



STAFF REPORT

DATE: September 14, 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

Based on specific feedback from the August 24th Board meeting to reduce risk to Regional Transit and with continued support from Congresswoman Doris Matsui and the Mayors of Sacramento and West Sacramento for the Project, staff requests that the Board reconsider the modified recommendations as described in this report to accept external funding to implement the actions required to obtain the award of a Small Starts Grant Agreement (SSGA) and further hold SacRT harmless for construction and/or operation cost-overruns. If the Board approves these actions, it will also require that the City of West Sacramento enter into an agreement to join the District through annexation or under a contract arrangement by December 31, 2020 and fully implement the agreement prior to the award of a SSGA.

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.

In March 2019, the Mayors of both Cities subsequently directed the formation of a Mobility Technical Working Group (MTWG). The goal of the MTWG was to present technical alternatives to the currently proposed Streetcar Project (independent of funding and regulatory obstacles) that achieve the best mobility for and between both Cities. The alternatives were to be “forward looking,” allow for future innovation, be achievable in phases, and implemented within five years. The project team was expanded to include representatives from Sacramento Municipal Utility District (SMUD), the Sacramento Metropolitan Air Quality Management District (SMAQMD), the Sacramento Mayor’s Office and Congresswoman Matsui’s Office. Over the next several months, over a half-dozen MTWG meetings were held to establish clear objectives and explore various project

alternatives to reduce costs and to deliver a project consistent with the original intent, purpose, and need.

Two of the principal objectives driving the analysis included: 1) Preservation of the Congressionally appropriated \$50 million to complete the Streetcar Project; and 2) Connect the two Cities and the region with frequent, high-quality mass-transit service over the Sacramento River. The decision was made by the MTWG to move forward with a reduced-scope rail project that preserved the portion of the original Downtown Riverfront Streetcar connecting West Sacramento from Sutter Health Park (formerly Raley Field) with Sacramento Valley Station (SVS). This alternative offered many of the benefits of the original Streetcar Project, in that the West Sacramento to SVS connection:

-) is within the original environmentally-cleared alignment, requiring minimal environmental document updates;
-) was substantially designed by the consulting engineering team, requiring minimal design revisions;
-) maintained three of the planned Streetcar stations along the existing route;
-) provided an opportunity to preserve the \$50 million federal appropriation to the project; and
-) would establish the much-needed regional mass-transit connection between the two Cities.

The Streetcar Project partners, with leadership and direction from Congresswoman Matsui, agreed to proceed with the reduced-scope project. After several discussions with the FTA, SACOG and SacRT (with support from the Cities) sent a letter to the FTA on February 13, 2020, outlining the revised project, expressing the partners' commitment to the Streetcar Project as revised, and committing to deliver a full Streetcar Project update (including updated environmental documentation, engineering design, revised project management plan, operating plan, and associated studies by January 2021), and notified the FTA of their intent to submit an updated Small Starts Grant application. During this time period, SacRT remained a technical advisory role to the project stakeholders; however, SacRT developed many of the options and costs for the group's consideration and once a decision was made that the project would be reduced in scope, it was prudent to consider transitioning ownership of the Project to SacRT.

Between January of 2018 and October of 2019, staff requested project related actions or provided project updates to the SacRT Board of Directors at eight separate meetings.

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 Cities, and SACOG 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, the Cities, and SACOG intended to submit the update by August 28, 2020, which was the deadline by the FTA for project submittals for requesting additional appropriations. However, SacRT was recently informed by FTA that because this is not a new project, and we are not requesting an additional budget appropriation, we are able to submit an update for project re-rating at any time. Based on initial evaluations, staff believes the Project will receive at least a medium rating.

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.

