

03

Project Proposal

Technical Approach

HDR's proven approach to identification and screening of funding and financing strategies for capital, operating and maintenance costs to create outcome-based solutions that meet the needs of targeted regions are centered around three key components:



Effective Operator Communication and Engagement: Early and often collaboration to garner informed, confident, and supported decision-making



Efficient Information Sharing: Clear exchange of timely and transparent information and data to create holistic scenarios for assessment



Innovative Assessment and Strategies: Creative tools and targeted activities like financial modeling and impact analysis of various events and scenarios as they relate to annual budgets guide ideation for future plans

HDR recognizes the need to align SB 125 while also supporting the Triple Bottom Line goals of SACOG's Blueprint to deliver outcomes that prioritize equity, economic sustainability, and environmental resilience. To deliver these benefits to the region we will maintain regular updates from CalSTA on 125 guidance and have early and regular collaboration with operators to assess opportunities for cost savings, streamlined service coordination, and resource allocation that reduces disparities in mobility. Going above and beyond baseline recovery recommendations, HDR will unite priorities with SACOG's Next Generation Transit Strategy and CalSTA guidance. We will work closely with feedback from each operator to develop actionable plans with proven customary practices that improve system-wide efficiency, reduce travel times, and prioritize investments in underserved areas.

This targeted effort will identify a recovery strategy reflects both individual operator priorities and SACOG's broader regional objectives for faster, more equitable, and cost-effective transit service.

To collaborate and create a consistent and supported plan for the future, engagement with operators will flow through both Tasks 1 and 2 including individual and group sessions to support data collection, scenario review, and iterative feedback throughout the planning effort. Led by HDR's Northern California Strategic Communications team, and local small business Drago Vantage, strategic, facilitated, and interactive engagement sessions are designed to maintain clear, ongoing dialogue between SACOG and its transit operator. By combining HDR's expertise in strategic facilitation and

technical communications with Drago Vantage's deep understanding of the region's transportation landscape, this team will create a process that is collaborative, transparent, and results-driven reflected in Task 1 and 2 deliverables.

Early operator engagement allows baseline financial conditions to reflect real-world challenges, while ongoing group and individual reviews will enable SACOG and operators to jointly refine financial scenarios and recovery strategies. This hands-on approach creates

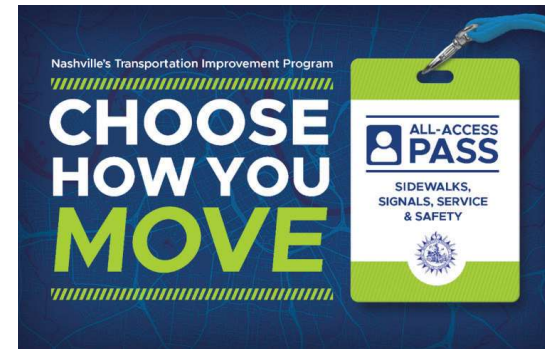
deliverables—whether the financial model, Blueprint scenarios, or final recommendations—that are actionable, operator-driven, and reflective of SACOG's goals to reduce disparities and build a resilient, sustainable transit network. Furthermore, engagement with the operators will reflect collaborative draft and final documents delivered to CalSTA.

By integrating these priorities into our approach, HDR will provide SACOG with more than just technical deliverables to satisfy state requirements. Our work will result in a comprehensive, consensus-driven roadmap that helps SACOG and its operators address funding challenges, advance equity, achieve SB 125 goals and objectives, and implement strategies that position transit operators for long-term success.

Consultant Role

As an extension of SACOG in the role of consultant support, HDR will partner with SACOG staff to drive project scope and schedule while maintaining the budget efficiently. Our Project Manager Mat Olson will initiate and facilitate regular meetings and monitor activities

with designated task leads and stakeholders that focus on information sharing and deliverable development to meet and exceed SACOG expectations.



On November 5, 2024, voters in Nashville approved a half-penny (0.5%) sales tax surcharge and created a dedicated funding source for transportation and mobility projects included in the transportation improvement program Choose How You Move: An All-Access Pass to Sidewalks, Signals, Service, and Safety.

