

REVISED AGENDA



JOINT MEETING

RIVERFRONT JOINT POWERS AUTHORITY BOARD/ POLICY STEERING COMMITTEE

In accordance with the requirements of California Government Code section 54950 et seq., notice is hereby given of a joint meeting of the Board of Directors of the Riverfront Joint Powers Authority/Policy Steering Committee at the following time and location:

August 1, 2018, at 10:00 a.m.
Sacramento Area Council of Governments
Rivers Rooms
1415 L Street, Suite 300
Sacramento, CA 95814

AGENDA

ROLL CALL

JPA Directors: Councilmember Jeff Harris; Councilmember Chris Ledesma; Vice Chair Christopher Cabaldon; and Chair Steve Hansen

Policy Steering Committee Members: Mayor Christopher Cabaldon, Jack Ehnes, Mark Friedman, Vice Mayor Steve Hansen, Councilmember Jeff Harris, Denton Kelley, Councilmember Chris Ledesma, David Taylor, Supervisor Oscar Villegas

INTRODUCTIONS

ACTION ITEMS

1. Adopt June 19, 2018, Meeting Minutes
2. Project Controls Contract Task Approval
3. Approve Cost Reimbursement Agreement Between City of Sacramento, City of West Sacramento, and the Riverfront Joint Powers Authority
4. Appointment of Fifth Director

INFORMATION ITEMS

5. Vehicle Update
6. Project Status Report
7. Other Items

PUBLIC COMMENT

Members of the public are provided the opportunity to address the Board on matters not on the agenda and within the subject matter jurisdiction of the Authority.

ADJOURNMENT

Note: The Board may take action on any matter, however listed on this Agenda, and whether or not listed on this Agenda, to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

Next Meeting Date: September 18, 2018

Accessibility: *The meeting is accessible to the disabled, in compliance with the Americans with Disabilities Act and other applicable laws and regulations. A person who requires a modification or accommodation, auxiliary aids or services in order to participate in this meeting, including receiving this agenda and attachments in an alternative format, should contact Lanette Espinoza at (916) 340-6236 as soon as possible and preferably at least 48 hours prior to the meeting.*



MEMORANDUM

TO: Board of Directors
Riverfront Joint Powers Authority

FROM: Streetcar Project Management Team

RE: Staff Report, Agenda Item 1
Adoption of June 19, 2018, Meeting Minutes

DATE: July 25, 2018

DISCUSSION:

A meeting of the Riverfront Joint Powers Authority was held on June 19, 2018. Attached are the draft minutes from the meeting.

RECOMMENDATION:

Staff recommends adoption of the attached minutes.

Draft Minutes – June 19, 2018
Joint Meeting
Riverfront Joint Powers Authority Board of
Directors
Downtown/Riverfront Streetcar Project
Policy Steering Committee

SACOG Rivers Room 1415 L
Street, Suite 300
Sacramento, CA 95814

Vice Chair Cabaldon called the meeting to order at 10:01 a.m.

1) **Introductions** – Board members attending were: Directors Harris, Johannessen (for Ledesma), Vice Chair Cabaldon, and Director Guerra (for Chair Hansen).

PSC members attending were:

City of Sacramento Appointees:

Councilmember Jeff Harris
David Taylor

West Sacramento Appointees:

Mayor Christopher Cabaldon
Councilmember Mark Johannassen

Sacramento Regional Transit District Appointee:

Councilmember Jeff Harris

Yolo County Transportation District Appointee:

Supervisor Oscar Villegas

Staff attending were: John Valsecchi, SACOG Project Manager
Denix Anbiah, City of West Sacramento
Jason McCoy, City of West Sacramento
Ed Scofield, Regional Transit
Neil Nance, Regional Transit
Jose Perez, Yolo County Transportation District
Chris Delfino, Delfino Madden O'Malley Coyle Koewler, LLP

1) **Appointment of a Fifth Director:**

Kirk Trost updated the board on the appointment of a fifth director. The board asked Mr. Taylor not to withdraw as the nominee until further research could be conducted regarding conflicts of interest.

