

## **STAFF REPORT**

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**DATE:** November 13, 2023  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Laura Ham, VP, Planning and Engineering  
**SUBJ:** DOS RIOS LIGHT RAIL STATION

### RECOMMENDATION

Motion to Approve.

### RESULT OF RECOMMENDED ACTION

Based on the final motion approved by the Board at the meeting, staff will take the appropriate action.

### FISCAL IMPACT

The Project has a current total estimated cost of \$43M which is included in the FY 24 Capital Plan, with a current estimated funding shortfall of \$19.2M. The cost breakdown is as follows:

Construction - \$22M  
Contingency and Risk - \$8M  
Administration, Bus Bridge, and Flagging - \$10M  
Construction Site Management - \$3M

It should be noted that the construction-related costs are estimates based on the cost of recent SacRT projects and may still change after the final bids are received.

Staff, in conjunction with a number of external stakeholders, has identified the following available funding sources:

Transformative Climate Communities Grant (TCC) - \$17.6M  
Affordable Housing Sustainable Communities Grant (AHSC) - \$940K  
State Transit Assistance Funds (SacRT) - \$3.2M  
FTA-5307 Funds (SacRT) - \$1M  
Congressional Directed Request (Matsui) - \$1M  
Total \$23.8M

This leaves a funding gap of approximately \$19.2M. To fund this gap, SacRT could potentially allocate funds normally used for local grant match requirements for capital

projects and/or a portion of SacRT's one-time Senate Bill 125 (SB 125) funding, and/or any other funding from other project partners such as City of Sacramento as directed by the Board.

In July 2023, California passed SB 125, which created a new one-time source of transit funding to primarily address the fiscal cliff issues facing many transit agencies and some capital needs that have been growing in recent years for the state's transit operators/agencies. The legislative intent is to maintain baseline operations to avoid service cuts or union-job layoffs.

These programs are administered by the California State Transportation Agency (CalSTA). The funding will be coming directly to the state's Regional Transportation Planning Agencies (RTPAs) with SACOG expected to receive a total of \$238,207,703 across the two programs - \$200.9 million in Transit & Intercity Capital Program (TIRCP) and \$37.3 million in Zero Emission Transit Capital Program (ZETCP). Funding will be made available to public agencies that are eligible to receive TIRCP capital funding that operate or plan for existing or planned rail service (including intercity, commuter, and urban rail) and bus service (including commuter bus, vanpool, and microtransit).

In recognition of the short timeline for providing information to CalSTA, SacRT staff have worked with SACOG staff to request an initial \$10M for the Project in SB 125 funds, pending board direction on this Project. SacRT's intent is to apply the remainder of our SB 125 funding to maintain baseline operations through fiscal year 2026-2027 to cover the operating deficits per the legislatively intended use of these funds. SacRT staff will continue to work with SACOG to ensure SacRT receives an appropriate and equitable portion of SB 125 funds.

## DISCUSSION

### Project Background:

The Dos Rios Light Rail Station (Project) on the SacRT Blue Line at North 12<sup>th</sup> Street in the City of Sacramento has been envisioned for many years as a part of the City of Sacramento Transformation Plan and Transit Oriented Development (TOD) Plan for the Twin Rivers-River District. The Project is a partnership between the City of Sacramento, SHRA, and SacRT. The Twin Rivers Redevelopment Zone is in Sacramento's River District, an industrial area that is transforming into a major infill development opportunity area. Since 1990, the City of Sacramento has targeted the River District and the adjacent Railyards for reinvestment and revitalization. The Sacramento Housing and Redevelopment Agency (SHRA) is leading the effort to redevelop the Twin Rivers Housing site. The new Mirasol Village housing offers a total of 427 units for low-income residents with additional market rate units also available. The vision for the historically isolated area includes full connectivity to transit, employment centers, services, retail, and cultural amenities, creating a vibrant gateway to downtown Sacramento. Although SacRT's existing Blue Line light rail route runs directly through the eastern portion of the River District, the nearest stations to the Mirasol Village Housing Complex are Alkali Flat/La Valentina Station, which is more than a half-mile to the south, and Globe Station, which is over a mile to the north across the American River. Access to the Green Line to

Downtown is almost a half-mile to the west. The distance between stations leaves much of the eastern end of the River District effectively isolated from the rest of the city with limited access to the regional transit system.

In 2005, SacRT completed a detailed operational analysis for the Project. SacRT completed an alternative analysis for the Project in August 2006. Preliminary design for the Project was completed in mid-2014 through 2015. Environmental clearance for CEQA was completed in 2017 and NEPA in 2019.

### Project Design:

The Project, since its inception in 2005, has presented design challenges. It consists of realigning and constructing 1,400 ft. of track to straighten the tracks through the station, allowing relocation of the turnout further outbound to provide the length required for the platform and to move the platforms out of the city street. The Project also includes replacing and moving the overhead catenary system, constructing the station platform and amenities, and other components.

The current track configuration does not have sufficient room to build a new station and the tracks are on a curve. A station on a curve poses a safety issue since the operator cannot see the entire length of the train and all the doors. Therefore, the tracks must be realigned to provide tangent (straight) track per SacRT Design Criteria. In addition, with the current track alignment, there is only 200' available for a station between Sproule Ave. and the turnout. The current Dos Rios Light Rail Station platform design length required is 352' to accommodate 3-car consist and mini-high ramps on both ends of the platforms. With the current track alignment, the inbound platform would require the take of a city traffic lane, reducing N. 12th Street from 3 to 2 lanes. For the reasons described above, it is essential for the Project to realign and construct 1400 feet of double track.

### Project Grant Awards:

In December of 2018, it was announced that the SHRA was the recipient of a \$23M Strategic Growth Council (SGC) Transformative Climate Communities (TCC) grant, with \$17.6M directed to the light rail station project and the remainder directed to the Mirasol Village housing development. SacRT is a subrecipient to SHRA on the TCC grant. The Master Grant Agreement was executed in May 2020 and the SHRA Subrecipient Grant Agreement was executed in March of 2021.

SHRA was also awarded \$18.8 million in Affordable Housing Sustainable Communities (AHSC) funding for housing and transit (2019); SacRT is a subrecipient for \$940,000 of this AHSC funding.

### Site Cleanup:

SHRA owns the site where the Dos Rios Light Rail Station will be constructed, known as the "Dos Rios Triangle." The site is part of the larger Sacramento Twin Rivers Development Plan. The currently vacant and structurally undeveloped Site is bounded by North 12<sup>th</sup> Street, Sproule Avenue, and North 16<sup>th</sup> Street in Sacramento. Companies previously occupying the Site have conducted salvaging, equipment manufacturing,

refrigeration, wrecking, auto sales, automobile manufacturing and truck repair. Detailed assessment of the site was conducted by SHRA's contractor Tetra Tech, in 2020, 2021 and 2022. The soil was discovered to be contaminated with concentrations of lead, arsenic, dieldrin, and volatile organic compounds (VOCs).

