
Regular Meeting of the Capital SouthEast Connector JPA
Board of Directors

Date: Friday, October 28, 2022, 8:30 a.m. to 10:30 a.m.

Meeting Location: City of Rancho Cordova City Hall, Council Chambers
2729 Prospect Park Drive,
Rancho Cordova, CA 95670

The Connector JPA welcomes, appreciates, and encourages public participation in the Board Meeting. If you wish to address the Board of Directors during the meeting, please complete a Speaker Card which are located at the back table and give it to the Secretary prior to consideration of the agenda item. The Board Chair will call your name at the appropriate time. Please speak into the microphone when addressing the Board.

The Board of Directors requests that you limit your presentation to three (3) minutes per person so that all present will have time to participate. The Board of Directors reserves the right to reasonably limit the total time for public comment on any particular noticed agenda item as it may deem necessary.

AGENDA

The Board may take action on any matter listed on this agenda to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

1. Call to Order & Roll Call: Directors Hidahl, Howell, Hume, Nottoli, Sander
2. Pledge of Allegiance
3. Public Comment on Non-Agenda Items

Members of the public may comment on any item of interest to the public within the subject matter jurisdiction of the Board of Directors. Each person will be allowed three minutes, or less if a large number of requests are received on a particular subject. After ten minutes of testimony, the Chair may choose to hear any additional testimony following the Discussion Items.

Please note, under the provisions of the California Government Code, the Board is prohibited from discussing or taking action on any item that is not on the agenda. The Board cannot take action on non-agendized items raised under "Public Comment" until

the matter has been specifically included on the agenda. Those participants who wish to address a specific agenda item are encouraged to offer their public comments during consideration of that item.

4. Executive Director's Report for October 2022

Consent Calendar Items

5. Approve Action Minutes of September 30, 2022, Regular Board Meeting

6. Connector Project Construction Update (Receive and File)

7. Connector Project Featured in Sacramento Business Review (Receive and File)

Discussion and Action Items

8. Authorize Staff to Submit a Letter of Interest related to the Meiss Road Bridge
- Resolution 2022-18

9. Review of the Sacramento County Citizens' Initiative, Measure A, Related to the Connector
(Information Item Only)

10. Announcements or Final Comments from Board Members

ADJOURN

The next meeting of the Capital SouthEast Connector JPA Board will be held on
December 9, 2022

*City of Rancho Cordova City Hall, Council Chambers
2729 Prospect Park Drive, Rancho Cordova, CA 95670

*Location is subject to change due to COVID-19 restrictions on public gatherings

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ITEM 4

MEETING DATE: October 28, 2022

TITLE: Executive Director's Report for October 2022

PREPARED BY: Derek Minnema

Each month the Executive Director provides a report to the Board. The Executive Director will give an oral update on the agency's activities during October at the meeting.

ITEM 5

MEETING DATE: October 28, 2022

TITLE: Action Minutes of the September 30, 2022, Regular Teleconference Board Meeting

PREPARED BY: Derek Minnema

RECOMMENDATION

Approve Action Minutes of the September 30, 2022, Regular Board Meeting.

ACTION MINUTES

The Capital SouthEast Connector JPA Board of Directors met in regular session on September 30, 2022, via zoom video/teleconference.

Call to Order
Roll Call

Vice Chair Hidahl called the meeting to order at 8:32 a.m.
Present: Directors Hidahl, Howell, Hume, Nottoli*, Sander**

* Director Nottoli joined the meeting at 8:35 a.m.

** Director Sander joined the meeting at 8:37 a.m.

Item #3: Adopt Resolution 2022-16 Making Findings and Determinations Authorizing Virtual Teleconference Meetings under Government Code Section 54953(e) (AB 361)

Executive Director Minnema introduced the item and Osman Mufti, JPA Legal Counsel, provided a presentation summarizing the item.

A motion was made by Director Howell and seconded by Director Hume and passed with three* directors voting in favor that:

THE BOARD OF DIRECTORS ("BOARD") OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY ("CONNECTOR JPA") HEREBY MADE FINDINGS AND DETERMINATIONS AUTHORIZING VIRTUAL TELECONFERENCE MEETINGS DUE TO THE GOVERNOR'S PROCLAMATION OF STATE EMERGENCY AND LOCAL RECOMMENDATIONS AND STATE REGULATIONS RELATED TO PHYSICAL DISTANCING DUE TO THE THREAT OF COVID-19 WITH RESOLUTION 2022-16

* Directors Nottoli and Sander were absent during the vote.

No public comment was received on this item.

Public Comments on Non-Agenda Items

There were no comments from the public on non-agenda items.

Open Session

Item #5: Executive Director's Report

The Board received Executive Director Minnema's comprehensive oral report for September 2022. A brief discussion amongst the Board and JPA staff ensued.

No public comment was received on the Executive Director's Report.

Consent Calendar Items

A motion was made by Director Howell and seconded by Director Sander and passed by unanimous vote that:

THE BOARD OF DIRECTORS OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY APPROVES THE FOLLOWING ITEMS ON THE CONSENT AGENDA:

Item #6: Approve Action Minutes of the August 26, 2022 Board Meeting

Item #7: Accept an update on Connector Project Construction

No public comment was received on this item.

Discussion and Action Items

Item #8: Authorize Staff to Release a Request for Qualifications to Develop a 5-year Master On-Call for Various Civil Engineering Services

Executive Director Minnema introduced the item and Matt Lampa, Principal Civil Engineer, provided a presentation summarizing the item. A brief discussion amongst the Board and JPA staff ensued.

A motion was made by Director Howell and seconded by Director Nottoli and passed by unanimous vote that:



THE BOARD OF DIRECTORS OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY HEREBY AUTHORIZES STAFF TO RELEASE A REQUEST FOR QUALIFICATIONS TO DEVELOP A 5-YEAR MASTER ON-CALL LIST FOR VARIOUS ENGINEERING SERVICES – RESOLUTION 2022-17.

No public comment was received on this item.

Item # 9: Announcement and Final Comments from Board Members

No action was taken on this item.

No public comment was received on this item.

Adjournment

The meeting adjourned at approximately 9:01 a.m.

APPROVAL OF ACTION MINUTES FOR SEPTEMBER 30, 2022

Approved By:

Attest:

David Sander
Chair of the Board

Derek Minnema
Board Secretary

ITEM 6

MEETING DATE: October 28, 2022

TITLE: Connector Project Construction Update (Receive and File)

PREPARED BY: Matt Lampa

RECOMMENDATION

Receive and file this update.

CONSTRUCTION UPDATE

Class 1 Multi-Use Path, White Rock Road (Prairie City Road to East Bidwell Street)

Project construction is nearing completion, with the paving work completed and the path scheduled to open to the public at the end October. Minor striping, fencing, and signage work is in progress, and it's anticipated all work will be completed within the next month.

We would like to thank all our project partners for helping to make this a successful project that will greatly improve safety for cyclist and pedestrians and provide an alternative mode of transportation adjacent to White Rock Road!







Scott Road Realignment

Project construction is nearing completion, with all paving work and major roadway items completed. Traffic signal modification at Prairie City Road and street lighting work for the roundabout are still in progress due to supply chain issues. It's anticipated all work will be completed and the realignment open to traffic within next 1-2 months.

We would like to thank all our project partners for helping to make this a successful project that will greatly improve safety and operations on White Rock Road and Scott Road!







ITEM 7

MEETING DATE: October 28, 2022

TITLE: Connector Project Featured in Sacramento Business Review
(Receive and File)

PREPARED BY: Derek Minnema

RECOMMENDATION

Receive and file this update.

SACRAMENTO BUSINESS REVIEW

Attached for Board reference is the Sacramento Business Review 2022 Mid-Year Report, featuring the Connector.

The article highlights the project's economic, safety, and environmental (reduced vehicle miles traveled and greenhouse gas emissions) benefits to the region.

The article was prepared by Sanjay Varshney, Chief Economist for the Sacramento Business Review.

ATTACHMENTS

- a. Sacramento Business Review 2022 Mid-Year Report

MID-YEAR
2022

sacramento BUSINESS REVIEW

Volume 14 Issue 2 » sacbusinessreview.com

Is Sacramento ready for the next major downturn or recession?



CAPITAL SOUTHEAST CONNECTOR
SEE PAGE 4



Labor Market & Regional Economy
SBR/SAFE Credit Union Consumer Sentiment Survey
The Small Business Economy
Real Estate

Capital Markets & Banking Forecast
Human Capital Trends
Healthcare Industry Conditions
Tourism & Hospitality

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MID-YEAR
2022

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MISSION

To educate consumers on the economic and financial health of the Sacramento Region.

LABOR MARKET & REGIONAL ECONOMY

SBR/SAFE CREDIT UNION CONSUMER
SENTIMENT SURVEY

THE SMALL BUSINESS ECONOMY

REAL ESTATE

CAPITAL MARKETS & BANKING FORECAST

HUMAN CAPITAL TRENDS

HEALTHCARE INDUSTRY CONDITIONS

TOURISM & HOSPITALITY

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MESSAGE FROM THE CHIEF ECONOMIST

What does a bad hangover feel like!

While I was pessimistic — with dampened expectations about the year before it started — the reality has been more disappointing and negative. In January, we predicted 2022 would bring caution, concerns, declining investor optimism, rampant inflation, low consumer and business confidence, and loss of confidence in the government. We also predicted that the housing market in Sacramento would continue its ascent but would start cooling off.



The U.S. economy shrank in both first and second quarters, the bond market had its worst first half ever recorded in history, while the stock market saw the third worst. All the froth, optimism, and excesses were squeezed out just like lemons, leaving us with a sour and acidic lemon juice to digest.

The free liquidity in excess of \$10 trillion pumped into the economy that made us giddy in 2020 and 2021, has now abruptly become the reason behind what has now begun to feel like a nasty hangover. The party is over! We need to end putting more free money on the table — but just in recent months — more stimulus and loan forgiveness has been approved by Congress. A recession seems inevitable as the Federal Reserve struggles to rein in inflation by raising rates.

Unfortunately, I am not convinced Sacramento is ready for the next major downturn or recession. While we rejoice in population growth and migration from the Bay area that has sent the housing market to the moon, job creation has not kept pace, homelessness and crime are on the rise, and we have no new large private sector companies to hang our hats on. While the government jobs appear stable, how long before we go from surplus to deficit mode like in the past?

Warm regards,

A handwritten signature in black ink that reads "Sanjay Varshney". The signature is written in a cursive, flowing style.

Sanjay Varshney, PhD, CFA
Chief Economist, *Sacramento Business Review*
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“Mobility is key to prosperity. The Connector provides greater workforce mobility, greater mobility for goods and services and new mobility for active recreation. When you couple that with the direct economic benefit of the jobs created and the materials purchased in order to construct it, there is no denying the Connector is a significant economic driver for our region.”

– Pat Hume, Elk Grove Councilmember and JPA Board of Directors

Capital SouthEast Connector



The Capital SouthEast Connector (Connector) is an innovative, 34-mile multimodal solution to the transportation challenges of South Sacramento County.

Project Overview

South Sacramento County lacks sufficient connectivity and multimodal facilities to accommodate the community needs and its growing economy. Existing roadways are in poor condition and often flood during severe storm events. The facilities lack bicycle and pedestrian accommodations to provide for non-motorized travel. There are limited roadway connections from east to west causing motorists to use the already congested freeways for travel.

The Connector replaces existing two-lane rural roads with a four-lane modern expressway including a separated Class I multi-use path. The redesigned roadway provides capacity for a growing population, active transportation opportunities, access to employment centers, addresses climate resiliencies, deploys innovative technology, and provides for improved quality of life.

Economic Benefits

The Capital SouthEast Connector is more than a regional multimodal roadway facility. Economists agree that the Connector provides significant economic development benefits to the region.

The Connector JPA prepared an economic study in 2022 to determine the direct and indirect benefits of the Connector construction. This study finds that a \$552.5 million investment in construction by the Connector JPA would create a substantial gross economic impact. The incremental economic impact to the region between 2021 and 2040 would produce \$1.1 billion of economic output and create 7,347 new full-time jobs. The Connector would also generate \$43.1 million in new indirect business taxes. Creating new well-paying jobs will provide a tremendous lift to the region's economy.

Key Benefits

- \$585.7 million in travel time savings benefits to commuters
- \$37.3 million in residual investment value of Connector construction
- \$19.5 million in safety benefits from avoided collisions
- \$17.2 million in avoided pavement rehabilitation costs
- \$6.8 million in increased walking and biking benefits for the community
- \$6.3 million in reduced vehicle emissions benefits for the region
- \$3.5 million in savings from reduced truck miles traveled and operating costs

“Our population has doubled between 1980 and 2020 — my lifetime. To accommodate that growth in population, we must continue to make investments that expand the capacity of all infrastructure: adding a new airport terminal, raising Folsom Dam, and building new roadways are all important investments to grow our economy.”

– Derek Minnema, Executive Director, Capital SouthEast Connector JPA



Key Benefits

- Replaces 2-lane rural roads with 4-lane expressway
- Adds a separated Class I multi-use path along the corridor
- Establishes an efficient and reliable freight corridor in the region
- Addresses regional climate resiliency and environmental stewardship issues
- Deploys innovative smart technologies to manage and improve traffic flow
- Reduces vehicle miles traveled and travel times for commuters
- Provides new interregional route Connecting I-5 to SR 99 to SR 16 to US 50
- Enhances safety by constructing medians, improved intersections, separated Class I multi-use path, buffered bike lanes, and removing obstructions from the clear recovery zone
- Reduces vehicle miles traveled and greenhouse gas emissions, provides resiliency by correcting persistent roadway flooding issues, avoids impacts on underserved communities, and supports habitat conservation
- Provides multimodal connectivity to affordable and workforce housing, job centers, healthcare, and recreational facilities and removes barriers to opportunity
- Improves traffic operations to job centers, supports regional jobs creation, and supports truck throughput and operations from aggregate mines
- Improves affordable transportation choices for underserved communities with the accessibility of bicycle and pedestrian facilities and access to bus transit
- Implements a “fix it first, fix it right” approach to replace failing pavement
- Extensive support from local, state, and federal elected officials, labor unions, business groups, agencies, and residents
- Constructs a smart corridor with emerging technologies

Key Supporters

U.S. Senator Alex Padilla

U.S. Representative Ami Bera

CA Assemblymember Ken Cooley

Sacramento County Sheriff Jim Cooper

“In recent years, the Greater Sacramento Area struggled a lot in attracting new industries, business, and jobs. Transport infrastructure is a well proven driver of economic development and vibrancy. For instance, construction of Highway 65 was a huge positive impact on communities of Lincoln and Roseville as well as the whole Placer County. This Project will be a historic chance to increase long-term economic competitiveness and attractiveness of Project area communities as well as Sacramento and El Dorado counties as a whole. The investment of \$600 million has a tremendous payoff potential that is worth billions of dollars in the long run. The new local taxes on production and imports could be beneficial to the jurisdictions as they seek to make their local communities more economically vibrant. A spirit of entrepreneurship, cooperation, and investment, together with a vision of the long-term benefits will lead the project area to a new level of competitiveness and prosperity as a region.”

– Sanjay Varshney, PhD, CFA

KEY POINTS

LABOR MARKETS & REGIONAL ECONOMY

- The Sacramento Region's labor market has made a full recovery to the pre-pandemic level, with all major labor market segments in the region adding jobs over the past 12 months.
- The local unemployment rate has yet to make a full recovery, as the region's population and labor force has increased faster than jobs over the past two years.
- A normalized 3.60% increase in weekly wages is falling short of price increases induced by inflation.

SBR/SAFE CREDIT UNION CONSUMER SENTIMENT SURVEY

- Regional and national consumer sentiment are down since our annual release in January 2022.
- National sentiment declined more than regional sentiment during this period, but regional sentiment remains below national sentiment overall.
- Regional consumers indicate inflationary and related economic concerns and plan to reduce spending on major purchases.

SMALL BUSINESS ECONOMY

- Relative to the 2021 mid-year update, the results in every category point lower; however, they do reflect a better environment than the bottom of 2020. All five categories — Economic Outlook, Business Conditions, Credit Access, New Hires, and Future Revenue Outlook came in below their 18-month moving averages. Responses for the Economic Outlook and for Local Business Conditions came in the weakest, dropping 31% and 25%, respectively.
- It appears that total loan volume activity is on pace to come in 30% below last year's total volume. Over the past three years, Sacramento County has averaged 61% of this volume, but this year it is on track to drop to 56%. The difference is being captured by Placer County with the share increasing from 19% to 24%. While the total loan volume may be on track to decrease significantly, one should bear in mind that this is compared to the all-time high registered in 2021.
- The number of business listings and transactions are higher compared to 2021. Transaction metrics were also higher year-over-year, with Revenue and Cash Flow metrics increasing 4% and 19%, respectively. While business transactions data portray a view of what already happened, the general takeaway is that it appears this data peaked sometime at the end of 2021 and the numbers coming in are the remnants of a very strong 2021.

REAL ESTATE

- **Residential Market:** The market still lacks housing inventory despite the highest development totals in more than a decade. Prices continue to grow despite rising interest rates, but growth in that area will likely slow in coming periods.
- **Office Market:** Office leasing activity has increased over the past 6 months; however, many companies are "right-sizing" to accommodate new hybrid work models, which is resulting in increasing vacancy, primarily in Class B and Class C product.
- **Industrial Market:** Market remains in good standing with new inventory leasing quickly, although the rate at which leases sign could slow, with Amazon pulling back in Sacramento and across the county. Sales activity could also slow as interest rates exceed cap rates, making returns on new investments hard to realize.
- **Retail Market:** Recovery has been much stronger than was initially feared. There has been demand for some of Sacramento's larger spaces, with discount retailers and fitness users as some of the most active.

CAPITAL MARKETS & BANKING FORECAST

- The Federal Reserve kept interest rates too low for too long, and asset purchasing programs (quantitative easing) were ongoing as late as the first quarter of 2022. These actions, combined with the unprecedented fiscal stimulus in the COVID relief bills, ignited inflation to levels not seen in 40 years. The Consumer Price Index (CPI) increased 9.1% in June and the Producer Price Index (PPI) increased 11.3%.
- Although the exceptionally strong labor markets have been a bright spot for the U.S., with unemployment remaining near historic lows, we believe this market is likely to soften. While labor markets have been tight, wage growth has not kept pace with inflation.
- Equity markets entered bear status in May. Investors fled to safety, with value and defensive outperforming growth and cyclical. Driven by underlying commodity prices, energy continued to perform well, while Technology stocks experienced the most significant selloff. The SBR team believes equity markets have already experienced the bulk of the pain, and we project positive single digit returns for the second half of 2022.
- Regional financial institutions are likely to end the year with relatively good performance. The key market risks posed by the Fed's actions — along with looming credit risks — are not likely to materially impact earnings statements until 2023. If the Fed can bring inflation down while keeping unemployment low, 2023 and beyond may turn out quite rosy. The SBR team expects more credit and market risk to materialize as we head into the second half of 2022 and early 2023.