2) **Adoption of May 15, 2018, Minutes**

Director Harris made the motion, seconded by Director Johannessen, to approve the minutes of the May 15, 2018, Joint Streetcar JPA & Policy Steering Committee meeting as submitted. The motion passed unanimously.

3) **Approve 2018-2019 JPA Budget**

Vice Chair Cabaldon made the motion, seconded by Director Harris, to adopt a partial year budget and ask Sacramento Regional Transit District to release Proposition 1A funds for the project. The motion passed unanimously.

4) **Approve Governance Agreements:**

Director Harris made the motion, seconded by Director Johannessen, to approve the following Agreements:

- Subrecipient and Interagency Agreement for Streetcar Funding
- Design, Procurement, and Construction Agreement for the Streetcar Project
- Operations and Maintenance Agreement for the Streetcar Project

The motion passed unanimously.

5) **Approve Revised Draft Conflict of Interest Code**

Director Johannessen made the motion, seconded by Director Guerra, to approve the draft Conflict of Interest Code as presented and authorize submission to the FPPC for review and approval as required by law. The motion passed unanimously.

6) **Station Workshop:**

HDR, Inc. provided the workshop.

7) **Project Status Report:**

John Valsecchi, Project Manager, provided the status report.

8) **Other Items:**

There were no other items.

Public Comment:

There was no public comment.

There being no further business, Vice Chair Cabaldon declared the meeting adjourned at 11:23 a.m.



MEMORANDUM

TO: Board of Directors
Riverfront Joint Powers Authority

FROM: Streetcar Project Management Team

RE: Staff Report, Agenda Item 2
Conditional Award of Project Controls Contract

DATE: August 1, 2018

DISCUSSION:

The Downtown Riverfront Streetcar Project will require consultant services to provide project controls for final design, construction, start-up and closeout phases of the Project. Project control services will fulfill two project functions:

1. To provide the project with an independent analysis and review of schedule, cost and contract issues as required by FTA; and
2. To provide independent process discipline and project management advice to the project team during the final design, construction and start-up phases of the Project.

The scope of work will involve scheduling, estimate reviews, project cost tracking and monitoring, status and progress reporting, trend analysis and document control support. The Project Control Consultant will assist JPA staff by providing special experience, expertise and skills required to undertake the necessary project controls activities while maintaining an independent voice to help ensure the Project is completed on time and within budget.

On May 2, 2018, a Request for Proposals (RFP) for Project Controls Services for Streetcar Project was released by Sacramento Regional Transit (RT). On May 30, 2018, RT received proposals from the following five firms:

1. Jacobs Project Management Company
2. KKCS
3. Spire Consulting Group, LLC
4. AEC Controls
5. Stellar Services

Each proposal was scored based on the proposer's Project understanding, staffing and experience, and approach to the work.

Following review by the selection committee, Jacobs Project Management Company was selected as the most qualified firm to perform this work. Work will be requested on a Work Order basis as needed. The not to exceed amount for this contract is \$1,500,000. However, staff will only issue work orders consistent with funding that is available for the approved FY 2019 budget.

RT has conditionally awarded this contract and is awaiting approval from the JPA Board or its authorized designee before executing Project contracts. In addition, contract negotiations between RT and Jacobs are on-going concerning indemnity and retention. Because of this, execution of this contract will be contingent upon successful negotiations between RT and Jacobs, and conditioned on no protests being filed in a timely manner.

RECOMMENDATION:

Staff recommends conditional contract award for Project Controls Services for Streetcar Project to Jacobs Project Management Company in an amount not to exceed \$1,500,000.



RESOLUTION NO. 2018-19

AWARD A CONTRACT FOR PROJECT CONTROLS SERVICES AND APPROVE WORK ORDER NO. 1 FOR CONSTRUCTION MANAGEMENT SERVICES

BE IT RESOLVED by the Board of Directors (“Board”) of the Downtown Riverfront Joint Powers Authority (the “Authority”) that the Contract between the Sacramento Regional Transit District, therein referred to as “SacRT,” and Jacobs Project Management Co., therein referred to as “Consultant,” whereby Consultant agrees to provide Project Controls Services on a Work Order basis for the Downtown Riverfront Streetcar Project, as specified, for an amount not to exceed \$1,500,000, is conditionally approved pending (1) successful completion of contract negotiations between SacRT and Consultant and (2) conditioned on no protest being filed in a timely manner.