SHRA contracted to Pacific States Environmental Contractors, Inc. in 2022 to complete the response action on the Light Rail Property. Due to levels of contamination, the site outside the Light Rail Station area was revised from residential to commercial-only use for the foreseeable future. The work also included the removal of previously unknown septic tanks and will require placement of a temporary gravel cover to allow access to the Light Rail Station property and use of the site as a staging area for the construction of the Light Rail Station. The contractor completed the response action on the Light Rail Property in 2023, which included soil excavation to remove soils, waste characterization and disposal. The excavated soils were stockpiled and sampled for hazardous waste characterization. Prior to commencement of construction of the Light Rail Station, SHRA's contractor will install a cover over the impacted soils on the remainder of the Site outside of the Light Rail Station Property; this has not yet occurred.

Because lead concentrations remaining in Site soils may exceed the preliminary remedial goal for construction workers a Site Management Plan must be followed to provide guidance to construction activities. Due to soils exceeding hazardous waste criteria along the property line that could not be removed, all workers on the Site require Hazardous Waste and Emergency Response Standard (HAZWOPER) training and must be a certified Contractor. Additional potential environmental concerns include buried drums or other materials that may impact the site. If this occurs, the contractor must notify SHRA. SHRA's site cleanup and requirements of the Site Management Plan have resulted in significant delays and cost increases on the SacRT Project; additional soil handling requirements may further impact bid pricing for potential contractors. Due to several hot spots, the Department of Toxic Substance Control (DTSC) is still reviewing SHRA's closeout report as well as the pending covering of the area outside of the Light Rail Station Property that will be used as a contractor staging area, this site is not yet ready for construction activity, but we expect it will be by the time construction begins.

#### Project Cost Increases, Final Design, and Bidding Schedule:

The original Strategic Growth Council (SGC) workbook plan anticipated going out to bid in July of 2021, and the final design of the station was completed in early summer of 2021; however, the documents could not be issued for bid until the site remediation was completed. The Site remediation led by SHRA also began in 2021 and was originally anticipated to be completed in 2021 but, as explained in the previous section, the Site cleanup was much more extensive than anticipated, which delayed the release of bid documents and has required extensive revision to the plans to account for the post-remediation site elevations and conditions.

Concurrently, the City of Sacramento proceeded with a separate project to reconstruct portions of N. 12th Street in 2021. The final configuration of the City project required further modifications to the station design and the final bid documents were updated and completed in May 2022.

In August 2022, SacRT awarded a \$3M construction management contract to 4-Leaf. SacRT also updated bid pricing based upon current bids from the Folsom 15-Minute Service Project.

Due to sub-recipient agreement timing, the original planning level project estimate did not include the cost of flagging and bus bridges. Flaggers for work around live track are required by the California Public Utilities Commission (CPUC) and are responsible for public safety and for temporary control of railroad traffic. Flaggers ensure the safety of passengers and workers during construction. This project will be constructed on an active rail line in a city street. This line is SacRT's main artery across the river to the light rail maintenance and storage yard. As this is an active line, passengers will be transported via a shuttle bus (or a bus bridge) in between stations, while the line is under construction. Flagging and bus bridges will be required during the majority of the construction timeline.

SacRT was prepared to go out to bid when final design was completed; however, because SHRA's site soil remediation had taken longer than expected, the bidding was delayed. During SHRA's soil remediation, additional contaminants were discovered and DTSC required multiple additional excavations to remove contaminants and test soil. In addition, as extensive excavation, including the removal of septic tanks, occurred during site remediation, SacRT and SHRA realized that the site would need to be resurveyed, topographical information in the bid documents would need to be updated, and requirements of the site management plan, including constrained contractor staging, specialized training, certifications, and soil handling requirements, would also need to be incorporated in the bid documents. The additional cost to resurvey the site was \$23,185, funded by SacRT.

DTSC issued conditional approval of the site management plan in July of 2023; however, the site was not ready to resurvey and was not ready for construction. As SacRT indicated in its letter to SHRA on August 24, 2023, as soon as the site was ready for SacRT to survey, SacRT planned to mobilize its contractor and proceed immediately. Clearance was provided by SHRA to SacRT for the contractor to resurvey the site on October 9, 2023 and SacRT completed the survey on October 16, 2023, an unprecedented quick turnaround for a resurvey effort. Because of the extent of the changes to the elevations of the site, site mapping and updates to site grades and the bid documents are extensive. The new work order will completely update the 100% Bid Set. Staff anticipates that updated bid documents will be prepared and ready for release no later than December 15, 2023. As of the writing of this staff report, DTSC has not approved the soil remediation Closeout Report and the site is not cleared for construction activities.

SacRT has contracted services to Mark Thomas consulting for design services on this project. SacRT funded design costs on the project to date include:

- \$635,222.23 – Dos Rios Preliminary Engineering
- \$99,617.35 - Dos Rios Preliminary Engineering
- \$31,582.37 – Traction Power Analysis
- \$149,662.99 – Dos Rios Preliminary Engineering
- \$924,914.99 – Dos Rios Final Design
- \$14,818.54 – Dos Rios Final Design
- \$17,177.63 – Dos Rios SMUD Plat and Legals
- \$154,747.15 – Dos Rios Design Phase 3

- \$23,184.97 – Dos Rios Re-Survey
  - \$239,991.44 - Design Support during Bidding and Construction
- Total - \$2,290,919.66**

The 2023 estimated project budget for The Project is \$43M, including risk and contingency. This total is reflective of extensive efforts to identify and apply cost-saving measures. Prior to the most recent estimate, SacRT removed nearly \$7M from the scope, by eliminating a traction power substation and automatic switching system. Staff further went line item by line item to find value engineering opportunities, resulting in a further \$700k reduction in costs, for a total of almost \$8M in reductions from the scope. The current design is the simplest, most feasible, and operable station that satisfies SacRT design and engineering standards and requirements. SacRT has already reduced the cost as much as possible through value engineering.

The overall project costs have increased significantly because of the delays to the project, the cost escalation in the current construction market, soil management requirements, worldwide supply chain issues brought on by the pandemic, inflation and additional SacRT project costs such as flagging and bus bridges.

#### Project Funding Shortfall, Schedule and Alternative Project:

In early 2023, SHRA and SacRT met with SGC to discuss the project funding shortfall. Various funding options were discussed, and SacRT and SGC appealed to partners, including the City of Sacramento to find another grant or local funding to fill the gap. In February 2023, SacRT applied for \$22M in TIRCP Cycle 6 funds as its top-priority project. SacRT and SHRA also prioritized the project in Congressionally Directed Spending Requests. SacRT was not successful in its request for the Dos Rios Light Rail Station Project in its TIRCP Cycle 6 application but secured a \$5.5M Congressionally Directed Spending Request recommendation from Congresswoman Matsui. The \$5.5M recommendation was reduced to \$1M in the House Transportation Budget. SacRT was notified of the unsuccessful TIRCP application at the end of April 2023, and met with SGC and SHRA in May 2023 to discuss additional options. SacRT requested an extension during that meeting, as well as an additional funding allocation to address the cost escalation on the project. SGC explained that due to the budgetary structure of the TCC program, an additional funding allocation was not possible. Although SacRT and SHRA communicated with SGC over the summer, SGC ultimately notified SHRA on July 31, 2023, that the project was in non-performance status and that SHRA must provide an updated project budget and funding strategy.