HUMAN CAPITAL TRENDS

- With an expectation for a more normal talent management landscape in 2022, there is a sense of disappointment across organizations.
- The talent market continues to face unprecedented worker shortages as turnover is still growing in the Sacramento region.
- Sacramento organizations are increasing hiring for Summer and Fall, predicting job growth and setting organizations up for churn.
- As workers are adapting to post pandemic work expectations, burnout is increasing.
- Fairness and equity will become significant issues as parts of the workforce are able to negotiate work-from-home and related benefits, while other workers do not have such access.
- Worker performance is decreasing as employees are "quitting in place."

TOURISM & HOSPITALITY

- A good post-COVID recovery in the Sacramento hotel industry — especially in the second half of 2021 — is now slowing down and reversing course in 2022.
- Natomas demonstrates the best growth in occupancy rates compared to other zones, including downtown.

- Average daily rates for rooms, sharply declined during COVID, recovered nicely in the second half of 2021, but declined again in the first quarter of 2022.

HEALTHCARE

- Sacramento's healthcare industry, though battered by the pandemic, is a bedrock of the region and maintains tremendous growth potential and investment opportunity.
- The healthcare sector continues to be the strongest sector of the labor market, attracting national and international talent.
- The trifecta of education, innovation, and enterprise offered in the region's healthcare sector must collaborate to combat American's general dissatisfaction with the nation's healthcare system, unprecedented healthcare-worker burnout, nursing shortages, and increasing financial challenges within healthcare.
- The region's health systems have planned significant growth in hospital and medical centers over the next 5-10 years; increased capital costs may delay expansion or renovations unless innovative solutions are created through independent breakthroughs and/or community-wide business collaboration.
- The median hospital across the nation is experiencing significant operating losses according to industry watchers Fitch and Kaufman Hall.



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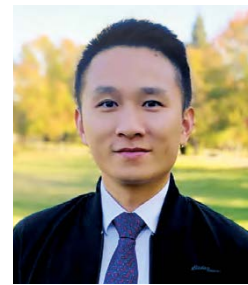
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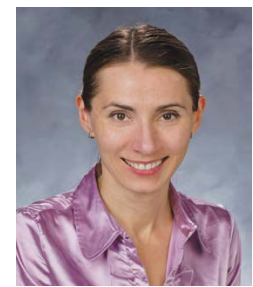
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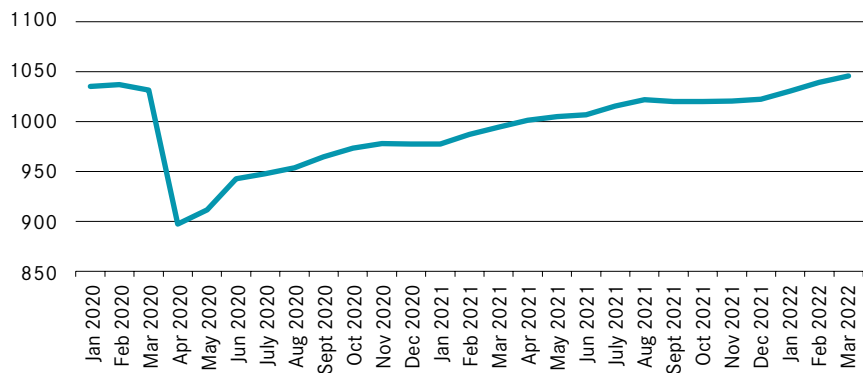


Labor Markets & Regional Economy

The Sacramento Region's labor market has officially made a full recovery following the pandemic induced recession in early 2020. Regional employment is currently 1.045 million, which is 8,000 more jobs; a 0.85% increase than the previous peak in February 2020. However, the unemployment rate has yet to make a full recovery, as the region's population and labor force has increased faster than jobs over the past two years. The Sacramento Region's unemployment rate currently sits at 4.0%, which is still elevated from the previous cycle low of 3.2% in September 2019.

The Region's labor market recovery has been broad, with all nine of the major labor market segments adding jobs over the past 12 months. Major contributors to the recent job boom have been leisure and hospitality and construction, whereas financial activities and government have lagged. However, several segments of the labor market have yet to make a full recovery from their pre-COVID highs,

Figure 1
Sacramento Region Employment



Data Source: St. Louis Federal Reserve

Figure 2
Sacramento Region Unemployment Rate



Data Source: St. Louis Federal Reserve

The Region's labor market recovery has been broad, with all nine of the major labor market segments adding jobs over the past 12 months.

with leisure and hospitality jobs down 8.7% and finance jobs down 1.5% from February 2020.

The wage data seems to show mixed results. Average hourly earnings increased sharply in 2021, but have declined slightly in 2022. Meanwhile, the average number of hours worked per week have continued to decline from a peak of 35.1 to 33.1 hours, a 5.7% decrease.

Over the past year, average hourly earnings have increased by 7.04%, but this was partially offset by a 3.22% decrease in the average weekly hours worked, resulting in a 3.60% increase in average weekly earnings. With inflation running over 9%, a 3.60% increase in weekly wages is falling well short of price increases. The question is: Are employees choosing to work fewer hours as their hourly compensation increases or are employers limiting hours due to supply chain issues, uncertain demand for goods and services, recessionary fears, or other reasons?

3.60% INCREASE IN WEEKLY WAGES IS FALLING SHORT OF PRICE INCREASES.

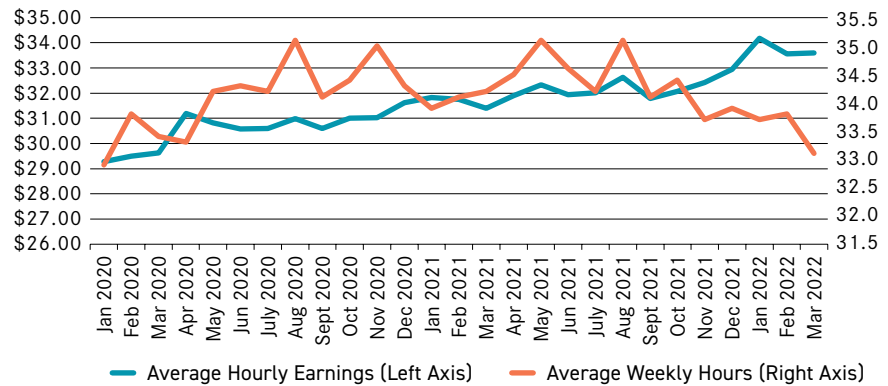


Table 1
Local Labor Market Change by Economic Sectors

Sector	Jobs (in thousands)	% change (Mar 2021 - Mar 2022)
Total Nonfarm	1045.8	+5.2%
Leisure and Hospitality	102.0	+20.9%
Education	12.5	+6.9%
Construction	78.9	+6.3%
Trade, Transportation, and Utilities	171.2	+4.4%
Professional and Business Services	141.8	+3.7%
Healthcare	161.3	+3.5%
Manufacturing	38.4	+3.4%
Government	242.9	+2.8%
Financial Activities	52.2	+1.3%

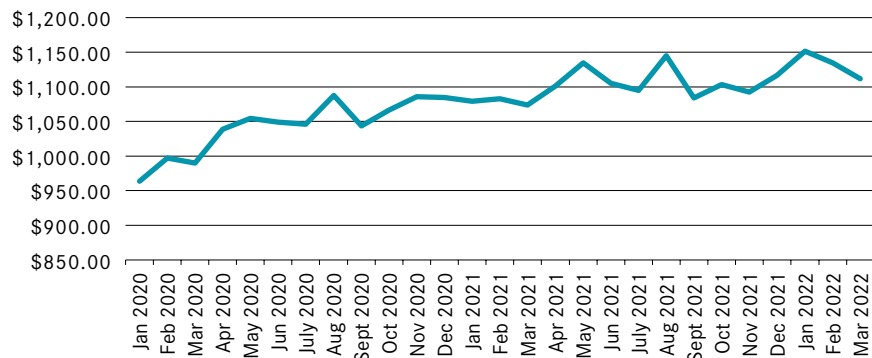
Data Source: St. Louis Federal Reserve

Figure 3
Hourly Earnings and Hours Worked



Data Source: St. Louis Federal Reserve

Figure 4
Average Weekly Earnings



Data Source: St. Louis Federal Reserve

Consumer Sentiment *Survey*

For the mid-year update, the Sacramento Business Review (SBR), in partnership with SAFE Credit Union, conducted another round of our regional consumer sentiment survey. The survey included measures of personal and regional economic conditions along with purchasing and credit utilization.

Regional vs. National Sentiment

The SBR team once again compared regional sentiment with national sentiment measures with the results shown in Table 1. To measure sentiment, we utilized questions from the University of Michigan Consumer Sentiment® survey that were adapted to specifically address the Sacramento region. Per methods used by the University of Michigan survey, we calculated the following three indices for the region and compared them to the national data.

- (1) Index of Consumer Sentiment:** An overall measure of how consumers assess their own personal economic prospects and broader regional or national economic conditions.
- (2) Index of Current Economic Conditions:** A measure of how consumers assess their own personal economic prospects compared to a year ago along with perceptions about the current market for making major household purchases.
- (3) Index of Consumer Expectations:** A measure of what consumers expect to happen in the future for their own finances and the regional or national economy.

Overall, national consumer sentiment dropped substantially (12.2 points) since our annual release (58.4 mid-year 2022 vs. 70.6 January 2022). This includes lower perceptions about current economic conditions and a more pessimistic outlook for the future. At the regional level, consumer sentiment has also fallen substantially, decreasing 9 points to 57.2 from 66.2. (See Table 1 and Figure 1) This marks the lowest reading since the inception of our regional survey. Regional perceptions of current economic conditions are well below national levels whereas regional expectations for the future are more optimistic than national. A more negative outlook on current conditions could be a reflection of inflationary pressures that are exacerbated in the regional economy. For example, local gas prices remain among the highest in the country, and the region has seen marked increases in residential housing prices and rental rates over the past year.

Table 1 • Regional vs. National

	Regional Index Score		National Index Score	
	Mid-Year Update	Change Since January 2022	Mid-Year Update	Change Since January 2022
Index of Consumer Sentiment	57.2	-9.0	58.4	-12.2
Index of Current Economic Conditions	52.3	-9.5	63.3	-10.9
Index of Consumer Expectations	60.4	-8.6	55.2	-13.1

Notes: National data obtained from the University of Michigan Consumer Sentiment Survey May 2022. Final Data, available at: <https://data.sca.isr.umich.edu/>. Indices calculated using the methods specified at: <https://data.sca.isr.umich.edu/fetchdoc.php?docid=24770>.

REGIONAL & NATIONAL CONSUMER SENTIMENT ARE DOWN SINCE OUR ANNUAL RELEASE.



Over the next year, 80% of regional respondents expect prices to increase, with 65% expecting that their income will lag behind these price increases.

Purchasing and Credit

Inflationary and related economic concerns continue to weigh heavily on regional consumers' minds. Over the next year, 80% of regional respondents expect prices to increase, with 65% expecting that their income will lag behind these price increases.

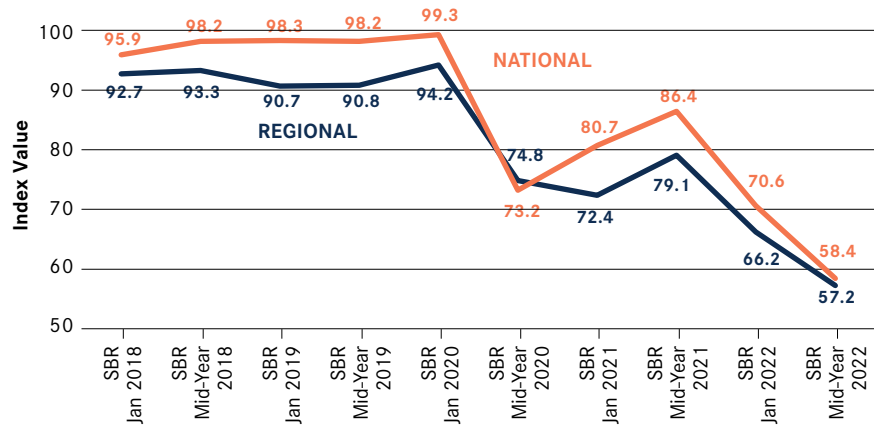
The data also suggest a slowdown in consumer spending. Asked if they plan to purchase a major household item in the next six months (e.g., furniture, television, refrigerator, etc.), only 17% reported an intention to do so. Regional consumers also expressed lower intentions to acquire mortgages and auto loans with slight upticks in plans to acquire credit cards and student loans. (See Figure 2)

Summary

Regional and national consumer sentiment continues the plunge seen in our annual release. Consumers clearly perceive inflationary and other economic threats and indicate plans to reduce spending over the next year.

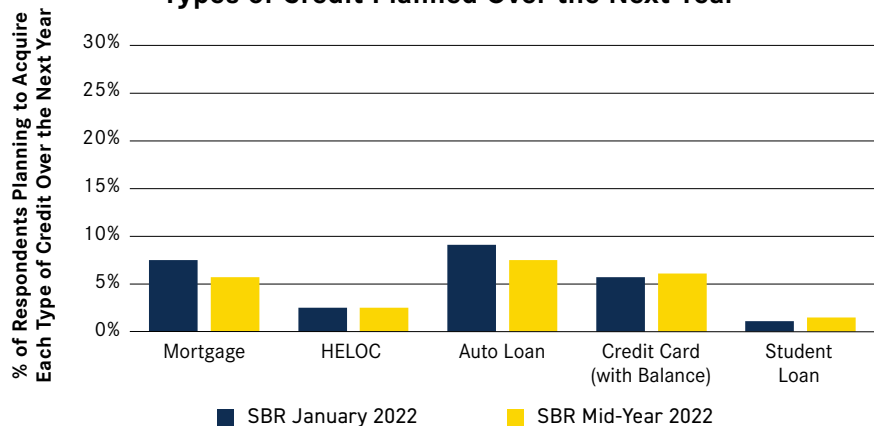
CONSUMER SENTIMENT

Figure 1
Regional and National Consumer Sentiment



Notes: National data obtained from the University of Michigan Consumer Sentiment Survey, available at: <https://data.sca.isr.umich.edu/>. Indices calculated using the methods specified at: <https://data.sca.isr.umich.edu/fetchdoc.php?docid=24770>.

Figure 2
Types of Credit Planned Over the Next Year



The Small Business Economy

The Small Business Economy of the Greater Sacramento region has seen better days. As usual, the Sacramento Business Review (SBR) team conducted its mid-year checkup, which includes evaluating the results of the Small Business Confidence Index (SBCI) to gauge business sentiment, analyzing loan trends in the region, and reviewing the business transaction results of our local economy. Relative to the 2021 mid-year update, the results in every category point lower; however, they do reflect a better environment than the bottom of 2020.

Starting with the results of our proprietary index ("SBCI"), the responses displayed a meaningful drop in overall sentiment across all categories. The two weakest compared to a year ago were views of the Economic Outlook and Local Business Conditions, which dropped 31% and 25%, respectively. Additionally, respondents indicated a weaker Credit Access environment, with the responses dropping 20% relative to the beginning of the year. As the SBR team indicated at its annual 2022 update, higher interest rates have now materialized and the positive boost received in 2021 is quickly disappearing as business credit dries up and affordability is negatively impacted.

While results for Business Conditions have dropped 25% in the last year, it is noteworthy to point out that this is still 70% higher than the bottom marked in July 2020. This is reflected across all categories where, despite robust double-digit improvement relative to the 2020 lows, the conditions have a long way to go before enjoying the highs of a 5-year pre-pandemic average. All five categories – Economic Outlook, Business Conditions, Credit Access, New Hires, and Future Revenue Outlook came in below their 18-month moving averages.

Figure 1 • Overall Sentiment
(January 2011 - July 2022)

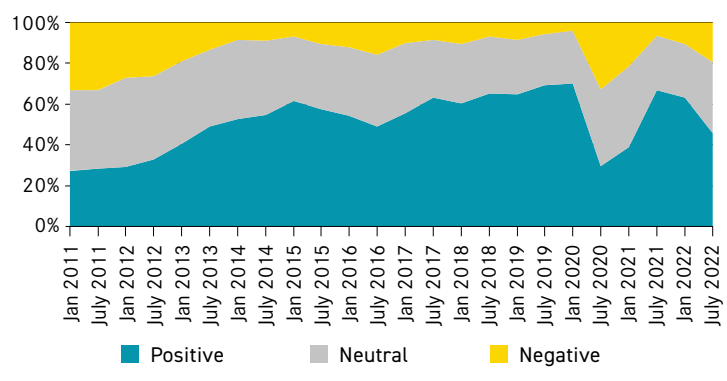


Figure 2 • SBCI Total: Local Business Conditions
(18-month Moving Average)

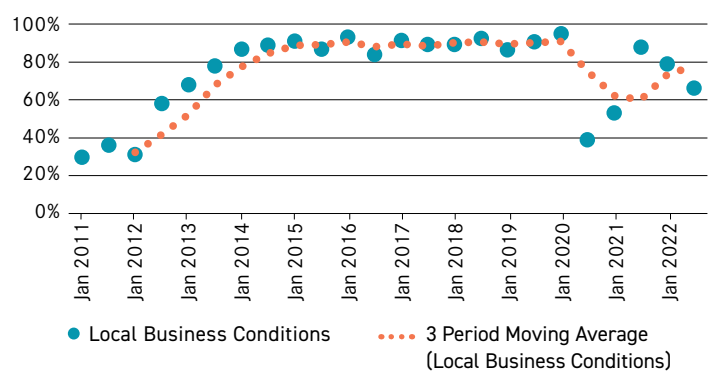
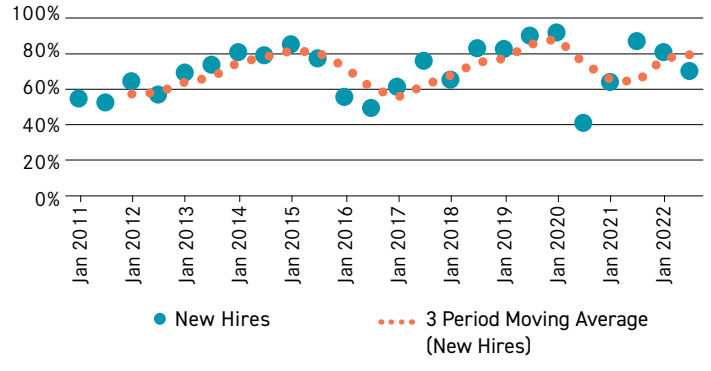


Figure 3 • SBCI Total: New Hires
(18-month Moving Average)



Source for all SBCI: DCA Capital and Sacramento Business Journal



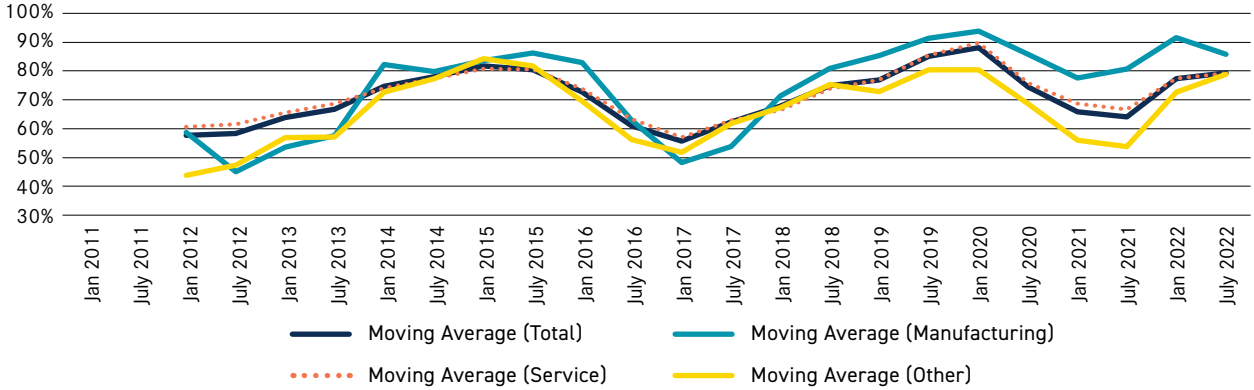
Lending activity data provided by the Small Business Administration shows that loan volumes are on pace to come in 30% below last year's total volume.

