



August 9, 2018

Regional Transit Board of Directors
Henry Li, General Manager/CEO
1400 29th Street
Sacramento, CA 95816

Re: SacTRU Opposes Additional Streetcar Funding

Dear Board of Directors and Mr. Li:

The Sacramento Transit Riders Union (SacTRU) opposes the spending of additional funding and resources on the Sacramento streetcar project. It is our understanding that based on prior JPA action, SacRT staff will be bringing a request to the SacRT board in August to utilize approximately \$3.5 million in Prop 1A funds for the fiscally precarious streetcar project.

Prior to Mr. Li's leadership, SacRT faced serious financial difficulty which depleted reserves, forced layoffs, raised fares to the highest in the country, and threatened one-third of the bus service in our system. SacTRU does not want to see a return to an unsustainable financial situation where the board and staff are forced to make tough choices that hurt our communities.

In light of the uncertainty surrounding SB 1 transportation funding, as well as federal funding in the future, and decreasing ridership we believe that maintaining existing service and rebuilding a strong reserve should be SacRT's funding priorities. SacRT has low reserves compared to other agencies and should have at least \$27 million in the reserve account, currently SacRT has about \$5 million.

The streetcar project has had a variety of serious funding issues before construction has even begun. Earlier this year SacRT committed \$25 million that could have been used to pursue many other projects within the existing system. That money could go a long way in improving service, increasing ridership, building reserves, and strengthening SacRT's core services.

Additionally, SacTRU does not support the current structure of the streetcar oversight board. We think that SacRT is being placed in a difficult situation in overseeing this joint project between the cities and county and should have more equitable representation on the board. Currently none of the members of the JPA board represent the county at large or the other communities that are part of SacRT. SacRT is much larger than the City of Sacramento, yet those tax payers have no representation on this board.

Finally, we find the financial viability of the project is in serious jeopardy based on the [agenda from the Riverfront Joint Powers Authority](#) meeting on August 1, 2018:

Funding

On the project development funding side, the cities have agreed to fund \$2.6 million for Fiscal Year 2019. As previously discussed with the board, the Project will need approximately \$3.5 million to continue to advance the Project to the federal funding stage.

Based on prior board action, we are working with SacRT staff to bring a request to the SacRT board in August to utilize \$3.5 million in Prop 1A funds for the Fiscal Year 2019 budget. We can also tell you that we explored the use of state Cap and Trade for this purpose, and we were advised that the state funds could only be used if the cities guaranteed repayment in the event the Project was not constructed.

In the meantime, in order to keep very close controls on costs, we have issued a notice to the cities and SacRT to stop all work on the Project except for essential work specifically authorized by Mr. Valsecchi or myself.

On the capital funding side, the FTA continues to note that all capital funds must be committed prior to a federal grant agreement. All funds are committed except the County of Sacramento \$3 million contribution. We can report no progress on this funding.

We urge the Board not to approve any additional funding from the SacRT budget until the power structure of the JPA is realigned in a more equitable way and all parties who have committed to funding the project provide their committed resources. Please include this letter in the public record.

Sincerely,

Sac TRU