SacRT has numerous state of good repair and capital needs and cannot bear the entire financial burden that has been created as a result of this delayed project and the current economic environment for construction. At the staff level, it was proposed that \$10 million in SacRT's funding could possibly be directed to the Project, subject to board approval, and additional time was requested to apply for additional state and federal grant funds. Staff requested an extension for a period of 2 years to allow time to apply for additional funding through various grant cycles. SacRT and SHRA continued to advocate for additional funding with partner agencies and elected officials.

SacRT acknowledged in its correspondence with SHRA and SGC that the previously approved TCC budget did not include administrative costs, flagging, or project management for SacRT, now estimated at \$10M. These costs are regularly included in grant awards, but staff recognizes that it was not part of the original agreement. Therefore, SacRT would need to identify another funding source for the \$10M in project administration, bus bridge and flagging costs, as well as the \$9.2 million in construction costs, for a total of approximately \$19.2 million in required funding. Future rounds of TIRCP, SB1 and RAISE were identified as possible funding sources for the gap, but a project extension would be required.

If an extension was not granted and a supplemental allocation from SGC was not possible, at SHRA's request, SacRT began preparing an alternative transit investment that would ensure that the residents were afforded a transit option. SacRT currently operates Route 33, a "loop" that connects Marisol Village to Alkali Flat Light Rail station along the Blue Line. Transit improvements developed as an alternative to the Dos Rios Light Rail station included an east/west redesign of Route 33 connecting Blue Line, Green Line, Route 11 (Truxel), Mirasol Village, Greyhound, and the Museum of Science and Curiosity, every 30 minutes, seven days a week, including new zero-emission buses. Staff is developing options to provide 30-, 20- or 15-minute frequency on the Route 33 7-days per week as a potential substitute project. Staff also proposed options to improve Route 11 (Truxel), Route 142 (Airport) and the extension of approximately three existing commuter bus routes to the Richards Blvd Office complex. It is important to note that if the TCC funds are spent on the substitute project, operations and maintenance costs may only be covered until the grant expires in June of 2027.

On September 20, 2023, SGC responded to SHRA's August 29 letter with a second non-performance notification, requesting further development of the substitute project and a denial of an extension of the grant term citing that, "TCC does not have authority to administer a grant agreement beyond the current grant term. Grant funds awarded to the TCC SIMPL projects must be liquidated by June 30, 2027 in accordance with SB 101, Budget Act of 2023, Section 2, Item 0650-491... Given the apparent infeasibility of Project #2 ([sic] Dos Rios Light Rail Station Project), we request that SHRA work with SIMPL project partners to prepare a proposed alternative project that would substantially retain the intended transportation benefits and support the community vision for the SIMPL grant and can be feasibly implemented in the grant term."

The letter emphasized that the replacement project should be founded in broad-based community engagement. An amended corrective action plan and draft amendment request are required no later than December 1, 2023. To that end, SHRA has coordinated at least 8 public outreach meetings related to the substitute project. SacRT has participated in these meetings and provided information both on the light rail station project and the potential substitute project. Community members have been unanimous in their continued support for the Dos Rios project and expressed serious concern to hear that the station might not be built. Residents understand that station construction has been delayed, and they provided valuable feedback related to bus routes, connections and circulator services in the neighborhood.

Given the impossibility of an extension of the grant term, options to fill the funding gap and complete the light rail station project by the end of 2026 are limited even further than

previously understood. Immediately following the September 20, 2023 letter from SGC, the issue was raised at the SacRT Board of Directors meeting on September 25, 2023, including a request of project partners, such as the City of Sacramento, to contribute funds to address the deficit. This issue was also discussed at the October 13, 2023 Board meeting. At that time, the Board requested that a meeting be scheduled with the City and County of Sacramento and SHRA to discuss the shortfall. SacRT staff scheduled the requested meeting on November 2, 2023. Senator Ashby and SHRA hosted a replacement meeting on November 2, 2023 to determine a path forward. At that meeting a proposal was put forth that SacRT should consider the use of \$10M in SacRT's SB125 funding, as well as approximately \$9.2M of SacRT's other funds. At the November 2, 2023 meeting, staff committed to bring the proposal to the SacRT Board at the November 13, 2023 meeting. Although the Dos Rios Light Rail station has consistently been a high priority expansion project, SacRT has numerous other unfunded state of good repair and other capital needs. SacRT has a FY24 Capital Budget totaling \$1.9B, with over \$1B in shortfall, including for high priority projects such as the completion of the Light Rail Modernization Project and the state mandated transition to a zero-emission fleet.

The City of Sacramento staff has consistently indicated that there is no City funding available to support the project and this was confirmed by SacRT staff at a meeting with the City of Sacramento and SHRA staff on November 6, 2023. The City of Sacramento also indicated that they would not be able to provide additional support to the project, such as project management support, without reimbursement.

#### Options and Board Direction:

Staff will present a comprehensive project update at the November 13, 2023 Board of Directors meeting and seek input and direction from the Board on the path forward. Staff continues to prioritize the construction, and each of these options reaffirms SacRT's commitment to build the Dos Rios Light Rail Station Project, but seeks direction from the Board on one of the following options:

1. Request an allocation of \$10M in SacRT's SB125 funds and utilize approximately \$9.2M SacRT's other funds to fully fund the Dos Rios Light Rail Station Project.
2. Direct SacRT's SB125 and other funds to fund up to ½ of the shortfall of approximately \$19.2M through SacRT's SB125 allocation, and continue to seek partnership on the remaining ½ from other partners
3. Move forward with the substitute project, which includes the implementation of robust bus service, including augmentation of Route 33 and potentially other routes in the Project Area with zero emission, frequent service; while continuing to pursue new grant funding for the station in the future.





# Dos Rios Light Rail Station Project Briefing

SacRT Board of Directors 11/13/2023

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2. Cost Reduction Efforts
3. Grant Compliance
4. Funding Strategies
5. Alternatives
6. Board Discussion & Recommendation

