



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

CONSENT

February 3, 2009

**Honorable Mayor and
 Members of the City Council**

Title: Supplemental Agreements: Sacramento Railyards Project and Design of Old Sacramento-Central Shops Multi-Use Trail

Location/Council District: Extends north from area near 2nd and I Streets to west side of the Railyards Central Shops area / Council District 1

Recommendation: Adopt a **Resolution:** 1) approving the First Amendment to the City Agreements 2007-104 and 2008-0409 for the Sacramento Railyards Project with S. Thomas Enterprises of Sacramento, LLC to authorize use of the Market Plaza Park funding commitment for the design of the west pedestrian tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail that serves the Museum Plaza; 2) authorizing \$300,000 for design of the west pedestrian tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail; and 3) appropriating \$300,000 from the Park Development Impact Fees, Fund 3204, for the West Pedestrian Tunnel project T15029030 (CF41).

Contact: Mary de Beauvieres, Principal Planner, 808-8722
 J.P. Tindell, Park Planning and Development Manager, 808-1955

Presenters: Not applicable

Department: Parks and Recreation

Division: Park Planning & Development Services

Organization No: 19001121

Description/Analysis

Issue: The Development Agreement and the subsequent Funding Agreement for the Sacramento Railyards Project (City Agreements 2007-104 and 2008-0409) between the City and S. Thomas Enterprises of Sacramento, LLC (Thomas Enterprises), includes a City funding commitment of \$600,000 from Park Development Impact Fees (PIF), Fund 3204, to help fund the cost of the design

and construction of Market Plaza. The Department of Transportation and Thomas Enterprises have requested earlier access to these funds for use in the design of the west tunnel, a multi-use pedestrian and bicycle trail which will include a tunnel under the relocated Union Pacific (UPRR) freight rail tracks to link the Museum Plaza within the Central Shops area of the Railyards with the Old Sacramento State Historic Park. The tunnel portion of the trail, which will be constructed in conjunction with the City's Track Relocation project, needs to be designed early to maintain the anticipated schedule for the rest of the Track Relocation project to begin construction during the summer of 2009. The remaining portion of the multi-use trail will be designed and constructed by Thomas Enterprises in accordance with the Railyards tentative map condition. This trail was originally planned for a later phase of development in the Railyards Finance Plan; however, it is necessary to accelerate the tunnel design and construction to coincide with the Track Relocation project implementation. UPRR is requiring that the construction of all track crossings be completed in conjunction with the work outlined in the Track Relocation project.

City staff is working with Thomas Enterprises to secure state and federal funding for the tunnel construction as part of the UPRR railroad grade separation project.

Policy Considerations: The Old Sacramento-Central Shops Multi-Use Trail is consistent with the City's Strategic Plan for improving public safety and achieving sustainability and livability.

Utilizing Park Development Impact Fees (PIF), Fund 3204, to augment this budget for Market Plaza and Museum Plaza related improvements is consistent with Sacramento City Code Section 16.64.060 as these funds will be used for the "...improvement, and expansion of the public parks, playgrounds and recreational facilities."

Providing parks and recreation facilities is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City.

Committee/Commission Action: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): On December 11, 2007, the City Council certified an Environmental Impact Report (EIR) and adopted Findings of Fact and a Statement of Overriding Considerations and a Mitigation Monitoring Plan for the Railyards Specific Plan. The analysis included the location of multi-use trails within grade separated tunnels. The proposed multi-

use trail between the Museum Plaza portion of the Central Shops area of the Railyards and Old Sacramento State Historic Park and the Sacramento River in conjunction with the Track Relocation project falls within the scope of the analysis within the EIR. Therefore, funding for the design of the proposed project being implemented pursuant to the adopted Specific Plan does not require additional CEQA review.

Sustainability Considerations: This project is consistent with the City's Sustainability Master Plan goals by improving public access to open space along the Sacramento River and improving the health of residents by creating opportunities for exercise and recreation.

