



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Staff Report
March 24, 2009

Honorable Mayor and
Members of the City Council

Title: Downtown/Riverfront Streetcar Policy Discussion

Location/Council District: All Districts

Recommendation: Direct staff to conduct a comprehensive citywide study of alternative streetcar routes which will evaluate various alignments including a modified Downtown/Riverfront Streetcar line. The study will include a phasing plan based on maximum economic, environmental and mobility benefits. As part of this study conduct a comprehensive public and community outreach program to build public consensus for a streetcar network. Wait to make a decision on what the next phase of work should be until after this study is complete.

Contact: Azadeh Doherty, Principal Planner, 808-3137

Presenters: Jerry Way, Director of Transportation; Azadeh Doherty, Principal Planner

Department: Transportation

Division: Office of Director

Organization No: 15001041

Description/Analysis

Issue: In May 2006, the City of Sacramento entered into a Memorandum of Understanding (MOU) to work in partnership with the City of West Sacramento, Regional Transit (RT) and Yolo County Transit District (YCTD) to study the feasibility of a streetcar project that would connect Downtown West Sacramento with Downtown Sacramento. The City participated in the feasibility study and the subsequent environmental and engineering analysis for this particular alignment. The City Council has heard informational briefings but has not taken formal action regarding future phases of the Downtown/Riverfront Streetcar project.

Policy Considerations: During the last eighteen months, some policy issues and other concerns have been raised and are summarized under four general categories of: 1) Route, 2) Financing, 3) Opportunity Cost - best expenditure of funds, and 4) Alignment with City plans and vision.

Route

- Impact on Capitol Mall - The State Department of General Services (DGS) raised concerns regarding the Downtown/Riverfront Streetcar alignment because of its operation on the median of Capitol Mall. They also raised that the proposed project is inconsistent with the Capitol Area Plan and it will have potential negative impacts on the Capitol view corridor. DGS believes that streetcar operation on the Capitol Mall will obstruct access to the utility infrastructure beneath the Capitol Mall roadway which would necessitate moving the existing utilities.

Since the 1990's, there have been several efforts contemplated to change the vision of Capitol Mall and use the existing right-of-way differently. It is unknown if the streetcar alignment is compatible with the vision for Capitol Mall.

- Choice of starter line within City of Sacramento - Potential options that have been suggested include a modified version of the Downtown/Riverfront Streetcar line which would link Central City destinations such as Downtown, Midtown, Railyards, Broadway and R Street corridors. Other opportunity areas include California State University, Sacramento (CSUS), Cal Expo and Arden Fair Mall. All of the above mentioned destinations are identified as potential streetcar routes in the Regional Transit's draft Transit Master Plan.
- Tower Bridge Operations - Caltrans has determined that the historic Tower Bridge can accommodate a streetcar alignment that operates down the center of the bridge structure – as it did until 1963. They commented that it may be best to stop traffic on both sides of the bridge whenever a streetcar crosses the bridge structure, in contrast to the planned operations which would stop only the opposing traffic. They have asked for additional traffic analysis to address operational issues.

Financing

- Capital costs – The capital cost of the Downtown/Riverfront Streetcar project is projected to be approximately \$69 million. The draft finance plan developed for the Downtown/Riverfront Streetcar project recommends that the City of Sacramento pay approximately 43%, or \$30 million (\$23 million in parking fees and \$7 million in future transportation impact fees) of the project's capital costs. The City of West Sacramento's share is 16.6% or \$11.5 million.

The remainder of the capital cost are private sector property fees (\$19.6 million, of which Sacramento property owners would be responsible for

\$17.4M), State of California property fees (\$6 million), West Sacramento revenues (\$11.5 million) and Advertising (\$2 million).