## Dos Rios Light Rail Station Project Briefing

SacRT Board of Directors 11/13/2023



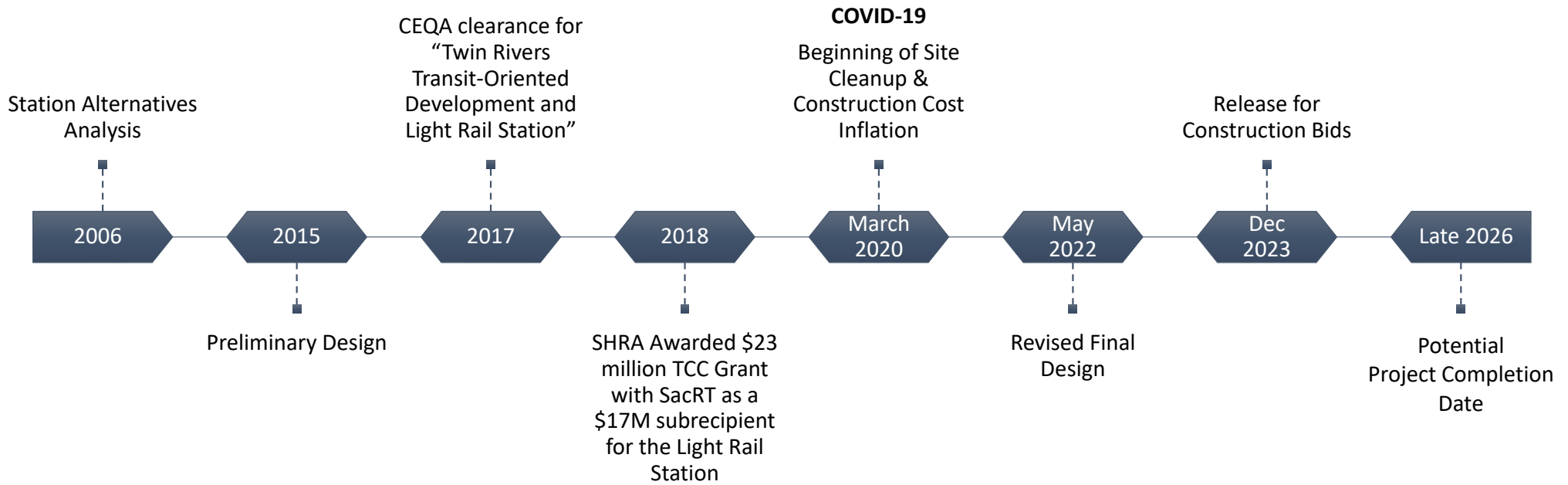


# Project Background, Budget and Schedule

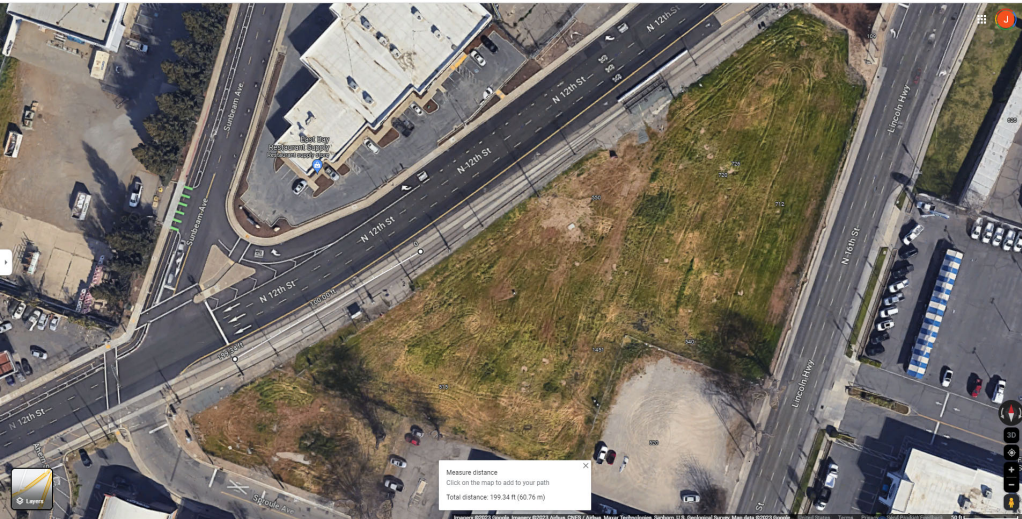
City of  
SACRAMENTO

 **SHRA**  
CHANGING LIVES

**SACRAMENTO**  
REGIONAL TRANSIT 



# Project Timeline

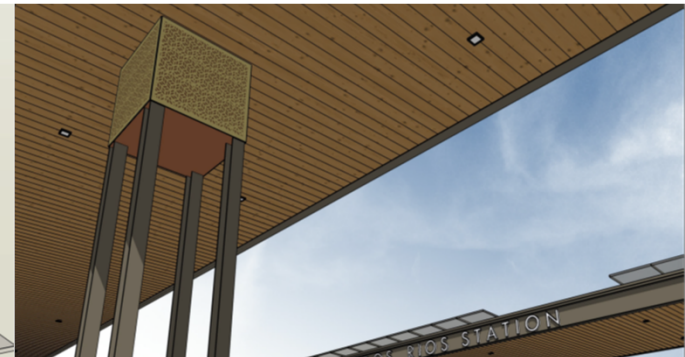
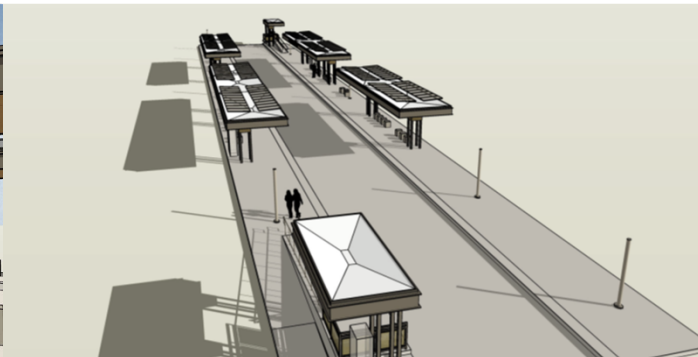
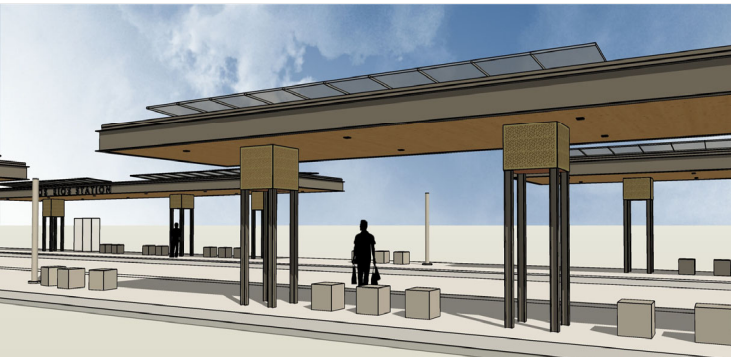


- Realign and construct 1400 feet of track
- Relocate turnout
- Replace overhead catenary
- Shutdown of the system during construction with flaggers & shuttle

- Install signaling and communication system
- Adjacent intersection slope and signal modifications
- Construct station platform
- Install station amenities



## Light Rail Station Project Scope



## Station Location & Renderings

<b>Project Cost Estimate*</b>
Construction Cost Estimate: \$22M
Contingency & Risk: \$8M
Project Admin, Bus Bridge & Flagging: \$10M
Construction Site Management: \$3M
<b>Fully Burdened Cost Estimate: \$43M</b>

## Dos Rios Light Rail Cost Estimate

Can we use existing track?

