



Consider SacRT's Request to Repurpose a Previous SB 125 Award for \$10 Million on the Dos Rios Light Rail Station project

Action

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**Attachments:** No

**Referring Committee:** Transportation

**Issue:**

SacRT has requested that the previous contingent \$10 million award from SB 125 for federal grant application match be repurposed to apply directly as capital funds for the Dos Rios Light Rail Station project.

**Request:**

Approve

**Recommendation for Board:**

The committee recommended by majority vote (Sander opposed) that the board approve the request from SacRT to repurpose \$10 million in SB 125 funds from the December allocation as capital funds for the Dos Rios Light Rail Station project.

**Recommendation for Committee:**

That the Transportation Committee recommend that the board approve the request from SacRT to repurpose \$10 million in SB 125 funds from the December allocation as capital funds for the Dos Rios Light Rail Station project.

**Background:**

In July 2023, California passed Senate Bill 125 (SB 125), which created a new one-time source of transit funding to address operating and capital needs that have been growing in recent years for the state's transit operators/agencies. Through SB 125, approximately \$5.1 billion in funding statewide was included in the State's FY 2023-2024 Budget, which will be distributed through two programs: The Transit and Intercity Rail Capital Program (TIRCP) and the new Zero Emission Transit Capital Program (ZETCP).

The SACOG board has approved two allocation packages to date - one in December 2023, and one in April 2024.

- The December allocation package submitted to CalSTA requested \$45.6 million of available FY 2023-2024 SB 125 funding. This package focused on allocating funding to existing capital projects that were at risk of losing grant funding; capital projects that were applying for cycle 7 TIRCP funding; and near-term planning efforts to address pandemic ridership losses. Of that funding, \$44 million was identified

by the submitting transit operator (SacRT) as match for specific capital grants and following existing SACOG processes for other match programs (such as Revolving Match), this funding was contingent upon award of the grants being pursued. The contingency aspect was noted in the staff report and communicated during the presentation to the Transportation Committee and board.

- The April allocation package primarily focused on operating needs for SacRT and Yolo Transportation District, with some capital funding allocated to Yuba-Sutter Transit. Additionally, the allocation package made some changes to previously awarded funds to SacRT from December: (1) repurposing a \$10 million grant match award to use for a different grant source, and (2) repurposing a \$10 million grant match award to be split between a lower grant match request and operating deficit needs.

SACOG's decision to place contingencies on grant match requests is rooted in the understanding that the SB 125 funds are limited, but with many capital and operating needs to consider. If transit operators would like to utilize the funds for a grant match, which are not guaranteed to be awarded, it is within the best interest of the region to ensure that if grants are not secured, that funding is returned to the "pot" for other requests by any operator. Moreover, it ensures necessary oversight and responsibility for the limited funding that is critical to the financial sustainability of the transit operators in the region.

#### **Discussion/Analysis:**

SacRT's Dos Rios Light Rail project has an estimated project cost of roughly \$37.7 million and to date, the project has secured \$26.7 million in funding. This includes funding from the state's Affordable Housing Sustainable Communities (AHSC) and Transformative Climate Communities (TCC) grant programs, totaling over \$18 million. Additional funding sources for the project include State Transit Assistance (STA) (\$3.2 million), Federal Transit Administration Section 5307/5339(a) (\$5 million), and a Congressional directed spending request (\$1 million). SacRT is requesting \$10 million of SB 125 funds be reallocated to provide the remainder of the funding needed for this project.

Part of the \$44 million in grant match approved by SACOG in December 2023, was \$10 million for Dos Rios match for a federal grant request, with the intent to leverage the funding for a larger grant request. SacRT has indicated that they submitted a RAISE grant to US DOT for the project, with the SB 125 funds noted as one of the match sources. However, since no grant awards are guaranteed, SacRT is requesting that the contingency associated with the previous allocation as a match be removed and the funding be used as straight capital funds to fill the existing funding shortfall for the project.

To ensure that the project stays on track with deadlines associated with the TCC grant, a contract for construction must be awarded by August 2024. SacRT has moved forward with bids, and is poised to award a contract in the coming months to meet that deadline and not risk losing the TCC funding. The \$10 million request from December 2023, was submitted to CalSTA as a contingent award, as identified in the staff report; since it was considered contingent, CalSTA will not allocate the funding to SACOG (for distribution to SacRT) until the grant is received and CalSTA is notified of the award. If the Transportation Committee and board approve the request, information will be submitted to CalSTA to remove the contingency and allocate the funding to SACOG and SacRT. As a reminder, funding distributed to operators from SACOG is done on a reimbursement basis; this allows for transparency with the funding and ensures that there is consistency between the SB 125 request and how the funding is used.

Committee members discussed this request, including the importance of the project to the key areas of the Sacramento community. There was some question whether this was the best use of SacRT funds and resources, given previous projects that had been planned for with support from communities but have not yet

moved forward. The item received one "no" vote (Sander).

**Fiscal Impact/Grant Information:**

Included in the Overall Work Program/Budget