Lending activity data provided by the Small Business Administration shows that loan volumes are on pace to come in 30% below last year's total volume. The loan volume share of Sacramento County comprises 56% of the total in the region, which is below the 3-year average of 63%. Placer County picked up the difference by increasing to 24% of the total loan volume, compared to only 19% last year. Yolo County increased slightly from 7% to 9%. Finally, El Dorado County remained unchanged, marking 10% of the total loan

volume in the region. If the results were wrapped up right now, the total loan volume would be 14% higher than the 5-year pre-pandemic average of \$288.3 million. While it appears that the second half of the year might be slower given conditions have changed dramatically over the past 6 months, it is important to note that the comparisons are to the all-time high of 2021. Combining this data with the SBCI results, credit access across sectors came in 19% lower relative to the 2022 annual update.

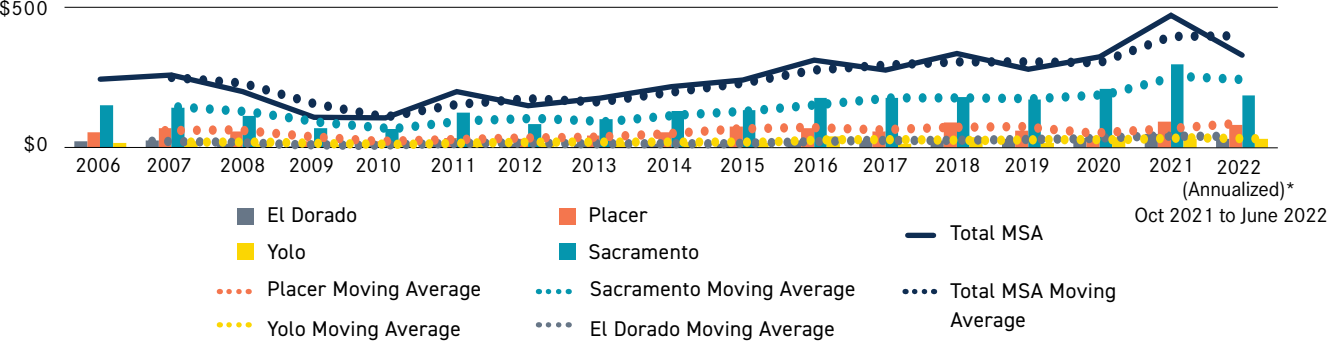
SMALL BUSINESS

Figure 4 • SBCI Likelihood to Hire by Sector
(18-month Moving Average)



Moving Average is average of three previous data points.

Figure 5 • Total SBA Loan Approvals By County
(in millions, 2-Year Moving Average)



Moving Average is average of two previous data points.

The Small Business *Economy*

**RESULTS
ACROSS
SECTORS WERE
19% LOWER
COMPARED TO
THE BEGINNING
OF THE YEAR.**



**LISTINGS
REMAIN STEADY,
AND MORE SALES
ARE OCCURRING
COMPARED TO 2021.**



Compared to 2021, there are 25% more business listings and 33% more transactions year-to-date. At first glance, it appears there is a deceleration in sale transactions, but these numbers are higher than the overall 2021 transactions. Additionally, the reported transaction metrics are higher compared to 2021. Year-over-year, the average Revenue and Cash Flow metrics of sold businesses were 4% and 19% higher, respectively. Median Sales Price for closed deals reflected a 43% premium over Median Asking Price in the last twelve months. Business transactions tend to be a lagging indicator given various factors such as the time it takes to close deals and historical past data in the reports. Nonetheless it appears that the data overall depicts a similar peak reached sometime at the end of 2021.

Figure 6 • SBCI Credit Accessibility by Sector

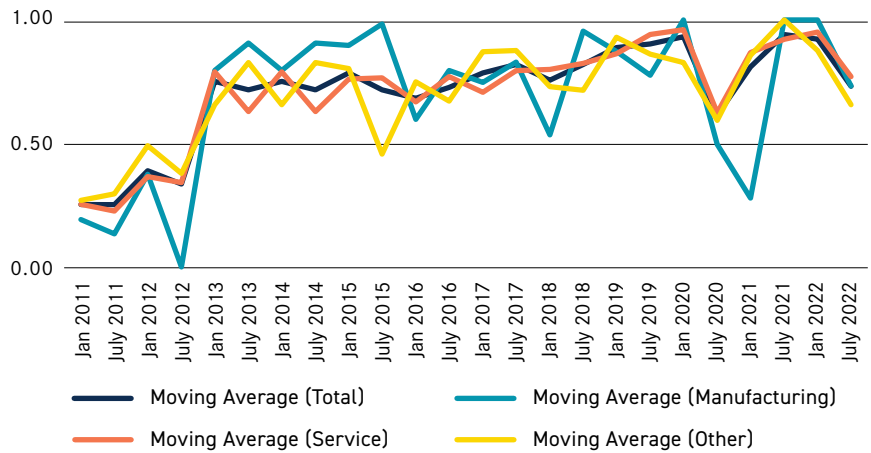
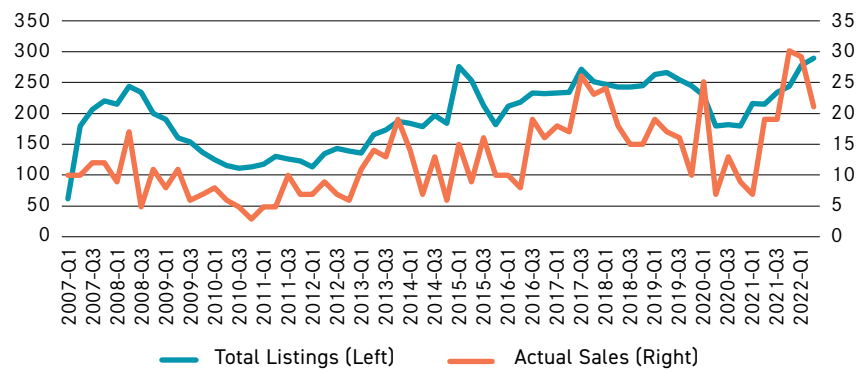


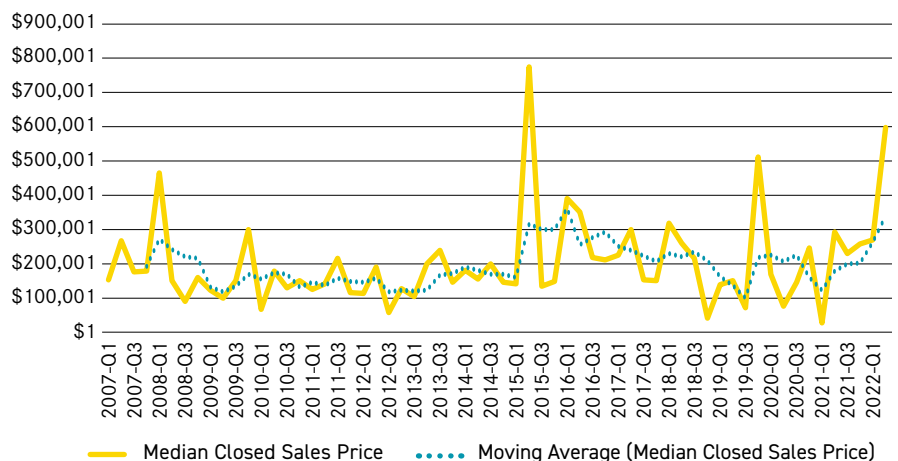
Figure 7 • Number of Listings vs. Actual Sales (Quarterly)



Data Source: BizBuySell

Figure 8 • Median Closed Sales Price (Quarterly)

(1-year Moving Average)



Data Source: BizBuySell



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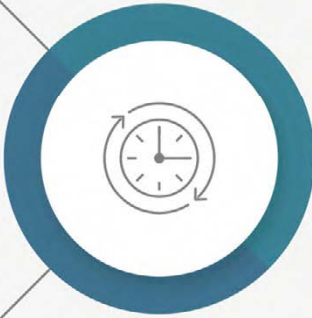
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According to the Bureau and labor statistics, over 4 million healthcare jobs will be added through 2026, making it **the fastest-growing professional field**. Additionally, the employment of medical and health services managers is **projected to grow 32%** from 2019 to 2029, much faster than the average for all occupations.



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SCAN ME

Real Estate

Residential

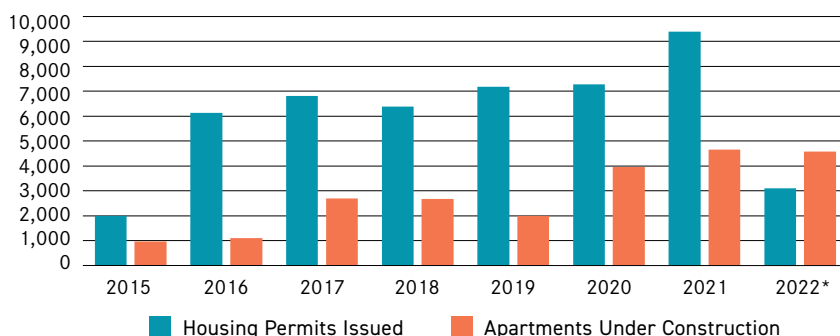
Sacramento's residential real estate sector still has a supply shortage after years of increasing construction. Both multifamily and single-family development are nearing a combined all-time high with more than 14,000 new homes underway in 2021. All this construction comes on the heels of strong pricing growth in both apartment rents and single-family home values.

The median home price in Sacramento stretched to \$605,000 at the midpoint of 2022, having increased by more than 40% since the first quarter of 2020. For comparison, in the two-year period between 2018 and 2020, the median home price grew by 12% — a strong figure — but nowhere near the growth seen in more recent quarters.

Sacramento renters are witnessing slowing in rental cost growth. The average asking rent has settled at \$1,770 per month, up 6% over the past year. For comparison, at the mid-point last year, rents were up by 13%, one of the highest increases in the nation. Some areas, like Roseville and Folsom, recorded annual growth of more than 20%. These same areas, one year later, are seeing rent growth around 3%, but they still command a 23% premium over the market average.

Figure 1

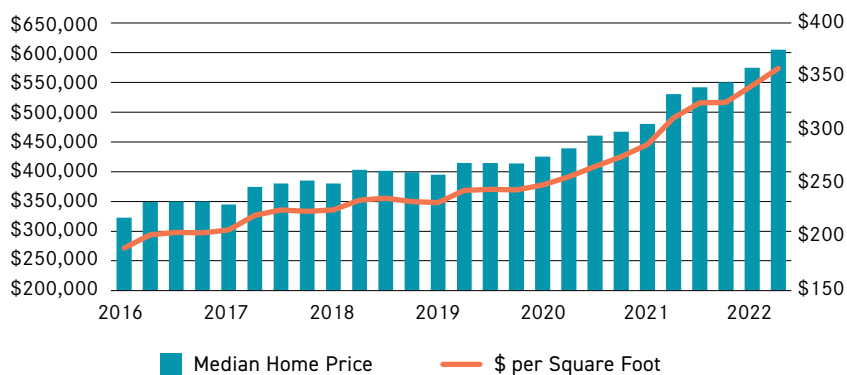
Housing Permits Issued & Apartments Under Construction



Source: CoreLogic

Figure 2

Median Home Prices & Cost Per Square Foot: 2016 - 2022



Source: CoreLogic

The median home price in Sacramento stretched to \$605,000 at the midpoint of 2022, having increased by more than 40% since the first quarter of 2020.



Market availability is far from alarming levels, currently on par with activity seen in early 2017 and below record highs seen in 2010 and 2011.

There are possible headwinds facing the residential sector. Although it is difficult to categorize the market as 'affordable' with another record high for the median home price — there is evidence that the rate of migration to the region is slowing. Additionally, rising interest rates limit buying power. These two factors could combine for a pricing correction over the next year or two.

Office

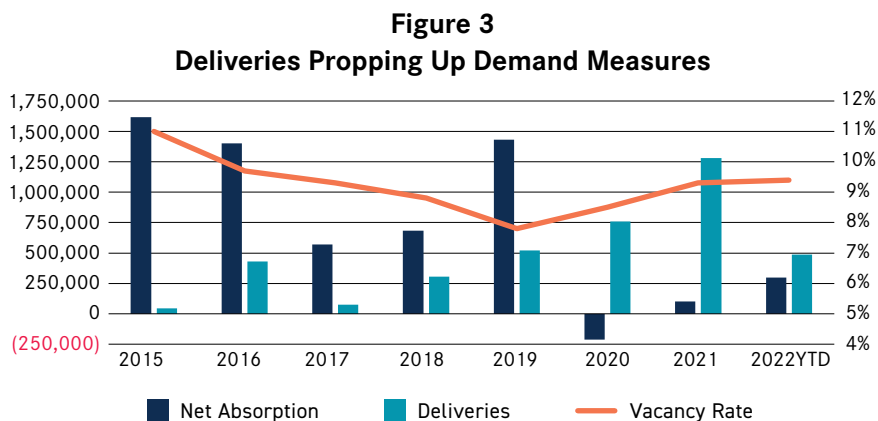
With employees and employers becoming accustomed to the ebb and flow of the pandemic, long-term return-to-office strategies are finally being determined and implemented. Employers remain mindful of talent retention, while focusing on space efficiencies and improving office space to create a work culture and environment employees want to return to. Class A and creative office space is seeing increasing activity, while Class C and under-improved space will likely remain dormant for the foreseeable future. As companies downsize their footprint to reduce their real estate costs, availability is increasing. Despite this trend, market availability is far from alarming levels, currently on par with activity seen in early 2017 and below record highs seen in 2010 and 2011.

One potential headwind in addition to pandemic-related supply increases, is that the region's largest occupier, the State of California, plans to shift occupancy to state-owned real estate. The sequencing plan, put together by the Department of General Services, calls for the construction of a number of new office buildings in Downtown. The first of these locations, the Natural Resources Building, was completed in October of

2021 and houses a number of state agencies. Three government buildings have been completed in the past 12 months, bringing a total of 1.7 million square feet to the market. While the new inventory will be occupied, sizeable holes in privately held properties will be left, causing a net increase in vacancy and some downward pressure on rents.

There is some optimism surrounding the office market. During the prior economic cycle, Sacramento was at a competitive disadvantage with a lack of large blocks of available space in the market. While there have been an increasing number of announcements regarding new small- to mid-sized firms occupying new space in the capital region, some existing companies have announced sizeable expansions of current facilities. Some of the most notable are Thermogenesis in Rancho Cordova, which committed to an additional 30,000 square feet to expand their gene therapy business and Penumbra, which will lease an additional 50,000 square feet in Placer County.

Despite the hardship of the last few years, the office market is showing some signs of recovery, albeit slowly. New residents from the Bay Area have improved the local



Source: CoStar

talent pool and bring promise of new employers, retailers, housing developments, and eventually, office space absorption. Property owners considering improving or re-purposing functionally obsolete or tired real estate despite high construction costs will easily prevail over conservative investors not mindful of quality product with amenities. Sacramento tenancy includes a large proportion of defensive labor sectors, like government and medical users, which have helped buoy the market when it turned in the past; however, new industries and private sector employers are the key to a bright future.

Industrial

The industrial market remains one of the strongest sectors in Sacramento. The vacancy rate is below 4%, despite high levels of construction over the past few years and another 5 million square feet is currently underway. Demand has been particularly high for these new buildings, as most of the market's existing inventory is old and functionally obsolete for modern eCommerce and third-party logistics users. Development is spread throughout much of the region but the most concentrated area remains Metro Air Park which has so far delivered 9 buildings for a total of 5.7 million square feet. Another 36 properties are planned or under construction, which would bring another 12 million square feet to the area.

Recently the market has been heavily reliant on eCommerce firms to occupy much of this new inventory. Amazon has been responsible for more than a third of leases on new construction by square footage since 2017. With the announcement that Amazon would be subleasing approximately 10 million square feet across the country, they

Figure 4
Industrial Under Construction: 2014 - 2022 (SF)

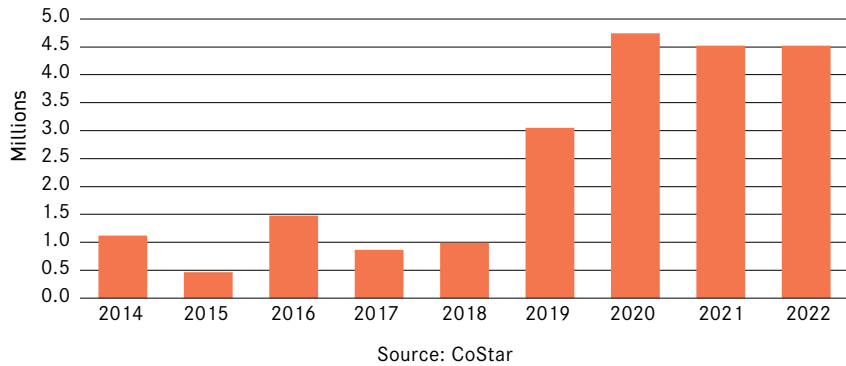
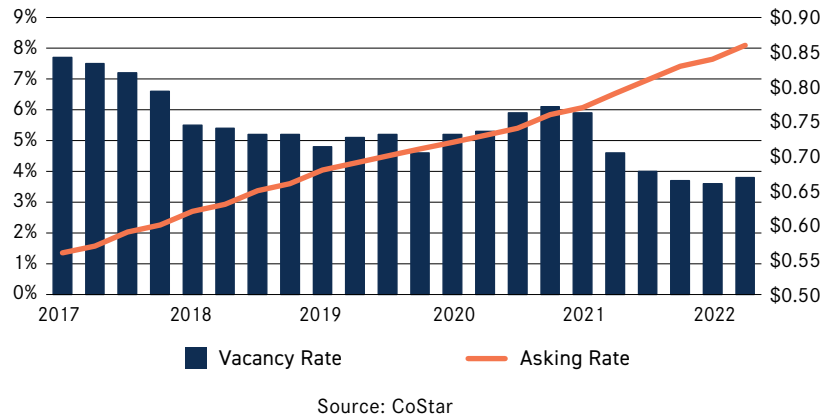


Figure 5
Vacancy & Asking Lease Rate: 2017 - 2022



are unlikely to occupy any of this next wave of development. With that said, the eCommerce giant is far from the only tenant seeking space in Sacramento, as both food users and third-party logistics firms have been very active in the region. While Amazon's absence may slow the rate at which new spaces are occupied, it should not slacken the demand for such inventory.