- Proposed Station location is on existing rail curve
- Constructing 1400 feet of new double track
- 352 feet needed for station platform
- Construction on an active rail line (flagging)
- Construction cost escalation
- Soil clean up delays and site management plan needs

LEGEND:

- EXISTING LIGHT RAIL TRACK ALIGNMENT
- NEW LIGHT RAIL TRACK ALIGNMENT

# Cost Escalation

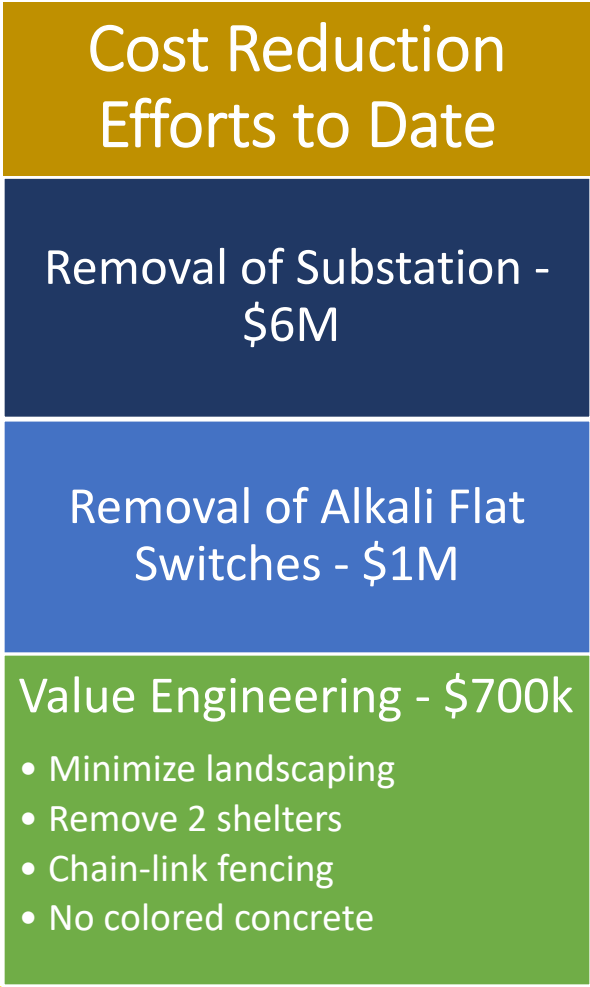




- Sacramento Housing and Redevelopment Agency (SHRA) owns the site where the Dos Rios Light Rail Station will be constructed, known as “the triangle” and is the lead for clean-up efforts
- The site is part of the larger development plan for the area, including Mirasol Village housing community and its surrounding River District Neighborhood

- Prior auto-centric and manufacturing activities resulted in contamination at the site contaminated with concentrations of lead, arsenic, dieldrin, volatile organic compounds (VOCs)
- Clean-up has taken much longer than anticipated
- The work included the removal of previously unknown septic tanks
- Requires placement of a temporary gravel cover to allow access to the Light Rail Station property
- The Site Management Plan provides guidance to construction activities, including HAZWOPER training
- Site was cleared for resurvey on 10/9/23
- Delays to site cleanup have increased construction cost
- Site is now resurveyed but not ready for construction

## Site Clean Up



Project Cost Estimate*
Construction Cost Estimate: \$22M
Contingency & Risk: \$8M
Project Admin, Bus Bridge & Flagging: \$10M
Construction Site Management: \$3M
<b>Fully Burdened Cost Estimate: \$43M</b>

Contingency/Risk is approximately 18%

**Why so much?**

- Active rail line
- In street
- Main artery across the river and only access to SacRT Metro Facility

Project Admin, Bus Bridge and Flagging is \$10M

**Why so much?**

- Flagging is estimated at \$4.7M of this cost
- Required by CPUC for safety
- Active rail line requiring flagging and bus shuttle service

# Cost Reduction Efforts

## Slide 10

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**JJO**

[@Laura Ham] is the contingency part of the bid packet, or does this allow for some cushion to higher bids?  
Example - Construction cost estimate is \$22M, but the bid comes in at \$25M, would that then be covered by the contingency budget and allow us to proceed under the total estimate of \$43M, but reduce our contingency for other unknowns?

Jason Johnson, 2023-11-12T18:02:41.276

- ➔ **The site was not ready**
- ➔ Soil contamination
- ➔ **Professional engineering standards require:**
  - *Completed soil management plan (complete in Aug 2023)*
  - *Accurate topographical information*
  - *Excavation and backfill quantities for bid documents*
- ➔ Soil remediation sitework was primarily completed and a **safe access zone was established on Oct 9, 2023**
- ➔ The site is not cleared for construction activities – this must be complete by contract award
- ➔ Several “*hot spots*” must be cleared by Department of Toxic Substance Control (DTSC)
- ➔ Close out report from DTSC is not yet approved
- ➔ Site resurvey complete Oct 16, 2023
- ➔ Bid document updates underway with target completion Dec 15, 2023
- ➔ **Bids are valid for 90 days – early bidding would result in costly delay claims**

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## Delays to Release of Bidding

## **Project Non-Compliance Issues:**

- Funding Shortfall - \$19.2M
- Timeline to Secure Funding

## **Strategies:**

- TIRCP Cycle 6 Grant Application \$20.2M – Not Awarded
- Congressionally Directed Spending Request -- \$5.5M (reduced to \$1M)

## **July 31, 2023, Letter from SGC to SHRA:**

- Noticed SHRA of the failed funding plan
- Provided 30 days to provide acceptable budget with secured funding
- Stop work
- No viable funding options at that time

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# **Grant Non-Performance Notification**

## **August 29, 2023, Response letter sent to SGC from SHRA and SacRT:**

- Project was delayed due to unforeseen soil remediation requirements
- Delay has impacted costs
- Worked to achieve cost savings and secure funding to close the gap
- Again, requested an extension
- Committed to continue to ready the site for construction
- Committed to pursue future grants
- Began work on the requested substitute project

## **September 20, 2023, Letter from SGC to SHRA:**

- TCC does not have authority to administer a grant agreement beyond the current grant term. Grant funds awarded to the TCC SIMPL projects must be liquidated by June 30, 2027
- Given the apparent infeasibility of the project SGC requested that SHRA work with project partners to prepare a proposed alternative project
- Alternative project was requested by December 1, 2023 including a project justification and narrative, revised detailed budget and workplan

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# **Grant Non-Performance Notification 2**



CALIFORNIA STRATEGIC  
GROWTH COUNCIL

September 20, 2023

**To:** Victoria Johnson, Assistant Director of Development, Sacramento Regional Housing Authority (SHRA)

**CC:** City of Sacramento Mayor Darrell Steinberg, Councilmember Katie Valenzuela (District 4), and Members of the SIMPL Leadership Council

**From:** Amar Cid, Deputy Director of Community Investments and Planning, CA Strategic Growth Council (SGC)

**Re:** SHRA's August 29 Response to SGC's Transformative Climate Communities (TCC) July 31 Project #2 Non-Performance Notification

Dear Ms. Johnson,

Thank you for your letter dated August 29, 2023 and continued attention to the Dos Rios Light Rail Station, Transformative Climate Communities (TCC) Sacramento Integrated Multimodal Place-Based Living (SIMPL) Project #2. The Non-Performance Notification dated July 31, 2023, (1) outlined the outstanding funding gap and project completion timeline issues in relation to Project #2 and (2) the determination of non-performance in accordance with the Grant Agreement. As explained in that letter, SGC requested a corrective action plan that establishes an acceptable budget with secured funding to cover the current project budget deficit and a feasible pathway for project completion within the timeframe of SGC's funding authority.