- Operating costs – The estimated annual operating cost of the streetcar project is \$3.55 million. The funding plan proposes that the City of Sacramento's share will be \$460,000 per year and will be funded through parking revenues. The remainder would be paid for as follows: \$400,000 Hotel Assessment, \$1.19M West Sacramento sales tax, \$1M farebox revenues, \$310,000 advertising and \$200,000 reallocation of cost of discontinued bus service.
- Parking policy and impact on revenue - Central City parking is a dynamic issue affected by demand/supply, pricing and other factors. The City of Sacramento's parking policy strives to balance the need and cost of parking with support of transit and other alternate modes of transportation. The City of West Sacramento does not have a similar comprehensive parking policy. Although West Sacramento has some paid parking spaces, much of the parking in West Sacramento is unregulated at the other end of this streetcar line, which will undermine the City of Sacramento's parking policy resulting in a loss of parking revenues, both on-street and off-street. This is an important concern since the City's Parking Enterprise Fund and on-street parking General Fund revenues are identified as a major source of capital and operating expenses of this streetcar line. The capital plan includes additional increases to the City's parking fees to cover the streetcar costs.
- State Budget - The proposed funding strategy imposes \$6 million in property fees on the State to fund the capital cost of the project; this may be difficult in light of the State's current financial challenges.

Opportunity Cost

- Property owner support - The Downtown Sacramento Partnership (DSP) submitted a letter to the City stating its opposition to the Downtown/Riverfront streetcar alignment and the proposed funding strategy which imposes an assessment on downtown properties. This assessment is projected to provide \$19.4 million of the capital costs of which the Sacramento share is \$17.4 million. The DSP expressed that "the current Streetcar proposal represents an inequitable and onerous burden on downtown property owners while not providing a connection to key development sites in Sacramento."
- Parking revenues - As mentioned earlier, the City's parking funds are identified as the source of capital and future operation of this streetcar line. The funding plan proposes that both the City's on-street and off-street parking fees be increased to pay for the construction and operation

of this project. Best expenditure of future parking funds should be on a project that provides the City with maximum economic, environmental and mobility benefits.

Alignment with City plans and vision

Economic Development Opportunity – City staff believes streetcar projects offer great economic development opportunities with strategically planned routes. The destinations that the City should consider connecting via streetcars are the Railyards, California State University Sacramento, R Street and Midtown Sacramento.

Environmental Considerations:

California Environmental Quality Act (CEQA): The West Sacramento-Downtown Streetcar project is currently undergoing review under the California Environmental Quality Act (CEQA). This action of policy discussion does not involve an activity that may cause a direct or indirect change in the environment and does not require compliance with the California Environmental Quality Act (CEQA) (Public Resources Code Section 21065).

Sustainability Considerations: All work related to the development and operation of a streetcar system supports the City's Sustainability policies.

Other: None.

Commission/Committee Action: The Sacramento Downtown Partnership Board passed a motion to oppose the proposed Sacramento/West Sacramento project given current cost and benefits ratio.

Rationale for Recommendation: In 1995, the City of Sacramento in partnership with Regional Transit studied the feasibility of Historic Trolley lines in Downtown Sacramento. Regional Transit's new draft Master Plan also shows a future streetcar network in Sacramento. Considering the financial, policy and operational concerns raised regarding this alignment, and in light of the City's 2030 General Plan and the future land-use policies for Downtown, Midtown and other parts of Sacramento, the City has the following options:

1. Continue to move forward on the Downtown/Riverfront Streetcar project and fund Phase 3 work including: further modification and refinement of the finance plan; determine the design and construction approach; and procurement method for vehicles. The City of Sacramento's estimated share for this phase is approximately 40% of the total; if no regional or outside funding for the project is contributed,

this could be \$400,000 in the next fiscal year. The City does not have a fund source for this work.

- 2. Direct staff to conduct a comprehensive citywide study of alternative streetcar routes which will evaluate various alignments including a modified Downtown/Riverfront Streetcar line. The study will include a phasing plan based on maximum economic, environmental and mobility benefits. As part of this study conduct a comprehensive public and community outreach program to build public consensus for a streetcar network. Wait to make a decision on what the next phase of work should be until after this study is complete. The estimated cost of the study is \$300,000 to \$400,000.
- 3. Decide not to invest City funds to study or further develop any streetcar projects at this time.

Staff recommends Option 2 which will allow for further analysis to ensure that investment of City funds is financially feasible and that it produces the maximum economic, environmental and mobility benefits for the City of Sacramento.

Financial Considerations: None as result of this action. Should council direct staff to conduct a comprehensive study of alternative streetcar routes citywide which evaluates alignments and phasing for maximum economic, environmental and mobility benefits, a separate item will be brought to Council regarding the funding of the study.

Emerging Small Business Development (ESBD): None as result of this action.

