

August 22, 2018

Subject: STAR opposes release of Prop 1A funds to Streetcar JPA prior to Streetcar Project obtaining execution of the Small Starts Grant Agreement with the FTA



Dear Board of Directors and Mr. Li:

In 2017 SacRT Board programmed \$25 million in RT's state Prop 1A funds to the Downtown Riverfront streetcar, contingent on the streetcar project executing the SSGA (Small Starts Grant Agreement) with the FTA.

STAR has learned that the Downtown Riverfront JPA streetcar staff is working with SacRT staff to bring a request to the SacRT board in August to release \$3.5 million in Prop 1A *prior* to the obtaining the SSGA from the FTA.

The JPA staff reported that they had explored the use of state Cap and Trade funds, and were advised that the state funds could only be used if the cities guaranteed repayment in the event the Project was not constructed. Apparently repayment guarantees were not forthcoming, so the JPA is now turning to SacRT to release state Prop 1A funds prior to SSGA.

As historical context – Prior to Mr. Li's leadership, SacRT faced serious financial difficulties, which depleted reserves, forced layoffs, raised fares, and threatened one-third of the bus service in our system. STAR does not want to see a return to that. SacRT's money management must be taken seriously.

In light of the uncertainty surrounding SB1 transportation funding, as well as federal funding in the future, maintaining existing service and rebuilding ridership and a strong reserve must be SacRT's funding priorities.

The streetcar project must overcome a variety of serious issues before it can get a SSGA from the FTA. In light of the uncertainty surrounding the streetcar, SacRT should have a guarantee that its funds will not be wasted. There must be a guarantee from the cities that if the streetcar does not obtain the SSGA or is not built, RT's Prop 1A money would be refunded within an agreed-upon time.

STAR urges the Board not to approve any release of funds from SacRT's state Prop 1A money until the project receives the SSGA from the FTA, or the two cities guarantee to refund the money within a fixed time should the project not obtain the SSGA from the FTA or not be built.

Thank you for your consideration,

Sincerely,

Dan Allison

For Sacramento Transit Advocates and Riders, STAR

SacramentoTransitAdvocates@gmail.com | <http://star-transit.org> | Facebook: <http://bit.ly/2Li5HoB>