



# REPORT TO COUNCIL

## City of Sacramento

31

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www.CityofSacramento.org

**CONSENT**  
**June 23, 2009**

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

**Title: Railyards Proposition 1C Agreements**

**Location/Council District: District 1**

**Recommendation:** Adopt a **Resolution:** 1) authorizing acceptance of the Transit Oriented Development Grants for the Railyards Project, and 2) approving and assigning the 5<sup>th</sup> and 6<sup>th</sup> Street Overpass Agreements with the Union Pacific Railroad Company to S. Thomas Enterprises of Sacramento, LLC.

**Contact:** Jerry Way, Director of Transportation, 808-7100; Marty Hanneman, Assistant City Manager, 808-5704

**Presenters:** None

**Department:** Transportation

**Division:** Office of the Director

**Organization No:** 15001011

### **Description/Analysis**

**Issue:** Whether to accept the Transit Oriented Development (TOD) Proposition 1C grants from the State Department of Housing and Community Development, under which S. Thomas Enterprises of Sacramento, LLC (Thomas) is a sub-recipient and is obligated to indemnify the City for any defaults under the terms of the grant agreement. The City, on behalf of the Railyards project, was awarded \$17 million in TOD funding based on the application submitted last year and is in line to receive an additional \$17 million TOD grant from the application recently submitted. The state has issued bonds to fund the 2008 TOD grants for projects that are "shovel-ready" and this action will allow for that \$17 million grant agreement to be executed and funding to be disbursed to allow for construction to commence.



The TOD funds approved in 2008 are earmarked for construction of the extension of 5<sup>th</sup> Street over the relocated Union Pacific Railroad (UPRR) tracks. The TOD funds to be awarded this year would be used to construct 6<sup>th</sup> Street, as well as Market Plaza to allow access to the new rail passenger platforms that will be constructed by the City as part of the Track Relocation project.

While Thomas has an agreement with UPRR to build these new overpass structures, the locations have changed. Since the City would own and maintain these street improvements after construction is completed, UPRR has provided the City with its form Public Highway Overpass Agreement for these two new bridge crossings. This action would approve these form UPRR agreements and allow for assignment of the City's construction obligations to Thomas.

**Policy Considerations:** The recommendation is consistent with Council direction on February 12, 2008 (Resolution No. 2008-098) and March 17, 2009 (Resolution No. 2009-146) that the Railyards project is the City's top priority for funding through the Proposition 1C TOD Housing Program. The recommendation is also consistent with the City's Smart Growth Principles, the 2002 Infill Strategy and the transit-supportive housing policies in the 2030 General Plan.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The environmental impacts of construction of the extensions of 5<sup>th</sup> and 6<sup>th</sup> Streets and Market Plaza was included in the Railyards Specific Plan Environmental Impact Report, which was certified on December 11, 2007.

**Sustainability Considerations:** The improvements to be funded with the TOD grant have been reviewed for consistency with the goals, policies and targets of the City's Sustainability Master Plan and the 2030 General Plan. The improvements comply with many of the goals, in particular Goal Number Six - Urban Design, Land Use, Green Building and Transportation specifically by reducing dependence on the private automobile by providing efficient and accessible public transit and transit-supportive land uses, and reducing long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

**Other:** The National Environmental Policy Act does not apply because these improvements are not part of the federally funded Track Relocation project.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** The Railyards is a major infill and transit-oriented development project, with 15% of the housing to be built for low and

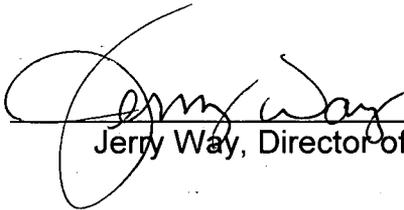
very low income households, and is expected to promote increased transit ridership in Sacramento. The TOD grants will fund a portion of the infrastructure needed for the housing development and improving access to the Sacramento Valley Station and future Intermodal facility.

**Financial Considerations:** The Railyards infrastructure and public facilities are estimated to cost \$750 million and the two \$17 million TOD grants will help fund a portion of these costs. No General Fund expenditures are involved in this recommendation.

The first phase funding of \$17M will support 485 jobs in the City of Sacramento based upon the model provided by the Federal Highway Administration (FHWA) of one new job for every \$35,000 of transportation project investment.