The HDR team responded quickly and effectively to WeGo and the City of Nashville's request for a comprehensive mobility program to align with transit agency and city goals and objectives. Through swift synthesis of several plans, capital budgets and other key reports accompanied by effective collaboration, HDR was able to develop findings and agreed upon recommendations for the region.

HDR will bring the same level of responsiveness and understanding of context to SACOG to meet SB 125 requirements and your priorities for the region.

Scope of Work

Task 1 | SB 125 Financial Existing Conditions Review and Cash Flow Analysis

Approach to Task 1 Activities (including 1.1 and 1.2)

To advance toward the community benefits identified in the Next Generation Transit Study while complying with SB 125, HDR will develop a concise assessment of the current state and future plans of the five transit operators in the SACOG region. We will work with SACOG to gather information and confirm that we have the up-to-date data from which to document the transit system's operating plans, capital plans and fleet management plans.

Our Operator Engagement team will lead a kick-off meeting between SACOG and its operators to detail the requirements of SB 125 and needed information. Capitalizing on HDR's and our sub-consultant partner Drago Vantages local relationships, we will then hold individual meetings with operators to discuss their future operating and capital plans. Discussions will focus on key topics such as revenue and expense forecasts, existing fleet and capital plans, gaps and challenges unique to each operator. Meeting agendas, tailored materials, and detailed notes will be delivered after each session to keep conversations actionable and organized.

Using CalSTA provided templates, we'll also compile the information into a clear and readily understandable summary of regional conditions documenting current and future transit in the region.

We will compare transit services within SACOG's region relative to comparable regions within California and nationwide to assess strengths, weaknesses, opportunities and threats in a graphical depiction. Together with SACOG Staff, we will consider and work to address the following questions:

- Are the transit providers on track to improve transit speed and reliability (shown to boost ridership and system utilization)?
- Is equity transit being appropriately factored into system plans?
- How are transit systems responding to current and future ridership patterns and mobility needs?
- Do the transit systems demonstrate efforts to align transit services with areas of the greatest demand and ridership potential to advance service efficiency and effectiveness?

The project team will distill a broad set of regional mobility planning information into a concise summary featuring reader- friendly graphics and tables to summarize plans, capital and operating revenue and costs assumptions, fleet and facility plans, sustainability initiatives and other parameters from each of transit service providers. As this work is conducted, the team will draw out issues and potential challenges, identify gaps and strong points, and clearly paint a picture of regional conditions to inform the development of the long-term financial plan and recovery strategy.

Noted within Task 1 is support for SACOG's submission of annual reporting to CalSTA as required by SB 125. The latest release of SB 125 guidelines was on December 19, 2024. HDR will continue to inform and support SACOG with state requirements as they continue to evolve through December 2029.

DOCUMENT COLLECTION / REVIEW:

Sac RT, SCT Link, Unitrans, YoloTD, Yuba-Sutter Transit

Example Transit Operator Plans:

- Comprehensive Operational Analyses (COAs)
- Short Range Transit Plans (SRTPs)
- Long-Range Transit Plans (LRTP)
- Service Plans
- Operation and Maintenance Plans
- Agency-wide Plans

Example Capital Plans:

- Capital Improvement Projects & Plans
- Fleet Management Plans
- Asset Management Plans (state of Good Repair)
- Zero-Emission Vehicle Transition Plans
- Project Prioritization and Sustainability Plans





HDR anticipates virtual interviews with the individuals from transit operators identified in the above matrix. Following dialogue with SACOG, additional attendees from those organizations could be identified for the operator engagement interviews.

Deliverables:

1. Draft SB 125 Financial Analysis – June 2025
2. Final SB 125 Financial Analysis – August 2025
 - Annual Reporting Documentation, using SB 125 Annual Reporting Template (December 2026-2029)

Task 1 work will also include the following documentation and reports:

- Operator Interview Summary Report
- Regional Conditions Summary Report (Draft & Final)

Assumptions:

- SACOG staff will collaborate with the HDR team to facilitate timely collection of key documents and information from regional transit providers and SACOG.
- HDR will provide three hard copies and one electronic copy to SACOG Project Manager.
- HDR will hold individual virtual meetings with transit operators eligible for SB 125 Funding including SacRT, SCT Link, YoloTD, Yuba-Sutter Transit, Unitrans to discuss gaps and possible challenges related to current and anticipated capital and operating plans.
- Meetings will include HDR staff (Operator Engagement, Task 1 Lead, Project Manager) and Drago Vantage team. Meetings are anticipated to last 60 - 90 minutes.