The market vacancy rate has been below 6% since the start of 2018. Such a long stretch of time with very limited supply has put significant upward pressure on asking rates throughout the market. Over the past year, lease rates are up by nearly 9%, and they have cumulatively grown by 50% over the past five years. Further rent growth is expected in the coming months as construction costs remain elevated, especially for raw materials and, as mentioned, available inventory remains difficult to source.

The industrial market continues much of the velocity from prior years. However, it is worth keeping an eye on investment activity going forward as rising interest rates paired with near record low cap rates could slow trades in the coming quarters. With that said, property values themselves are not expected to decrease as cash flows will keep pace on the back of increasing asking rates.

Retail

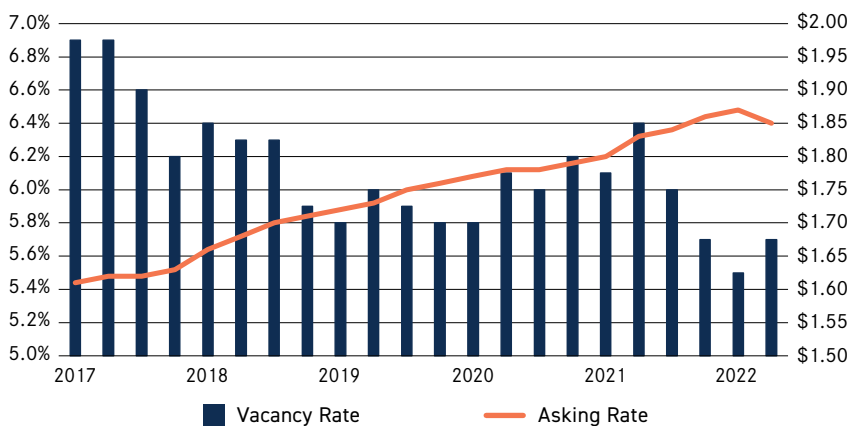
The retail sector is showing signs of improvement through the first half of 2022. Leasing activity is trending upwards, which is an optimistic sign for a sector battling economic shutdowns for much of the past two years. As a result, the vacancy rate is below 6% and has been largely flat over the past 12 months. This activity, combined with a low level of construction across the market, puts the retail sector on much firmer footing than was expected a year ago.

The region's large spaces have been one area of focus for retailers. So far this year, 18 spaces of 10,000 square feet or more have leased with fitness users the most active tenant type. Restaurants have been active as well. A swell of second-generation restaurant space entered the market during the lockdown, and with restrictions in the rearview mirror, new locations are opening. Finally, discount retailers have been growing rapidly. Companies like Falling Prices, Ross Dress for Less and Marshalls have all signed deals since the start of the year.

The stronger than expected rebound is largely a function of an increasing population. The region has worked for many years to shake its sleepy government town image, and there are early indications that positive changes are taking shape.

Capital markets, however, may remain slow. There is limited buyer demand for less than prime retail real estate. Combined with the rising cost of capital, this will likely cause a disconnect between buyers and sellers on pricing. Cap rates are expected to rise, as lease rate growth is far too low to consider purchasing properties with negative leverage.

Figure 6
Vacancy & Average Asking Lease Rate: 2017 - 2022



Source: CoStar

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REAL ESTATE

Capital Markets & Banking

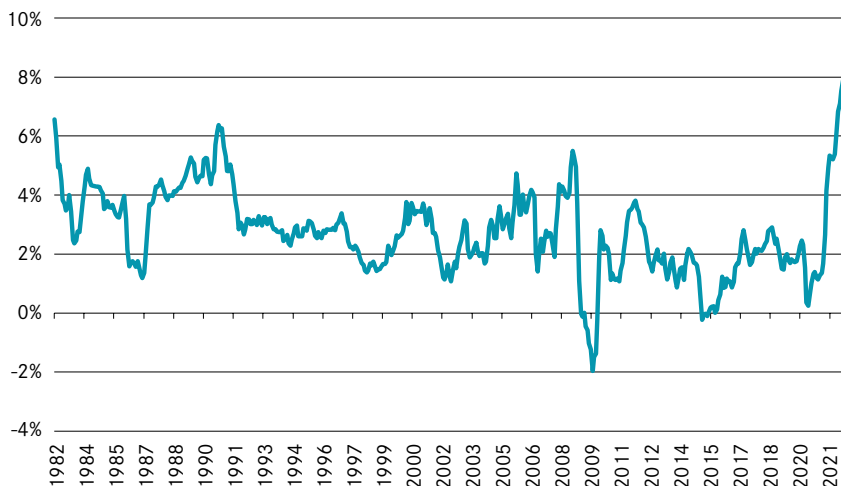
Forecast

**INFLATION
RISES
TO LEVELS
NOT SEEN
IN 40 YEARS**



As we pointed out in the previous update, equity markets began the year priced to perfection, attaining valuation levels that were stretched to a point where any stumble could cause a meaningful sell off. We did not realize how right we were. We also highlighted inflation as a major risk, but we, along with most others, vastly underestimated the impact that it would have this year. In hindsight, it is obvious the Federal Reserve erred in viewing inflationary pressures as “transitory”. Interest rates were kept too low for too long, and asset purchasing programs (quantitative easing) were ongoing as late as the first quarter of 2022. These actions, combined with the unprecedented fiscal stimulus in the COVID relief bills, have ignited inflation to levels not seen in 40 years, with the Consumer Price Index (CPI) rising 9.1% in June and the Producer Price Index (PPI) increasing 11.3%.

Figure 1
Consumer Price Index (CPI)
Year-Over-Year Change, Monthly, Since July 1982



INFLATION IS DRIVEN BY ENERGY, BUT PRESENT ACROSS GOODS



These policy mistakes have been exacerbated by global supply chain issues, still fragile from COVID. Delays in production and logistics perpetuate an environment of high uncertainty and combine with inflation to create a self-reinforcing cycle. Thrown into this scenario, the Russian invasion of Ukraine has significantly disrupted commodities markets worldwide as well as causing immeasurable human suffering.

One anomaly, and bright spot for the U.S., has been the exceptionally strong labor markets; with unemployment remaining near historic lows. However, we believe this market is more likely to soften, rather than carrying the economy to positive growth. Also noteworthy is that while labor markets have been tight, wage growth has not kept pace with inflation. While we do not have Sacramento-specific inflation data, it is likely our region has experienced higher relative inflation in gasoline prices and shelter as compared to other parts of the country.

In this environment, equity markets have seen a substantial sell-off, reaching bear market status in May. Asset class performance generally

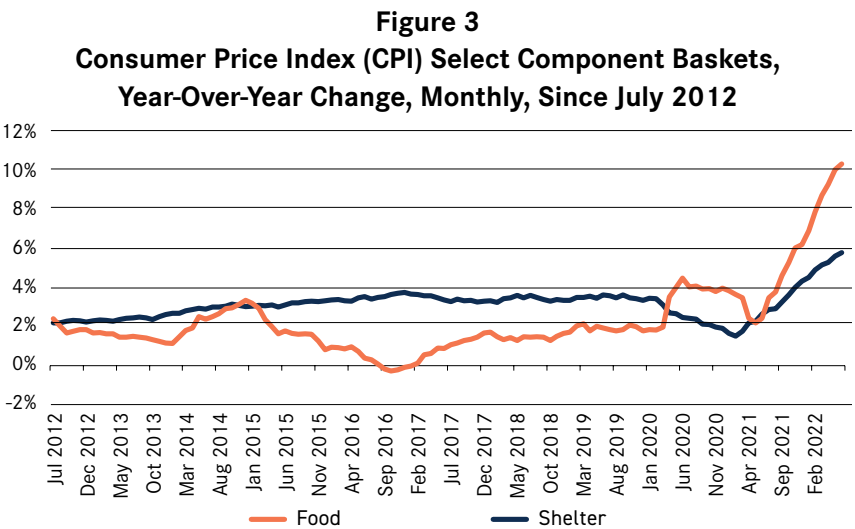
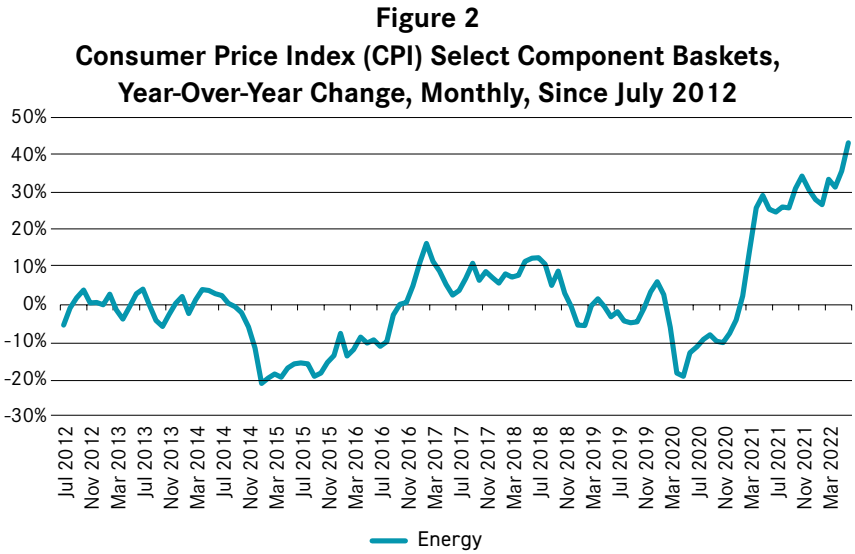


Table 1 • Returns		
Index	Year-to-Date	2021
S&P 500	-19.97%	28.68%
S&P 400 (Mid-Cap)	-19.55%	24.73%
S&P Small-Cap 600	-18.97%	26.74%
Russell 1000 Growth	-28.07%	27.59%
Russell 1000 Value	-12.87%	25.12%
MSCI World	-20.28%	22.38%

Source: S&P, Russell, and MSCI. As of June 30, 2022.

followed “flight-to-safety” rules, with value and defensive outperforming growth and cyclical. Small- and Mid-Cap companies performed in line with Large. From a sector perspective, Energy continued to perform well, driven by underlying commodity prices, while Technology stocks experienced the most significant sell-off. Globally, commodity-oriented markets such as Brazil performed better, but nearly every international equity index is down year-to-date.

CAPITAL MARKETS & BANKING

As we head into the second half of 2022, there are major risks to aggregate economic activity. The first quarter surprised with a negative GDP, and many indicators point to negative GDP in the second quarter as well, raising the question of whether a recession has already begun.

The impact of inflation, combined with supply chain disruptions, contribute to an environment of uncertainty and elevated risk, which is likely to compress corporate margins and slow fixed investment. In addition, the higher fuel and energy costs are likely to be a drag on growth. Consumers, which comprise over 70% of the US economy, will be challenged as inflation erodes purchasing power, leading to diminishing savings and higher utilization of credit for household expenses.

In corporate markets, one area to watch is collateralized loan obligations (CLOs). These instruments are backed by non-investment grade leveraged loans. A leveraged loan is a type of loan that is extended to companies with substantial borrowing needs and higher credit risk. Typically, the underlying instruments are floating, and thus borrowing costs will increase with a rise in market rates. This has the potential to squeeze the corporate borrowers, potentially introducing the risk of widespread defaults.

Equity Market Outlook

While uncertainty is high and economic outlook murky, the SBR team believes equity markets have already experienced the bulk of the pain. Returns will be volatile and

low, but we are projecting positive single digit returns for the second half of 2022. Fixed income markets look to remain challenged as the Fed will continue to ratchet up rates. We see the 10-year treasury yield likely finishing between 3.50% and 4.00%.

Regional Financial Institution Performance Update

What a difference six months makes! At the end of 2021, futures markets thought the Federal Reserve Open Market Committee (FOMC) – the body that decides what to do with short-term interest rates – might have increased rates a couple of times to achieve a fed funds rate between 0.25% and 0.50%. However, as discussed previously, markets would come to find out that transitory inflation can have several different meanings (everything is transitory in the long-run), and the U.S. economy would see the highest levels of inflation in nearly 40 years. This once in a

Figure 4
9-Quarter Loan, Deposit, and Net Income Trends for Regional Banks

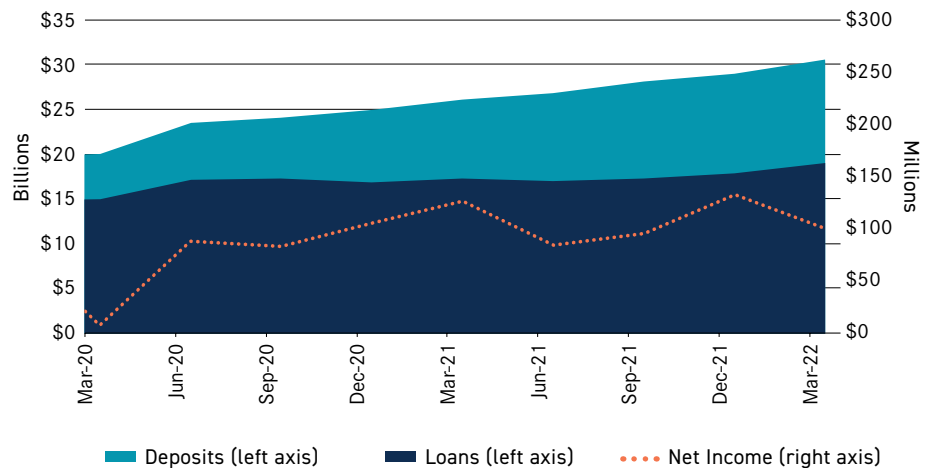
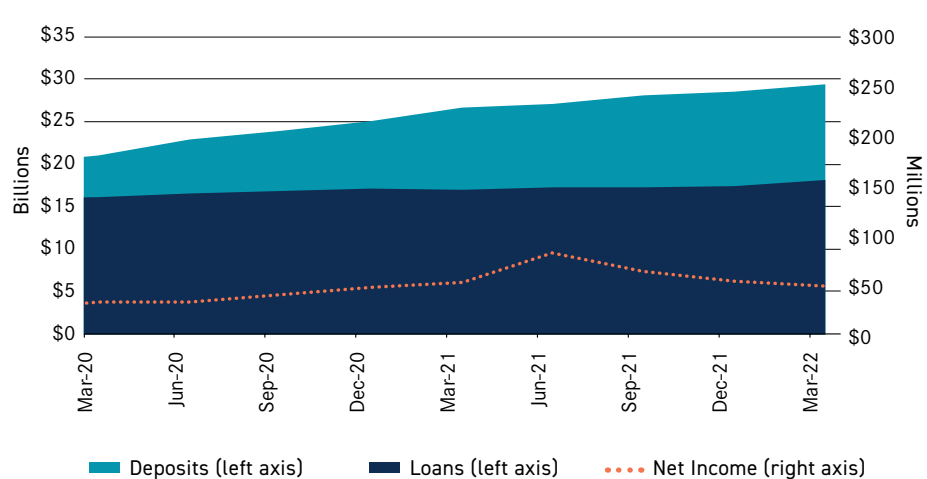


Figure 5
9-Quarter Loan, Deposit, and Net Income Trends for Regional Credit Unions



generation increase in price levels had the FOMC scrambling to raise short term interest rates fast enough to bring prices back down, and we remain in the midst of an uncertain, inflationary economic environment. As of June 2022, the target range for fed funds was 1.50% to 1.75% (six 0.25% rate hikes since the beginning of 2022), with futures markets now expecting another seven 0.25% hikes to come by the end of the year, resulting in a target range of 3.25% to 3.50%.

The rapid increase in the fed funds rate was likely a welcome change for most regional financial institutions, as the yield earned on excess liquidity built up over the past couple of years (i.e., short-term cash and floating rate securities) has increased accordingly, thereby helping to expand net interest margins. The latest deposit financial data available as of this writing is Q1 2022, so the impact of the rapid fed funds rate hikes is not quite baked into the numbers.

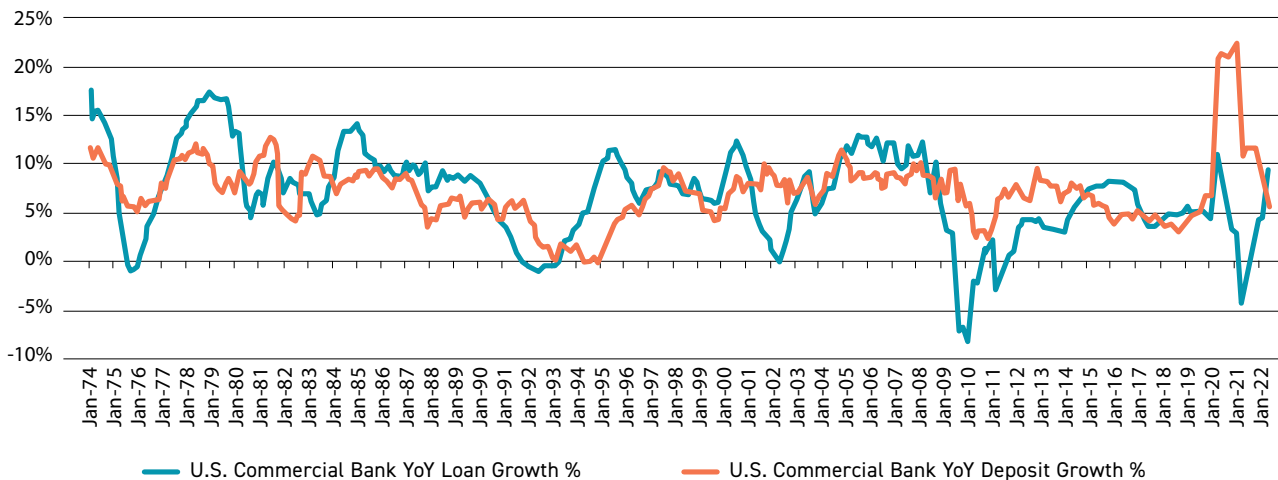
One trend that the SBR team is watching closely is the pace of growth for loans and deposits as the Fed does what it can to slow the economy (i.e., reversal of stimulus), while consumers and business face higher and higher prices for goods and services. At the national level, long-term loan and deposit growth trends on a year-over-year percentage basis clearly show just how much of an impact the pandemic and related monetary and fiscal measures had on financial institution balance sheets.

We see similar trends when homing in on recent quarterly data for regional banks and credit unions. One of the most prevalent risks facing financial institutions at this point in the



One trend that the SBR team is watching closely is the pace of growth for loans and deposits as the Fed does what it can to slow the economy (i.e., reversal of stimulus), while consumers and business face higher and higher prices for goods and services.