**Emerging Small Business Development (ESBD):** No goods or services are being purchased under this report.

Respectfully Submitted by:



Jerry Way, Director of Transportation

Approved by:



Marty Hanneman, Assistant City Manager

Recommendation Approved:



Ray Kerridge  
City Manager

*Boa*

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**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AUTHORIZING ACCEPTANCE OF THE TRANSIT ORIENTED DEVELOPMENT GRANTS FOR THE RAILYARDS PROJECT AND APPROVING AND ASSIGNING THE 5<sup>TH</sup> AND 6<sup>TH</sup> STREET OVERPASS AGREEMENTS WITH THE UNION PACIFIC RAILROAD COMPANY TO S. THOMAS ENTERPRISES OF SACRAMENTO, LLC**

**BACKGROUND**

- A. The Railyards project is a catalyst transit-oriented development project which provides for thousands of units of housing, including affordable housing, and millions of square feet of office, retail and mixed use development adjacent to the existing Sacramento Valley Station and the planned Sacramento Intermodal Transportation Facility, as well as a second light rail station on 7<sup>th</sup> Street along the Downtown-Natomas-Airport light rail line. The City Council approved the entitlements for the Railyards project for the property owner, S. Thomas Enterprises of Sacramento, LLC (Thomas) on December 11, 2007.
- B. On February 12, 2008, the City Council approved submittal of an application to the State Department of Housing and Community Development (HCD) for Transit Oriented Development (TOD) Housing Program funding on behalf of the Railyards project because only public agencies are permitted to submit TOD grants.
- C. HCD awarded the City \$17 million in TOD funding for the Railyards project in June of 2008. The funding was proposed to cover a portion of the costs for the extension of 5<sup>th</sup> Street over the relocated Union Pacific Railroads (UPRR) tracks to improve access to the Sacramento Valley Station in consideration for the development of the first phase Railyards affordable and market-rate housing within a certain time period after completion of the improvements. HCD has indicated that it now has the funding to execute the grant agreements for these funds.
- D. On March 18, 2009, the City Council approved submittal of a second TOD grant application for the Railyards project to fund the extension of 6<sup>th</sup> Street and improvement of Market Plaza, which will provide a pedestrian connection to the new Sacramento Valley Station rail platforms via the passenger tunnel from the north. Round two of the HCD TOD grant awards are set to be announced within the next few weeks and grant agreements may be ready for execution soon thereafter.

- E. The Union Pacific Railroad Company (UPRR) has approved the preliminary plans for extensions of 5<sup>th</sup> and 6<sup>th</sup> Streets over the relocated rail tracks. The City is undertaking construction of the relocated UPRR tracks and Thomas is undertaking construction of the extensions of 5<sup>th</sup> and 6<sup>th</sup> Street over the new track alignment. Thomas will need to build the new street bridge supports before the City can relocate the existing UPRR tracks. UPRR has provided the City with its form Public Overpass Agreement for 5<sup>th</sup> and 6<sup>th</sup> Streets to address the City's obligations for construction and maintenance of these new bridge structures.

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

- Section 1. The City of Sacramento, as the grant recipient and on behalf of Thomas as the grant sub-recipient, hereby agrees to use and oversee the use of the TOD Housing Grant Program funds for eligible activities in the manner presented in the grant application as approved by HCD and in accordance with the HCD Program Guidelines under which the grant was submitted.
- Section 2. The City Council authorizes the City Manager to execute in the name of the City of Sacramento (City) the Standard Agreement and all other documents required by HCD for the award(s) of the TOD Housing Grant Program funds for the Railyards project, and any supplements or amendments thereto (the "Railyards TOD Grant Agreement"); conditioned on the City being indemnified for any defaults of the Railyards TOD Grant Agreement, which would require repayment of all or a portion of the grant funds, by Thomas as either the named grant sub-recipient or under the terms of a form assignment and assumption agreement.
- Section 3. The City Council hereby authorizes the City Manager to execute in the name of the City of Sacramento the Public Highway Overpass Agreements with the Union Pacific Railroad Company (UPRR) for the 5<sup>th</sup> Street and the 6<sup>th</sup> Street bridge structures (the "UPRR Bridge Agreements"). The City Council also hereby authorizes the City Manager to assign the City's rights and obligations under the UPRR Bridge Agreements to Thomas under the terms of a form assignment and assumption agreement to allow for Thomas to undertake construction of these street extensions with the Railyards TOD Grants Agreement funds on the City's behalf.