



SACOG Board of Directors

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Federal Funding Risks for Transit & Passenger Rail

Staff has collaborated with transit agencies and the Sacramento Metropolitan Air Quality Management District (SMAQMD) to analyze potential impacts from reduced federal investments in transit and passenger rail services in the Sacramento region. Attachment A is the white paper summarizing the analysis completed and the federal advocacy points for Board consideration.

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Attachment

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Federal Transit & Passenger Rail Funding Risks & the Greater Sacramento Region

The Sacramento region, home to more than 2.4 million people, is larger than 14 other states and ranks just behind Nevada in size. The rail network provides two-hour rail access to the Bay Area on the Capitol Corridor, the third-busiest passenger rail line in the nation.

The region remains one of the fastest-growing areas in California. As new businesses move in and existing businesses grow, public transit and rail are critical to keeping people and goods moving. The region is expanding rail access to Placer County, which will allow up to 10 round-trips a day from Roseville, which also provides benefits to Union Pacific, operator of the Roseville-based J.R. Davis Railyard, the largest rail facility in the West Coast. Having more frequent rail access to the Bay Area allows Silicon Valley companies to expand their operations at a lower cost, while allowing Sacramento entrepreneurs the ability to tap into the marketplace to the west.

The Sacramento region has local and commuter bus service that serves all six counties, as well as light rail in Sacramento County. These services have benefitted from federal investment, and are important to keeping people moving, taking congestion off the roads, and improving air quality. Without continued federal investment in transit, operators would be forced to mothball buses, congestion would rise, and funding for roads would be in jeopardy due to the increases in air pollution. Moreover the communities most impacted by the loss of service are the low income community, equity community and others that have the least availability to alternatives to current services.

As the region continues to add tens of thousands of residents every year, transit must grow as part of an overall strategy to meet everyone's transportation needs. Transit is also a key attractor of a talented workforce. High-skilled workers in other metropolitan regions do not want long commutes, and having a robust transit system is key to attracting employers of high-skilled jobs.

The Region's progress toward meeting air quality health standards is very closely linked to both cleaner fuels and vehicles as well as lower VMT when transit is available. Continued progress on developing our transit network is important to continued progress on air quality.

Sacramento is also home to Siemens, one of the largest rail rolling stock manufacturers in America, employing more than 800 employees, as well as impacting hundreds of other jobs. If transit funding is cut nationwide, the impact would be significant.

Transit Funding Risks:

The Greater Sacramento region's transit operators currently spend an estimated \$240 million per year on transit capital and operations that provide fixed route and dial-a-ride services across six counties (El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba). Most of the region's

transit operators rely on federal funds to cover a significant share of their costs. For the region's largest operator, Sacramento Regional Transit (RT), over \$34 million in federal transit funds are needed for expenses in FY'17. This estimated federal revenue amount is nearly 22% of RT's total budget for the year. Based on an earlier service reduction experience, RT forecasts that 28% of their services would need to be cut if the federal funds are lost. Losing these federal funds would result in an estimated loss of 6 to 7 million annual riders, or 25% of RT's total annual ridership.

For a four-year phased elimination in federal transit funding, RT estimates this would translate into an immediate 7-8% cut in services in the first year, culminating in the 28% reduction in light rail and bus service by the fourth year. A 28% cut would be across the board for RT and effect more than just transit service and operations support. It is estimated that that the funding loss would lead to 360 job losses, or 36% of RT's total staff.

For the small and suburban operators elsewhere in the region, nearly \$8 million in federal transit funds are needed for expenses in FY'17. The federal share of transit operator budgets varies considerably, but on average these operators need federal transit funds to cover an estimated 30% of their costs. Collectively, these operators had 18% of the passenger boardings (5.8 million) of the regional total during the most recent year recorded (2015) so a 30% reduction in federal transit funding would result in an estimated loss of 1.7 to 1.8 million annual riders. The service impacts would be dramatic because many of the transit services are lifeline connections in smaller communities and rural areas with few mobility options. Significant service cuts would also be made to express bus services that provide commuters a convenient travel option and reduce congestion along the region's freeways. Furthermore, an estimated 100-150 transit agency job losses would occur if \$8 million of federal funds are lost.

Beyond serious cutbacks to transit services, losing federal transit funds would create safety risks because planned bus and light rail vehicle replacements could not happen in a timely manner. For example, nearly 50% of RT's existing light rail vehicles (46) are near the end of their useful life and many buses are still in service that have reliability issues. Also, RT and many of the region's small and suburban operators provide bus services in areas at high risk for emergency evacuations due to flooding. These transit operators have developed coordinated plans to move large numbers of people out of activity centers and across rivers in the event of flooding, fire, or other emergencies. Federal transit funds are critical to these agencies for replacing aging vehicles that need to be replaced. Replacement of aging rolling stock requiring constant maintenance eliminates risks of insufficient capacity and breakdowns in the event of a public safety emergency.