This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this first day of August 2018, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

INTERAGENCY AND COST REIMBURSEMENT AGREEMENT

TO SUPPORT SMALL STARTS GRANT PREPARATION, PROJECT STAFF TIME, VEHICLE PROCUREMENT, VEHICLE MAINTENANCE FACILITY DESIGN, SPECIAL TRACKWORK AND SPECIALTY CONSULTANT SERVICES FOR THE DOWNTOWN RIVERFRONT STREETCAR PROJECT

This Agreement ("Agreement") is made as of this ____ day of _____, 2018 ("Effective Date"), by and between THE CITY OF SACRAMENTO ("Sacramento"), THE CITY OF WEST SACRAMENTO ("West Sacramento") and THE RIVERFRONT JOINT POWERS AUTHORITY ("JPA"); Sacramento and West Sacramento are herein sometimes referred to as the "Cities," and collectively all parties are referred to herein as "the Parties."

RECITALS:

- A. Cities desire to design and construct a streetcar line through Downtown and Midtown Sacramento, over the Tower Bridge and into West Sacramento through the Bridge District and Civic Center District (the "Project").
- B. On March 21, 2014, the Sacramento Area Council of Governments ("SACOG") submitted a letter to the Federal Transit Administration ("FTA") requesting entry into the Small Starts Project Development as defined by the FTA. On May 1, 2014, FTA approved entry into the Project Development phase for the Project.
- C. The current cost estimate of the Project including: Project Development and construction of the streetcar starter line, relocation of light rail from K Street to H Street, light rail extension to Raley Field and Streetcar Riverfront Street alignment is \$208.5 million. The project partners intend to share Project costs as shown in Exhibit A. The Cities' portion of funds will be used for Small Starts grant preparation efforts, Project staff time, vehicle procurement, vehicle maintenance facility design, special trackwork, specialty consultant services, and other activities necessary to advance the Project.
- D. Sacramento Regional Transit District's (RT's) demonstrated technical expertise in managing the design and construction of rail projects is necessary to satisfy the FTA. RT's time and resources qualify for project reimbursement from the local funds (defined as the funding shown on Exhibit A to be provided by the Cities, RT, and the County of Sacramento), all of which will ultimately be used as match funding to FTA's Small Starts funds.
- E. In order to provide the necessary resources and staff time from the Cities, RT, SACOG and eligible consultants, timely funding must be available to ensure the Project remains on schedule to receive a Small Starts Grant Agreement (SSGA) at the earliest opportunity.