Figure 6
Implications from U.S. Commercial Bank Loan and Deposit Growth Trends



cycle is access to liquidity at reasonable rates. Should deposits, the cheapest form of liquidity, fail to grow fast enough to fund loan growth, financial institutions will either have to pay up for the cash needed to fund loans or slow the amount of lending overall. This is not something financial institutions want to do when loan rates are much higher relative to where they have been over the last cycle. Net interest margins are still likely to expand, but the rate of expansion may be hampered by a Fed that removes too much liquidity too fast in the effort to stem inflation.

Regional Financial Institution Outlook

Regional financial institutions should end the year with relatively good performance as the key market risks posed by the Fed's actions — along with looming credit risks — are not likely to materially impact earnings statements until 2023. If the Fed is able to bring inflation back down while keeping unemployment low, then 2023 and beyond may turn out quite rosy as the domestic economy outruns the aftereffects of the pandemic fiscal and monetary policy actions. However, economies are cyclical, and the SBR team expects more credit and market risk to materialize as we head into the second half of 2022 and early 2023.

Sacramento Business Review

Financial Conditions Index (with 2-year moving average)

Our proprietary Financial Conditions Index for the region's economy shows continued recovery and expansion as of Q1 2022 relative to the pre-pandemic peak.

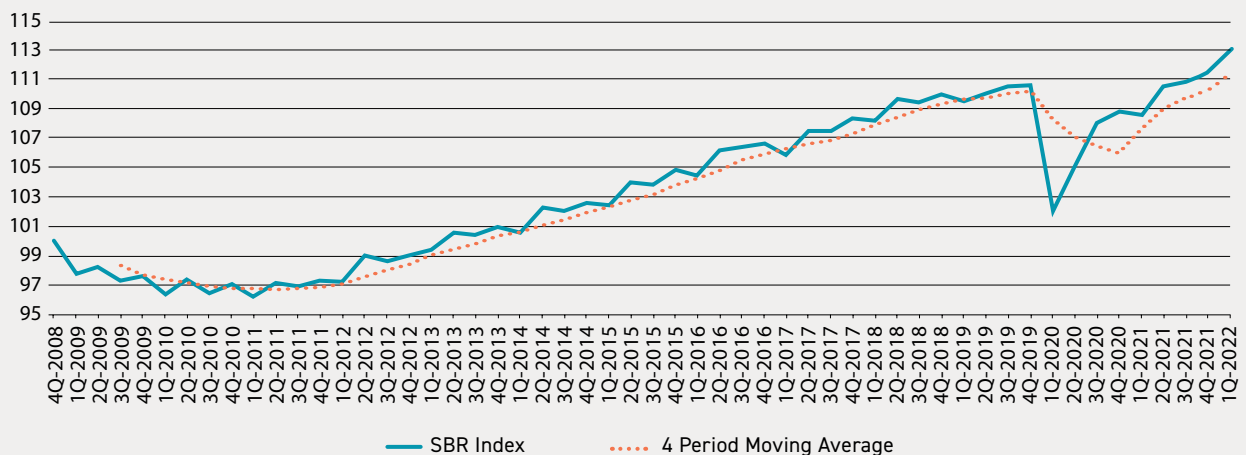


Figure 7

Regional Banks: QoQ Loan and Deposit Growth Rates

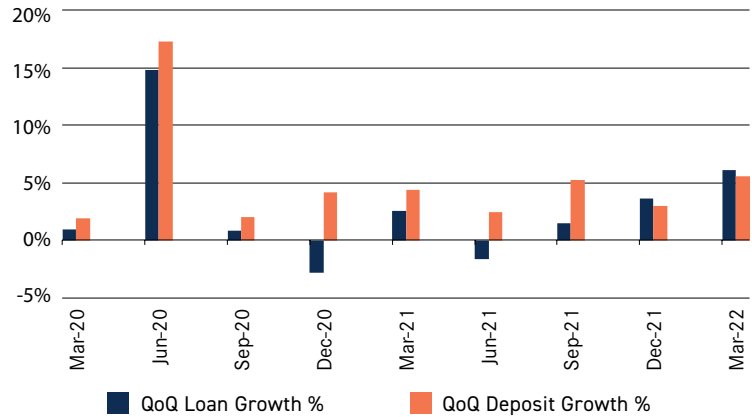
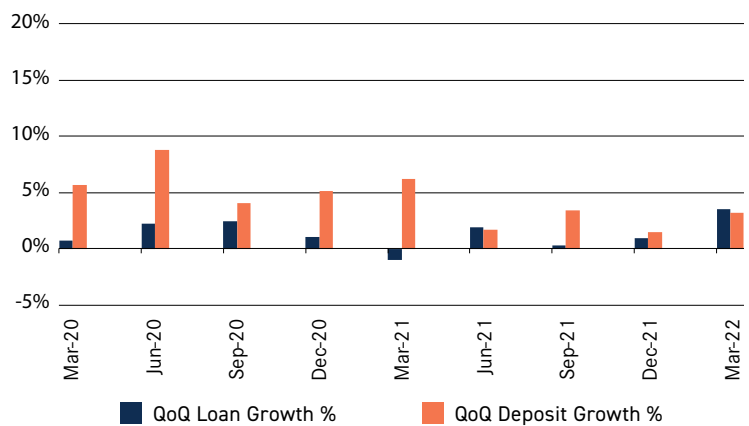


Figure 8

Regional Credit Unions: QoQ Loan and Deposit Growth Rates





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Human Capital Trends

**MANY POSITIONS
STAY OPEN FOR
MONTHS
BEFORE BEING
FILLED.**



The continuing focus on skills gaps and talent management challenges is starting to sound like a broken record. In response, organizations are working on upskilling and reskilling, while many positions stay open for months before being filled. Employees report a great need for further training and development, as organizations are not fully prepared to meet those needs. Coupled with the lack of training, most workers tell us their employers are failing to support them in finding fulfillment and growth, causing them to quit in place or to leave the organization.

Organizations are working through the most effective policies for work-from-home arrangements and are simultaneously facing fairness and equity issues as parts of the workforce negotiates work-from-home and related benefits, while other workers do not have such access.

EMPLOYEE COMMUNICATION REMAINS A TOP AREA OF FOCUS FOR EMPLOYERS.

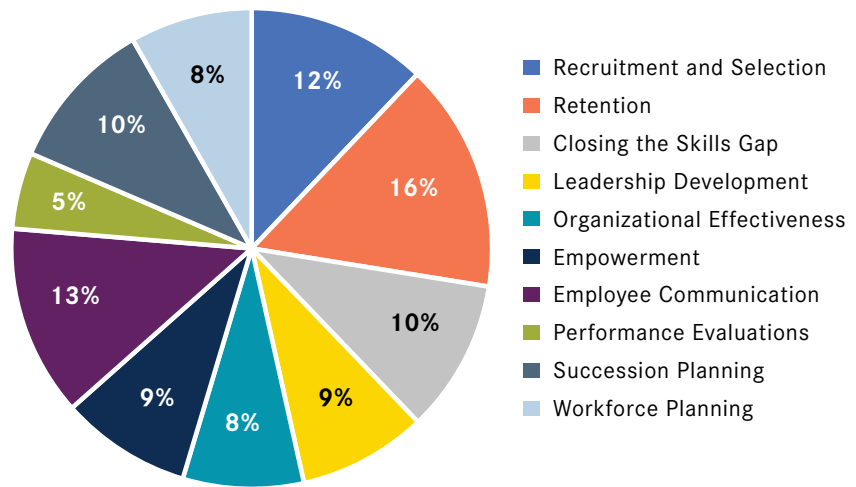


The talent management landscape in the Sacramento Region is still more of a tearjerker than a fairytale, as employers navigate worker shortages, burnout, renegotiation of work-from-home arrangements, and creating and implementing effective training and development programs.

The talent management landscape in the Sacramento Region is still more of a tearjerker than a fairytale, as employers navigate worker shortages, burnout, renegotiation of work-from-home arrangements, and creating and implementing effective training and development programs.

We also asked HR and managers about workforce and human capital initiative KPIs predicted to impact business performance in Q3/Q4. Regarding human capital initiatives with the greatest expected business impact, retention is on everyone's mind. Looking to close out a more successful 2022, the highest priorities after retention are hiring, training and development, and succession and talent planning, with efforts focused on building fully and competently staffed organizations. Employee communication is still claiming a top spot as we continue to navigate uncharted waters (Figure 1).

Figure 1
Areas of Focus Q3 and Q4



Regarding human capital initiatives with the greatest expected business impact, retention is on everyone's mind.



Healthcare

Industry Conditions

Sacramento: Reimagining the Future of Healthcare

The American Healthcare Industry — a \$4.1 trillion giant — is undergoing an existential transition. In 2020, medical care was brought to its knees by a 0.125 micron virus. The resulting paradigm shift — from treating individuals' diseases to preventing population destruction — became the immediate priority overnight.

As capital of the state with the world's fifth largest economy, Sacramento has all the elements to lead the future of healthcare. Policy for the state is written here. And just as in climate policy, minimum wage, and privacy law — wherever California goes — the rest of the nation will soon heed, if not follow.

Change is imminent. The U.S. healthcare system as it stands today is hopelessly overburdened, financially untenable, poorly distributed, and — worst of all — viewed by the people as inadequate to meet their needs.¹ America delivers among the highest costs for medical care in the world, while failing to deliver better outcomes.²

Hospitals, particularly not-for-profit hospitals, are facing a harsh outlook: Largely maintaining fiscal strength in the first year of the pandemic due to government subsidies through the CARES Act and/or reorganization, the cushion of governmental protection has waned. Through 2021, staffing shortages and supply chain disruptions increased labor and capital costs significantly, while patient volumes were still recovering. The impact of these trends, combined with the rising interest rates of an inflationary 2022 economy, has ushered in six straight months of negative margins for hospitals across the nation.^{3,4}

How will Sacramento play a role in the future of healthcare? By all indications, the region is poised to collaboratively — and competitively — create new and better ways to teach, deliver, and pay for healthcare. Sacramento is positioned to model the way for the rest of the nation's communities through forward-thinking medical education, conscientious expansion of care services, and facilities that focus on equitable delivery and judicious payment strategies.

Sacramento's healthcare market has proven itself unique in its ability to flourish with four large, established healthcare systems that dominate the region's hospital market and labor force. In addition, the region adds excitement and innovation through an up-and-coming university medical center for education and care delivery, a competitive medical insurance marketplace, a robust FQHC landscape, and countless biotechnology and medical device companies. The economic forecast for the Sacramento region is significantly impacted by these healthcare sector players.

The region's ruling healthcare systems have all carefully planned reconstruction or even complete rebuilding of aging infrastructure to coincide with the state's 2030 seismic requirements. Even more noteworthy is the commitment from some to literally build the future — by creating education, research, and care delivery institutions that will tap the most forward-thinking aspirations in the health sciences. Although a loss of approximately 10,000 jobs was estimated for the local healthcare industry due to the pandemic, in the long run, jobs in this sector are projected to increase along with these regional expansions, attracting high level professionals in a very competitive market. (Figure 1)

The Sacramento region is extraordinarily poised to create remarkable efficiencies and outcomes in a post-COVID world by virtue of the talent, resources, and momentum already present in the region.

As shown in Figure 2, the four large healthcare systems in the region (UC Davis Health, Kaiser Permanente, Sutter Health and CommonSpirit [Dignity] Health) all have laid out plans to build new hospitals or expand their capacities in the very near future. UC Davis Medical Center is augmenting its already world-class reputation through Aggie Square, an institution dedicated to biotechnology research and innovation, the *California Tower* expansion of their Sacramento medical campus, and a planned *Folsom Center for Health* in Folsom Ranch. A relative newcomer, California Northstate University (CNU), has received approval to build a medical center, teaching hospital, and living campus in a portion of the former Sleep Train Arena grounds. The proposed *CNU Medical Center Campus at Innovation Park* is capitalizing on a new generation of medical professionals whose focus is on holistic health and wellness, both within their work and within their community.

The Sacramento region is extraordinarily poised to create remarkable efficiencies and outcomes in a post-COVID world by virtue of the talent, resources, and momentum already present in the region. Led by Sacramento's healthcare sector, innovative technologies including AI, precision medicine, population health, and virtual medicine are becoming the national standard for modern healthcare systems' delivery.

All of Sacramento's newly created and proposed expansions for healthcare delivery will have one very important requirement in common: They will have to find new and better ways to teach, deliver, and pay for healthcare in an environment that is undergoing unparalleled transformation and challenge.

Figure 1
Sacramento Metropolitan Area Healthcare Jobs

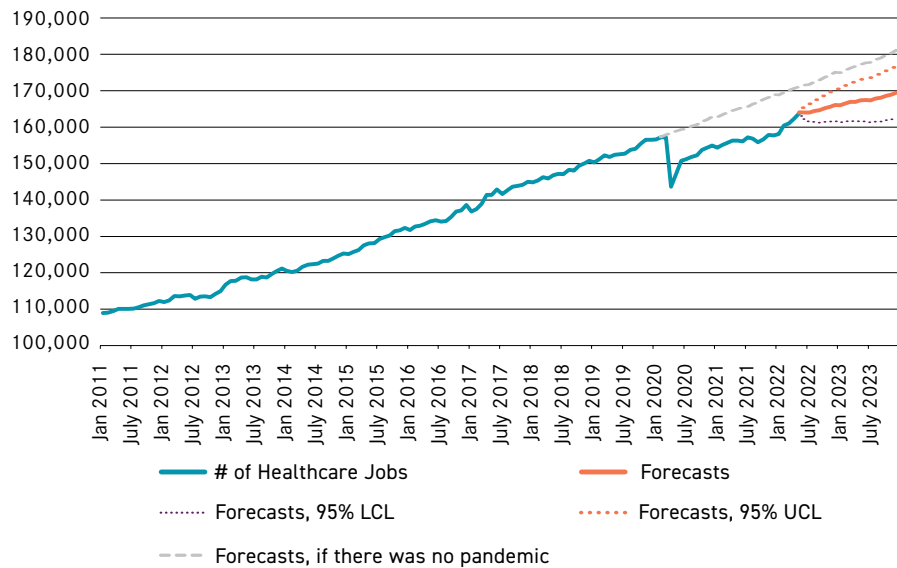
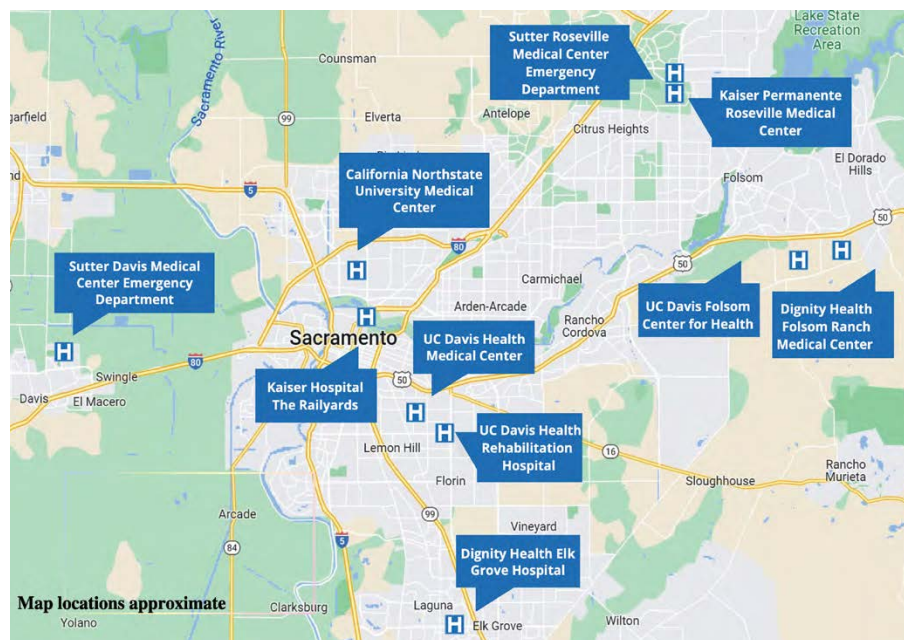


Figure 2
New and Proposed Hospital Expansions in Sacramento Region



References

- 1 [West Health-Gallup 2021 Healthcare In America Report](#), p.19.
- 2 Commonwealth Fund Report. Schneider, Eric C. et al: [Mirror, Mirror 2021: Reflecting Poorly](#) | Commonwealth Fund.
- 3 Kaufman Hall: [National Hospital Flash Report, July 2022. KH-NHFR-July-2022.pdf](#), p.8.
- 4 [Fitch Ratings 2022 Mid-Year Outlook: U.S. Not-For-Profit Hospitals and Health Systems](#)



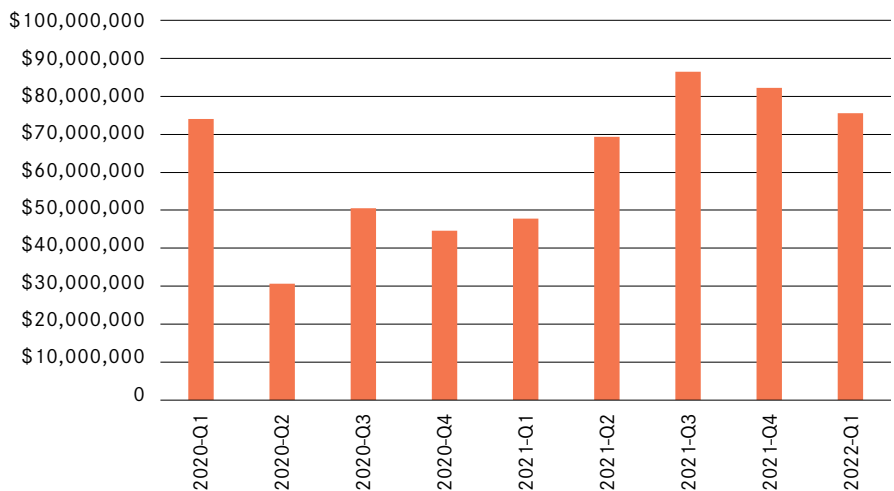


Tourism & Hospitality

Sacramento Hotel Revenues Declining

Sacramento hotels continue to struggle in 2022 after a steady rise in revenue in 2021 and peaking in the third quarter. The total revenue is measured for four hotel zones outlined by Sacramento Convention & Visitors Bureau (Downtown, Point West, Natomas, and Outlying hotels). While recovery back to pre-COVID levels has been good, in the first quarter of 2022, hotels faced a decline of 8% over the previous quarter (\$75.6 vs \$82.2M).

Figure 1
Total Revenue From Hotel Stays in Sacramento



Source: Visit Sacramento

Sacramento Downtown (Zone 1) occupancy rates in 2022 Q1 (62.6%) were higher than 2021 Q1 (44.4%), and almost the same as in 2020 Q1 (61.6%).



