrecipient and Interagency Agreement approved by the Board in July 2018 provided for the Authority to be the owner of the Project. Termination of that agreement would allow the parties to negotiate alternative agreements for the funding of construction and operation of the Project, with ownership transferring

to SacRT. The City of Sacramento took action on August 18, 2020 to dissolve the Authority. On August 19, 2020, the City of West Sacramento also took action to dissolve the Authority. Therefore, upon approval, the Board of Directors authorizes project sponsorship and ownership to transfer to SacRT and directs the General Manager/CEO to negotiate replacement agreements with the Cities prior to the dissolution of the Authority.

## FISCAL IMPACT

- 1. Reimbursement Agreement between SacRT and the Authority:** The new reimbursement agreement between SacRT and Authority will allow SacRT to be reimbursed for work to advance the project through the Small Starts application and Final Design. A total of \$659,345.92 was previously billed under the 2018 Authority-Cities Agreement, leaving available funds in the amount of \$1,789,654.08 to continue advancing the Project. The City of Sacramento's obligation under the prior 2018 agreement has been reduced from \$300,000 to approximately \$149,000 in this agreement (\$151,000 reduction). With this reduction, there are only sufficient funds to submit the required updates to the FTA and fund the project for approximately the next 60 days. There are insufficient funds to move the project through Final Design and the execution of a federal grant agreement in the 2021 calendar year, as of now, the funding shortfall is approximately \$560,000 in addition to the previously mentioned \$151,000 shortfall. These estimates will be updated once a revised schedule is developed. Therefore, upon completion of this work, staff will bring forward to the Board a report with an update of remaining funds needed for the project and options to consider.
- 2. Third Amendment to the Contract for the Downtown Riverfront Streetcar Design Services with HDR:** The original Contract for Downtown Riverfront Streetcar Design Services with HDR, Inc. included design up to the 85% completion with a value of \$4,704,884.89. The First Amendment included the 100% design and the Second Amendment included updates to the Vehicle Maintenance Facility Location and the riverfront alignment in West Sacramento. This third amendment will address the 15% shortfall noted above by reducing the scope of the project by shortening and reconfiguring the termini of the Project. The Third Amendment will increase the contract between HDR Inc. and SacRT by \$1,113,293.00 from \$12,172,738.25 to \$13,286,031.25. This increase of \$1,113,293 will be reimbursed through the agreement with the Authority.
- 3. First Amendment to the Contract for the Downtown Riverfront Streetcar Environmental Support Services with AECOM:** SACOG prepared the original CEQA/NEPA documentation for the original project. The Contract for Streetcar Environmental Support Services between SacRT and AECOM included services to address additional environmental issues when minor revisions were made to the original Project alignment. This First Amendment will provide all the necessary revisions to complete environmental updates for the revised Project. The First Amendment is for \$123,582.23. The Contract between AECOM and SacRT will increase by \$123,582.23, from \$89,354.66 to \$212,936.89. This increase of \$123,582.23 will be reimbursed through the agreement with the Authority.

- 4. Terminate the Subrecipient and Interagency Agreement between SacRT, the Cities, and the Authority:** The last remaining governance document approved by the Board is the Subrecipient and Interagency Agreement between SacRT, the Authority, and both Cities. That document designates the Authority as the owner of the Project and SacRT as the manager of the state and federal grant funds. Through several discussions with the both Cities and SACOG, it is proposed that SacRT become the owner and operator of the completed Project. This will require termination of the Subrecipient and Interagency Agreement and a petition from SACOG to the FTA to transfer the Project sponsorship from SACOG to SacRT. It is estimated that the Operating and Maintenance (O&M) cost of the Project will be \$1.5 million which is discussed further below.

## DISCUSSION:

### Operating & Maintenance:

As mentioned above, it is estimated that the O&M cost of the Project will be \$1.5 million annually. Discussions are underway regarding an O&M agreement. The prior O&M Agreement approved as part of the governance documents expired at the same time as the Design, Procurement and Construction (DPC) Agreement. It is expected that the Cities will be parties to the agreement and that operating costs will be shared between West Sacramento, SacRT, and potentially other partners, and funded by future sales tax revenue and other sources. West Sacramento is not a member or participating entity of SacRT; therefore, a separate O&M agreement will need to be developed. This agreement could be similar to the light rail O&M agreement between SacRT and the City of Folsom, which was in place for almost 15 years, prior to Folsom joining SacRT in late 2018. If none of the partners agree to share in the O&M costs, SacRT would be responsible for the entire amount.

O&M costs were estimated based upon the current travel time of 20 minutes round trip utilizing one vehicle and 10 minutes during peak hours utilizing two vehicles. Maintenance of the vehicles will be done at SacRT's existing Light Rail Maintenance Facility at Academy Way.