“TCC does not have authority to administer a grant agreement beyond the current grant term. Grant funds awarded to the TCC SIMPL projects must be liquidated by June 30, 2027 in accordance with SB 101, Budget Act of 2023, Section 2, Item 0650-491...**Given the apparent infeasibility of Project #2 ([sic] Dos Rios Light Rail Station Project), we request that SHRA work with SIMPL project partners to prepare a proposed alternative project that would substantially retain the intended transportation benefits** and support the community vision for the SIMPL grant and can be feasibly implemented in the grant term.”

## SGC September 20, 2023 Letter to SHRA

- Notified on **September 20, 2023**, of the non-performance letter that SHRA had received from SGC that a substitute project was requested
- The issue was raised the following week at the SacRT Board of Directors meeting (9/25/23)
- The issue was also discussed at the 10/23/23 Board of Directors meeting
  - Meeting was requested by the SacRT Board to discuss the shortfall
  - Staff scheduled a meeting
- **SHRA as the project implementing agency** worked with Senator Ashby and the City of Sacramento to identify funding – new meeting scheduled on 11/2/23
- Full update and briefing on November 13, 2023 to the SacRT Board of Directors
- Diligent in work with stakeholders to identify funding over the past year
- SacRT applies for and secures most of the funding for major capital projects
  - Jurisdictions also contribute to the project cost – example: Streetcar
  - Not a SacRT project alone – a connected community project
  - All stakeholders bear some responsibility

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## How Did We Get Here?



FUNDING SOURCE	FUNDING TYPE	FUNDING AMOUNT	% TOTAL FUNDING
<b>Project Development (Planning/Design/Permitting)</b>			
Regional Grant Funding (SACOG)	Federal	\$711,000	2.7%
Proposition 1B PTMISEA (SacRT)	State	\$1,570,000	5.9%
CMAQ Grant Funding (SACOG)	Federal	\$5,000,000	18.8%
City of Sacramento (Fund 2031)	Local	\$7,397,142	27.9%
City of West Sacramento (Measure V)	Local	\$11,848,142	44.7%
<b>Project Development Funding Total</b>		<b>\$26,526,284</b>	<b>100%</b>
<b>SSGA Project (Construction)</b>			
FTA Small Starts Grant (2022 Recertification)	Federal	\$50,000,000	37.1%
Additional Small Starts or Other Federal Grant	Federal	\$30,000,000	22.3%
Cap and Trade (TIRCP) *	State	\$30,000,000	22.3%
2 LRT Vehicles	State/Local	\$11,500,000	8.5%
City of West Sacramento (Measure V)	Local	\$13,151,858	9.8%
<b>SSGA Project (Construction) Funding Total</b>		<b>\$134,651,858</b>	<b>100%</b>
<b>Total Project Funding (2029 Dollars)</b>		<b>\$161,178,142</b>	

# Downtown Riverfront Streetcar Funding Plan

\*Requires Project Update



- Appealed to our partners, SHRA and City of Sacramento to find another grant or local funding to fill the gap
- Applied for \$20.2M in the State of CA Transit and Intercity Rail Capital Program (TIRCP)
  - #1 ranking
  - Not awarded
- Prioritized the project in Congressionally Directed Spending Request
  - Secured \$5.5M ask from Congresswoman Matsui
  - Reduced to \$1M in the House Transportation Budget
- Cut \$8M in project scope
- Asked for grant extension and assistance in covering the cost overrun from our partners
- Considered options to absorb some costs with SacRT's funds
- Moved as quickly as possible to prepare the project for bidding

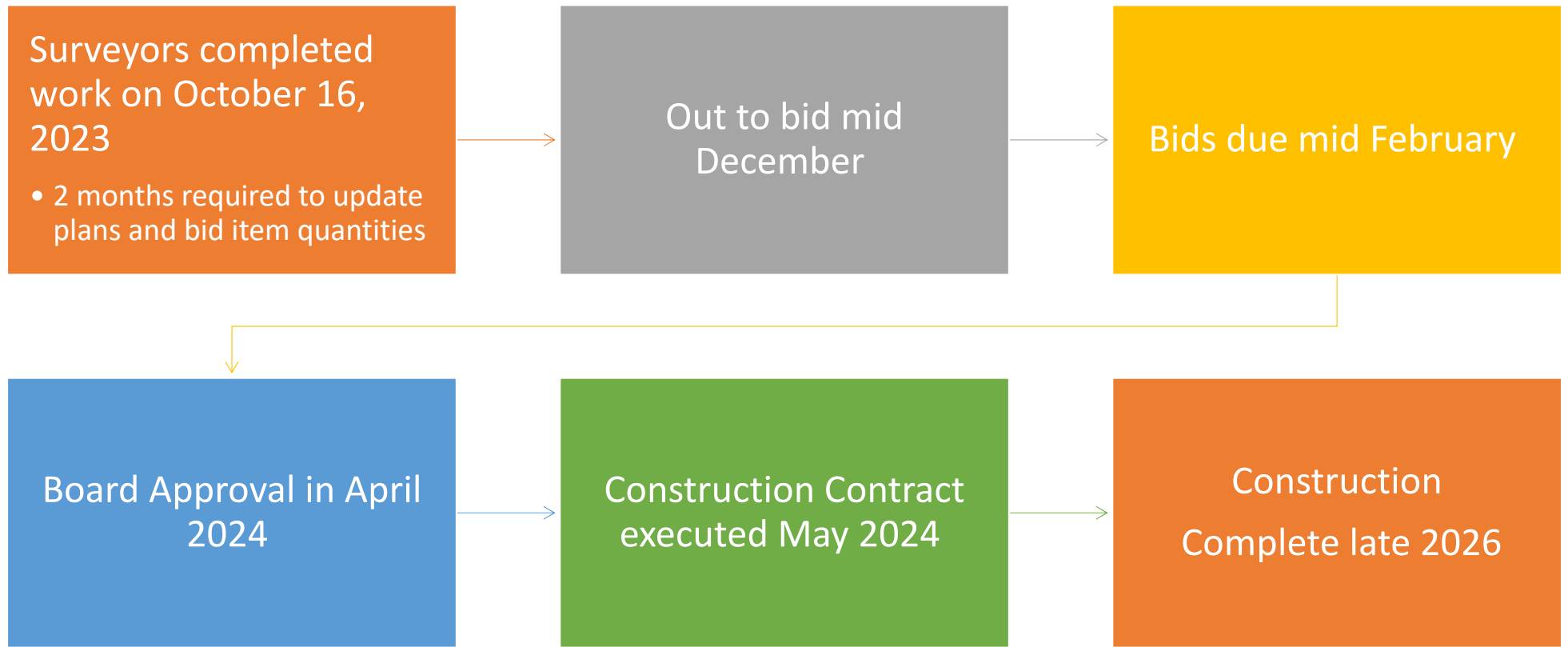
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## SacRT Efforts to Address the Funding Gap