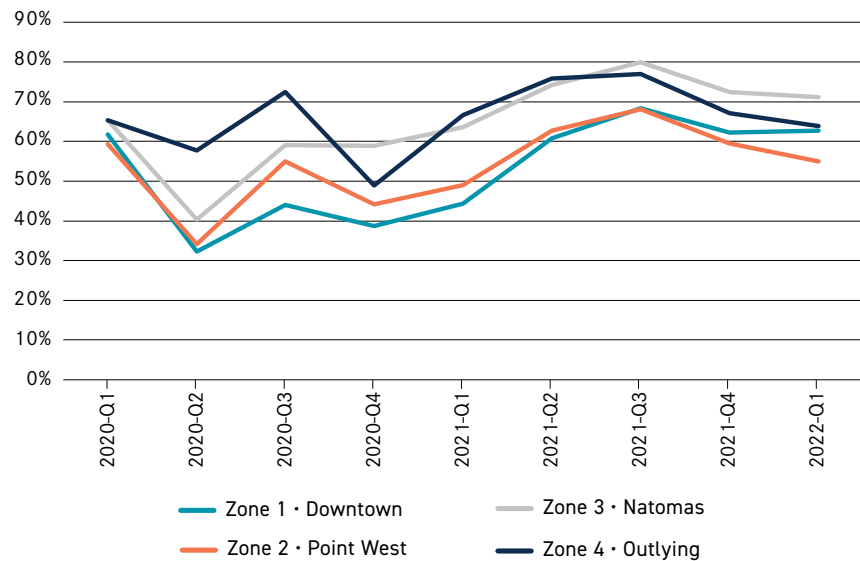
Geographic Segmentation of Sacramento Hotels

Of the 4 geographic segments, only Natomas occupancy rates in 2022 Q1 achieved a substantially higher level than in pre-COVID 2020 Q1 (71.0% vs 65.2%). Sacramento Downtown (Zone 1) occupancy rates in 2022 Q1 (62.6%) were higher than 2021 Q1 (44.4%), and almost the same as in 2020 Q1 (61.6%). Point West and outlying hotel occupancy rates were lower than in pre-COVID 2020 Q1 (54.9% vs 59.3% and 63.9% vs 65.4% respectively).

Pricing Trends

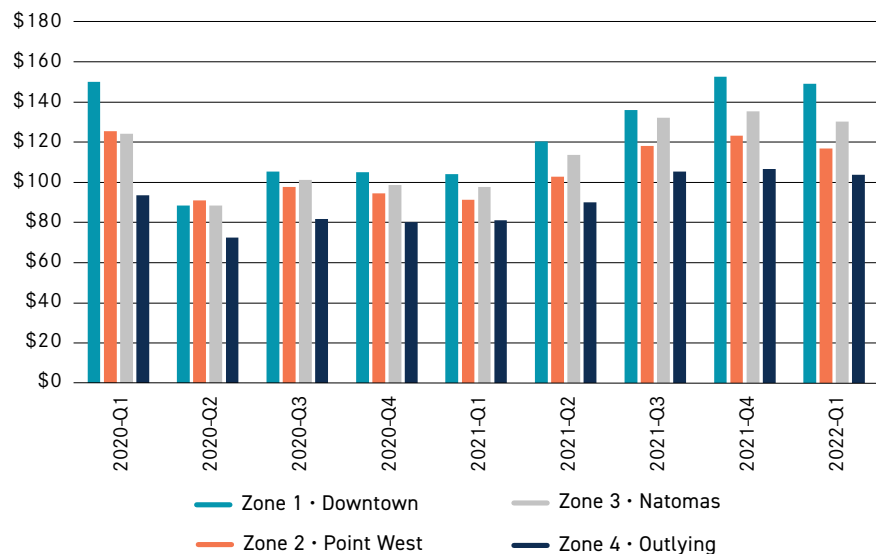
Average daily room rates charged by Sacramento hotels declined sharply during COVID, recovered nicely in 2021, but declined again in 2022 Q1. Downtown and Point West average daily rates 2022 Q1 remained even lower than in pre-COVID 2020 Q1 (\$149.00 vs \$150.20 and \$116.85 vs \$125.42 respectively), while Natomas and Outlying hotel rates were somewhat higher (\$130.17 vs \$124.29 and \$103.75 vs \$93.54 respectively).

Figure 2
Hotel Occupancy Rates



Source: Visit Sacramento

Figure 3
Average Daily Rate in Sacramento Hotels



Source: Visit Sacramento

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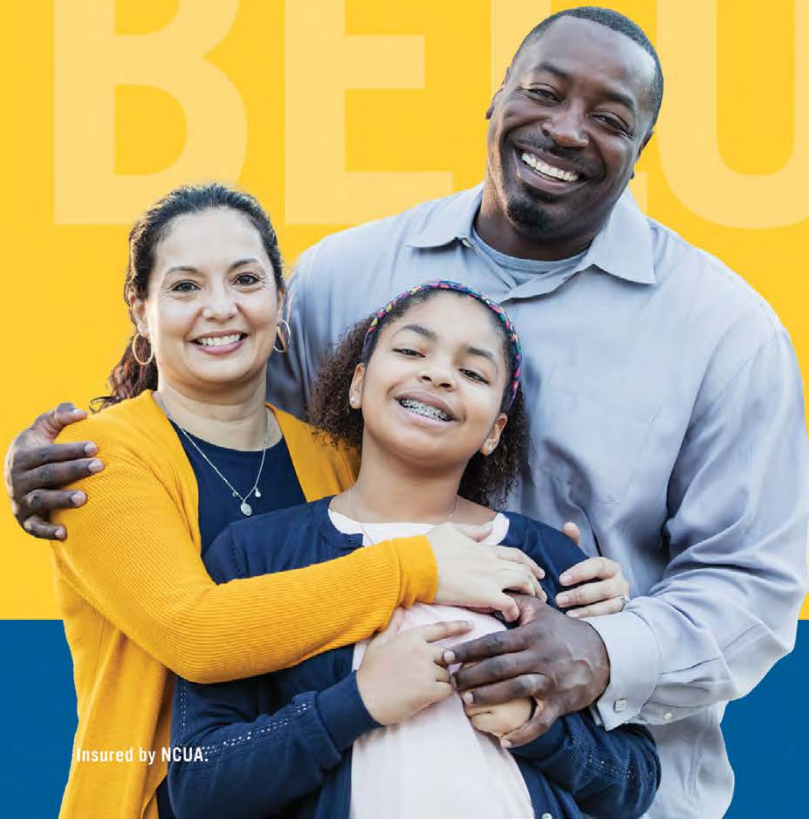
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ITEM 8

MEETING DATE: October 28, 2022

TITLE: Authorize Staff to Submit a Letter of Interest related to the Meiss Road Bridge

PREPARED BY: Matt Lampa

RECOMMENDATION

Approve Resolution 2022-18 authorizing staff to submit a Letter of Interest to the Sacramento County Department of Transportation related to the potential use of the Meiss Road Bridge along the Connector project.

EXECUTIVE SUMMARY

In the fall of 2021, Supervisor Nottoli notified Connector JPA staff that the Sacramento County Department of Transportation (DOT) had a steel bridge in storage and asked staff to explore whether it could be used along the Connector.

The bridge was constructed in the 1890s as a crossing over the Cosumnes River at Meiss Road. In 2001 the bridge was removed due to its deteriorated condition.

JPA staff has been coordinating with DOT to assess the bridge's condition and prepared an initial structural assessment to explore the potential for reuse along the Connector. Staff determined that a potential use could be a new bike/pedestrian crossing over Laguna Creek, just north of Kiefer Blvd. The location is on County land, near the historic location, and within Supervisor Nottoli's district.

A draft Letter of Interest is attached outlining the framework for collaboration between the JPA and DOT (see **Attachment A**).

BRIDGE HISTORY

The Meiss Road Bridge at the Cosumnes River, originally constructed circa 1894, is a 217-foot-long Pennsylvania truss bridge. It is the oldest steel through truss bridge in the County and has been deemed eligible for listing in the National Register of Historic Places ("NRHP").

The bridge was closed to vehicular traffic in the 1960s after the completion of the construction of Dillard Road (Meiss Road to Jackson Highway). Still, it remained in service as a pedestrian/bicycle facility from 1964 to January 1991. However, in 1991 the bridge deck was vandalized by fire, rendering the bridge unusable for pedestrians and bicyclists. In 1997 the bridge and its foundations sustained further damage due to severe flooding on the Cosumnes River.

The County attempted to secure federal funding to reconstruct the bridge in another location without success. In October 1997, DOT contracted with an engineering consultant to prepare an evaluation and feasibility study of the bridge. The feasibility study estimated the cost to reconstruct the bridge to current vehicle loading and seismic standards at over \$2M.

Lacking sufficient funding to restore and reuse the bridge, DOT prepared to disassemble and store the bridge. In the Fall of 2000, the Sacramento County Board of Supervisors awarded a construction contract to remove, disassemble and transport the bridge to a County facility for storage (Mather Airport), where it has remained. The County completed the bridge removal in June 2001.

HISTORICAL SIGNIFICANCE

The original Cosumnes River Bridge crossing at Sloughouse was a wire rope suspension bridge constructed in 1862. The bridge served farmers and ranchers in the area until 1891, when the bridge was deemed unsafe for heavy loads and in need of repairs.

The County of Sacramento spent \$300 to repair the bridge, but by 1893 the bridge was again considered unsafe and needed repairs. Subsequently, the County Road District closed the bridge and, in 1894, solicited bids for plans and specifications of a new bridge.

The County received five bids with varying concepts for the new bridge. Ultimately a contract was awarded to McMahon & Sons for \$10,000 to construct a new steel truss bridge. Construction of the new bridge was completed and accepted by the County Board in April 1895 and opened to the public the following month.



Picture 1: Historical construction of the Meiss Rd Bridge
(Src: CA State Librarian)



In 1909 the County raised the bridge approximately 5 feet to increase the structure's freeboard.

The bridge remained in use until the 1960's when the deteriorated condition required the County to restrict the bridge to bicycle and pedestrian use only. The bridge was permanently closed in 1997.

Before disassembly and removal, the bridge was the oldest surviving steel through truss bridge in the County. The bridge is considered a significant element of the historical geography in the Cosumnes River Valley and was determined eligible for inclusion in the NRHP in 1986.

The bridge met NRHP criterion A as a locally important crossing and criterion C as a distinctive example of a type, period, and method of construction.

While the crossing is gone, the bridge still represents 19th-century building practices.

PRELIMINARY ASSESSMENT

In March, staff began work on a preliminary assessment and feasibility study (**Attachment B**) to determine the condition of the bridge members and a potential location for use along the Connector.

Condition of Existing Bridge Members

The bridge is stored at Mather Airport, and staff worked with the County DOT and County Department of Airports to coordinate a site visit. Photos and measurements were taken of the various components. The bridge members were examined and evaluated based on the Federal Highway's coding guide for in-service bridges.

While many of the bridge components were in poor condition, the critical members were deemed fair. Reusing the bridge will most likely require repairs to existing members and fabrication of new members. New floor beams and a bridge deck will also be required.

Structural Analysis

An initial structural analysis of the bridge was performed in accordance with current American Association of State Highway and Transportation Officials ("AASHTO") bridge design standards. Various loading conditions for bicycle and pedestrian use were analyzed, which included rebuilding the bridge with varying deck widths and materials.

The analysis concluded the bridge could meet design standards if the deck width was reduced from 20 feet to 12 feet and consisted of a steel flooring system with a timber riding surface. The reduced deck width results in a 4-foot gap between the deck and truss members on each side.

This configuration is similar to the City of Folsom Historic Truss Bridge crossing the American River.

The analysis concluded the bridge could be reused for pedestrians and bikes, assuming damaged members are repaired or replaced, if:

- The deck width is reduced to 12 feet wide
- The new deck consists of lightweight material – no concrete or asphalt
- Signs are posted with restrictions on the size/weight of maintenance vehicles

The analysis also recommends an alternative delivery method for construction, such as Construction Manager/General Contractor ("CMGC") or Design Build. These methods would allow the engineer and contractor to thoroughly examine the bridge components and collaborate on repair and/or replacement strategies during the design phase.

Historical Elements

AASHTO Guidelines for Historic Bridge Rehabilitation and Replacement were created to establish nationally applicable decision-making guidelines and practices for managing historic bridges.

The guidelines discuss which members can be changed without adversely affecting the historical significance, stating not all components are equally significant. The relative importance of components varies among bridge types.

For example, steel truss bridge components that generally have historical significance include:



Picture 2: Example historical truss bridge reuse by City of Folsom, crossing the American River

- Technologically significant components or details, such as panel connections on truss bridges
- Particular configuration of truss design
- Completeness of early examples of common bridge types

Components that are generally not vital to retain include:

- Decks
- Substructures or foundations
- Stringers and floor beams
- Location – as metal truss bridges have historically been relocated and reused

Based on the initial structural assessment and the AASHTO guidelines, staff believes the historically significant components of the Meiss Road Bridge can be retained if the bridge were to be repurposed along the Connector.

Staff will continue investigating previous environmental work to verify if reusing the historical bridge would satisfy mitigation measures associated with its removal.

PROPOSED LOCATION FOR USE

Staff considers the Class 1 bike/pedestrian trail crossing over Laguna Creek at Grant Line Road (Connector Segment D2) to be a suitable location. This location can accommodate the more extended structure due to the curvature in the alignment, allowing the bridge to be placed at a skew as it crosses the creek. The location is on County property, near the historical site, and within Supervisor Nottoli's district.

Attachment C depicts the conceptual layout. This location is also identified as a wildlife crossing in the South Sacramento Habitat Conservation Plan, making this an ideal site for the bridge.

Significant development is also taking place just north of this location, further increasing the need to improve Grant Line Road and provide safe bicycle and pedestrian facilities along the corridor.

NEXT STEPS

Funding

The initial structural assessment estimated the construction cost for the bridge at \$1.7M, which excludes foundation and trail work. The foundation type would be determined after geotechnical and hydraulic studies are performed.

Staff will also need to explore the cost associated with the Class 1 trail to compile a comprehensive construction cost estimate, at which point staff can collaborate with County DOT on the various funding sources and programs that may be available for the project.

Letter of Interest

Many factors make this crossing an ideal location for the Meiss Road Bridge, and staff would like to continue partnering with County DOT to explore further the feasibility of reusing the bridge.

Staff is requesting Board approval to submit a Letter of Interest to County DOT, outlining the framework for JPA and DOT staff collaboration to perform further studies and preliminary engineering work related to the Meiss Road Bridge.

ATTACHMENTS

- A. Draft Letter of Interest
- B. Structural Assessment
- C. Conceptual Rendering
- D. Resolution 2022-18

Item 8 a



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Mather, CA 95655
(916) 876-9094
www.ConnectorJPA.net

October 28, 2022

Ron Vicari, Director
Sacramento County Department of Transportation
4111 Branch Center Road
Sacramento, CA 95827

SUBJECT: LETTER OF INTEREST RELATED TO THE MEISS ROAD BRIDGE

Dear Mr. Vicari,

On October 28, the Connector JPA Board of Directors approved this Letter of Interest to evaluate the potential of using the Meiss Road Bridge (“Bridge”) along the Connector alignment. The Board believes the Bridge could be suitable along the Connector alignment at Laguna Creek– a location near the historic site, along an approved Class 1 bicycle/pedestrian trail, and within Supervisor Nottoli’s district.

The Connector JPA completed an initial assessment; however, additional work is required to verify the feasibility of reusing the Bridge. We anticipate the additional work will include:

- Preliminary geotechnical and hydraulic studies.
- Preliminary right-of-way activities.
- Preliminary engineering and structural analysis.
- Preparation of construction cost estimates.
- Explore funding opportunities.

Connector JPA would like to partner with the Sacramento County Department of Transportation (“DOT”) in this effort and requests the following support and commitments from DOT:

- Partner with the Connector JPA to explore local, state, and federal funding opportunities to fund engineering, right-of-way, and construction activities.
- Provide all background data, environmental studies, and information related to the Bridge.
- Provide support for preliminary right-of-way activities.

This letter is not an agreement or commitment by the Connector JPA to use the Bridge. If you agree with the general framework of this Letter of Interest perhaps we develop a Memorandum of Understanding (“MOU”) to be executed by both parties.

The prospect of reusing the historic Meiss Bridge is exciting, and thank you in advance for your consideration.

Sincerely,

Derek Minnema
Executive Director

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MEMORANDUM

To: Derek Minnema, Capital SE Connector JPA Project No.: SA-18102
From: Marshall Moore, Mark Thomas
Date: April 8, 2022; Revised June 27, 2022
RE: Meiss Road Truss Bridge Pedestrian Assessment

Executive Summary

Capital SE Connector JPA is considering reusing the disassembled Meiss Road Bridge as a pedestrian truss bridge. The Meiss Road Bridge was originally constructed circa 1894 and consists of a 217-foot long Pennsylvania truss.

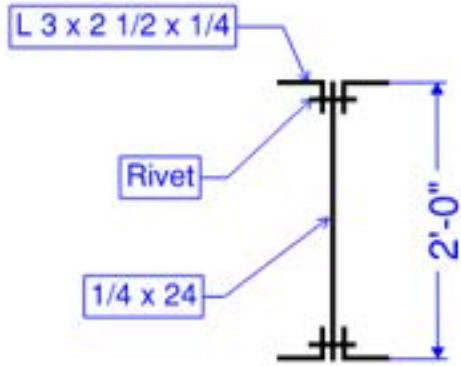
As part of the preliminary assessment, the truss was assessed for its ability to carry pedestrian loading based upon current standards. The truss was analyzed for vertical loading, and members assessed for expected loading based upon current code for pedestrian bridges. Based on the preliminary assessment, the existing truss bridge can be reused as a pedestrian truss bridge by reducing the usable deck width from 20 ft down to 12 ft.

The current condition of the existing disassembled Meiss Road Truss bridge members was visually assessed for damage and rust. A variety of different issues were noted during the inspection. Based upon the initial visual assessment, all floor beams are recommended to be replaced based upon their poor condition and inability to carry design loading; approximately half of all lateral bracing rods are estimated to need replacement due to poor condition; and most of the connections appear to require replacement due to damage during the truss dismantling. The remaining members appear to be in working condition or require only minor repairs.

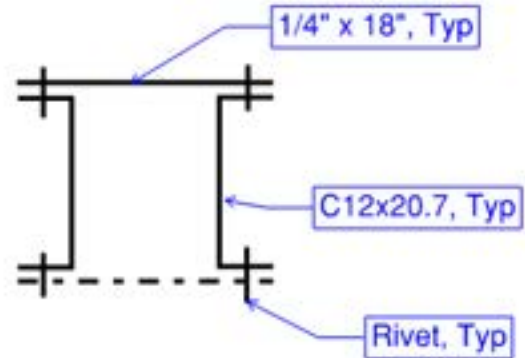
Following cleaning and priming of all existing steel members, a detailed individual element inspection will need to be conducted of every element. Individual member repair or replacement would then be conducted followed by painting of all existing and new structural steel.