Eliminated or reduced federal transit funding would result in negative impacts throughout the Sacramento region. Siemens Transportation Systems is a major supplier of light rail vehicles and employs over 800 people in Sacramento. The reduction or loss of federal transit funding could result the reduction or loss of these jobs, along with the loss of 500 transit agency jobs.

Applying FTA's commonly cited Return on Investment (ROI) for public transportation, there would be a \$156 million benefit for the SACOG region if the \$39 million in federal transit funding is saved for the next fiscal year. In addition, the \$75 million Small Starts award (increase to \$100 million submitted to the FTA) for the Downtown/Riverfront Streetcar is at risk of not being appropriated. The federal funding on this project is a critical funding piece that promises significant economic returns. The project's economic benefit analysis estimated that a total streetcar project of \$150 million would generate additional private sector benefit between \$856 million and \$1.5 billion in West Sacramento and \$1.9 billion and \$3.8 billion in Sacramento from 2018 to 2035.

InterCity Passenger Rail Funding Risks:

The SACOG region has two inter-city passenger rail providers- the Capitol Corridor and the San Joaquins. The Capitol Corridor provides 30 weekday trips between Sacramento and Oakland, and two daily trips between Sacramento and Roseville. The San Joaquins rail service provides 14 trains daily connecting Oakland, Sacramento, and Bakersfield. Without federal rail funding to augment funding from the state, service cuts and delays in critical capital investments are likely for both the Capitol Corridor and the San Joaquins. The Central Valley of California is one of the most impoverished areas of the Country, and rail service to the Bay Area helps plug our regions into the economic engine of Silicon Valley. McClatchy's significant investment in new media offices at the Sacramento Valley Station demonstrates how Inter-city Rail can increase jobs and opportunity, while reducing congestion and air quality impacts.

Transit and Intercity Passenger Rail Projects

Beyond ensuring that FAST-Act funding authorization levels are realized through 2020, the greater Sacramento region has identified a set of projects to fund through discretionary appropriations. Each of these projects expand travel choices, support economic development, and can be under construction or completed in the next 3 years.

- **Downtown/Riverfront Streetcar, \$100 Million, City of Sacramento/City of West Sacramento/Yolo County Transportation District/Sacramento Regional Transit District/SACOG**

The proposed 3.3-mile streetcar alignment would bring electric streetcars back to the region after a 70-year hiatus and extend service across the Sacramento River from the City of West Sacramento Civic Center to the Midtown entertainment and retail district in the City of Sacramento. The system proposed would operate six low-floor streetcars in mixed-flow traffic at 15 minute headways stopping at regional destinations and hotels along the route. The project was included in the President's FY16 budget in the Capital Investment Grant Program under Accelerated Project Delivery and Development.

- Capitol Corridor Third Track and Station Relocation, \$250 million, Capitol Corridor Joint Powers Authority**

The Capitol Corridor’s 170-mile rail corridor connects the Sacramento region with the San Francisco Bay Area and is the fastest growing and third busiest Amtrak route in the nation, while consistently “#1” in the nation in Amtrak customer satisfaction. This project will improve rail safety and speed between Sacramento County and Roseville (in Placer County) by constructing a third track and signal improvements, satellite maintenance facility, and other associated improvements, resulting in capacity increases from one to ten round trips per day between Sacramento and Roseville.
- Elk Grove Multimodal Station, \$26 million, City of Elk Grove**

The Elk Grove Multimodal Center will provide alternative transportation options for commuters, relieve traffic congestion on SR 99 and I-5. The Station will serve as a stop for Amtrak’s San Joaquin passenger train service, and connect residents to the state’s planned high-speed trains. It will also serve as a light rail station with the eventual extension of light rail into Elk Grove.
- Bus Rapid Transit Lines, \$13 million, City of Elk Grove**

With the recent extension of light rail to Cosumnes River College, a bus rapid transit line is needed along Big Horn Blvd to connect the southwest portion of Elk Grove to the regional light rail system that ultimately services downtown Sacramento. The project would include stations, fare vending equipment, signal modifications and smart corridor upgrades, as well as rolling stock.
- Transit System Preservation, \$300 million, All Transit Agencies in the Region**

The Sacramento Blueprint Project and MTP/SCS forecast that communities across the region can grow and thrive if travel options are expanded to improve mobility and access to activity centers. To achieve this, all of the region’s transit agencies must rehabilitate and replace aging rolling stock as well as add vehicles to maintain and expand transit services. Capturing \$300 million in discretionary rail and bus vehicle funding over the next few years would buy an estimated 36 light rail vehicles and 350 buses, thereby making a meaningful difference in reducing the growing backlog of transit equipment needs.

Conclusion

- Fund New Starts and Small Starts at the levels authorized in the FAST Act**
- Fund formula transit funds at the levels authorized in the FAST Act**
- Prioritize transit and rail for competitive grant programs such as TIGER or any new one-time infrastructure funding proposal.**
- Expand the eligibility of FTA funding to support public-private partnerships for Shared Mobility initiatives that expand mobility options beyond traditional public transit services.**