

City of Sacramento

Legislation Text

File #: 2020-00965, **Version:** 1

Title:

Downtown/Riverfront Streetcar Transit Project Agreement Amendments (S15131800)

File ID: 2020-00965

Location: Districts 3 and 4

Recommendation:

Pass a Motion authorizing the City Manager or the City Manager's designee to: 1) execute the Amended and Restated Interagency and Cost Reimbursement Agreement for Streetcar Funding between the City of Sacramento, the City of West Sacramento, and the Riverfront Joint Powers Authority (JPA); and 2) re-evaluate the need to maintain the Riverfront Joint Powers Authority.

Contact: Fedolia "Sparky" Harris, Principal Planner, (916) 808-2996, Public Works; David Edrosolan, Interim City Traffic Engineer, (916) 808-5974, Department of Public Works

Presenter: Fedolia "Sparky" Harris, Principal Planner, (916) 808-2996

Attachments:

1-Description/Analysis

2-Amended and Restated Interagency and Cost Reimbursement Agreement for Streetcar Funding

Description/Analysis

Issue Detail: Congress appropriated \$50 million for the Downtown/Riverfront Streetcar Project ("Project") and the Federal Transit Administration (FTA) approved development and implementation of the Project. This Project is owned, operated, and maintained by the Riverfront JPA which estimated a total Project cost in 2018 of \$208 million for acquisition of streetcar vehicles, equipment, and construction of Project facilities. As of 2018, the Project was designed as a 4.4-mile alignment that would extend from 19th Street in Midtown Sacramento to two termini in West Sacramento along Riverfront Street and the West Sacramento Civic Center, with 21 stops. Sacramento Regional Transit (RT) is designing and constructing the Project under contract with the JPA.

On March 20, 2019, the Riverfront JPA issued a stop notice to RT and its consultants and staff to cease work on the Project following an unsuccessful construction bidding process. In the intervening period, RT, the Cities, the JPA and SACOG have worked with the FTA to determine a path forward to

use the appropriated federal funds, with local match, to complete a shorter 1.1-mile portion of the Project within the available budget, that would be owned, operated, and maintained by RT.

Further progress on the revised Project requires revised design, additional environmental analysis, updated ridership analysis, updated travel forecasts, and grant submission support. The Interagency & Cost Reimbursement Agreement to Support the Small Starts Grant Preparation (C2018-1217) with West Sacramento and the Riverfront JPA expires August 31, 2020. This agreement must be extended for the Cities to provide ongoing funding to complete the tasks necessary to secure a Small Starts Grant Agreement from the FTA.

Policy Considerations: This agreement is consistent with the goals and policies of the City of Sacramento. Executing this agreement will allow the City to support the development of streetcar lines and related infrastructure in the Central City and other multi-modal districts as provided in Policy M3.1.16 of the Sacramento 2035 General Plan.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The Environmental Services Manager has determined that the action of approving agreements does not have the potential for causing a significant effect on the environment and is therefore exempt under California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3). However, any subsequent actions for implementation of the agreement will be required to undergo CEQA and NEPA review.

Sustainability: The project is consistent with the City's Sustainability Master Plan. It conforms to the Air Quality Focus Area by improving and optimizing transportation infrastructure.

Commission/Committee Action: None.

Rationale for Recommendation: The Riverfront JPA was established to acquire, plan, design, finance, construct, own, operate, and maintain a fixed-rail streetcar system that will operate within and between Sacramento and West Sacramento. RT has applied for and will be the grant award recipient for a Small Starts Grant through the FTA for the project. The continued need for the Riverfront JPA should be evaluated since the revised project will be owned, operated, and maintained by RT.

The scope of the project has been substantially reduced within the City of Sacramento justifying the need to revise the project description in the Interagency and Cost Reimbursement Agreement and to reduce the City's prior obligation to the project. In addition, action is needed to extend the agreement past August of 2020 to allow the time for the completion of the FTA Small Starts Grant Application process.

Financial Considerations: The estimated total cost for the construction of the Streetcar project included in the Subrecipient and Interagency Agreement for Streetcar Funding has been revised down from \$208 million to \$130 million. The revised funding plan includes \$50 million in federal Small Starts funding, \$30 million in state funding, and the balance in other grants and local funds.

To date, the City of Sacramento has expended \$8,909,746 towards project development and construction of the Downtown Riverfront Streetcar Project out of \$9,059,164 budgeted over the past seven years, leaving an available balance of \$149,418.

The Subrecipient and Interagency Agreement for Streetcar Funding authorized by Resolution 2018-0298 does not propose any additional City contributions beyond \$9 million; however, it does provide that any cost overruns beyond what is identified in the budget will need to be covered by the JPA or the two cities. At this time, outside of the budgeted contingency, there is no funding set-aside to cover any cost overruns or City staff support for the project. If the costs exceed the established budget, the project will need to be reduced or additional funding obtained.

Local Business Enterprise (LBE): Not applicable.

Background: Under a Memorandum of Understanding initiated in 2004, the Cities of Sacramento and West Sacramento agreed to develop a streetcar system. Since 2012, the project has been managed by the Sacramento Area Council of Governments (SACOG) and Sacramento Regional Transit (RT). In March 2017, the Cities of Sacramento and West Sacramento approved a Joint Exercise of Powers Agreement (JEP), City Agreement No. 2017- 0382, that created a separate legal entity, the Riverfront Joint Power Authority (JPA) to acquire, plan, design, finance, construct, own, operate, and maintain a fixed-rail streetcar system that will operate within and between Sacramento and West Sacramento.