Respectfully Submitted by: Francesca Lee Halbakken for
Francesca Lee Halbakken
Operations Manager

Approved by: Jerry Way
Jerry Way
Director of Transportation

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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Attachment 1**Background**

The streetcar idea is not a new concept for the City of Sacramento. Streetcars operated by PG&E from 1906 through the 1930s were used in many areas such as Oak Park, Curtis Park and Downtown. Over the past 20 years the streetcar idea has received a lot of attention and many people would like to see streetcars operate in Sacramento again.

In 1995, the City of Sacramento in partnership with Regional Transit studied the feasibility of historic trolley lines in Downtown Sacramento. This study concluded that Downtown Sacramento is a superb candidate for streetcar service that would complement the new development that is planned for this area. In recent years streetcars have functioned as a catalyst for economic development.

In 2005, former Sacramento Mayor Fargo and West Sacramento Mayor Cabaldon agreed to support the concept that involved the creation of a new streetcar line that would connect Downtown Sacramento with Downtown West Sacramento.

Based on this policy decision, in May 2006, the City of Sacramento entered into a Memorandum of Understanding (MOU) to work in partnership with the City of West Sacramento, Regional Transit and Yolo County Transit District to study the feasibility of a streetcar project to connect Downtown West Sacramento with Downtown Sacramento. The feasibility study was the Phase 1 work of this project. In May 2007, with the financial help of a \$500,000 grant from the Sacramento Area Council of Governments (SACOG), a feasibility study was completed and it was determined that the development of a streetcar line to connect the two cities was feasible. The Sacramento City Council approved the proposed Downtown/Riverfront Streetcar route alignment and authorized staff to continue to work with the parties through the completion of the environmental review and the preliminary design phase of the streetcar project.

With the financial assistance (\$2.5 million) from a State Transportation Improvement Program (STIP) grant that was awarded to YCTD which was originally programmed to be used for planning the light rail extension from Downtown Sacramento to West Sacramento, the four parties hired a team of consultants to work on the engineering and environmental analysis of the Downtown/Riverfront Streetcar Project. The Preliminary Engineering and Environmental Review was the Phase 2 of this project. The City of Sacramento did not provide any financial contribution toward the work on Phase 1 or Phase 2 of this project.

The Draft Environmental Impact Report for the Downtown/Riverfront Streetcar was published in September 2008 and both staff and the public have had an opportunity to review the environmental document. The Final EIR is currently in preparation and the City Council, along with other jurisdictions will have the opportunity to review the environmental document.

The MOU that was established among the four parties in 2006 expired in 2008. In July 2008, staff and consultants made an oral presentation to the City Council regarding the financial assumptions for this streetcar line. Currently, the City Council has not taken a formal action to approve the proposed Finance Plan or any other work related to the future phases of this project. Implementation of the Downtown/Riverfront streetcar line requires a major capital investment by the City of Sacramento. The City has never performed an "alternative analysis" to determine whether this streetcar alignment is the best investment option for the City of Sacramento and whether there are other Streetcar routes that should be considered. Staff believes that before any revenue from scarce transportation resources of the City of Sacramento are invested in a streetcar line, a comprehensive study should be conducted to determine the best streetcar options and the appropriate subsequent phases. Based on this brief analysis, staff recommends seeking resources to perform such a study and, after completion of this study, staff will evaluate its recommendations.

A brief synopsis of the Downtown/Riverfront Capital and Operating Funding Plan

The Capital cost of the Downtown/Riverfront Streetcar is projected to be \$69.1 million in 2008 dollars. This estimate assumes that modern streetcar vehicles will be used on the line. The recommended capital funding package and its individual funding sources are as follows:

Private property fees (assessments): \$19.4 million (**\$17.4 million- Sacramento, \$2 million-West Sac.**)

State property fees (assessments): \$6 million

City of Sacramento Parking Revenues: \$23.2 million

City of Sacramento Transportation Impact Fees: \$7 million

City of West Sacramento Transportation Impact Fees: \$7 million

City of West Sacramento Sales Tax: \$4.5 million

Sponsorships: \$2 million

The annual operating cost of the Streetcar is projected to be \$3.55 million. The Recommended Operating funding plan on annual basis is as follows:

City of Sacramento Parking Revenues: \$460,000

Hotel Assessment: \$400,000

City of West Sacramento Sales Tax Revenues: \$1,190,000

Farebox Revenues: \$1,000,000

Advertising: \$310,000

Reallocation cost of overlapping bus service: \$200,000

