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Executive Director, **Stacey Mortensen**

March 28, 2024

Mr. James Corless
Executive Director
Sacramento Area Council of Governments (SACOG)
1415 L St., Ste. 300
Sacramento, CA 95814

Subject: SB 125 Funding Request for Future Valley Rail Commuter Rail Operations

Dear Mr. Corless,

The San Joaquin Regional Rail Commission (Rail Commission) thanks you for the opportunity to submit this letter to request a minimum of \$10 million in SB 125 funding from SACOG for operating assistance for future Altamont Corridor Express (ACE) commuter rail service that will serve the Sacramento region as part of the Valley Rail Program. This is a small portion of the SB 125 funding allocated to SACOG but will be extremely important in ensuring the Rail Commission is able to operate new Valley Rail ACE service to/from Sacramento.

The Rail Commission is very confident that ACE operating funding to support Valley Rail service is an eligible project for SACOG's SB 125 funding. Section 5 of the SB 125 guidelines states that "intercity, commuter, and urban rail projects that increase services levels" are eligible for funding, and that "RTPAs may suballocate funds to agencies in their jurisdiction so agencies may use this funding to support projects that have previously received a TIRCP award and require an additional infusion of resources to deliver the original scope." Section 5 further states that "RTPAs are also authorized to use TIRCP moneys, subject to compliance with requirements described in Section 6 of these guidelines, to fund transit operating expenses within its jurisdiction that prevent service cuts and increase ridership." Section 6 clarifies that, "Since increasing ridership and the associated fare revenues is one approach to strengthening the financial performance of each region's transit operators, this section shall highlight any portion of the capital projects or any portion of operating funding that are specifically focused on supporting improvement in ridership." The Rail Commission is also very confident that the state will support and appreciate SACOG contributing some of its SB 125 allocation to much needed operating funding for the Valley Rail Program.

The Rail Commission does not need the \$10 million in SB 125 funding from SACOG until FY 26/27 but would like to get a commitment from SACOG for this funding as soon as possible. A commitment from SACOG for the SB 125 funding is necessary for the Rail Commission to use this to leverage the additional funding needed to operate ACE service to Sacramento. The Rail Commission will work with SACOG and Caltrans to obtain SB 743 mitigation funding to help support Valley Rail ACE operations to Sacramento, will work with STA and other agencies to include ACE operational funding in future transportation measures for the Sacramento Area, and will pursue other funding opportunities.

This letter is a follow up to the letter we sent on December 22, 2023, regarding SACOG's SB 125 funding, and our recent virtual meeting held on March 22 (which included Sac RT staff). Our December 22, 2023, letter provides important additional background information which will not be repeated in this letter. However, the Rail Commission and our partner agency the San Joaquin Joint Powers Authority (SJJPA) would like to reiterate our appreciation for SACOG's strong support of the Valley Rail Program since its inception.

Should you have any questions or concerns regarding this request, please feel free to contact Dan Leavitt on my staff at dleavitt@sjrrc.com or (530) 400-9475.

Sincerely,



Stacey Mortensen
Executive Director, San Joaquin Regional Rail Commission

Cc: Kristina Svensk, Chris Dougherty, Pat Hume