- F. On May 30, 2014, the City of Sacramento and SACOG entered into a subrecipient agreement through which the City of Sacramento contributed \$2.0 million for the Project Development activities of the project.
- G. On November 16, 2016, RT and the Cities entered into an Interagency Project Agreement to support Design and Engineering of the Downtown Riverfront Streetcar project through which each city contributed up to \$3 million of the funds identified in Exhibit A towards the Design and Engineering of the Project.
- H. On July 10, 2017, RT, SACOG and the Cities entered into an Interagency and Cost Reimbursement Agreement to support Small Starts Grant Preparation, Vehicle Maintenance Facility Design, and Specialty Consultant Services for the Downtown Riverfront Streetcar project through which each city contributed \$2.45 million of the funds identified in Exhibit A towards procurement and further Design and Engineering of the Project.
- I. On or about June 2018, RT, SACOG, and the Cities entered into the First Amendment to the November 16, 2016, and July 10, 2017, Agreements in order to modify certain provisions related to submittal of invoices and the time of payments to RT, in order to facilitate RT's cash flow for the project. In order to facilitate the City of West Sacramento's use of tax exempt bond proceeds issued within the Bridge District, all tasks related to the Bridge District portion of the project must be broken out separately. The use of restricted bond proceeds requires separate invoicing and payment related to Bridge District tasks.
- J. The Parties wish to enter into this Interagency and Cost Reimbursement Agreement to set out the terms and conditions for the Cities to fund additional Small Starts grant preparation efforts, Project staff time, vehicle procurement, vehicle maintenance facility design, special trackwork, specialty consultant services, and other activities necessary to advance the Project.
- K. This Agreement covers the costs associated with additional Small Starts grant preparation efforts, Project staff time, vehicle procurement, vehicle maintenance facility design, special trackwork, specialty consultant services, and other activities necessary to advance the Project. However, specific funding levels for each item are not listed in order to provide staff with the flexibility to move funds within the specific work items as needed to continue advancing the Project.
- L. On April 25, 2016, the RT Board of Directors awarded Task 1 design services to HDR using funds that had already been secured from the City of Sacramento and SACOG for Project Development. Task 1 advances streetcar design, which includes the Riverfront alignment and the light rail extension to Raley Field, to 85% at a cost of \$4,704,884.89. Funding for Task 1 and RT staff time was provided by the City of Sacramento and SACOG through a subrecipient agreement with RT.
- M. On January 25, 2017, the RT Board of Directors awarded Tasks 2, 3 and 4 to HDR using funds secured from the Cities for Project Development. Task 2 advances streetcar design to 100%. Task 3 advances design of the light rail relocation from K Street to H Street

(between 8th Street & 12th Street). Task 4 will provide preliminary and final design of the Vehicle Maintenance and Service Facility (VMSF) site work including the layout of the yard track, overhead contact system (OCS), Traction Power Substation (TPSS) and Signaling. Total consultant cost of all three tasks is \$5,453,354.83. Funding for Tasks 2, 3 and 4, as well as RT staff time were provided by Sacramento and West Sacramento through the interagency agreement with RT dated November 16, 2016.

- N. As the project continues to advance, additional Project funding is required to support efforts related to Small Starts grant preparation efforts, Project staff time, vehicle procurement, vehicle maintenance facility design, special trackwork, numerous specialty consultant services, and other activities necessary to advance the Project.
- O. A total of \$2,600,000 is needed as part of this Interagency and Reimbursement Agreement. The dollars spent through this agreement are part of the \$208,500,000 total Project cost and will be eligible to match with Federal dollars if and when a SSGA is received.
- P. The RT Board of Directors stated that any new Project agreements must be executed between the Parties to secure funding for any additional tasks before any additional work will be approved.
- Q. To pay for the tasks, the City of Sacramento will provide up to \$300,000 and the City of West Sacramento will provide up to \$2,300,000.
- R. On June 19, 2018, the JPA approved the 2018-19 Fiscal Year Budget that includes the expenditures outlined in this Agreement.
- S. In consideration of the foregoing recitals, which are incorporated in the Agreement below as if fully recited therein, and the mutual covenants contained herein, the Parties hereto agree as follows:

AGREEMENT:

1. Use of funds: The JPA will use the funding provided, up to the maximum amount set forth in this agreement, exclusively for Small Starts grant preparation efforts, Project staff time, vehicle procurement assistance, vehicle maintenance facility design, specialty consultant services, and other activities necessary to advance the Project. However, specific funding levels for each item is not listed in order to provide JPA staff with the flexibility to move funds within the specific work items and react to FTA requests and requirements as needed to continue advancing the Project.
2. Cities Contribution: The City of Sacramento must reimburse the JPA for its actual costs, not to exceed \$300,000 and the City of West Sacramento must reimburse the JPA for its actual costs, not to exceed \$2,300,000, in accordance with Section 4 below, to be used exclusively for Small Starts grant preparation efforts, Project staff time, vehicle procurement assistance, vehicle maintenance facility design, special trackwork, specialty consultant services, and other activities necessary to advance the Project.

3. Cities' Cost: No Cities' costs will be reimbursable by or through this Agreement, and payments to the JPA shall not be reduced by any Cities' costs.
4. Invoicing: On a monthly basis, the JPA will invoice the City of West Sacramento for the initial \$2,000,000. Once those funds are exhausted, the JPA will then invoice the Cities equally for the final \$600,000. Amounts claimed must reflect the cost of completed work, and may include costs for the Project that have been invoiced and not yet paid. The JPA will provide all supporting backup documentation for the cost incurred and claimed for reimbursement. Both Cities will receive copies of all invoices and backup documentation.

