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SUMMARY OF  
FINAL ASSESSMENT  
(Report No. 3)  
SACRAMENTO LIGHT RAIL TRANSIT PROJECT

The Sacramento Transit Development Agency (STDA) today released the Final Assessment (Report No. 3) on Sacramento's 18.3 mile light rail transit (LRT) project, now under construction. The report, prepared by STDA Interim Executive Director William H. Edgar, is one of three reports which have analyzed the project scope, organization, schedule and budget. The following are the conclusions and recommendations of the Final Assessment:

Conclusions

It is concluded that:

1. The current legal, organization, and management structure of the Sacramento Transit Development Agency is inefficient and ineffective and must be phased out immediately.
2. The "Transfer Plan" proposed by the Regional Transit District staff clearly accomplishes the desirable objectives of establishing organizational accountability, providing for a smooth transition, and creating the least amount of disruptive change at a very critical time.
3. Since the project's baseline documents (scope, design criteria and FEIS) were determined to be adequate as a result of two (2) independent design audits and a thorough review by the staff, the project budget was obviously insufficient from the beginning.
4. As a result of two (2) independent budget reviews and a detailed examination by the staff, the project budget

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should be revised from \$131.233M to \$155.982M, or an increase of \$24.749M.

5. As a result of the significant shortfall in the revised budget, the only practical way to raise local construction project capital is through permanent municipal bond financing.
6. Since the Regional Transit District staff and the California Transportation Commission consultant both forecast significant operational deficits in the coming years for Regional Transit, the City and County governments will be forced to consider operating subsidy payments.
7. The burden of long-term debt financing, therefore, for the capital construction of the light rail starter line must be borne by an entity other than the City and County governments. We suggest that the issuing entity be the Sacramento Housing and Redevelopment Agency.
8. The planned redevelopment program for the City will be materially and significantly altered as a result of the Sacramento Housing and Redevelopment Agency's funding of this project.
9. The newly adopted Project Master Schedule; budgeting, accounting, billing and auditing systems; Start-Up and Operations Plan; and the LRT Extension Study must be closely monitored by the Regional Transit District in the future to insure compliance with local legislative goals.
10. The Regional Transit District should take the lead in transit planning and development in the future.

Recommendations

It is recommended that:

1. The proposed "Transfer Plan" attached as Exhibit No. 2 be adopted.
2. The revised budget transmitted as a separate document

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totalling \$155.982 be adopted.

3. The recommendations contained in the Debt Financing Plan included as a separately bound Appendix C be adopted.

The Final Assessment report will be reviewed by the Sacramento Regional Transit District Board on January 21, the Board of Supervisors and City Council on January 22 and the Sacramento Transit Development Agency Board on January 23. Action to resolve the light rail budget shortfall and related issues is expected in February 1985.

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MEMORANDUM

TO: BUDGET/FINANCE AND TRANSPORTATION/COMMUNITY DEVELOPMENT COMMITTEES

FROM: LORRAINE MAGANA, CITY CLERK

SUBJECT: REFERRAL OF ITEM NO. 42, COUNCIL  
AGENDA OF JANUARY 22, 1985

DATE: JANUARY 25, 1985

Pursuant to Council action, the following matter is referred to you:

Report requested from SHRA Executive Director listing all projects of the Sacramento Transit Development Authority Final Assessment Report No. 3, status of each and the ramifications of using tax increment funds.

LM/dbp/42

cc: Andy Plescia  
SHRA Interim Executive Director