Rationale for Recommendation: The Multi-Use Trail project will provide pedestrian and bicycle access between the proposed Central Shops area of the Railyards and Old Sacramento State Historic Park and the Sacramento River. The tunnel would be the first phase of development of the trail and it would be constructed in conjunction with the Track Relocation project. The Track Relocation project includes relocation of the existing UP tracks, passenger platforms and tunnel, track overcrossings at 5th and 6th Streets, a pedestrian sidewalk track undercrossing at 7th Street and the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail. The City of Sacramento and Thomas Enterprises have partnered to obtain \$20 million in state Proposition 1B funding for the design and construction of the Track Relocation project. The City and Thomas Enterprises have also been successful in obtaining Proposition 1C and 1B funding for the 5th, 6th, and 7th Street improvement projects, but have been unable thus far to secure funding for the Old Sacramento-Central Shops grade separated tunnel project. To keep the Track Relocation project on schedule, it is necessary to begin the design of all crossings of the relocated tracks at the same time.

Financial Considerations: Staff recommends that the City Council appropriate \$300,000 from the Park Development Impact Fees, Fund 3204 to T15029030 (CF41) for this project. There are adequate funds in Fund 3204 to appropriate monies for the Funding Agreement commitment to the Railyards Market and Museum Plazas project. The initial funding allocation will provide for design of the west tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail, and the tunnel opening will be within Museum Plaza. The estimated cost of design for the tunnel is approximately \$300,000. In accordance with the Railyards tentative map conditions approved by City Council on December 11, 2007, Thomas Enterprises is responsible for the remaining costs of design and constructing this trail, including the tunnel construction costs, unless state or federal funding can be secured.

The design cost for this grade separated tunnel is estimated at up to \$300,000. Oversight of the design will be handled by Department of Transportation staff in conjunction with the larger Track Relocation project. The remaining \$300,000 will

remain available for construction of the Market Plaza, as was originally planned by the City and Thomas Enterprises. No additional park funds will be appropriated for the Market Plaza, and Thomas Enterprises will remain responsible for ensuring the timely completion of both Market Plaza and Museum Plaza and the Old Sacramento-Central Shops Multi-use Trail as required in the Railyards Development Agreement and the Funding Agreement.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:

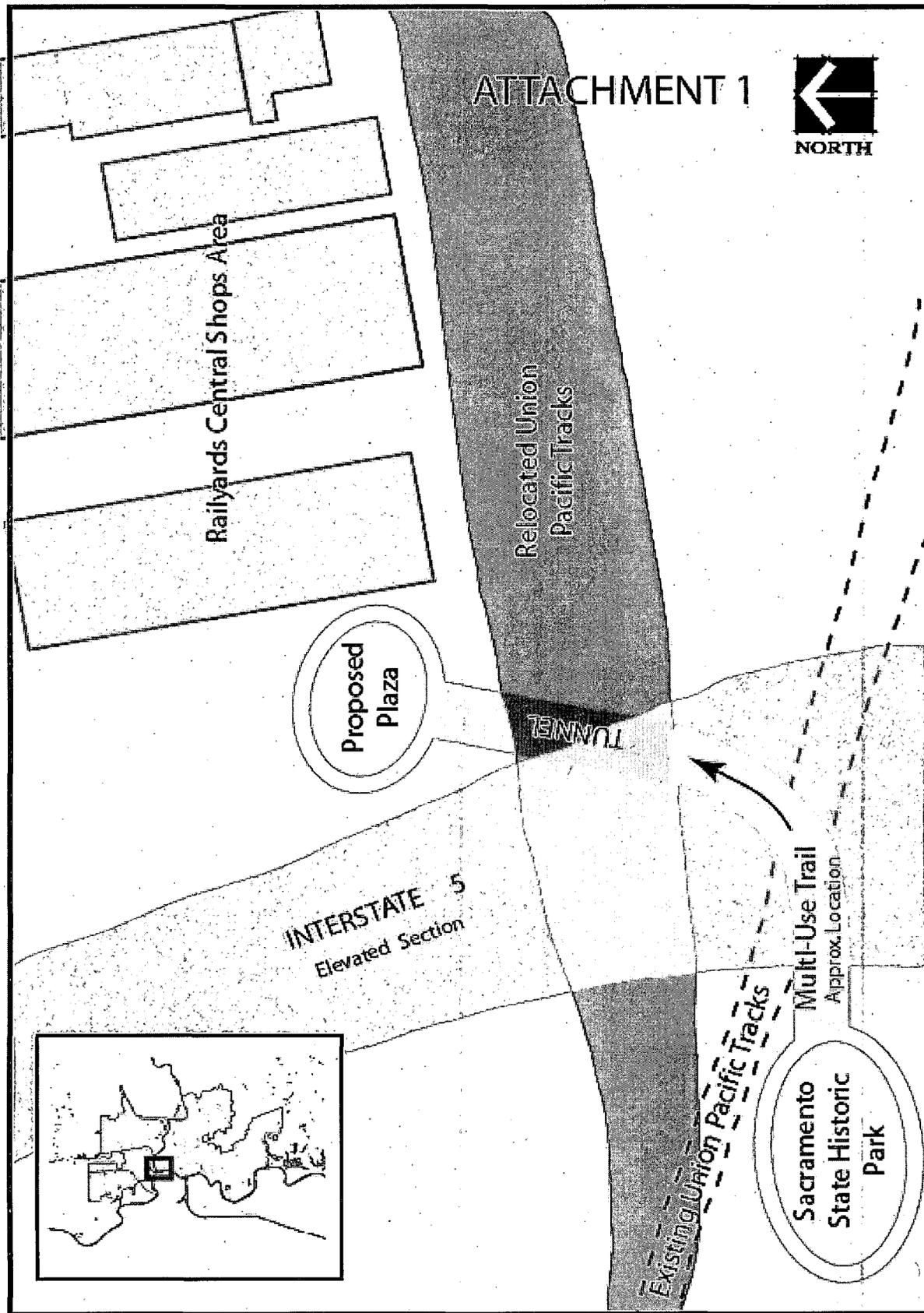

JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:


RAY KERRIDGE
City Manager

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RESOLUTION NO. 2009-

Adopted by the Sacramento City Council

February 3, 2009

APPROVING THE SUPPLEMENTAL AGREEMENTS: SACRAMENTO RAILYARDS PROJECT AND DESIGN OF OLD SACRAMENTO-CENTRAL SHOPS MULTI-USE TRAIL

BACKGROUND

- A. On December 11, 2007, the City Council approved Ordinance 2007-104 for a Development Agreement with S. Thomas Enterprises of Sacramento, LLC (Thomas Enterprises) and related entitlements for the Sacramento Railyards Project, a 244-acre mixed use redevelopment project. The Development Agreement included an attachment, the Funding Agreement Business Terms.
- B. On May 13, 2008, the City Council adopted Resolution No. 2008-290, approving a Funding Agreement for the Sacramento Railyards Project, to implement the Funding Agreement Business Terms. The Funding Agreement provided for City funding of specific infrastructure projects that would benefit the City and implement the Railyards Specific Plan.
- C. The Funding Agreement for the Sacramento Railyards Project, City Agreement 2008-0409 between the City and Thomas Enterprises, includes a Department of Parks and Recreation funding commitment of \$600,000 from Park Development Impact Fees, Fund 3204, to help fund the cost of design and construction of Market Plaza located within the Central Shops district, so that improvement of this plaza would be completed by the time access between the 5th Street garage and the Intermodal facility was needed.
- D. One of the first infrastructure improvements to be undertaken within the Railyards Specific Plan area will be the relocation of Union Pacific Railroad tracks within the City's Intermodal project site. The City and Thomas Enterprises entered into the Track Relocation and Finance Agreement on December 13, 2006, City Agreement Number 2006-1406, to provide for the design, construction, and financing of the Track Relocation project.
- E. Certain public facilities needed for the Sacramento Railyards Project must be constructed at the same time that the Union Pacific Railroad tracks are relocated. The City of Sacramento and Thomas Enterprises have successfully partnered to obtain state funding for the design and construction for the 5th, 6th, and 7th Street track crossings, but have thus far been unable to obtain state funding for the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail, linking the

Old Sacramento State Historic Park to the Museum Plaza within the Central Shops area of the Railyards.