- SACOG will submit comments on draft documents no later than July 14, 2025 on draft document.
- HDR assumes annual reporting support through December 2029.
- Unless updated by CalSTA, HDR will utilize the December 2024 draft SB 125 Annual Reporting Template for annual reporting tasks. Changes in guidelines from CalSTA or direction from SACOG that require additional effort may require additional budget.

Task 2 | SB 125 Long-Term Financial Plan and Recovery Strategy

This task will address immediate operational challenges, evaluate funding gaps, and establish actionable recovery strategies that align with SACOG's Next Generation Transit Strategy and Blueprint Implementation.

As the project progresses from draft to final deliverables for Task 1 and Task 2, the HDR Team will continue to facilitate follow-up discussions with operators to review initial findings and validate the financial analyses. These follow-up meetings will offer operators the opportunity to dig into the assumptions, provide feedback on preliminary results, and clarify data gaps. This ongoing dialogue will maintain consistency and allow the final plan to reflect both operator-specific realities, and SACOG's broader regional goals while also meeting the SB 125 requirements.

During the financial scenario development under Task 2 and the recovery strategy, the HDR Team will facilitate workshops to review and refine key outputs, such as the Blueprint Implementation Scenario and alternative financial recovery strategies. These collaborative sessions will allow operators to compare and evaluate the impacts of various scenarios, share feedback, and help prioritize the next steps.

Proposed Methodology

Data Collection and Transit Operator Engagement

HDR will initiate the project by working closely with SACOG staff and transit operators—including SacRT, YoloTD, Yuba-Sutter Transit, SCT Link, and Unitrans—to collect and review existing financial data. Using 2022 as the baseline, we will incorporate Task 1's efforts to gather and analyze operating and capital budgets, fleet management plans, ridership forecasts, and revenue sources.

This collaborative process will include structured interviews and workshops to validate assumptions, address data gaps, and align on regional priorities. The findings will be documented in a Master Financial Baseline, which will serve as the foundation for scenario analysis and strategic planning. This baseline will summarize variables such as operating and capital costs, cost escalation factors, and funding sources.

Development of a Dynamic Financial Model

HDR will create a dynamic financial modeling framework adhering to the FIF9 financial modeling standard, which prioritizes transparency, flexibility, and ease of use. The analysis will incorporate operating and capital modules, enabling SACOG to analyze baseline financial conditions, evaluate alternative scenarios, and identify funding gaps for each of its operators. To distinctly analyze trends for each local operator, the modeling framework will include:

- **Capital Expenditures and Revenues:** Allocates funding sources to project needs, including TIRCP-eligible projects and Blueprint Implementation scenarios.
- **Operating Expenditures and Revenues:** Evaluates the sustainability of operating costs under varying revenue and ridership assumptions.
- **Address long-term planning needs:** The model will incorporate the goals of SACOG's Blueprint Implementation, emphasizing transit strategies that reduce disparities, improve access to employment centers, and promote sustainable development. As part of the financial forecast scenarios developed, sensitivity analyses will assess the impact of economic factors, such as inflation, federal/state funding changes, and ridership shifts, allowing SACOG to adapt to dynamic conditions.

Scenario Analysis and Recovery Strategy Development

HDR will collaborate with SACOG and transit operators to define and test up to five funding and recovery scenarios, including a Blueprint Implementation Scenario. Using industry coupled with feedback from operators, these scenarios will explore alternatives such as phased project implementation, innovative revenue streams, and ridership retention and recovery strategies.

Each scenario will be rigorously modeled to evaluate its financial and operational implications, with a focus on maintaining eligibility for SB 125 funding. Recommendations will align with Blueprint's goals, prioritizing equitable access, cost efficiency, and ridership growth while addressing fiscal constraints.

Draft and Final Long-Term Financial Plan

HDR will synthesize the findings from the scenarios of the financial model analysis and framework into a comprehensive Long-Term Financial Plan and Recovery Strategy.

This plan will include:

- Detailed analysis of baseline and alternative funding scenarios.
- Specific strategies to sustain transit operations and address funding gaps.
- Recommendations to implement the Blueprint Scenario, prioritizing initiatives that support SACOG's vision for sustainable and equitable transit.

The draft plan will be submitted in advance of SACOG's statutory deadline of June 30, 2026, allowing for ample time for transit operator review and refinement.

Presentation and Capacity Building

To guide SACOG staff and transit operators in effectively utilizing the financial model and implementation of the recovery strategy, HDR will deliver tailored presentations and training workshops. These sessions will include guidance on using the model to test new scenarios, monitor performance, and support grant applications. HDR will also provide a user-friendly Financial Model Guide, enabling SACOG to maintain and update the model independently.

To develop a financially sustainable recovery strategy aligned with the SACOG's Next Generation Transit Strategy, HDR will focus our approach on optimizing resource allocation to key transit corridors, including enhancing transit speed and reliability through measures like dedicated lanes and signal priority, while prioritizing equity by addressing service gaps in underserved areas. We will explore innovative funding mechanisms, such as public-private partnerships, fare policy adjustments, and federal grants, while improving the rider experience through seamless payment systems and accessible facilities.

HDR's approach to developing a Financially Sustainable Recovery Strategy for Next Generation Transit Goals includes:

1. **Carry forward Next Generation Transit Strategy Recommendations:** Build on identified goals, objectives and recommended strategies and incorporate into the financial plan and recovery strategy.
2. **Define Objectives and Align with Next Generation Transit Strategy Goals:** Clearly articulate goals for faster, more reliable, and equitable transit service to serve as foundation for recommendations. Continue regular engagement of transit operators to align shared priorities such as improved access to employment centers, enhanced rider experience, and cost efficiency.
3. **Assess Current Conditions and Challenges:** Identify gaps in transit coverage, inefficiencies in operations, and areas with high unmet demand, particularly in underserved communities and employment hubs.
4. **Explore Financial Sustainability Options:**
 - Advance resource allocation by focusing investments on key corridors and areas with high ridership potential while considering customer-focused service models such as microtransit, Mobility as a Service (MaaS), demand-responsive transit in low-density areas.
 - Leverage Innovative Funding Mechanism by identifying and evaluating new funding sources, including public-private partnerships, congestion pricing revenues, value capture mechanisms, and federal or state grants.

- Enhance Fare Policy by assessing fare structures to improve equity and incentivize ridership, such as introducing fare capping or free transfers.
 - Assess Fare Integration by coordinating and assessing feasibility of regional fare coordination with other neighboring agencies.
5. **Improve Transit Speed and Reliability:** Collaborate with local municipalities and transportation agencies to implement strategies that prioritize transit, such as dedicated bus lanes, transit signal priority, and congestion management. Evaluate opportunities for transit-oriented development (TOD) near employment centers to improve access and reduce travel times.
 6. **Focus on Equity and Rider-Centered Improvements:** Prioritize service enhancements to address needs of disadvantaged populations by expanding service to “transit deserts” and improving first- and last-mile connections. Include if applicable investments in digital and physical infrastructure to create a seamless rider experience, such as integrated payment systems, real-time tracking, and accessible facilities.
 7. **Establish Performance Metrics and Monitor Progress:** Develop key performance indicators (KPIs) or incorporate KPIs from the Next Generation Transit Strategy Plan to track progress toward goals, including metrics for ridership, cost per trip, equity outcomes, and customer satisfaction.
 8. **Prepare a Scalable and Adaptive Implementation Plan:** Develop a phased implementation roadmap that accounts for available funding, readiness, and market conditions. The plan will be flexible to adapt to unforeseen challenges or new opportunities, such as emerging technologies or changes in commuter behavior.

This approach aims to deliver a financially sustainable recovery strategy that aligns with the region’s vision for next-generation transit, enhances rider experience, and builds resilience in transit operations.

Deliverables:

3. Draft SB 125 Long-Term Financial Plan and Recovery Strategy – March 2026
 - Draft Long-Term Financial Plan Memo / Interactive Spreadsheet Model
 - Draft Ridership Retention and Recovery Strategy Memo
4. Final SB 125 Long-Term Financial Plan and Recovery Strategy – May 2026
 - Final Long-Term Financial Plan Memo / Interactive Spreadsheet Model
 - Final Ridership Retention and Recovery Strategy Memo

Task 2 work will also include the following documentation and reports:

- Summarized notes on Operator Interview identifying potential scenarios
- Compiled Word Document with Excel Tables

Assumptions:

- SACOG staff will collaborate with the HDR team to facilitate the timely collection of key documents and information from transit operators and SACOG including ridership data, fare information, future plans, etc.
- HDR will provide three hard copies of Long-Term Financial Plan Memo and Recovery Strategy Memo and one electronic copy to SACOG Project Manager.
 - Interactive Models will be provided electronically.
- SACOG will submit comments on draft documents no later than May 22, 2026 on draft documents: Long-Term Financial Plan Memo and Recovery Strategy Memo.
- HDR assumes two one-day in person workshops on:
 - Scenario Development – Prior to Review of Draft Model – Assume January/February 2026.
 - Scenario Feedback – Prior to Submission of Final Model – Assume April/May 2026.
- HDR assumes completion of individual financial models, delivered in Excel format, with no more than five (5) scenarios for SacRT, SCT Link, YoloTD, Yuba-Sutter Transit, Unitrans. The scenarios developed for the models will incorporate sensitivity analyses.
- Unless updated by CalSTA, HDR will utilize draft SB 125 Cycle 2 Draft Guidelines, released on December 19, 2024, for guidance on Long-Term Financial Plan.
- Funding strategies developed through this study are at the discretion and responsibility of SACOG to implement. Funding strategies are reflective of input and decisions from SACOG during the review period of draft documents.

HDR’s outreach specialists recognize the importance of listening and encouraging two-way communication with transit operators. We know involving operators in a meaningful way during the project development process leads to favorable, positive decisions and support. Our staff, Todd Hemingson and Jory Dille have a long history working at transit agencies and have “walked in your shoes” and understand potential issues and concerns based on direct experience.