Because of the potential for confusion, each invoice shall identify the specific agreement and task for which payment is being sought. In addition, any expenditure associated with design of project elements within the City of West Sacramento Bridge District must be accounted for separately in order to allow the City of West Sacramento to submit said invoices to the Trustee for CFD 27 to draw down bond funds.

5. Review, approval and payment of invoices: All undisputed invoices must be paid within 45 days of receipt of the invoice from the JPA. If Cities determine that any costs set forth in an invoice are not allowable, Cities must deliver written notice to the JPA identifying the disputed amounts and setting forth Cities reasoning as to why such amounts are not allowable, and upon the JPA's receipt of such notice, Cities and the JPA must use reasonable efforts to promptly resolve any such disputed amounts. Cities may not delay payment of any undisputed amount. If either City fails to timely pay the JPA undisputed amounts, the JPA may cease Project Development activities until such time as all past-due reimbursements are made.
6. All applicable portions of Title 23, Code of Federal Regulations, Parts 646A, 646B and 140I are by reference incorporated herein and made a part hereof.
7. The records accounts of the JPA and the Cities relating to the project must be open for inspection and audit by the Cities, the JPA, and by the State and/or Federal Government during normal business hours at each Parties headquarters for a period of three years from the date final payment from Cities is received by the JPA in connection with the Project.
8. There are no ascertainable net benefits, as defined by Federal Regulations, to the JPA from the Project and, consequently, there is no required JPA sharing of the costs.
9. No alternation or variation of the terms of this Agreement is valid unless made by a formal amendment and executed by authorized representatives of the Parties hereto and no oral understanding or agreement not incorporated herein is binding on any of the Parties hereto.
10. Nothing within the provisions of this Agreement is intended to create duties or obligations or rights to third parties not a party to this Agreement or to affect the legal liability of the Party to this Agreement by imposing any standard of care different from the standard of care imposed by law.
11. This Agreement is effective as of the Effective Date shown on the front page of this Agreement and when fully signed and executed by all Parties' authorized signatories. Each party hereto represents and warrants that the person executing this Agreement on behalf of such party has full power and authority to enter into this Agreement

12. This Agreement inures to the benefit of and is binding upon the Parties' successors and assigns.
13. This Agreement terminates upon completion of the work performed by the JPA and its consultants pursuant to Section 1, or 24-months from the Effective Date of this Agreement, whichever is earlier in time.
14. Any party to this agreement may terminate this Agreement for any reason, with or without cause, at any time, by giving the other parties 45 days advance written notice. The notice will be deemed served and effective for all purposes on the date it is deposited in the U.S. mail, certified, return receipt requested, addressed to the other parties at the address indicated in Section 16.
15. Upon termination, the JPA will send the final invoice for eligible work completed up to the date of the termination and the Cities must reimburse the JPA in accordance with this Agreement.
16. Representatives: The representatives of the parties to this agreement are, as follows:

Riverfront Joint Powers Authority
Attn: John Valsecchi
Project Manager
1415 L Street, Suite 300
Sacramento, CA 95814

City of West Sacramento
Attn: Jason McCoy
Supervising Transportation Planner
Public Works Department
1110 West Capitol Avenue, 1st floor
West Sacramento, CA 95691

City of Sacramento
Sacramento City Hall
Attn: Adam Randolph, PE
Senior Engineer
Department of Public Works
915 I Street, Suite 200
Sacramento, CA 95814

17. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused these presents to be executed in duplicate, by their officers' thereunto duly authorized, as of the day and year first above written.