- F. The Old Sacramento-Central Shops Multi-Use Trail was included in the Railyards Specific Plan and Thomas Enterprises was obligated to construct this trail prior to filing of the final map for the Central Shops parcels that comprise the Rail Technology Museum and the Museum Park plaza.
- G. In order to keep the Track Relocation project on schedule, it is necessary to complete the design of all crossings of the relocated tracks at the same time, including the design of the west tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail.
- H. Thomas Enterprises and the City are willing to allow use of a portion of the \$600,000 Market Plaza fund commitment for the design of the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail to serve Museum Plaza. It is estimated that the tunnel design cost is \$300,000. Thomas Enterprises remains responsible for completion of the design and construction of both the Market and Museum Plazas as part of the Railyards tentative map conditions and the Development Agreement, and will receive the remaining funding commitment for Market Plaza under a future park improvement agreement.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The First Amendment to the City Agreements 2007-104 and 2008-0409 for the Sacramento Railyards Project with S. Thomas Enterprises of Sacramento, LLC to authorize use of the Market Plaza Park funding commitment for the design of the west pedestrian tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail that serves the Museum Plaza is approved.
- Section 2. That \$300,000 is authorized for design of the west pedestrian tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail under the direction of the City's Department of Transportation.
- Section 3. That \$300,000 is appropriated from the Park Development Impact Fees, Fund 3204, for the West Pedestrian Tunnel project T15029030 (CF41).

FIRST AMENDMENT TO FUNDING AGREEMENT
BY AND BETWEEN
THE CITY OF SACRAMENTO
AND
S. THOMAS ENTERPRISES OF SACRAMENTO, LLC

FOR THE

SACRAMENTO RAILYARDS PROJECT

This FIRST AMENDMENT TO FUNDING AGREEMENT (hereinafter "Amendment") is made and entered into as of this ___ day of _____, 2009 ("Effective Date"), by and between the CITY OF SACRAMENTO, a municipal corporation (hereinafter the "CITY"), and S. THOMAS ENTERPRISES OF SACRAMENTO, LLC, a Delaware Limited Liability Company (hereinafter the "LANDOWNER").

The CITY and LANDOWNER hereinafter may be referred to collectively as the "Parties" or in the singular as "Party," as the context requires. This Agreement uses capitalized terms which, if not defined below, are defined in the Funding Agreement for the Sacramento Railyards Project dated May 13, 2008 (Agreement No. 2008-0409) (hereinafter "Funding Agreement") and in the Development Agreement for the Railyards Project dated January 10, 2008 (Ordinance No. 2007-104, Agreement No. 2008-0150) (hereinafter "Development Agreement").

RECITALS

WHEREAS, the Development Agreement provided for the Parties to negotiate the terms for providing specified funding for development of certain portions of the Project, as set out in Exhibit P of the Development Agreement; and

WHEREAS, the purpose of the Funding Agreement was to further define the scope, timing and allocation of CITY funding for development of certain portions of the Project consistent with the terms of the Development Agreement; and

WHEREAS, LANDOWNER has certain obligations under the Sacramento Railyards Tentative Master Parcel Map condition no. 52 to design and construct a pedestrian and bicycle connection between Old Sacramento, within the vicinity of 2nd Street and the I-5 freeway overcrossing, across lots 38 and 39 and including a tunnel underneath the relocated Union Pacific Railroad ("UPRR") tracks, and connecting to lot 30a within the Central Shops District which is referred to as Museum Plaza, (hereinafter the "Old Sacramento-Central Shops Multi-Use Trail"). This tunnel is also shown as part

of the bicycle and pedestrian circulation network in the Railyards Specific Plan, Figure 7-29; and