## Consistent Interactions with Strategic Growth Council, SHRA, City of Sacramento and Community Stakeholders

- **Early 2023** – SHRA & SacRT met with SGC to discuss TIRCP Cycle 6 to fund shortfall.
- **April 24<sup>th</sup>** – Dos Rios project unsuccessful for TIRCP Cycle 6 funding.
- **May – September** – Asked SHRA, City of Sacramento and other jurisdictions to help with the funding shortfall
- **May 23<sup>rd</sup>** – Meeting with SGC, SacRT requested extension to find additional funding options
- **June 21<sup>st</sup>** – Congressional earmark appropriation (\$5M reduced to \$1M)
- **June 22<sup>nd</sup>** – SHRA informed SacRT that SGC was not ready to respond to extension request.
- **July 31<sup>st</sup>** - SGC sent non-performance letter for Dos Rios and required a funding plan.
- **August 24<sup>th</sup>** - SacRT responded with request to extend deadline to find additional funding.
- **September 20<sup>th</sup>** – SGC sent letter stating an extension would not be granted and requested an alternate project proposal by December 1<sup>st</sup> deadline.
- **September 25<sup>th</sup> and October 23<sup>rd</sup>** – Discussion with SacRT Board of Directors
- **Month of October** – SacRT attended 8 community meetings to discuss alternate projects.





# Station Project Schedule

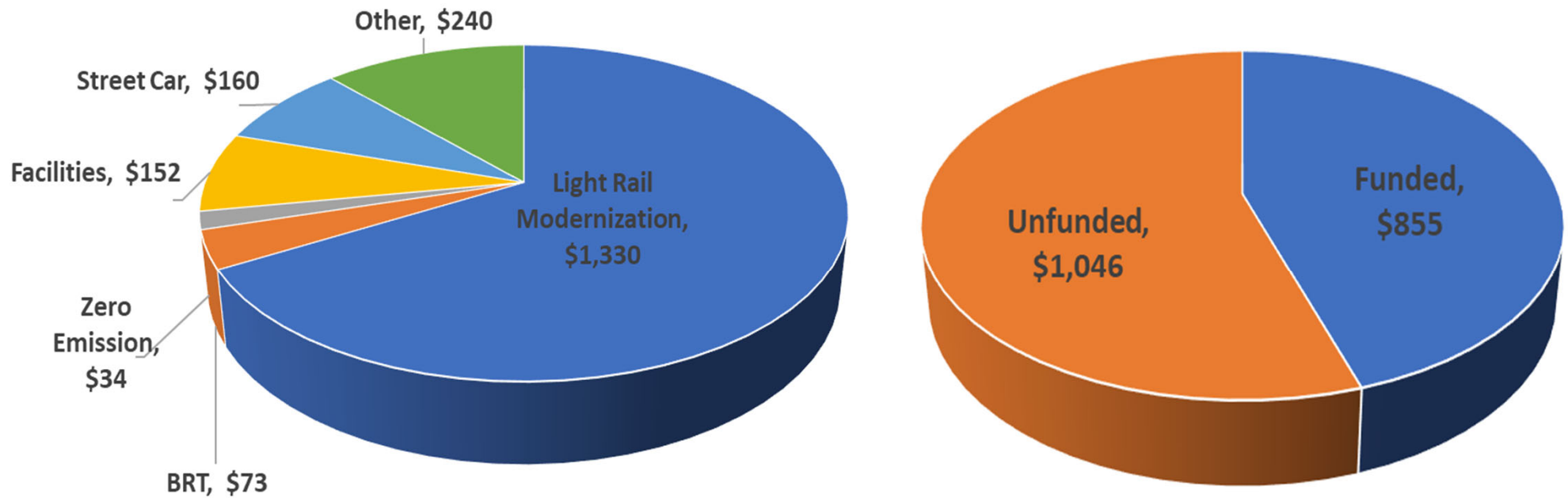
<b>Project Cost Estimate*</b>
Construction Cost Estimate: \$22M
Contingency & Risk: \$8M
Project Admin, Bus Bridge & Flagging: \$10M
Construction Site Management: \$3M
<b>Fully Burdened Cost Estimate: \$43M</b>

<b>Available Funding</b>	
<b>Funding Program</b>	<b>Funding Amount</b>
Transformative Climate Communities (TCC)	\$17,578,243
Affordable Housing Sustainable Communities (AHSC)	\$940,000
SacRT Funds	\$4,241,554
Congressional Directed Request (Matsui)	\$1,000,000
<b>Possible Available Funding</b>	<b>\$23,759,797</b>

**Project Shortfall \$19.2M**

# Dos Rios Light Rail Station Funding Plan

## Capital Budget by Category and Total Funded/Unfunded



**FY 2024 Capital Budget (in Millions)**  
(Total FY 24 Capital Budget \$1.9B)



Connecting us.

April 25, 2023

The Honorable Gavin Newsom  
Governor, State of California

The Honorable Toni G. Atkins  
Senate President Pro Tempore  
California State Senate

The Honorable Anthony Rendon  
Speaker of the Assembly  
California State Assembly

The Honorable Nancy Skinner  
Chair, Senate Budget Committee  
California State Senate

The Honorable Phil Y. Ting  
Chair, Assembly Budget Committee  
California State Assembly

**RE: California Transit Association's Funding Request and Policy Recommendations to Address Near-Term Operating Deficits**

Dear Governor Newsom, Pro Tempore Atkins, Speaker Rendon, Senator Skinner, and Assemblymember Ting:

On behalf of the California Transit Association, I write to you to today to share our state funding request and policy recommendations to address the near-term operating deficits faced by California transit agencies. Our recommendations were unanimously approved by the Association's leadership in the week of April 16, following months of discussion between our members from across the state and shaped by our engagement with decision makers in Sacramento. With the state itself facing a difficult budget outlook for Fiscal Year 2023-24, our



Connecting us.

IMMEDIATE RELEASE  
June 2, 2023

CONTACT  
**Michael Pimentel**  
Executive Director  
California Transit Association  
Email: [michael@caltransit.org](mailto:michael@caltransit.org)

**\*\*PRESS RELEASE\*\***

**California Labor, Environmental, Business, and Transportation Organizations Urge State Leaders to Save Public Transit**

(Sacramento, CA) – Today, the California Transit Association [released a letter](#) signed by more than 60 statewide and regional organizations urging Governor Newsom and legislative leaders to appropriate new transit operations funding in the state budget to help stabilize transit service and support agencies' recovery from the pandemic.

**The Association Steers the Budget Conversation to Success**

Blog

Jul. 27, 2023

The fiscal cliff threatened California's transit agencies. Association membership led the way to secure crucial transit funds against the backdrop of a state budget shortfall.

By Arianna Smith  
Managing Editor  
Transit California

At the beginning of 2023, transit agencies across California faced a fiscal cliff due to the dual crises of the federal pandemic emergency funds running out and the persistent lag in ridership returning to pre-pandemic levels. Agencies were contemplating the terrible possibilities of laying off staff, cancelling routes and services, and delaying critically needed capital maintenance and upgrades – all of which could have caused a downward trend in ridership and farebox revenues and could have led to an ever-worsening spiral of additional operations cuts.

# SB 125 Funding



<b>Initial SB 125 Capital Requests</b>	
<b>Capital Project</b>	<b>Amount Requested</b>
<b>Dos Rios Light Rail Station - Cost Overrun &amp; Immediate need for 2024</b>	<b>\$10,000,000</b>
Low-Floor Fleet - NTP #5 needed by June 2024 & Match for TIRCP Cycle 7	\$10,000,000
Blue Line Station Conversions - Needed to complete by 2025 & Match for TIRCP Cycle 7	\$8,000,000
Stockton BRT - CON Phase Match for Federal Funds & Match for TIRCP Cycle 7	\$10,000,000
Replace 50 year old Bus Maintenance Facility to accommodate zero emission vehicles and modernize to current standards - New BMF1 CON Match for Federal Funds & Match for TIRCP Cycle 7	\$10,000,000
Comprehensive Operational Analysis - Including a SRTP and LRTP for future funding measure	\$1,000,000
Total Zero Emission Vehicle	\$32,600,000
<b>Total SB 125 Operating Assistance</b>	<b>\$81,600,000</b>

## Capital Project Requests



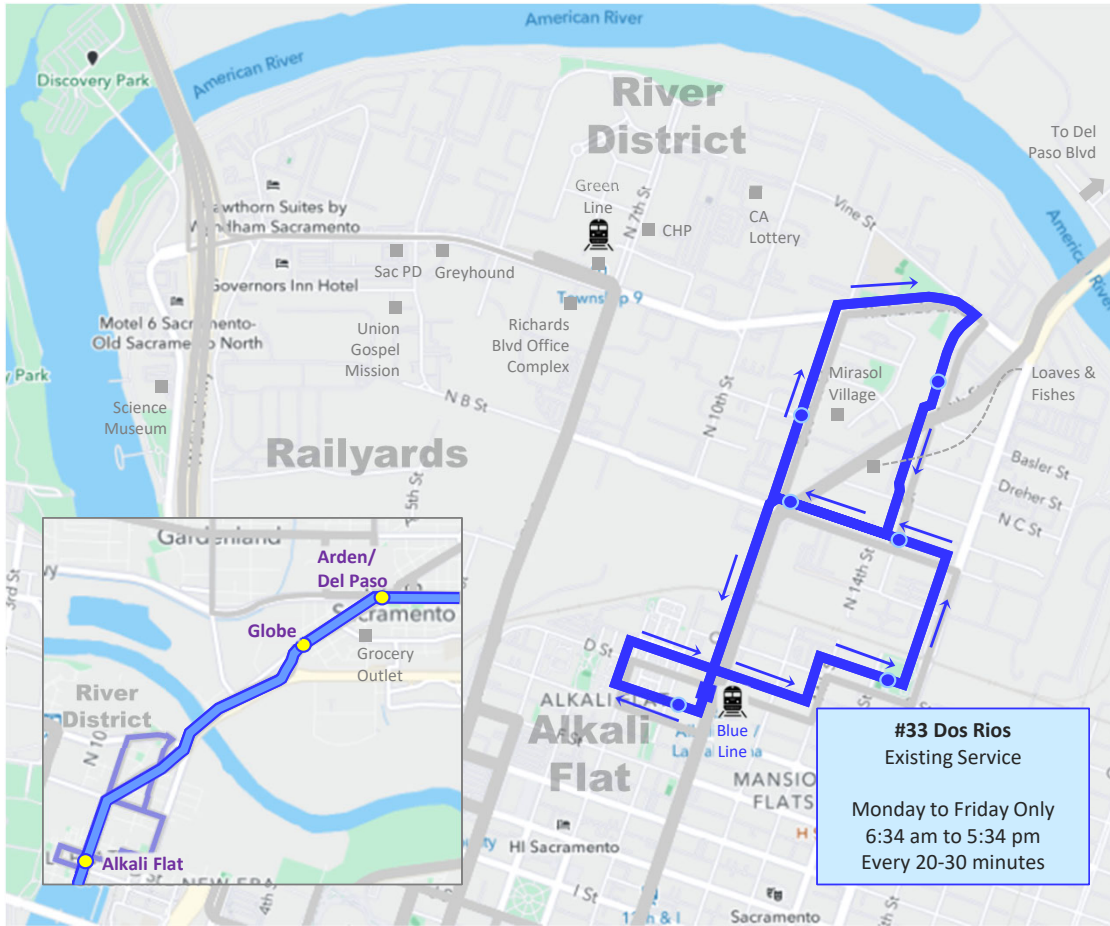
### Initial SB 125 Operating Assistance Estimates

Fiscal Year	Estimated Funding Shortfalls
FY 25 Operating Estimate	\$41,000,000
FY 26 Operating Estimate	\$43,500,000
FY 27 Operating Estimate	\$46,000,000
<b>Total SB 125 Operating Assistance</b>	<b>\$130,500,000</b>

**Total SB125 Funding Available to the Sacramento Region \$238M**

**\*Total SacRT Funding Request is \$212M or Approximately 89% of Total Available**

## SB 125 Funding for Operations



Option	Route	Frequency
A	<b>No Changes</b> Continue #33 Dos Rios as-is	<b>20</b> minutes
B	<b>Add Evening and Weekend Service</b> Extend service to 9:00 pm and operate 365 days a year	<b>20</b> minutes
C1	<b>Extend Route (1 bus)</b> Extend route west along Richards Blvd with just one bus; extend service to 9:00 pm and operate 365 days a year	<b>30</b> minutes
C2	<b>Extend Route (2 buses)</b> Extend route west along Richards Blvd with two buses; extend service to 9:00 pm and operate 365 days a year	<b>20</b> minutes

SacRT's Short Range Transit Plan calls for #33 Dos Rios to be eliminated when Dos Rios station is completed. Options presented here are intended to be concepts and cost is currently being evaluated. Route/schedule depend on additional public input. Additional alternatives include improvements to #11 Truxel, #142 Airport, and commuter bus service to River District. If station project is abandoned, TCC funds could be spent on new vehicles and approximately two years of O&M cost as a substitute project. Existing frequency is normally every 20 minutes, but occasionally 30 minutes to allow an operator restroom break.

**Potentially up to \$17.6M in TCC funds to be used for substitute project**

# Dos Rios Station Alternatives | #33 Dos Rios

**Staff continues to prioritize the construction of the Dos Rios Light Rail Station Project, and each of these options reaffirms SacRT's commitment to build the Project, but seeks direction from the Board on one of the following options:**

1. Request an allocation of \$10M in SacRT's SB125 funds and utilize approximately \$9.2M in SacRT's other funds to fully fund the Project (for a total of \$19.2M from SacRT).
2. Direct SacRT's SB125 funds to partially fund up to ½ of the shortfall of approximately \$19.2M and continue to seek partnership on the other ½ of the funding (must be committed by December 1, 2023).
3. Move forward with the substitute project, which includes the implementation of robust bus service, including augmentation of Route 33 and potentially other routes in the Project Area with zero emission, frequent service, while continuing to pursue new grant funding for the station in the future.

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## Summary and Options

# Thank You and Discussion