

Meeting Date: 1/13/2015

Report Type: Staff/Discussion

Report ID: 2015-00041

Title: Assignment of Funds to the Downtown/Riverfront Streetcar Project

Location: Districts 3 and 4

Recommendation: Pass a Motion assigning \$7 million of City funds including \$1 million Cal EPA Lease Revenue, \$1 million CDBG (pending availability), \$2 million Economic Development Fund, and \$3 million Fiscal Year 2014 Year-end (pending CAFR and Midyear Review) for the streetcar project, with the assignment subject to the following conditions: the assigned funds will not be committed to, and may not be spent on, the streetcar project unless 1) the City Council submits an advisory question to the property owners within the proposed streetcar Community Facilities District (CFD), asking whether they want the City to go forward with the streetcar project, and a majority of the owners who respond, with their responses weighted according to the estimated amount of each owner's special tax, are in favor of the project; 2) the City Council submits the proposed CFD's tax to the registered voters residing within the CFD, and at least two-thirds of the voters who vote are in favor of the tax; and 3) the City prepares and the City Council considers and approves or certifies an appropriate environmental document as required by CEQA. The assignment of funds would be terminated if the City Council decided not to go forward with the project.

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Presenter: Denise Malvetti, Sr. Project Manager (916) 808-7064, Economic Development Department; Fedolia "Sparky" Harris, Principal Planner, (916) 808-2996, Department of Public Works

Department: Economic Development Dept / Public Works Department

Division: Citywide Development

Dept ID: 18001031

Attachments:

1-Description/Analysis

City Attorney Review

Approved as to Form
Joseph Cerullo
1/7/2015 2:50:16 PM

Approvals/Acknowledgements

Department Director or Designee: John Dangberg - 1/7/2015 9:30:40 AM

Description/Analysis

Issue Detail: The City has been working in cooperation with the City of West Sacramento, the Sacramento Regional Transit, the Yolo County Transportation District, and the Sacramento Area Council of Governments (SACOG) to complete the engineering, environmental analysis, and special studies necessary to seek grant funding through the Federal Transit Administration (FTA) to help fund the Downtown/Riverfront Streetcar Starter Line. In May 2014, the project was accepted as part of the Project Development phase of the FTA's Small Starts Grant Program, which is the first major milestone toward securing funding. In September 2014, the project team, the Cities of Sacramento and West Sacramento and SACOG submitted the federal grant application requesting \$75 million of the \$150 million to fund the project. A contribution from the City of Sacramento is needed to cover project costs, show the City's commitment to the project, increase the project's competitiveness for federal funding, and recognize the benefit that the city will receive from the addition of the streetcar.

Policy Considerations: The following Sacramento 2030 General Plan policies support the analysis proposed to be accomplished by the recommendation:

M 1.2.1 Multimodal Choices – The City shall promote development of an integrated, multi-modal transportation system that offers attractive choices among modes including pedestrian ways, public transportation, roadways, bikeways, rail, waterways, and aviation and reduces air pollution and greenhouse gas emissions.

M 3.1.3 Variety of Transit Types – The City shall consider a variety of transit types including high speed rail, inter-city rail, regional rail, light rail transit, bus rapid transit, trolleys (streetcars), enhanced buses, express buses, local buses, neighborhood shuttles, pedi-cabs, and jitneys to meet the needs of residents, workers, and visitors.

M 3.1.14 Streetcar Facilities – The City shall support the development of streetcar lines in the Central City and other multi-modal districts.

The action requested is also consistent with Goal #1 of the City's 2013 Economic Development Strategy, specifically Action 1.13: Continue planning, outreach, and design efforts with partner agencies for the Downtown/Riverfront Streetcar Project in order to pursue funding and construction of this West Sacramento to Downtown and Midtown connector.

Economic Impacts: Although this is an administrative action at this time, in October 2013 an Economic Benefits Analysis was completed for the Downtown/Riverfront Streetcar Project. The report indicated significant economic benefits to both private and public sector property owners because streetcars spur increased economic development. It is estimated that in the first 17 years of operation the City could benefit from additional tax revenues in the amount of \$38–\$77 million from additional property, sales, and transient-occupancy taxes. The construction of the project would create jobs. In addition, jobs would be created by the economic activity spurred by the project. The job-creation calculations would be reported upon completion of design and funding of the project.

Environmental Considerations: Under the California Environmental Quality Act Guidelines, the proposed action does not constitute a project and is therefore exempt from review because it is a government fiscal activity involving no commitment to a specific project that may result in a potentially significant physical impact on the environment. (Cal. Code Regs., title 14, § 15378(b)(4) & (5).

Sustainability: The recommended action supports the Climate Action Plan goal to create a connected multi-modal transportation network that increases the use of sustainable modes of transportation (e.g., walking, biking, and transit) and reduces dependence on automobiles.

Commission/Committee Action: None.

Rationale for Recommendation: An assignment of funds from the City of Sacramento to the streetcar project is critical to show the City’s commitment to the FTA and other project funding partners. The \$7 million amount is proportional to the City’s share of land within close proximity to the proposed streetcar route.

Financial Considerations: The total cost to construct the streetcar project is \$150 million. In September 2014, Regional Transit, on behalf of the project team, submitted a grant application to the FTA Small Starts Program and requested \$75 million. The Small Starts Program will fund up to 50% of a project up to a maximum of \$75 million. The proposed sources and uses below outline the split of the remaining \$75 million:

Sources	
Federal Transit Administration	\$75,000,000
City of West Sacramento	\$25,000,000
State of California	\$10,000,000
County of Sacramento	\$3,000,000
City of Sacramento	\$7,000,000
Community Facilities District	\$30,000,000
	\$150,000,000
Uses	
Guideway and Track Elements	\$14,902,000
Stations/Stops	\$2,103,000
Maintenance Facility	\$15,852,000
Sitework and Special Conditions	\$20,156,000
Systems (inc. power, controls, signals)	\$26,094,000
Vehicles	\$31,533,000
Professional Services (engineering, construction admin, legal, surveys)	\$25,336,000
Unallocated Contingency	\$14,024,000
	\$150,000,000

At the January 13th Council Meeting, Council will also be asked to initiate proceedings on the formation of the Community Facilities District (CFD). If formed, the CFD will provide funding of approximately \$30 million from private property owners towards the construction of the streetcar line. Because public entities cannot participate in CFDs at formation, it is proposed that the public agency property owners contribute to the project proportionally by ownership alongside the private sector partners. The City of Sacramento owns approximately 14% of the land contained in the proposed CFD area, which represents a contribution of \$7 million of the total \$50 million contribution from the funding area.

Staff proposes that City Council assign \$7 million to the streetcar project, subject to future appropriation authority once funding sources are finalized (after federal Community Development

Block Grant (CDBG) funding is known). The following funds have been identified to fund the City's contribution:

Cal EPA Building Lease Revenue	\$1,000,000
Community Development Block Grant (pending availability)	\$1,000,000
Economic Development Fund	\$2,000,000
Fiscal Year 2014 Year-end (pending CAFR and Midyear Review)	<u>\$3,000,000</u>
	\$7,000,000

CDBG funds are appropriated annually in the fall for the following year by the Sacramento Housing and Redevelopment Agency (SHRA). City staff will work with SHRA staff to ensure that the CDBG funds are committed to the streetcar project; however, should the funds not be available from CDBG, the Economic Development Fund will be used to replace the \$1 million as necessary.

Local Business Enterprise (LBE): Not applicable since no goods or services are being procured at this time.