WHEREAS, the design and construction of the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail must occur concurrently with the design and construction of the Track Relocation Project, which will relocate the existing UPRR tracks northward pursuant to the Track Relocation and Financing Agreement between the Parties dated December 13, 2006 (Agreement No. 2006-1406); and

WHEREAS, under the terms of the Funding Agreement, which was entered into to further define and implement the CITY's financial obligations under the Development Agreement, LANDOWNER is entitled to \$600,000 in Central City park development impact fees to help fund the costs of construction of Market Plaza located within the Central Shops District; and

WHEREAS, the cost to design the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail has been estimated at \$300,000 and LANDOWNER desires to apply a portion of its Market Plaza park funding under the Funding Agreement to meet its obligation to fund the design of this tunnel so as not to delay the Track Relocation Project schedule; and

WHEREAS, the use of Central City park development impact fees for the design of the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail is an eligible expense and allocation of \$300,000 for this purpose has been approved by the City Council, contingent on LANDOWNER's execution of this Amendment.

AGREEMENT

NOW, THEREFORE, based on the Recitals, the mutual promises and covenants of the Parties contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Section 1. Amendment of Funding Agreement Regarding Market Plaza

Section 2.4 of the Funding Agreement is hereby amended to add subsection 2.4.1 as follows:

- 2.4 **"Funding.** CITY has committed \$600,000 of its park improvement fees collected within the Central City to help fund the costs of construction of Market Plaza. In order to receive this funding, LANDOWNER must (i) prepare design plans and specifications for Market Plaza that are approved by CITY, (ii) enter into the CITY's standard Park Improvement Reimbursement/Credit Agreement, the form of which has been provided to LANDOWNER, which specifies the scope, cost, schedule and conditions for reimbursement, and (iii) undertake construction of Market Plaza.

2.4.1 Old Sacramento-Central Shops Multi-Use Trail Design.

LANDOWNER hereby authorizes CITY to expend a portion of the \$600,000 of the park improvement fees set-aside for Market Plaza for the design of the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail, which opens into Museum Plaza in lot 30a of the Central Shops District. CITY will provide LANDOWNER with copies of the CITY's consultant invoices to verify the total amount of the tunnel design costs, both preliminary and final design costs. The remaining amount of the park improvement fees not expended for the tunnel design shall be made available by CITY to LANDOWNER for Market Plaza construction in accordance with the foregoing provisions."

Except as specifically amended by the addition of subsection 2.4.1, the terms and conditions of the Funding Agreement shall remain unchanged and in full force and effect.

Section 2. Affect of Amendment on Related Agreements

Nothing in this Amendment is intended to alter, modify, supplant or waive any provision in the Development Agreement or the Track Relocation and Financing Agreement.

Section 3. Affect of Amendment on LANDOWNER's Obligations

The amount of the Central City park development impact fees that are used by CITY for design of the tunnel portion of the Old Sacramento-Central Shops Multi-Use Trail as provided herein, shall not be charged to LANDOWNER as part of the cost for a change to the scope of work under the Track Relocation and Financing Agreement.

Nothing herein is intended to alter, modify, supplant or waive Tentative Map condition No. 52, the Specific Plan, or any other Project Entitlement regarding the obligation to design and construct the Old Sacramento-Central Shops Multi-Use Trail.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the CITY and LANDOWNER have executed this First Amendment to the Funding Agreement for the Sacramento Railyards Project as of the date first set forth above.

CITY:

CITY OF SACRAMENTO,
a Municipal Corporation

By: _____
City Manager

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LANDOWNER:

S. THOMAS ENTERPRISES OF SACRAMENTO, LLC,
a Delaware Limited Liability Company

By: _____
Suheil Totah
Vice President

Date: _____