RESULT OF RECOMMENDED ACTION

1. Conditionally approving the Reimbursement Agreement between Sacramento Regional Transit District (SacRT) to receive funding from the Cities of Sacramento and West Sacramento through a Reimbursement Agreement for SacRT to move the project toward: delivering a revised Project that will meet the Small Starts application update for the 2017 earmark expiration in September 2021. The Reimbursement Agreement will need to provide full funding from both Cities (\$2,600,000). 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. Full funding is required for specific additional work needed to continue advancing the project through the award of the Small Starts Grant Agreement (SSGA). Therefore, once the available funding under the current agreement is expended, a subsequent amendment or a new agreement between the Cities and SacRT will be necessary to provide the \$151,000, plus the additional \$560,000 required to reach an SSGA. This recommended action is contingent on the Cities' approval of a fully funded amended/revised agreement(s) that will continue to hold SacRT harmless for additional pre-development costs and cost-overruns from construction and operations of the future project.
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 Agreements 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 Agreements 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, contingent upon securing the full funding for the project from partner entities and executing new agreements for that funding, 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.

5. The Board also directs staff to immediately begin negotiations with the City of West Sacramento to enter into an agreement, no later than December 31, 2020, to join the District through annexation or under a contract arrangement and to fully implement this agreement in order to accept the award of a SSGA.

FISCAL IMPACT

- 1. Reimbursement Agreement between SacRT and the Cities:** The new reimbursement agreement between SacRT and the Cities directly or through the Authority will allow SacRT to be reimbursed for work to advance the project through the award of SSGA. 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). In order to fund the project through the award of the SSGA, the Cities must fund, directly or through a grant from a partner agency, the remaining project estimate of \$560,000 and approval of this item is conditioned on these actions. 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 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 annually, which is discussed further below. Finally, staff will work to achieve an agreement with the City of West Sacramento to join the District through annexation or under a contract arrangement under the terms noted above.

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 sources such as LCTOP, Cap and Trade, SACOG's innovative project programs, a future sales tax measure, 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. In order to avoid having SacRT be responsible for the operating cost deficits, the stakeholders must enter into an O&M agreement prior to award of the SSGA.

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, contingent upon negotiating fully funded interagency reimbursement agreements with the partners, and the City of West Sacramento joining the District.

Due the Project delay, actions will likely be required to request an extension of the 2017 \$50 million federal appropriation.

Recommended Actions:

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

SacRT recommends that the Board conditionally 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 and reimbursement agreements for construction and operating funding for the Project by the Cities.

RESOLUTION NO. 20-09-0102

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

September 14, 2020

CONDITIONALLY APPROVING REIMBURSEMENT AGREEMENT FOR THE REDESIGN OF DOWNTOWN RIVERFRONT STREETCAR PROJECT AND SMALL STARTS GRANT UPDATE 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 Update 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 (\$2,600,000), as further specified therein, is hereby conditionally approved.

THAT, when available funding is nearly expended, SacRT will notify the Cities of the need to stop work and will be held harmless.

THAT, this action is dependent on the Cities amending the existing or entering into a new Subrecipient and Interagency Agreement that includes SacRT and adds the additional \$151,000 plus \$560,000 (totaling \$711,000) in funding required to reach the award of the Small Starts Grant Agreement.

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 Update Submission.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-09-0103

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

September 14, 2020

CONDITIONALLY 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 conditionally approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Third Amendment contingent upon execution of the Reimbursement Agreement(s) 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").

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-09-0104

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

September 14, 2020

CONDITIONALLY 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 conditionally approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing First Amendment contingent upon execution Reimbursement Agreement(s) 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").

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-09-0105

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

September 14, 2020

CONDITIONALLY 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 approved Sacramento Regional Transit District to own and operate the completed Downtown Riverfront Streetcar Project and directs the General Manager/CEO to negotiate replacement and reimbursement agreements for the construction and operation of the Project are developed and executed between SacRT and the Cities. The Board also directs staff to immediately begin negotiations with the City of West Sacramento to enter into an agreement, no later than December 31, 2020, to join the District through annexation or under a contract arrangement and to fully implement this agreement in order to accept the award of a SSGA.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary