

STAFF REPORT

DATE: June 10, 2024
TO: Sacramento Regional Transit Board of Directors
FROM: Carmen Alba, VP, Operations
SUBJ: APPROVING THE SALE OF 3 SURPLUS URBAN
TRANSPORATION DEVELOPMENT CORPORATION LIGHT
RAIL VEHICLES TO THE U.S DEPARTMENT OF HOMELAND
SECURITY, TRANSPORTATION SECURITY ADMINISTRATION

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving the sale of 3 retired Urban Transportation Development Corporation (UTDC) Light Rail Vehicles (LRVs) numbers 302, 308, and 312 to U.S. Department of Homeland Security, Transportation Security Administration (TSA) for the sum of \$1.00 each.

FISCAL IMPACT

Sale of the 3 UTDC LRVs will generate revenue in the total amount of \$3.00. The TSA will bear all costs and risks associated with pick up and transportation of the LRVs. In addition, quickly disposing of these LRVs will alleviate overcrowding in SacRT's light rail storage facilities occurring as a result of the arrival of the new low-floor light rail vehicles. If these LRVs are not sold and moved by November 2024, SacRT may incur costs to purchase temporary snap tracks and move vehicles to SacRT's Bus Maintenance Facility 2 (BMF2).

At this time, SacRT does not know the approximate fair market value of the LRVs that may be foregone by selling them to the TSA for a nominal cost. The alternative to this sale to the TSA would be to post the LRVs to a government surplus auction site (which is the plan for future surplus UTDC LRVs) but it is uncertain how much, if any, revenue this will generate. Other agencies have reported mixed results in surplus sales of obsolete light and commuter rail vehicles that have only scrap or salvage value, in part because of the high cost of transportation of these lengthy rail vehicles.

Due to these uncertainties, the value to SacRT in quickly disposing of the LRVs exceeds the nominal price that will be received and it is believed this will result in a net financial benefit to SacRT.

DISCUSSION

In 2003, SacRT purchased 21 UTDC light rail vehicles from Santa Clara Valley Transportation Authority (VTA). On June 11, 2012, the SacRT Board approved the award of a Contract to Siemens Industry Inc. to refurbish the UTDC LRVs using a combination of state (PTMISEA funding applied to all 21 vehicles and TIRCP funding used for 7 vehicles) and Federal Transit Administration (FTA) (6 vehicles) funding at a cost of approximately \$21 million, a project that was completed in 2018. Unfortunately, despite the extensive refurbishment and several ongoing maintenance contracts, the UTDC LRVs have failed to operate consistently in revenue service.

By the end of fiscal year 2021, SacRT had removed all six FTA-funded UTDC LRVs from service due to major failures in the propulsion circuit, unavailable replacement parts, re-engineering of parts/systems, and inability of cab annunciation system to alert personnel of a serious safety hazard. In August 2021, SacRT completed a hazard analysis of the LRVs identifying significant safety issues and recurring part failures. In October 2023, SacRT submitted a request to the FTA to retire the six FTA-funded LRVs before the expiration of their useful life.

This request was approved by the FTA on November 9, 2023, subject to the condition that the FTA's remaining "federal interest" of \$2,467,857 in the six LRVs be reinvested by SacRT in a replacement vehicle(s) of like-kind. If the disposition proceeds are less than the amount of the federal interest in the vehicles at the time they are being replaced, SacRT will be responsible for providing the difference, along with the SacRT's share of the cost of the replacement vehicle (e.g. any foregone auction proceeds increase the other funds that SacRT will have to locate to meet this like-kind requirement).

At the same time as the FTA request, SacRT submitted requests to the state for early retirement of all 21 vehicles. Separate requests were submitted for each state funding source (PTMISEA and TIRCP), including a request that the state forgive any obligation to repay any portion of the grant funds due to the early retirement. By email dated January 24, 2024, staff at Caltrans informally indicated that it was likely acceptable under the PTMISEA program for SacRT to terminate the project but would not provide a formal approval. SacRT is still awaiting a formal response from Caltrans regarding the TIRCP funding.

A private engineering consultant who was aware of SacRT's plans to retire these vehicles connected SacRT to the Transportation Technology Center, which includes the TSA Surface Technology Training Center, and the TSA expressed interest in obtaining decommissioned vehicles from SacRT.

TSA has conducted a multi-year research program to quantify the vulnerability of commuter, transit, and light railcars and associated infrastructure (track components, plus third rail and catenary power systems) to damage caused by explosives. TSA will use the UTDC LRVs to further expand the research and investigate the potential measures in the interiors of public transportation vehicles to mitigate the blast damage and reduce the number of potential casualties. SacRT will benefit in the long-term from this valuable

research in addition to obtaining the short-term benefit of having the vehicles removed from its limited storage facilities.

RESOLUTION NO. 2024-06-068

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

June 10, 2024

APPROVING THE SALE OF 3 SURPLUS URBAN TRANSPORTATION DEVELOPMENT CORPORATION LIGHT RAIL VEHICLES TO THE U.S DEPARTMENT OF HOMELAND SECURITY, TRANSPORTATION SECURITY ADMINISTRATION

WHEREAS, under Public Contract Code Section 20209 and Section 2.105 of the SacRT Procurement Ordinance, SacRT may negotiate the sale of personal property to any other public agency upon terms and conditions agreed to by the district and the public agency (subject to the constitutional prohibition on gifts of public funds); and

WHEREAS, SacRT's non-operational Urban Transportation Development Corporation (UTDC) light rail vehicles are occupying the limited space in SacRT's storage yard that is needed to receive and commission new low-floor light rail vehicles; and

WHEREAS, the Department of Homeland Security, Transportation Security Administration (TSA) has offered to purchase and transport 3 surplus UTDC light rail vehicles for use in research to reduce the vulnerability of light rail vehicles to damage from explosives, which provides short-term and long-term benefits to SacRT.

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

THAT, the sale of three UTDC light rail vehicles to the TSA for the sum of \$3 on an "as-is", "where is" basis under which the TSA agrees to take possession of the vehicles in Sacramento and assume responsibility for transport of the vehicles is hereby approved.

THAT, the General Manager/CEO is hereby authorized to take the actions required to effectuate the sale of the light rail vehicles to the TSA under the foregoing terms and conditions.

PATRICK KENNEDY, Chair

A T T E S T:
HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary