

Technical Memorandum

Downtown/Riverfront Streetcar Studies

City of West Sacramento

Management and Organization

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2365 Iron Point Road, Suite 300
Folsom, CA 95630

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Function and Constraints (Assumptions)

While the contemplated West Sacramento-Sacramento streetcar system is not difficult to understand conceptually, there is a wide range of functions which would have to be exercised in order to design, permit, fund, construct, operate and maintain the system. This memorandum suggests some alternative managerial structures that could undertake the functions required to make the project a reality, and operate it on a continuing basis.

The present feasibility study has been undertaken by an ad hoc consortium of the Cities of West Sacramento and Sacramento, and the principal transit agencies – the Yolo County Transit District and the Sacramento Regional Transit District. As there is currently enthusiastic policy agreement about the scope and nature of the study, and political interest in pursuing development of the idea to the point of a go/no-go decision, and since the City of West Sacramento is willing to perform the administrative functions of the joint effort during this early phase, the essentially informal nature of this arrangement seems well-suited to the current scope of effort. If the general question of the feasibility of the streetcar project is decided in the affirmative, however, the current structure will probably not prove adequate for the demands of the next phases of project development and implementation.

As the work moves forward into the implementation stage, a more formal organization, with legal authority to reach decisions and act will be required. In addition to meeting the requirements of public expectation as to political responsiveness and administrative transparency, the organization will have to be able to receive funds from various sources, carry out standard accounting functions, enter into contracts, and arrange for the extension of liability and property insurance over the operations and assets of the streetcar system. During the design, environmental clearance and procurement and construction period, the entity will have to be able to oversee the completion of environmental documents, implementation of the physical aspects of the system, and negotiate and enter into any necessary agreements with local and state agencies. In addition, the agency will have to have an ability to objectively monitor the actual operation and maintenance of the service.

For purposes of this memorandum, it is assumed that the route and service will be one of the following:

- as discussed at the Technical Advisory Committee meeting of January 5: From West Sacramento City Hall, via Triangle development area, Tower Bridge; Capitol Mall median; RT light rail trackage to 12th and K; terminal between 12th and 13th on K (referred to as “Alternative A”); or
- an alternative known as “Alternative B”, which could involve a direct routing on Tower Bridge Gateway between West Sacramento City Hall and the Tower Bridge, and/or potentially operating over 5th Street in Sacramento between Capitol Mall and the Sacramento Valley Station intermodal terminal (SP/Amtrak Depot) in lieu of the 7th/8th/K Street routing of Alternative A.

In either case, some degree of shared operation of Regional Transit light rail trackage will be

required, while vehicle maintenance will take place at RT's Academy Way central maintenance facility, and maintenance of way will likely be handled by RT's track, line and signal crews, given both economies of operation and scale, as well the requirements of labor agreements. As a practical matter, this means that operations and maintenance ("O&M") will be performed by RT. The relationship of a permanent implementation and operating structure that recognizes the participation of new entities, while addressing RT's ongoing performance of O&M functions for the streetcar system, is a key issue to be addressed by the feasibility study partners.

Management and Operations Requirements

An optimal permanent administrative and management structure for the West Sacramento-Sacramento Streetcar system will have to be able to discharge the following functions, among others.

Project Development Phase

- develop and negotiate agreement to a funding strategy among the public agencies and private sector partners,
- fund and oversee the successful completion of preliminary engineering,
- selection of the final service levels, routing and vehicle type for Phase 1 of the streetcar system,
- refine fleet plan to determine vehicle needs, develop vehicle "model" to fit application
- develop vehicle spec, conduct industry review, and coordinate with CPUC,
- completion of environmental documentation,
- conduct public outreach as required,
- negotiation and agreement with traffic engineering staffs of the two cities,
- conclusion of agreements with Caltrans regarding traffic and structural issues at the Tower Bridge, the I-5 overpass, and potentially other segments of the line,
- conclusion of agreements with SHPO and CSRM,
- conclude negotiations with CPUC and FRA, as required,
- prepare a reliable estimate of liability and property insurance requirements and costs,
- establishment of a cost-reimbursement structure for RT operations,
- negotiation of a continuing cost-sharing agreement between the partnering agencies,
- determine fare structure and fare collection system

Construction/Procurement Phase

- complete funding package,
- complete final design of all civil and systems elements,
- develop/adopt construction management plan,
- construct/install/test/accept track, traction power system, OCS,
- vehicle procurement:
 - develop selection criteria
 - issue specification, select car builder, award contract
 - monitor post-award compliance with specification in construction of pilot vehicle
 - test pilot vehicle at plant and in Sacramento
 - post-pilot monitoring of production of series run of vehicles
 - test, commission, accept fleet
 - construct/test/accept modifications to RT maintenance facility as required,
 - conduct operations and maintenance training
- procure/test/install fare collection equipment,
- complete safety certification of entire system,
- put property and liability insurance in place,
- develop O&M contract with RT,
- complete and implement complementary bus service plan (YoloBus and RT),
- conduct public information campaign

Ongoing Operations and Maintenance Phase

- implement O&M contract with RT,
- monitor compliance with operations and cost objectives
- implement marketing and promotion programs,
- modify as necessary,
- continuously monitor ridership and public/stakeholder satisfaction,
- prepare plans for Phase 2.

Possible Organizational Alternatives

In order to build and operate the streetcar system as economically as possible, any managerial overhead should be kept to a minimum. If there is a dedicated staff in any of the options, other than in operations, the number of additional staff involved should be kept to three or four people, with as many functions as possible leveraged by having services performed by sponsoring agencies. Several possible organizational models would seem to lend themselves to this concept.

The RT Option

There are three possible scenarios for RT operation of the streetcar.

First YCTD, or West Sacramento, and the City of Sacramento could contract for the provision of streetcar service with RT. Streetcar service parameters, including financial contributions and sources could be addressed in that agreement. The Project Steering Committee created for this planning process could be continued, meeting on an as-needed basis.

Another possibility would be for the City of West Sacramento to activate membership in the Sacramento Regional Transit District. This could be done by resolution of the City Council. The streetcar system in that case would become an RT project similar to any light rail extension. The City would gain a seat on the RT Board, and the City's appointee could use that position to assert the City's interest in monitoring RT's performance in building and operating the streetcar system. The streetcar would be part of the RT system.

A third variation could involve a membership on the RT board but based on a contractual relationship, not activating and becoming part of RT's district.

At this stage, there is no reason to debate whether funds should be shifted from YOLOBUS to Sacramento RT; rather, the intention of the streetcar project is not to establish a new service mode by decimating the existing ones. New funding sources will be needed to address the streetcar funding needs, and YOLOBUS and RT may choose to reconfigure some of their local fixed route services to enhance transfer opportunities to/from streetcars.

There are significant issues associated with the RT options for the City of West Sacramento and for YCTD, which will require careful review and collaboration in the next phase of the project's development.

The Portland Model

In Portland, the streetcar system is a project of the city rather than of the transit agency, TriMet (the Tri-County Metropolitan Transportation District of Oregon), although TriMet provides both a substantial portion of streetcar O&M funding and the required complement of streetcar operators, supervisors and vehicle maintainers.

firm), TriMet (76% of the 37-person PSI staff), and the City of Portland. There are only three actual PSI employees.

In the West Sacramento-Sacramento context, this approach could be undertaken by formation of a similar not-for-profit corporation designed to meet the requirements of the local context. Board membership could be on the basis of appointments made by each of the current study partners, and might or might not also include representatives of the private sector.

This approach has some advantages, as discussed below.

Joint Exercise of Powers Authority (JPA)

Joint Powers Authorities are commonly used, in California and elsewhere, in cases where mutually desired projects that are dependent upon the coordinated effort of more than one public entity, cross jurisdictional boundaries. A good example of a successful Joint Powers Authority in which some of the parties involved in the streetcar feasibility study are also currently engaged is the Capitol Corridor.

Some Preliminary Discussion Points

As a background to any consideration of organizational structure, it will be useful to keep in mind the assumption that RT will be providing the actual operation - under some kind of negotiated structure which provides oversight. There are several very straightforward reasons for this

- The streetcar project has no budget capacity for a maintenance facility of its own. Vehicle storage and maintenance functions are assumed to be provided at RT's central light rail facility at Academy Way, sharing maintenance bays, parts storage, shop space, maintenance tools and equipment and maintenance management.
- Regardless of the service alternative selected, at least some operation will take place on RT light rail tracks during periods in which regular revenue light rail service is also in operation. RT will require complete control over anything moving on its tracks. Divided authority is out of the question on a common rail system.
- RT has existing track, overhead and signal maintenance capability that meets the highest professional standards. Duplicating that capability for a small independent operation (providing round-the-clock line crews capable of responding to emergencies, for example) is really not a very practical idea.
- In opening the South Line, RT was required to increase its catastrophic liability insurance to \$100 million. RT also maintains a large self-insured retention reserve to support this liability policy, and it also carries significant property insurance. An actual

estimate should be conducted as the streetcar project progresses, so that the increase in liability associated with the additional mileage operated by streetcars might be reflected in the level of insurance RT carries. This figure should be compared to the separate incremental insurance that an independent streetcar operator would have to carry, including a self-insured reserve, if it were to operate separately. It seems likely that overall, RT's greater financial resources and existing very high level of coverage would prove to be advantageous, although this needs to be verified by analysis.

- Central to the idea of RT operation of the streetcar service is the idea that many of these functions can be provided through marginal increases in existing RT work effort, whereas an independent streetcar operation would require duplication of functions. That should, of course, be reflected in a cost structure that would be considered reasonable by RT's partners in the streetcar project. In fact, RT is currently engaged in developing some interesting marginally-based cost concepts that may conceivably prove to be a fruitful basis for discussions.

With those points in mind, here are some additional preliminary points of discussion relative to the organizational options above.

The RT Option

- There is certain simplicity to this approach. However, activation of RT membership by West Sacramento would result in a transfer of West Sacramento's TDA allocation from other purposes to RT. This would not be compatible with other important concerns, such as adequate support for YoloBus service.
- While West Sacramento would have representation on the RT Board, the degree of focus on the streetcar project which would be present with other approaches might be lost in the Board oversight of a large system with many priorities. If West Sacramento as a policy matter wants to shine a bright and focused light on the streetcar project, this may not be the best way to go about it.

The Portland Model

- This is a very flexible model. The by-laws of a newly incorporated non-profit corporation could presumably be established in a way that reflects a negotiated consensus desired by all parties.
- A separate "Sacramento Streetcar Inc." Board would presumably provide a single-purpose focus from which the project would benefit, particularly in its formative phases.
- Some of the legal questions to be addressed would include liability protection with RT as a contracted operator, how eminent domain would work if needed, whether any legal or public policy questions would exist relative to public funding and authority on one hand, and ostensibly private control on the other.

The JPA Model

- JPA's can only exercise those powers that all parties to the agreement have in common. In carrying out the streetcar project, would there be occasion to exercise some type of power that belongs to one or two parties but not all? This would have to be thought out in advance.
- A JPA approach would seem to enjoy the same opportunity for project focus one would expect to find in the Portland model.
- The Capitol Corridor JPA was originally formed by state legislation, although the local entities each activated their participation. Would there be any reason to seek a legislative structure for a West Sacramento – Sacramento Streetcar JPA?