Proposed Project Schedule

| TASKS | ACTIVITIES | 2025 | | | | | | | | | | | | 2026 | | | | 2027 | | 2028 | | 2029 | |
|---|---|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|------|-----|------|--|------|--|
| | | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | DEC | DEC | DEC | DEC | | | |
| KEY MILESTONES | | | | | | | | | | | | | | | | | | | | | | | |
| NTP & Kick off Meeting (SACOG/HDR) | Kick-off meeting to confirm scope, schedule, deliverables & engagement strategy | ◆ | | | | | | | | | | | | | | | | | | | | | |
| Transit Operator Kick-Off Meeting | Engage early Transit Operators to share effort, schedule, outline priorities, roles, and data needs | ◆ | | | | | | | | | | | | | | | | | | | | | |
| Complete Financial Analysis | Submit Final SB 125 Financial Analysis | | | | | ◆ | | | | | | | | | | | | | | | | | |
| Complete Financial Plan & Recovery Strategy | Submit Final SB 125 Long-Term Financial Plan and Recovery Strategy | | | | | | | | | | | | ◆ | | | | ◆ | ◆ | ◆ | ◆ | | | |
| Annual SB 125 Reporting | Submit Updated Annual Reporting using Cycle 2 Draft Guidelines | | | | | | | | | | | | | | | | | | | | | | |
| PROJECT COORDINATION | | | | | | | | | | | | | | | | | | | | | | | |
| Project Management Team Meetings (SACOG/HDR) | Bi-weekly coordination meetings with Staff | | | | | | | | | | | | | | | | | | | | | | |
| Transit Operator/Stakeholder Communication | Regular and Ongoing Communication with Project Stakeholders | | | | | | | | | | | | | | | | | | | | | | |
| TASK 1: SB125 FINANCIAL EXISTING CONDITIONS REVIEW AND CASH-FLOW ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | |
| Task 1.1 Transit Operations, Capital, and Fleet Management | Review | | | | | | | | | | | | | | | | | | | | | | |
| Data Collection and Baseline Development | Collect financial data, review budgets, fleet plans, and assumptions for 2022 baseline | | | | | | | | | | | | | | | | | | | | | | |
| Operator Interviews (5 total) | Conduct structured interviews with transit operators to validate publicly available data and identify changes | | | | | | ★ | | | | | | | | | | | | | | | | |
| Task 1.2 Regional Conditions Summary | Develop baseline summary and identify trends in operations and capital funding pressures | | | | | | | | | | | | | | | | | | | | | | |
| Deliverable #1 Draft SB 125 Financial Analysis | Produce and Submit Draft SB 125 Financial Analysis for SACOG and Transit Operator Review (May 30, 2025) | | | | | | | | | | | | | | | | | | | | | | |
| | SACOG and Transit Operator Review (June 1- July 14, 2025) | | | | | | | | | | | | | | | | | | | | | | |
| Deliverable #2 Final SB 125 Financial Analysis | Address Comments, Revise, and Submit Final SB 125 Financial Analysis (August 29, 2025) | | | | | | | | | | | | | | | | | | | | | | |
| Annual SB 125 Reporting through 2029 | Support with required SB 125 Annual Reporting using Cycle 2 Draft Guidelines released 12/19/24 | | | | | | | | | | | | | | | | | | | | | | |
| TASK 2: SB125 FINANCIAL EXISTING CONDITIONS REVIEW AND CASH-FLOW ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | |
| Operator Interviews (5 total) | Conduct operator engagement workshops to gather input on financial modeling priorities and funding needs | | | | | | | | | | | | | | | | | | | | | | |
| Develop Dynamic Financial Model | Build financial model with baseline, alternative scenarios, and Blueprint Implementation inputs | | | | | | | | | | | | | | | | | | | | | | |
| Scenario Development Workshop with SACOG (1 Day) | Facilitate workshop to collaboratively refine HDR proposed Blueprint Implementation and recovery scenarios | | | | | | | | | | | | | | | | | | | | | | |
| Draft Long-Term Financial Plan | Develop Draft SB 125 Long-Term Financial Plan Memo, Interactive Spreadsheet Model, and Recovery Strategy Memo | | | | | | | | | | | | | | | | | | | | | | |
| Review Recovery Strategies Best Practices | Review fare policies, ridership strategies, and operational efficiencies within Blueprint Implementation, Next Generation Transit Strategy, and operator reports | | | | | | | | | | | | | | | | | | | | | | |
| Draft Recovery Strategy | Develop Recovery Strategy, integrating Next Generation Transit Strategy goals | | | | | | | | | | | | | | | | | | | | | | |
| Model Recovery Scenarios | Model recovery strategies integrating ridership growth, equitable service, and funding priorities | | | | | | | | | | | | | | | | | | | | | | |
| Deliverable #3 Draft Long-Term Financial Plan and Recovery Strategy | Produce and Submit Draft Long-Term Financial Plan and Recovery Strategy that includes a Financial Plan memo, interactive spreadsheet model, and Ridership Retention and Recovery Strategy Memo (March 31, 2026) | | | | | | | | | | | | | | | | | | | | | | |
| | SACOG and Transit Operator Review (March 31- April 22, 2026) | | | | | | | | | | | | | | | | | | | | | | |
| | Scenario Review Workshop to align feedback with SACOG | | | | | | | | | | | | | | | | | | | | | | |
| Deliverable #4 Final Long-Term Financial Plan and Recovery Strategy | Address Comments, Revise, and Submit Final Long-Term Financial Plan and Recovery Strategy (May 30, 2026) | | | | | | | | | | | | | | | | | | | | | | |
| Legend: ◆ Milestone ★ Transit Operator Interviews / Workshops ▲ Deliverable Submittal ● SACOG Workshop | | | | | | | | | | | | | | | | | | | | | | | |