CITY OF SACRAMENTO

By: _____
Howard Chan
City Manager

Approved as to Content:
CITY OF SACRAMENTO

By: _____
Hector Barron
Public Works Director

Approved as to Legal Form:
CITY OF SACRAMENTO

By: _____
Gerald C. Hicks
Supervising Deputy City Attorney

CITY OF WEST SACRAMENTO

RIVERFRONT JOINT POWERS
AUTHORITY

By: _____
Aaron Laurel
City Manager

By: _____
Kirk Trost
Executive

Approved as to Content:
CITY OF WEST SACRAMENTO

By: _____
Kryss Rankin
City Clerk

Approved as to Legal Form:
RIVERFRONT JOINT POWERS

Approved as to Legal Form:
CITY OF WEST SACRAMENTO

By: _____
Jeffrey Mitchell
City Attorney

By: _____
Renee Sloan Holtzman Sakai, LLP
Legal Counsel to SACOG

EXHIBIT A

**PROPOSED FUNDING FOR PROJECT INCLUDING DESIGN,
ENGINEERING, CONSTRUCTION, AND VEHICLE PROCUREMENT**

Total Project Cost (Starter line+ Riverfront Alignment+ LRT Extension to Raley Field +LRT relocation from K Street to H Street)

Dollars in Millions

	Total Commitment	Env. Work	Committed per Agreement Dated 2/24/15	Committed per Agreement Dated 11/16/16	Commitment per Agreement Dated 7/10/17	Commit ment per this Agreem ent	Balance
Small Starts (FTA)	\$100						\$100
City of West Sacramento	\$35			\$3	\$2.45	\$2.3	\$27.25** **
TIRCP (RT)*	\$30						\$30
Prop 1A (RT)*	\$25						\$25
PTMISEA (RT)	\$1.57	\$1.57					\$0
City of Sacramento	\$9		\$2	\$3	\$2.45	\$3	\$1.25*** *
County of Sacramento**	\$3						\$3
CMAQ (SACOG)	\$5	\$2.3	\$2.7				\$0
TOTAL***	\$208.57	\$3.87	\$4.7	\$6	\$4.9	\$2.6	\$186.50

*Funds currently cannot be used until receipt of a SSGA.

**County of Sacramento contribution subject to Sacramento County Board approval.

***Budget now includes \$8,570,000 in early environmental and design costs previously shown outside the \$200 million budget. This is an administrative change that does not change the overall Project budget. The July 10, 2017, Interagency and Cost Reimbursement Agreement to support Small Starts Grant Preparation referred to a total project cost of \$209.8 million; this amount included expenditures prior to the federalization of the project. \$208.57 million is the amount of the federal project.



MEMORANDUM

TO: Board of Directors Joint
Powers Authority

FROM: Streetcar Project Management Team

RE: Staff Report, Agenda Item 3
Approval of Cost Reimbursements

DATE: August 1, 2018

DISCUSSION:

On June 19, 2018, the Board adopted the Fiscal Year 2019 budget. The budget was predicated upon a cost reimbursement agreement between the JPA and the cities of Sacramento and West Sacramento in the amount of \$2.6 million. Both Sacramento and West Sacramento city councils have approved the cost reimbursement agreements. In order to fully fund the approved Fiscal Year 2019 budget, it is necessary at this time for the JPA Board to also approve this agreement. Attached is the Agreement.

In addition to a cost reimbursement agreement between the JPA and the cities, it is also necessary to approve a separate cost reimbursement between the JPA and Sacramento Regional Transit District (RT) to ensure RT staff is reimbursed for streetcar work. The dollar amount of this reimbursement agreement will be \$2.6 million. Funds will be used to provide SSGA support, additional vehicle maintenance facility design, construction management work orders, environmental amendment support, project controls, right of way support, SacRT staff time and other jobs necessary to advance the Project.

RECOMMENDATION:

Staff recommends the Board approve cost reimbursement agreements between the JPA and the cities of Sacramento and West Sacramento, and the JPA and RT.



RESOLUTION NO. 2018-20

APPROVAL OF COST REIMBURSEMENTS

BE IT RESOLVED by the Board of Directors (“Board”) of the Downtown Riverfront Joint Powers Authority (the “Authority”) that the designated executive has the authority to execute a Cost Reimbursement Agreement between the JPA and the cities of Sacramento and West Sacramento in which the cities agree to fund an amount not to exceed \$2,600,000 to provide funding for continuing Project support.