### Ownership:

The last remaining governance document approved by the Board is the Subrecipient and Interagency Agreement between SacRT, the Authority, and both Cities. That document designates the Authority to be the owner of the Project and for SacRT to manage the state and federal grant funds. Through several discussions with both Cities and SACOG, it is proposed that SacRT become the owner and operator of the completed Project upon dissolution of the Authority and approval of the SacRT Board of Directors. This will require termination of the Subrecipient and Interagency Agreement and a petition from SACOG to the FTA to transfer the Project sponsorship from SACOG to SacRT.

Since both Cities took action to dissolve the Authority and begin the winddown process, Staff recommends the Board approve SacRT to own and operate the Streetcar and negotiate replacement agreements with the Cities.

Staff recommends that the Board approve the Reimbursement Agreement and conditionally approve the two amendments to the consultant contracts, as described above, upon full execution of the Reimbursement Agreement.

SacRT recommends that the Board approve the termination of the Subrecipient and Interagency Agreement to allow SacRT to be the sole grantee of the state and federal funds for the Project and the owner of the constructed Project, subject to execution of replacement agreements for construction and operation funding for the Project by the Cities.

RESOLUTION NO. 20-08-0081

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

August 24, 2020

**APPROVING REIMBURSEMENT AGREEMENT FOR THE REDESIGN OF DOWNTOWN RIVERFRONT STREETCAR PROJECT AND SMALL STARTS GRANT SUBMISSION WITH THE RIVERFRONT JOINT POWERS AUTHORITY**

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

THAT, the Reimbursement Agreement for the Redesign of Downtown Riverfront Streetcar Project and Small Starts Grant Submission by and between the Sacramento Regional Transit District (therein "RT") and the Riverfront Joint Powers Authority (therein "Authority"), whereby RT's agrees to provide specified and limited services to advance a revised streetcar project, subject to reimbursement by the Authority of RT's costs up to a maximum amount available to the Authority under the Interagency and Cost Reimbursement Agreement between the Authority and the Cities of Sacramento and West Sacramento (approximately \$1,789,654.08), as further specified therein, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the Reimbursement Agreement for the Redesign of Downtown Riverfront Streetcar Project and Small Starts Grant Submission.

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-08-0082

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

August 24, 2020

**APPROVING THE THIRD AMENDMENT TO THE CONTRACT FOR DOWNTOWN RIVERFRONT STREETCAR DESIGN SERVICES WITH HDR, INC.**

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

THAT, the Third Amendment to the Contract for Downtown Riverfront Streetcar Design Services by and between Sacramento Regional Transit District, therein referred to as "RT," and HDR, Inc., therein referred to as "Consultant," whereby the scope is amended to provide for Consultant to prepare a revised final design for the shortened project alignment and the total consideration is increased by \$1,113,293.00, from \$12,172,738.25 to \$13,286,031.25 is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Third Amendment contingent upon execution of the Reimbursement Agreement for the Redesign of Downtown Riverfront Streetcar Project and Small Starts Grant Submission by and between the Sacramento Regional Transit District (therein "RT") and the Riverfront Joint Powers Authority (therein "Authority").

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary



RESOLUTION NO. 20-08-0083

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

August 24, 2020

**APPROVING THE FIRST AMENDMENT TO THE CONTRACT FOR DOWNTOWN RIVERFRONT STREETCAR ENVIRONMENTAL SUPPORT SERVICES WITH AECOM**

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

THAT, the First Amendment to the Contract For Environmental Support Services for Downtown Riverfront Streetcar Project between Sacramento Regional Transit District, therein referred to as "SacRT," and AECOM, therein referred to as "Consultant," whereby the scope is amended to provide for Consultant to prepare revised environmental documentation for the shortened project alignment and the total consideration is increased by \$123,582.23, from \$89,354.66 to \$212,936.89, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing First Amendment contingent upon execution Reimbursement Agreement for the Redesign of Downtown Riverfront Streetcar Project and Small Starts Grant Submission by and between the Sacramento Regional Transit District (therein "RT") and the Riverfront Joint Powers Authority (therein "Authority").

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-08-0084

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

August 24, 2020

**APPROVING TERMINATION OF THE SUBRECIPIENT AND INTERAGENCY AGREEMENT, AUTHORIZING PROJECT SPONSORSHIP AND OWNERSHIP TO TRANSFER TO SACRT, AND DIRECTING THE GENERAL MANAGER/CEO TO NEGOTIATE REPLACEMENT AGREEMENTS WITH THE CITIES PRIOR TO THE DISSOLUTION OF THE AUTHORITY**

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

THAT, the Board hereby authorizes and directs the General Manager/CEO to take the steps necessary to terminate the existing Subrecipient and Interagency Agreement with the Riverfront Joint Powers Authority.