On May 1, 2014, the Federal Transit Administration (FTA) authorized entry into the project development phase. On May 30, 2014, the City of Sacramento executed an agreement with SACOG to provide \$2 million to SACOG toward costs of project development. SACOG also committed to use \$5 million in federal funds and \$1,570,000 in transit funds for this phase of the project.

On January 13, 2015, City Council passed Motion No. 2015-0007 assigning \$7 million of City funds to the Project including:

- \$1 million in Cal EPA Lease Revenue
- \$1 million in Community Development Block Grants (CDBG) (Note that the Staff Report indicated that if the CDBG funds were not available, the funds would be replaced by the Economic Development Fund)
- \$2 million in Economic Development Fund

- \$3 million from FY2013/14 year-end available operating balance

In 2016, RT agreed to a commitment of up to \$25 million of State Proposition 1A funds towards the construction of the Project in consideration for a commitment to update the 32-year-old Operations and Maintenance agreement, which specifies policy and cost allocations for operations and maintenance of the Light Rail system within the City of Sacramento, as well as other matters regarding existing City and RT agreements. City Council approved a motion to execute an Amended and Restated Light Rail System Operations and Maintenance Agreement on June 7, 2018 (Motion No. 2018-0174). These funds have since been reprogrammed to purchase light rail vehicles since the Small Starts Grant Agreement was not awarded in 2018 as stipulated in the RT commitment. RT intends to replace this funding with future Measure A.

RT submitted a grant application to the California State Transportation Agency (STA) in 2016 on behalf of the Downtown Riverfront Streetcar Project and was awarded \$30 million in Transit and Intercity Rail Capital Program (TIRCP) funding towards construction of the Project.

On December 13, 2016, the City executed an Interagency Project Agreement with RT and the City of West Sacramento for design and engineering for the project. Each City agreed to pay \$3 million toward this work. On June 6, 2017, the City entered into a second Interagency Project Agreement with RT and City of West Sacramento for support Small Starts Grant preparation, vehicle maintenance facility design, and specialty consultant services for the project. Each City agreed to pay \$2.45 million toward this agreement.

The JPA, comprised of the City of Sacramento and the City of West Sacramento was established in March 2017 to acquire, plan, design, finance, construct, own, operate, and maintain a fixed-rail streetcar system that will operate within and between the two cities.

On July 25, 2018, RT and the JPA entered into three agreements collectively referred to as the “Governance Documents”, to set forth the parameters for funding, design, construction and operations of the Project, including the Subrecipient and Interagency Agreement for Streetcar Funding (to which the Cities are also parties)(“Subrecipient Agreement”), the Design, Procurement and Construction Agreement (“DPC Agreement”), and the Operations and Maintenance Agreement (“O&M Agreement”). The DPC Agreement provides for RT to perform and be paid for design and construction activities, including third-party contracts, necessary to complete the Project.

On August 17, 2018, the Cities and the Authority entered into the Interagency and Cost Reimbursement Agreement (C2018-1217) to establish, as between the Cities and the JPA, the allocation of further contributions by the Cities (\$2.3 million by the City of West Sacramento and \$300,000 for the City of Sacramento) to fund RT’s work under the DPC Agreement, without modifying the Authority’s obligations to RT under the DPC Agreement.

Pursuant to the 2016 Interagency Agreement and DPC Agreement, RT completed final design of the

Civil, Track, Systems and Station work for the Project and, in October 2018, issued an Invitation to Bid for Construction of Downtown/Riverfront Streetcar Civil, Track, Structures, Stations & Systems. The bids received in response to the Invitation to Bid in January 2019 were far in excess of the amount budgeted for that portion of the Project.

On March 20, 2019, the JPA issued a stop notice to RT consultants and staff to cease work on the Project. In the intervening period, RT, the Cities, the JPA and SACOG have worked with the FTA to determine a path forward to use the appropriated federal funds, with local match, to complete a 1.1 mile portion of the Project, within the available budget that would be owned, operated, and maintained by RT.

To continue to make progress towards the FTA Small Starts Grant Agreement, RT staff intends to supplement existing agreements with HDR, Inc., AECOM, and Fehr & Peers in an amount not to exceed \$1,113,293. The HDR Design Team will prepare Final Design plans for the revised Project. AECOM will perform the Environmental Update and provide Small Starts application support. Fehr & Peers will perform an updated Travel Forecast. The Final Design plans will include all disciplines including track, civil, drainage, utility coordination, conflict resolution and relocations, systems, signing/stripping, lighting, and traffic signal installation plans as needed to construct a fully operational streetcar.

To date, the City of Sacramento has expended \$8,909,746 towards the Project out of \$9,059,164 budgeted over the past seven years leaving a balance of \$149,418.

RT has been responsible for submitting materials necessary for the Small Starts Grant application to the FTA on behalf of the City of Sacramento and the City of West Sacramento.

Upon award, RT will be the named grant recipient for the Small Starts Grant Agreement as the designated recipient for FTA grants in the Sacramento Metropolitan Area. The revised project will be owned, operated, and maintained by Sacramento Regional Transit.