BE IT RESOLVED by the Board of Directors (“Board”) of the Downtown Riverfront Joint Powers Authority (the “Authority”) that the designated executive has the authority to execute a Cost Reimbursement Agreement between the JPA and Sacramento Regional Transit District (“RT”) wherein the JPA agrees to reimburse SacRT for an amount not to exceed \$2,600,000 for costs incurred to: prepare the Small Starts Grant application for the Federal Transit Administration (FTA); provide additional design services for the vehicle maintenance facility; provide construction management, project controls support, right of way support, environmental support, fund staff time and any other specialty consultant services necessary to advance the Project.

PASSED AND ADOPTED this this first day of August 2018, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary



MEMORANDUM

TO: Board of Directors
Riverfront Joint Powers Authority

FROM: Kirk E. Trost

RE: Staff Report, Agenda Item 5
Project Status Report

DATE: August 1, 2018

DISCUSSION:

Federal Transit Administration Risk Assessment

The FTA Risk Assessment was held on June 20-22, 2018, at Sacramento Regional Transit. The FTA hosted workshop consisted of JPA staff, SacRT staff, FTA Headquarters staff from Washington D.C., FTA Region IX staff from San Francisco, and members of FTA's Project Management Oversight Consultant (PMOC) team. The three-day workshop focused on the Project's current scope, schedule, and costs as well as FTA's assessment of project risks. Following is an executive summary provided by our risk consultant.

1. Executive Summary of Risk Assessment

- Industry standards were met. The PMOC/FTA Risk Assessment process was developed within industry standards, was highly professional, and the early results are well measured and reasonable. The Federal team was open and sharing with their concerns, technical approach, and results.
- Results are not a surprise. FTA Risk Assessments can be expected to generate an independent "risk-based" budget (a budget based upon the estimated project costs, with no contingencies, that includes independently generated FTA risk costs). FTA risk costs include an adjusted rate of inflation, utility risks, market conditions, and several other traditional project risks. This differs from the Project's Engineers Estimate that contains traditional contingencies and no risk costs. As would be expected under these circumstances, the Project's Engineer's Estimate will be compared to the FTA risk-based budget. Traditionally, the FTA risk-based budget will be in excess of the Project's Engineer's Estimate at this point of project development. This sets the stage for management of the FTA risk-based budget to align with the Project's Engineer's Estimate.

- Risks are highly manageable. The risks identified in the FTA developed Risk Register can all be managed by the Project's management team. The PMOC has identified risks related to Project governance, utilities coordination, uncertainties associated with changing the location of the Streetcar Maintenance Facility, and market conditions. This is consistent with other similar projects and these risks were anticipated. See summary of the top-rated risks in Attachment A.
- Risks facing the Project. FTA and Project staff also identified mitigation of the aforementioned risks to bring the Project budget into alignment with the current Project estimate. Action items were provided by FTA that are currently being implemented to mitigate the risk and align the budget. These action items require a response to the FTA for eleven specific Project risks. Once received by FTA, the Risk Assessment can be completed and a final risk-based budget will be provided by FTA. Under normal circumstances, the FTA Risk Review and Assessment Report containing the risk-based budget would be available 6-8 weeks after submittal of the follow-up items. However, FTA staff indicated that reports are now subject to higher level Administration review and are being delayed. No final reports have been issued in 2018.
- FTA provided guidance on the JPA's need to keep the Project moving forward. The FTA stated the Federal funds for the project are guaranteed. The FTA also stated that the Project should move forward with all aspects of the Project including agreements and design. FTA encouraged the Project to continue to mitigate risks and be “shovel-ready” as soon as possible.