THAT, the Board approves Sacramento Regional Transit District to own and operate the completed Downtown Riverfront Streetcar Project and directs the General Manager/CEO to negotiate replacement agreements for the construction and operation of the Project are developed and executed between SacRT and the Cities.

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STEVE HANSEN, Chair


A T T E S T:

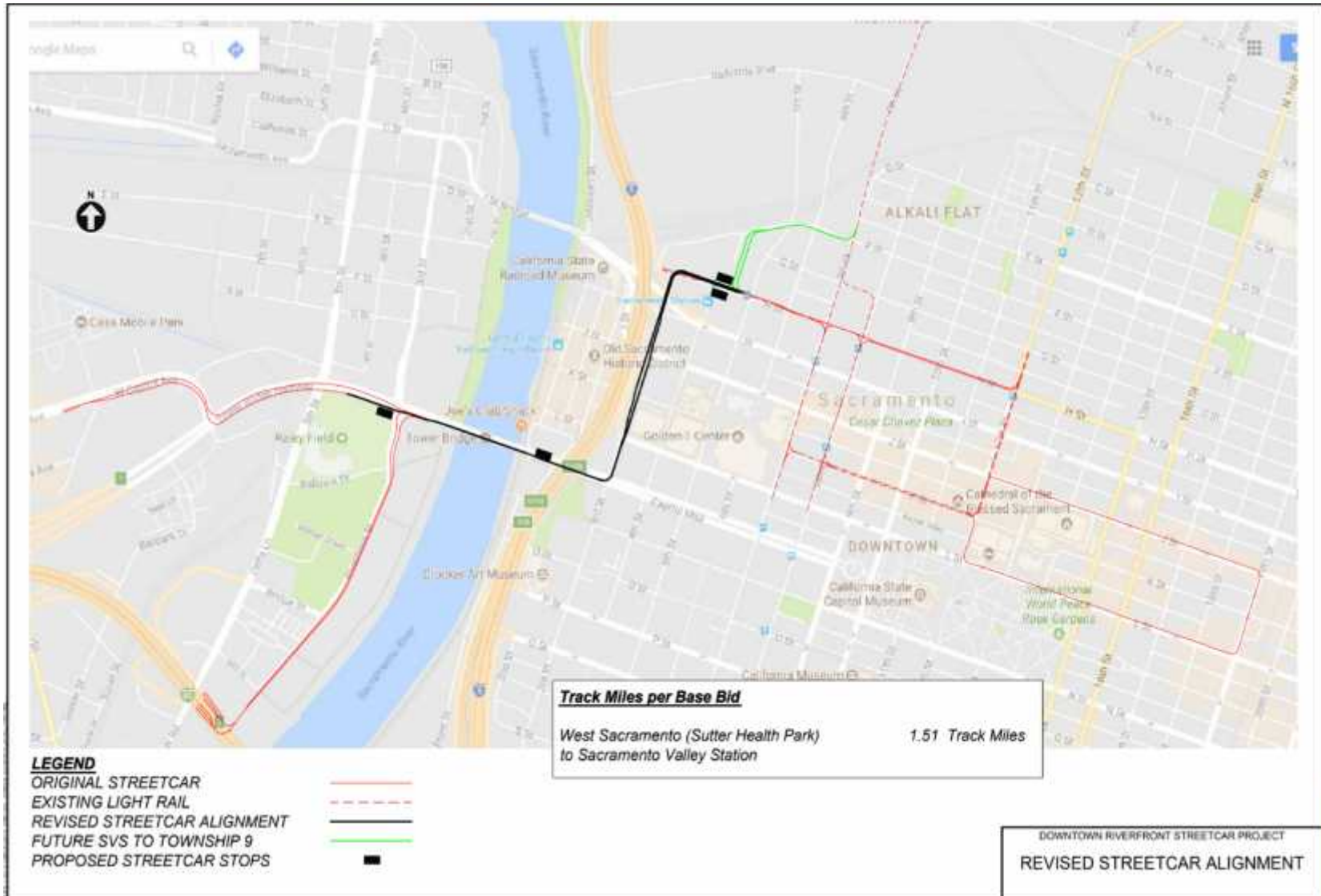
HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