Bridge Description

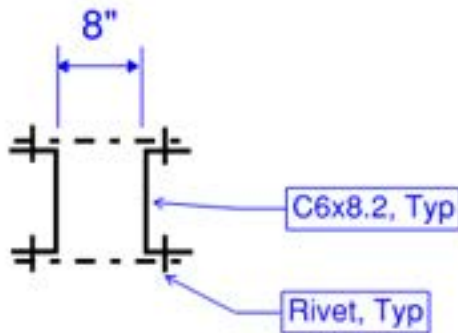
The existing Meiss Road Truss Bridge underwent significant repairs in 1909. In 1991, about half the deck was left unusable due to a fire and the truss was further damaged in 1997 due to a 200-year flood event of the Cosumnes River. Original as-builts from the 1890's are not available and the structural assessment was based upon information from the 1909 repair as-builts supplemented by historical information primarily gathered at the time of the truss disassembly. The existing Meiss Road Truss Bridge is a single span steel truss bridge with steel floor beams. The truss is 41.5 feet tall with a 20-foot-wide deck originally made of timber with an asphalt topping. A diagram of the bridge and its member sections are shown in Figures 1, 2, 3 and 4.



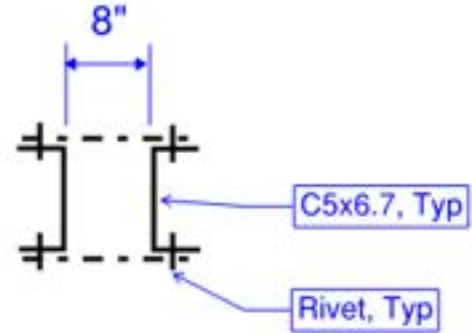
FLOOR BEAM



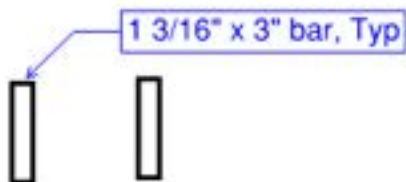
TOP TRUSS CHORD



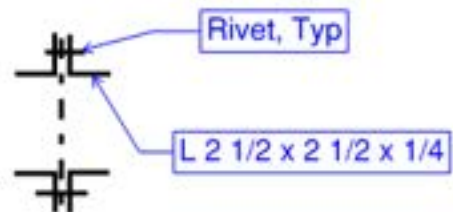
DIAG BRACE



VERTICAL BRACE



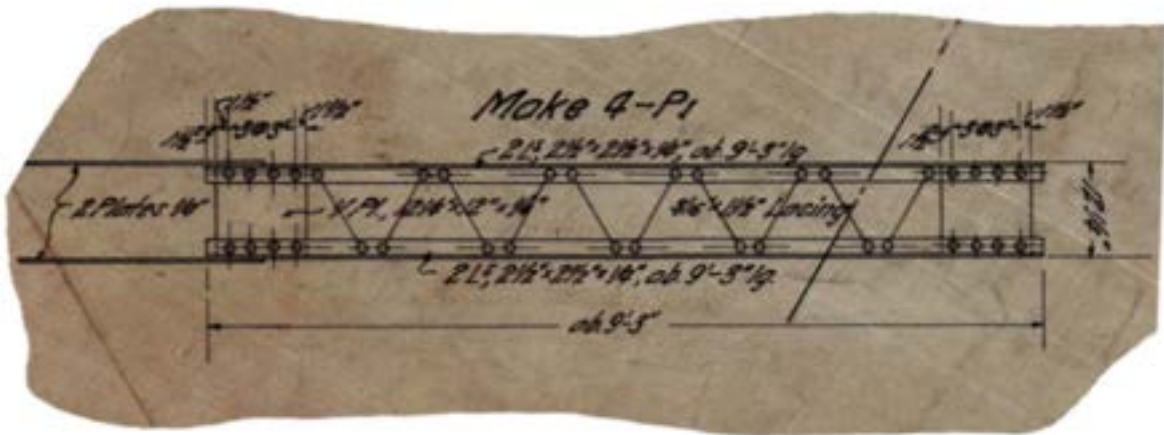
Bottom Chord



MID BEAM

Assume all straps are 2" x 1/2" unless noted otherwise.

Figure 2: Member Sections



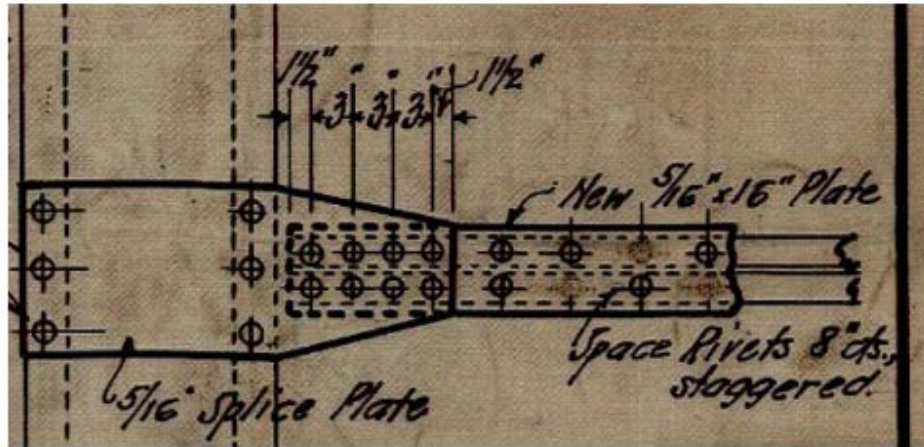
Side View



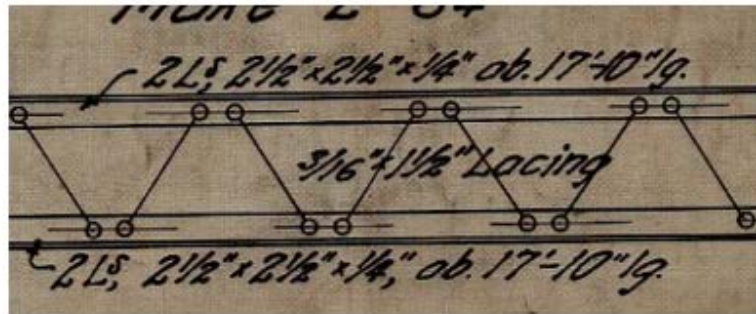
Top View

PORTAL BEAM

Figure 3: Portal Beam Drawings from Repair As-Built



Top View



Side Elevation



Bottom View

ROOF BEAM

Figure 4: Roof Beam Drawings from Repair As-Builts

Structural Assessment

Mark Thomas performed an initial structural assessment of the existing truss members for pedestrian loading based upon current code. Loading on the model was determined using AASHTO LRFD Bridge Design Specifications, 8th Edition with California Amendments and AASHTO LRFD Guide Specifications for the Design of Pedestrian Bridges, 2009.

Structural Assessment Summary

Table 1 summarizes the results for each Loading Condition for each member type.

Table 1: Summary Table of Existing Members Under Each Loading Condition

Member Type	Loading Condition 1:	Loading Condition 2:	Loading Condition 3:	Loading Condition 4:
Floor Beams	NOT Acceptable	NOT Acceptable	NOT Acceptable	NOT Acceptable
Top Truss Chords	NOT Acceptable	NOT Acceptable	Acceptable	Acceptable
Diagonal Braces	Acceptable	Acceptable	Acceptable	Acceptable
Vertical Braces	Acceptable	Acceptable	Acceptable	Acceptable
Bottom Chords	NOT Acceptable	NOT Acceptable	Acceptable	Acceptable
Straps (2" x 1/2")	NOT Acceptable	NOT Acceptable	Acceptable	Acceptable
Straps (3-1/2" x 1-3/16")	Acceptable	Acceptable	Acceptable	Acceptable
Double Straps	NOT Acceptable	NOT Acceptable	Acceptable	Acceptable
Square Bars	Acceptable	Acceptable	Acceptable	Acceptable
Pin Connections	NOT Acceptable	NOT Acceptable	Acceptable	Acceptable

*Not Assessed: Portal Beams, Lateral Bracing Rods, Mid Beams and Roof Beams

Detailed Structural Assessment

The analysis of the truss members considered four different loading conditions through the following steps.

The analysis of the truss members considered an initial loading condition (Loading Condition 1) assuming a fully loaded condition using heavy, but inexpensive, asphalt decking across the full width of the existing truss bridge and the application of full pedestrian live loading per current code requirements. Loading Condition 1 considered the deck to be a total loading of 60 pounds per square foot (psf) consisting of a 25 psf wood flooring support system with a 35 psf asphalt riding surface similar to the previous decking. A 90 psf pedestrian loading was used for Loading Condition 1 per AASHTO LRFD Pedestrian Bridge Specifications. The existing truss was found inadequate to support Loading Condition 1.

A second loading condition was therefore analyzed (Loading Condition 2), in which a lightweight decking system such as reinforced polymer fiber or IPA timber decking is used to reduce dead load while maintaining the application of full pedestrian live loading. Loading Condition 2 considered the lightweight decking system to be a total loading of 25 psf consisting of a 15 psf steel flooring support system with a 10 psf IPE timber riding surface. Alternatively, a 25 psf reinforced polymer fiber decking

system could also be used in place of the steel flooring and timer riding surface. A 90 psf pedestrian loading was used for Loading Condition 2 per AASHTO LRFD Pedestrian Bridge Specifications. The existing truss was still found inadequate to support Loading Condition 2.

Two additional loading conditions were then assessed (Loading Condition 3 and Loading Condition 4). The existing truss was found adequate to support Loading Condition 3 and Loading Condition 4 and no additional steps were taken to reduce loading on the truss.

Loading Condition 3 considered a reduced deck area by reducing the deck width down from the existing 20 ft truss width to a width of only 12 ft centered on the floor beams. This would result in an approximate 4 ft gap between the edge of deck and the truss on each side, as shown in Figure 5. This is very similar to the City of Folsom Historic Truss Bridge, as shown in Figure 6, that has an approximate 4 ft gap between the edge of deck and the truss on both sides. This reduces both the decking dead load and width of applied live load. Deck dead load was assumed to be 25 psf and 90 psf pedestrian loading was used for Loading Condition 3 per AASHTO LRFD Pedestrian Bridge Specifications.

Loading Condition 4 maintained the deck the entire width of the existing truss but considered a reduced live load that does not meet current code requirements. Loading Condition 4 considered a non-standard pedestrian live load of 50 psf instead of 90 psf. The reduction in loading can be justified by previous versions of AASHTO and European codes allowing for reductions of pedestrian live loading to 65 psf and 50 psf respectively based on loading influence area. Figures 7 and 8 from the AASHTO LRFD Pedestrian Bridge Specifications show a visualization of the difference in pedestrian loading. Deck dead load was assumed to be 25 psf.

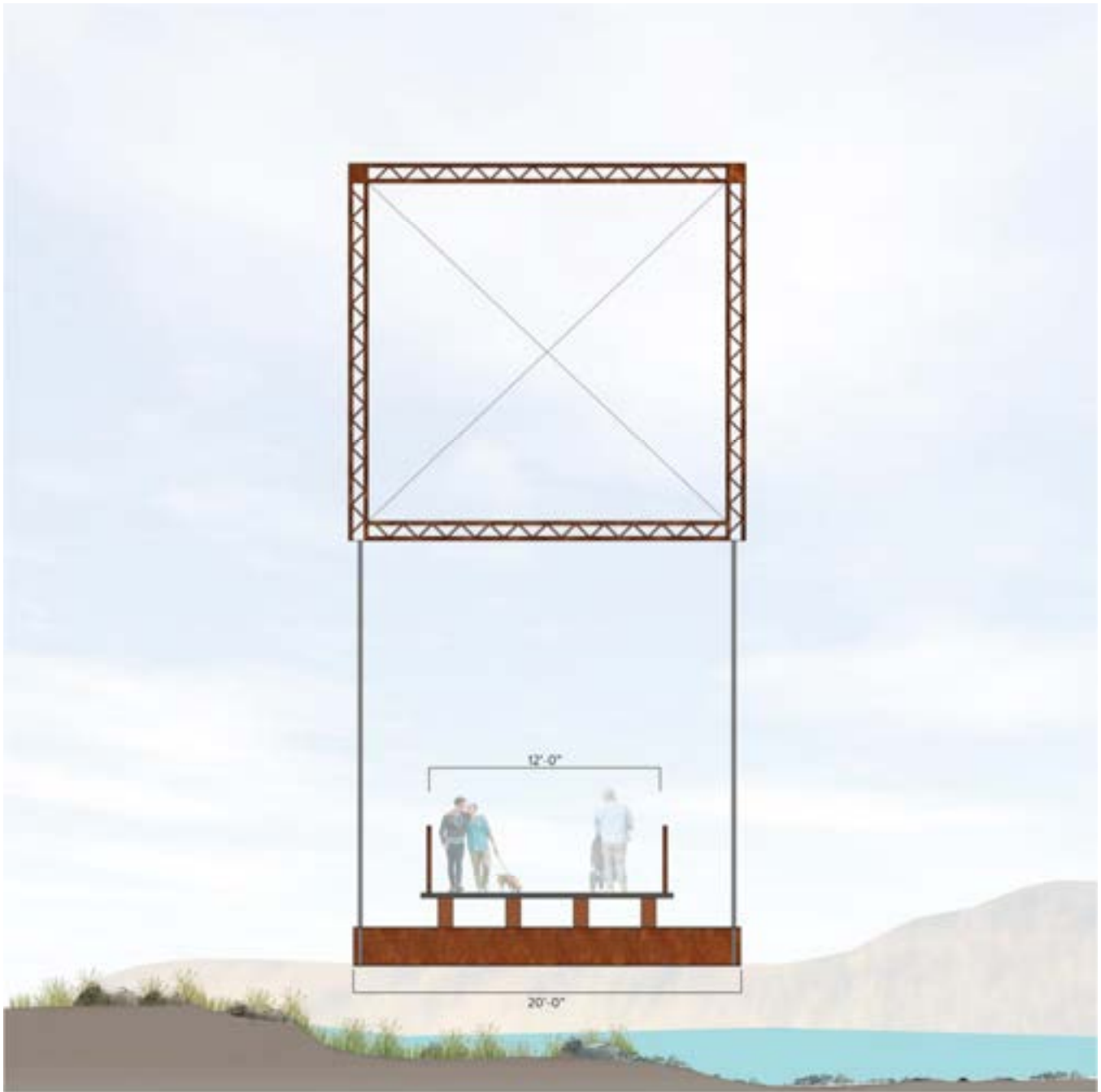


Figure 5: Truss Cross-Section with Reduced Deck Width

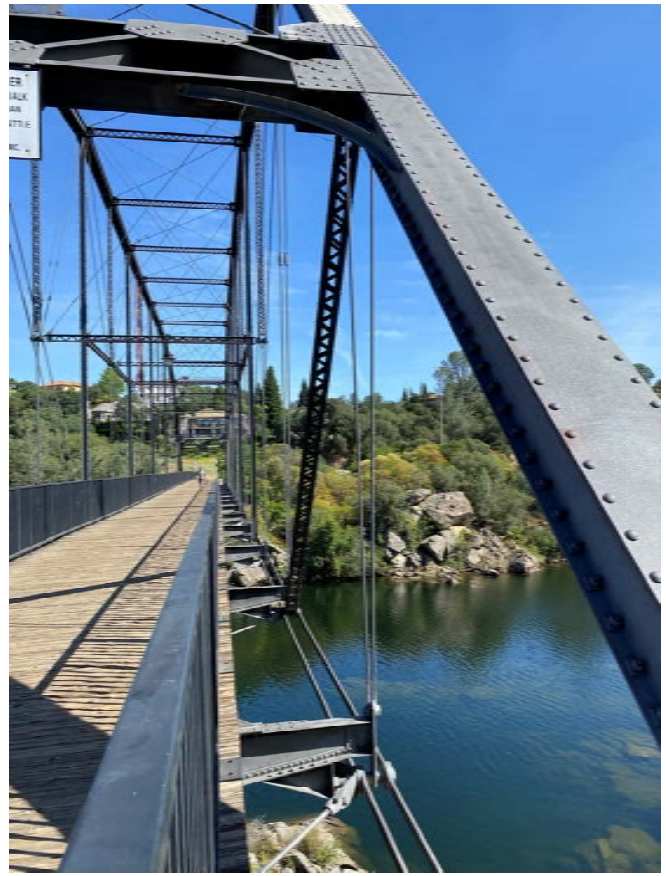


Figure 6: Folsom Historic Truss Bridge with Reduced Deck Width



Figure 7: Figure C3.1-1 from AASHTO LRFD showing a Live Load of 50 psf



Figure 8: Figure C3.1-2 from AASHTO LRFD showing a Live Load of 100 psf

Maintenance vehicles were not considered as a part of this assessment; however, maintenance vehicle loading is not expected to control the design of any members except possibly the floor beams and the new deck system design. Based upon the condition assessment, a significant percentage of the floor beams will require replacement and the existing floor beams were found inadequate for all loading conditions. As such, new floor beams will be required and can be designed for maintenance loading.

No transverse loading was included in the analysis, and lateral bracing members were not assessed. A transverse loading analysis will need to be performed at a later date, however, as noted under the current condition assessment, many of the lateral bracing members are in need of replacement. As such, lateral bracing sizes can easily be upsized when replaced if required by the additional transverse loading analysis.

A finite element analysis computer model of the bridge was created based upon existing as-built drawings, findings from the site visit at the storage facility, and historical documents regarding the truss bridge and its disassembly. Structural analysis was performed for each member type listed below using the maximum demands determined from the analysis. All members experiencing exclusively axial tension and compression when loaded were analyzed per AASHTO LRFD Bridge Design Specifications. Sections under both flexural and axial force were analyzed per both AASHTO LRFD and the AISC Steel Construction Manual, 15th Edition.

From the analysis, it was determined the diagonal braces and vertical braces would be under compression while bottom chords, straps, and double straps would be under tension when loaded. Floor beams would be under flexure, and the top truss chords would be under both flexure and axial compression when loaded. Due to lateral loads being neglected in the 3D model analysis, lateral bracing rods, mid beams, roof beams, and portal beams were not analyzed. It was assumed lateral bracing rods had enough capacity to successfully brace applicable members at their connections. At the end of each analysis, a 5% reduction in capacity was applied to account for a slight reduction in section areas due to rust.

Compression members were checked for yielding and elastic flexural buckling. Based upon the built-up nature of the compression members, the top truss chord, diagonal brace, and vertical brace section behaviors were treated as rectangular box sections instead of channel sections while neglecting any effective area and capacity from lattice work and connecting plates. Tension members were analyzed for both yielding in the gross section and fracture in the net section. Flexural members were checked for plastic moment, lateral-torsional buckling, compression flange buckling, and local flange and web buckling for moment resistance. Shear resistance checks analyzed capacities without tension field action.

Member connections were also analyzed. Square section bars were used to connect floor beams to the trusses and were checked for tensile capacity. Pin connection rods were checked for shear capacity.

Detailed Structural Analysis Results

The list below summarizes how each member analyzed will resist each loading condition. Table 3 summarizes the capacity/demand ratios for each member under each loading condition.