2. Conclusion

The final two bullets are the most critical to emphasize. First, final Risk Reports are being held up indefinitely at the Administration level. Therefore, the best advice was to keep aggressively advancing the Project to shovel-ready status: including specifically, approving the governance and utility relocation agreements; completing the Project design; and getting the Project bids in hand. Doing these things will also eliminate Projects risks which could cause the FTA to increase the Project budget. In particular, there was considerable discussion and concern expressed during the Risk Assessment about current market conditions and bids for other federally-funded transit projects coming in higher than anticipated. As we have advised you previously, we are in the final stages of vehicle procurement process and the Project team hopes to have construction bids by December. With all Project bids in hand and ready for Notices to Proceed, the Project will be in optimal position for a final federal grant agreement by the first quarter of 2019. As discussed previously and below, however, we will need additional funding to continue to advance the Project to this stage.

Meeting FTA Acting Administrator

On July 9, James Corless and I, along with Mark Friedman and Bay Miry, traveled to Washington to meet with the FTA Acting Administrator. David Taylor participated by telephone.

Although there is strong congressional support for ongoing federal funding of transit projects, support in the Administration remains uncertain. However, our assessment has long been that this Project is a poster child for the projects this Administration wants to support: projects that match or exceed the federal investment, that support economic development, that have strong local support, and that bring substantial private investment. This Project meets all of those criteria. We think it is important to continue to tell our story to the Administration, and who better to tell the story than our key business leaders and partners. And we are very grateful to David, Mark, and Bay for taking the time, and for advocating so eloquently and effectively for the Project.

The Acting Administrator brought her senior staff and was well-briefed on the Project. We had the opportunity to lay out our plan and schedule and, after responding to all questions, our proposal

received a very positive response. We invited the Acting Administrator to visit Sacramento in early 2019, and she seemed very interested in coming.

Of course, there are no guarantees at this point, and we have much work to complete, but we were very pleased with the outcome of our trip.

Funding

On the project development funding side, the cities have agreed to fund \$2.6 million for Fiscal Year 2019. As previously discussed with the board, the Project will need approximately \$3.5 million to continue to advance the Project to the federal funding stage.

Based on prior board action, we are working with SacRT staff to bring a request to the SacRT board in August to utilize \$3.5 million in Prop 1A funds for the Fiscal Year 2019 budget. We can also tell you that we explored the use of state Cap and Trade for this purpose, and we were advised that the state funds could only be used if the cities guaranteed repayment in the event the Project was not constructed.

In the meantime, in order to keep very close controls on costs, we have issued a notice to the cities and SacRT to stop all work on the Project except for essential work specifically authorized by Mr. Valsecchi or myself.

On the capital funding side, the FTA continues to note that all capital funds must be committed prior to a federal grant agreement. All funds are committed except the County of Sacramento \$3 million contribution. We can report no progress on this funding.

ATTACHMENT A

Downtown Riverfront Streetcar Project
FTA Top Rated Risks

Description	Potential Cost Impact	Potential Schedule Impact	JPA Staff Comments
Delay in execution of Gov. agreements	\$1-2 M	6-12	This risk has a cost impact that is less than expected as it represents only about 1% of the constructed value. The estimate of delay is modest for this risk.
Delay in utility agreements.	\$1-2 M	6-12	This is shown is as a low probability risk.
Contractor inefficiencies related to third party utilities relocations	\$0.5-0.75 M	3-6	This risk is somewhat redundant to the two above. It is assumed to be a higher probability than the previous two risks.
Potential delays in utility relocation will result in additional costs	\$1-2 M	3-6	This has a high probability, cost impact and moderate schedule impact.
Maintenance of Traffic	\$0.5-0.75 M	3-6	The cost risk shown is a fraction of 1 percent of the construction cost, which seems low.
Lag in systems, SCMF, station, and LRT relocation design submittals	\$1-2 M	3-6	Based on the current schedule, design delays, even if they occur would not jeopardize the bid date.
Market conditions (may result in higher than anticipated bids)	>\$2M	>12	This is a market driven risk and contains many factors (resources, tariffs, etc.) The FTA assigned >\$2 M and >12 months' delay are fairly non-definitive.
Force Account (RT O&M support)	\$1-2 M	1-3	This risk is rated as a high probability with a ~ 1 percent impact of cost. The JPA cost estimate addresses this risk. FTA agreed to re-review this issue.
Delays resulting from compliance with Buy America (systems and technology)	\$0.5-0.75 M	6-12	This is rated a Low probability