# **Downtown River Front Streetcar Update**

August 24, 2020





# Revised Project Scope

- Sutter Health Park to Sacramento Valley Station (SVS)
- 1.5 Mile Project (1.1 Route Miles)
- 3 Streetcar Stops – Sutter Health Park, 2<sup>nd</sup> and Capitol and SVS
- \$130M (Includes \$20M previously expended from original scope)
- 2024 estimated completion

# Time Line

- January 2019 – Bids Received for Original Scope which came in higher than expected.
- February 2019 – Rejected all Bids
- March 2019 – Stakeholders issued Stop Work Notice for all active Contracts.
- March 2019 – Mayors of both Cities assembled the Mobility Technical Working Group - Objective to preserve the \$50M earmark and connect the two Cities. Explored various Options
- December 2019 – Revised Scope was defined by SacRT and Stakeholders as Light Rail Connector
- January 2020 – FTA recommended that change of Mode was not favorable
- February 2020 – SacRT and Partners submitted a letter of intent to the FTA revising the original Streetcar Scope
- August 2020 – Updated Small Starts Submittal due to FTA
- September 2021 -2017 \$50M Earmark expires

# Progress

- Weekly meetings with Stake Holders
- Frequent 2 x 2 Meetings (Board Chair and Vice Chair of SacRT and YCTD)
- Estimated project rating by SacRT and Stake Holders using FTA template
- Issued a work order to perform updated Travel Forecast with Fehr and Peers
- Negotiated Proposal with HDR to update Design
- Negotiated Proposal with AECOM to update Environmental Documents
- Updated Land Use and Economic Development Documents
- Updated SCC workbook (Project Estimate)
- Updated Financial Plan
- Updated Project Schedule
- Developed Forecast Budget for cost to complete
- Updating Project Management Plan
- Developed Draft MOU with JPA (No longer valid)
- Developed Reimbursement with JPA
- Completed the Small Start Application for Stakeholders Review

# Issues

- City of Sacramento financial commitment is \$300K. Remaining available funding is \$149K, which funds the Project Management for approximately 60 days.
- Forecast Budget to the award of Small Starts Grants is currently unfunded (\$560K)
- Small Start Submittal due on August 28<sup>th</sup> to FTA
- 2017 \$50M Earmark set to expire in September 2021.
- Prop 1A committed to Folsom Modernization Project.
- Identify future funds for Operating and Maintenance Cost.



# City of Sacramento Actions

- August 18, 2020 – City Council Actions
  - Amend the Interagency Agreement
  - Remaining Financial Commitment of \$149K vs \$300K
  - Dissolution of JPA
  - Transition Ownership to SacRT

# City of West Sacramento Actions

- August 19, 2020 – City Council Actions
  - Amend the Interagency Agreement
  - Financial Commitment to remain per the original agreement
  - Dissolution of JPA

# Sacramento RT Actions

- Seek Board Approval of Reimbursement Agreement, AECOM Amendment, HDR Amendment and Board Approval to own and operate the Streetcar after dissolution of JPA.
- Submit Small Start Application prior to August 28, 2020.
- Work with Cities to resolve funding gap (\$151K 2020 shortfall/\$560K 2021 shortfall).
- Address schedule to retain the 2017 \$50M earmark which expires in September 2021.
- Work with Cities to dissolve the JPA and enter into replacement agreements.
- Work with West Sacramento to develop an Operations and Maintenance Agreement

# Revised Project Funding

Funding Source	Budget	Actual Costs	Balance	Status
<b>Federal</b>				
Sacramento Area Council of Governments	\$ 5,000,000	\$ 5,000,000	\$ -	Initially funded as Congestion Mitigation and Air Quality (CMAQ) funds. Dollars were later flexed to Federal 5307 funds.
5309 Small Starts	\$ 50,000,000	\$ -	\$ 50,000,000	\$50 million in FY17 appropriation.
<b>State</b>				
Proposition 1B (PTMISEA)	\$ 1,570,000	\$ 1,570,000	\$ -	State Proposition 1B (PTMISEA) funds received in March 2014.
New Measure	\$ 11,400,000	\$ -	\$ 11,400,000	New Measure proposed for 2022.
Cap and Trade (TIRCP)	\$ 30,000,000	\$ -	\$ 30,000,000	Funds approved in 2016. SacRT is the official recipient. SSGA is required before accessing funds.
<b>Local</b>				
City of West Sacramento	\$ 25,000,000	\$ 5,988,180	\$ 19,011,820	City Council approved.
City of Sacramento	\$ 7,397,142	\$ 7,248,142	\$ 149,000	City Council approved. Includes \$2 million in early Project Development funds.
<b>Total Funding</b>				
<b>Grand Total</b>	<b>\$ 130,367,142</b>	<b>\$ 19,806,322</b>	<b>\$ 110,560,820</b>	