- Floor Beams
 - Insufficient moment capacity under all loading conditions
- Top Truss Chords
 - Insufficient axial compression capacity under loading condition 1 and 2
- Diagonal Braces
 - Sufficient axial compression capacity under all loading conditions
- Vertical Braces
 - Sufficient axial compression capacity under all loading conditions
- Bottom Chords
 - Insufficient axial tension capacity under loading condition 1 and 2
- Straps (2" x 1/2")
 - Insufficient axial tension capacity under loading condition 1 and 2
- Straps (3-1/2" x 1-3/16")
 - Sufficient axial tension capacity under loading all loading conditions
- Double Straps
 - Insufficient axial tension capacity under loading condition 1 and 2
- Square Bars
 - Sufficient axial tension capacity under all loading conditions
- Pin Connection Rods
 - Insufficient axial tension capacity under loading condition 1 and 2

Table 3: Capacity/Demand at Locations of Maximum Demand

Member Type	Loading Condition 1:			Loading Condition 2:			Loading Condition 3 & 4:		
	M	V	N	M	V	N	M	V	N
Floor Beams	0.197	1.618	-	0.246	2.004	-	0.393	3.237	-
Top Truss Chords	1.618	19.53	0.722	2.022	24.04	0.904	3.237	39.06	1.440
Diagonal Braces	-	-	1.437	-	-	1.773	-	-	2.799
Vertical Braces	-	-	1.548	-	-	1.935	-	-	3.010
Bottom Chords	-	-	0.757	-	-	0.945	-	-	1.513
Straps (2")	-	-	0.625	-	-	0.774	-	-	1.250
Straps (3.5")	-	-	1.812	-	-	2.243	-	-	3.624
Double Straps	-	-	0.520	-	-	0.650	-	-	1.031
Square Bars	-	-	1.953	-	-	2.417	-	-	3.905
Pins	-	0.624	-	-	0.754	-	-	1.247	-

M = Moment; V = Shear; N = Axial

*Not Assessed: Portal Beams, Lateral Bracing Rods, Mid Beams and Roof Beams

Even with the reduction in both dead and live loads, the current floor beams do not have adequate flexural capacity and fail in buckling. During the inspection, it was also noted that several of the floor beams exhibited signs of buckling, confirming their inadequate capacity. All floor beams should be replaced with a section capable of resisting the loading demand.

Condition Assessment

On March 28, 2022, Marshall Moore, Jon Sampson, and Samantha Hight from Mark Thomas inspected the existing disassembled Meiss Road Truss to assess the current condition of the bridge members. A variety of different issues were noted during the inspection.

Condition Assessment Summary

Table 2 summarizes the findings of the element condition assessment.

Table 2: Truss Members in Need of Replacement/Repair

Member Type	Replace	Repairs
Floor Beams	At least 3 floor beams	---
Top Truss Chords	---	Patch holes
Diagonal and Vertical Braces	---	Replace bent joint plates
Bottom Chords and Straps	At least 6 bottom chords At least 3 straps	---
Portal, Roof, and Mid Beams	---	Bend back deformations
Lateral Bracing Rods	At least 50% of total rods	---
Connections	All	---
Paint System	All	---

Condition Coding

Federal Highway’s coding guide for in-service bridges was used for the Condition Assessment. Many of the components fall within the “Poor” to “Failed” range (coding 0 to 4), but the critical compression members fall more into the “Fair” condition (coding 5).

Floor Beams

A few floor beams have deformations in the flanges, and several beams have major rusting on the surface of the web, likely due to accumulation of water. An example is shown in Figure 7. The condition rating of the floor beams is "Poor" (coding 2) with one in the "Failed" range (coding 0). At least 33% of floor beams will need to be replaced, due to rusting and/or large, unreparable deformations, and possibly more once the beams stacked lower down are exposed.



Figure 7: Rusted and Deformed Floor Beam Member

Top Truss Chords

A few top truss chords have holes in the 1/4" x 18" web plates connecting the top truss chord channels together. The holes are suspected to have been caused by lateral bracing rods rubbing against the plates at their connections. An example is shown in Figure 8. Said holes can be patched by removing the riveted connection and adding a plate between the top truss chord plate and the lateral bracing connection, so the top truss chords do not necessarily need to be replaced. The condition rating of these elements is "Fair" (coding 5).



Figure 8: Hole in Top Truss Chord Plate

Diagonal Braces and Vertical Braces

The ends of the diagonal and vertical braces have additional plates added to the web of the channel sections where flanges are coped to fit at connections. On some of the members there is separation between channel sections and the additional plates as shown in Figure 9. Said plates should be repaired or replaced. Their overall condition is "Poor" (coding 4), but it appears many could be re-used with repairs.



Figure 9: Diagonal Chord Web and Additional Plate Separation

Bottom Chords and Straps

Several strap and bottom chord members have cracks or deterioration from rust at the connections as shown in Figure 10. The conditions of the straps vary widely with some having already failed (coding 0) while others may be able to be reused (coding 4 and 5). One strap was already spliced at one end, likely to prevent the propagation of a previously found crack or deformation. Some straps have bars stuck in the connection holes where they could not be removed during disassembly. At least a few straps and approximately 6 bottom chord members require replacement due to damage and cracking (coding 1 and 2)



Figure 10: Damage in Straps and Bottom Chords

Portal, Roof, and Mid Beams

Some portal, roof, and mid beams, as shown in Figure 11, have significant deformations. They exhibit both global buckling and local buckling in the flanges. Said beams may be acceptable and may only require repairing, otherwise they should be replaced. Because of the large variation in damage, their condition rating varies from critical to fair (coding 2 to 5).



Figure 11: Portal Beam Flange Deformations

Lateral Bracing Rods

Many of the lateral bracing rods also have cracks, broken connections, large deformations, nearly rusted through sections, or worn connection threads as shown in Figures 12, 13, 14, and 15. Around 50% of bracing rods require replacement. The condition rating of the rods falls in the "Poor" to "Failed" range (coding 0 to 2).



Figure 12: Cracks in Lateral Bracing Rods



Figure 13: Broken Lateral Bracing Rod Connections



Figure 14: Lateral Bracing Rod Deformations



Figure 15: Major Rusting of Lateral Bracing Rods

Connections

Many of the original connections were cut during disassembly. The original connection plates at the ends of truss chords were cut during disassembly, likely due to members and connections having been riveted together as opposed to bolted. Only connections from a retrofit, where additional connection plates were bolted on, remain intact. On other members, pin connects were stuck in connection plates and joints, leading to pins being cut during disassembly. These joints and pins will need replacing. Most square bars connecting floor beams to the rest of the truss were also cut, but all may need to be replaced if a different floor beam section is used. Examples of cut connections are show in Figures 16 and 17.



Figure 16: Cut Truss Top Compression Chord Connection Plates



Figure 17: Cut Pin Connections Stuck in Members

Paint System

The existing paint system has largely failed and/or peeled away and needs replacement. The existing paint system is suspected to be comprised of lead-based paint and removal will require containment and disposal of the hazardous material. After blast cleaning, the existing truss members should be repainted with a zinc paint system.

Condition Assessment Summary

The list below summarizes the categories and number of members in need of replacement or repair based only on their current condition:

- Floor Beams
 - Flange deformations on multiple beams and major rusting on several beams
 - 33% of beams should be replaced
- Top Truss Chords
 - Holes in top truss chord plates
 - Holes can be patched and do not need to be replaced
- Diagonal and Vertical Braces
 - Separation between channels and additional plates at coped ends
 - Coped ends will require repair and possible replacement of joint plates
- Bottom Chords and Straps
 - Cracks, deterioration from rust, a previous splice, and cut connections stuck in connection holes
 - At least a few straps and approximately 6 bottom chords should be replaced
- Portal, Roof, and Mid Beams
 - Significant global and local deformations
 - Members can be bent back into shape but may need replacement based on how they behave
- Lateral Bracing Rods
 - Cracks, broken connections, large deformations, nearly rusted through sections, and worn connection threading
 - Around 50% of rods should be replaced
- Connections
 - Most connections were cut during disassembly
 - All pin connection rods, square bar connections, and cut connection joints on truss members need replacing
- Paint System
 - Failed paint system with suspected lead-based paint
 - Blast clean all truss members and repaint

Construction Costs

A preliminary cost estimate for the necessary member repairs and replacements for the current Meiss Road Truss Bridge was created based on the structural and condition assessment. Based upon the structural assessment of the truss, a lightweight decking system was assumed in the cost estimate to ensure the more expensive decking system is captured in the preliminary project cost estimate. To be able to meet current code, a partial width decking system was assumed, consistent with Loading Condition 3. Substructure and foundation costs were not included in the cost estimate and will be dependent upon the site location and conditions. The total superstructure construction cost to reuse the truss for pedestrian use including placing new lightweight decking is estimated to be \$1,730,000. A summary of the cost estimate is provided in Table 4.

Table 4: Preliminary Construction Cost Estimate

Description	Cost
Truss Member Repair and Replacement	\$330,000
Truss Member Cleaning and Painting	\$680,000
Truss Erection	\$280,000
Lightweight Decking System (partial width)	\$440,000
Total Superstructure Construction Cost:	\$1,730,000

Next Steps

Moving forward, truss members should first be blast cleaned to better examine their condition and primed to keep from further deterioration. The members should then be laid out and have a detailed assessment performed to check every individual member condition, identify what members may be missing, and what members will need replacement. While it was suggested some members may only need small repairs or to be bent back into shape, a closer inspection, or an attempt to repair said members, may show the need for replacement instead. A detailed analysis that includes lateral and maintenance vehicular loading along with definitive deck dead loading should also be performed. Once it is determined what needs replacement from both a structural and condition standpoint, new members can be ordered, and the bridge can be painted when all the pieces are together.

Based upon the nature of the work and need for some construction activities to take place before being able fully assess the truss, an alternative procurement method such as Construction Manager/General Contractor (CMGC) or Design-Build may be advantageous. Alternatively, separate design-bid-build contracts could be issued. The first contractor would complete initial member cleaning and paint undercoating. A full detailed assessment of every element would then be undertaken and detailed construction documents could be developed for the repair and replacement of various members. The second contractor would then perform member repair and replacement, final coat painting, erection and decking. Under every procurement method, a method to handle changes during member repair should be in place to handle situations where members are unable to be repaired and end up needing to be replaced.

REGIONAL CLASS 1 TRAIL/HISTORICAL MEISS BRIDGE ADAPTIVE RELOCATION AND REHABILITATION

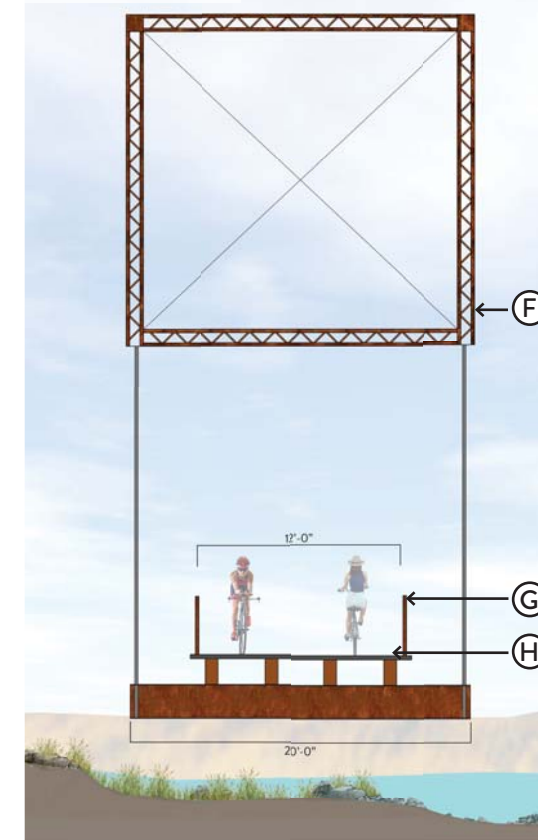
PERSPECTIVE RENDERING:



PLAN:



SECTION:



BRIDGE OVER COSUMNES RIVER AT MEISS ROAD C. 1894
SOURCE: CALIFORNIA STATE RAILROAD MUSEUM LIBRARY



LEGEND/NOTES:

- (A) CLASS 1 MULTI-USE TRAIL
- (B) HISTORIC MEISS BRIDGE RELOCATED OVER LAGUNA CREEK
- (C) VEHICULAR BRIDGE OVER LAGUNA CREEK
- (D) EXISTING STREAMBANK
- (E) OPPORTUNITY FOR INTERPRETIVE, RECOGNITION, AND WAYFINDING SIGNAGE
- (F) PAINTED BRIDGE STRUCTURAL COMPONENTS TO MIMIC OXIDIZED STEEL
- (G) NEW BRIDGE RAILING
- (H) MULTI-USE TRAIL BRIDGE DECK

RECOGNITION SIGNAGE



WAYFINDING SIGNAGE





ITEM 8 d

RESOLUTION 2022-18

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
AUTHORIZING STAFF TO SUBMIT A LETTER OF INTEREST TO THE
SACRAMENTO COUNTY DEPARTMENT OF TRANSPORTATION RELATED TO
THE MEISS ROAD BRIDGE**

BE IT RESOLVED by the Board of Directors (“Board”) of the Capital SouthEast Connector Joint Powers Authority (“Connector JPA”) hereby authorizes staff to submit a Letter of Interest to the Sacramento County Department of Transportation related to the potential use of the Meiss Road Bridge along the Connector.

This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 28th day of October, 2022, on a motion by

Director _____, seconded by Director _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary

ITEM 9

MEETING DATE: October 28, 2022

TITLE: Review of the Sacramento County Citizens' Initiative, Measure A, Related to the Connector (Informational Item Only)

PREPARED BY: Derek Minnema

RECOMMENDATION

Receive an overview of Measure A, "Sacramento County Transportation, Maintenance, Safety and Congestion Relief Act of 2022", a citizen's Initiative that is on the Sacramento County ballot for the November election

Informational item only; no action to be taken.

EXECUTIVE SUMMARY

If Sacramento County voters approve Measure A, the JPA will directly and monthly receive 3.66% of the annual net tax revenue generated for the next 40 years.

The JPA Board of Directors will have the full and sole discretion of budgeting the funds, and funding can be immediately applied to any location along the Connector alignment.

Measure A provides funding to the JPA that is adequate to advance and construct the total 34 miles of the Connector project.

Should the Initiative pass, staff anticipates adjustments to the work plan and related action items.

BACKGROUND

On June 10, 2022, a citizens' group known as "A Committee For A Better Sacramento" filed an initiative petition and signatures with the Sacramento County Department of Voter Registration & Elections (VRE) for a local ballot measure called the "Sacramento County Transportation, Maintenance, Safety and Congestion Relief Act of 2022 - Retail Transactions and Use Tax" Initiative (the "Initiative").

The Committee drafted the Initiative as an ordinance of the Sacramento Transportation Authority (STA), identifying STA as the administering agency responsible for the



implementation of the requirements of this Initiative, including the Expenditure Plan.

The ballot statement reads:

MEASURE A

To fix potholes and repair damaged streets; provide safe routes to school; expand affordable senior and disabled transit services; eliminate bottlenecks and improve emergency response times; reduce traffic congestion, and improve air quality; Shall the Measure approving the Sacramento County Transportation, Maintenance, Safety and Congestion Relief Act of 2022 - Retail Transactions and Use Tax Initiative, including a 40-year 0.5% sales tax raising an estimated \$212,512,500 annually for transportation and transit projects, be adopted?

Full text of the local Measure is available on the County website here: <https://elections.saccounty.gov/ElectionInformation/Pages/Current-Measure-Information.aspx>

On July 27, 2022, STA submitted the Initiative ordinance, without alteration, to the voters pursuant to Section 9310 of the California Elections Code.

Approval Threshold: 50% + 1

Unlike past proposals by Sacramento Transportation Authority, the Measure is an initiative placed on the ballot by citizens and thus does not require two-thirds approval, but instead it is subject to a simple majority threshold of approval.

Should the Initiative pass with a simple majority vote, collection of the retail transaction and use tax would begin on April 1, 2023 and STA would begin receiving revenue in late June 2023.

OVERVIEW OF THE INITIATIVE

The Connector JPA is a direct recipient of funds within the expenditure plan. The following is an overview of the Initiative related to the Connector JPA and the project.

Notable Goals of the Initiative:

Specified goals of the Initiative include the following:

- Reducing and alleviating congestion and building and expanding the County's transportation infrastructure. (Initiative Section II A(4)(d).



- Maintaining and rehabilitating the County's street and road system, improving existing roadway conditions for motorists and maximizing previous infrastructure investment. (Initiative Section II A(4)(b).
- Help eliminate roadway fatalities and severe injuries. (Initiative Section II A(4)(c).
- Creating jobs, generate local economic benefits, and encourage a stronger local economy that attracts greater private investment and sustains a larger more diversified job base. (Initiative Section II A(4)(g).

Funding:

- 11.58% of revenue shall be allocated to Caltrans and the JPA for highway congestion improvement projects, including the Connector expressway. (Initiative Exhibit A Section II C(2).
- Connector JPA to receive 3.66% of annual net tax revenue generated by the Initiative. This is estimated to be over \$300M. (Initiative Exhibit A Section III page A-17).
- Revenue is allocated directly to Connector JPA monthly for project management and development and capital expenses associated with the project. Funds would be expended in accordance with the Board approved program for expenditure. (Initiative Exhibit A Section III page A-16).
- Revenues from the tax shall only be used for transportation purposes as set forth in the Expenditure Plan, specified administrative costs, and debt service on bonds and expenses related to the issuance and administration of bonds, as limited by this Measure. Transportation purposes include expenditures for planning, environmental review and mitigation, project engineering and design, and associated right of-way acquisition pursuant to the Expenditure Plan. (Initiative Section IV C).
- Sacramento Regional Transit District ("SacRT") will match \$40M in revenues generated by the Initiative with \$80M in state and federal funds toward coordinating with the JPA to design, plan and construct a transit component, to improve services, lower travel time, and reduce GHG impacts. (Initiative Exhibit A Section III page A-16).

Notable Obligations under the Initiative:

- The Board would need to approve a 5-year program for expenditure of revenue no



later than December 31, 2023. This plan will be updated by the Board annually. (Initiative Exhibit A Section I(E)).

- As an implementing agency under the Initiative, projects in the 5-year program must demonstrate they quantifiably reduce the risk of traffic related deaths and severe injuries; where applicable, must also demonstrate the project adheres to the principles that facilitate safer walking and bicycling to and from school. (Initiative Exhibit A Section I(M)).
- Annual audits of each Implementing Agency will be performed and supervised by an Independent Taxpayer Oversight Committee. (Initiative Exhibit A Section I(D)).
- To help mitigate regional GHG emissions and in furtherance of the SCS, Connector will consult with RT to develop a transit component, such as bus rapid transit service, for the project at appropriate locations. (Initiative Exhibit A Section III page A-16).
- STA to perform a mandatory Expenditure Plan review every 10 years. Review shall consider input from the Implementing Agencies. (Initiative Section XIII 2(a)).