



## City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
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**Meeting Date:** 12/6/2011

**Report Type:** Staff/Discussion

**Title:** Cosumnes River Blvd. /I-5 Interchange Agreement and Sacramento Transportation Authority funding allocation changes with Richards Blvd/I-5 Interchange Project

**Report ID:** 2011-00890

**Location:** Cosumnes Blvd Interchange: along Interstate 5, one mile south of Pocket Road/Meadowview Road , Districts 7 and 8). Richards Blvd/I-5: located in the River Districts 3 and 4

**Recommendation:** Adopt a Resolution authorizing the City Manager to 1) execute a Cost Sharing Agreement with M&H Realty Partners VI, LP outlining the roles and responsibilities for financing and construction of the I-5 Interchange and Cosumnes River Boulevard extension (Cosumnes River Boulevard Project); 2) request Sacramento Transportation Authority(STA) approval to reprogram from the Measure A Expenditure Plan \$3,193,000 in FY 2013/14 and \$5,905,000 in FY 2015/16 from the Richards/ I-5 Project to the Cosumnes River Boulevard Project; and 3) request Sacramento Transportation Authority to reprogram up to an estimated \$29,066,700 from FY 2017/18 to FY 2023/24, from the Cosumnes River Boulevard Project to the Richards/ I-5 project.

**Contact:** Sheri Smith, Project Manager, (916) 808-7204, Economic Development Department

**Presenter:** Sheri Smith, Project Manager, (916) 808-7204, Economic Development Department, Tim Mar, Supervising Engineer, (916) 808-7531, Department of Transportation

**Department:** Economic Development Dept

**Division:** Citywide Development

**Dept ID:** 18001031

**Attachments:**

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- 1-Description/Analysis
  - 2-Background
  - 3-Sources
  - 4-Resolution
  - 5 -Exhibit A

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### City Attorney Review

Approved as to Form  
 Jerry Hicks  
 11/30/2011 2:44:13 PM

### City Treasurer Review

Reviewed for Impact on Cash and Debt  
 Janelle Gray  
 10/27/2011 4:05:49 PM

### Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 11/22/2011 5:14:39 PM

Eileen Teichert, City Attorney

Shirley Concolino, City Clerk  
 John F. Shirey, City Manager

Russell Fehr, City Treasurer



## Description/Analysis

### Issue:

The Cosumnes River Boulevard Project (T15018000) proposes to extend Cosumnes River Boulevard from its westerly terminus at Franklin Boulevard to an at-grade intersection with Freeport Boulevard (in the unincorporated town of Freeport), and construct a new interchange at I-5. Construction of the interchange is a key component to the Delta Shores development project proposed by M&H Realty Partners VI, LP (Developer).

The City and Developer have entered into a Development Agreement for the Delta Shores Project (City Agreement No. 2009-0060, approved by Ordinance No. 2009-003, adopted on January 13, 2009, and amended by City Agreement No. 2009-0060-1) that references the Project and, along with the Financing Plan, contemplates the City and Developer entering into a Cost Sharing Agreement (CSA) to specify how they will fund the Project cost (See Background, Attachment 1).

The total Project cost is estimated at \$95 million. Per the approved Financing Plan, the developer's portion of that cost is approximately \$52 million and the City's portion is approximately \$43 million. The developer has funds ready to contribute and will secure them with a Letter of Credit. The City has a combination of state, federal, and local transportation funds allocated to the project but they are spread out over time and, because of current economic conditions, the City cannot utilize customary bond financing to raise the up front cash needed to begin construction.

A solution to the cash flow issue is to request a swap of a portion of the funds allocated by the Sacramento Transportation Authority (STA) to the Cosumnes River Boulevard Project and the Richards/I-5 Project. The Richards/I-5 Project currently has a programmed STA allocation of \$13,363,000 but only \$4,265,000 is needed between FY 2012/13 and FY 2015/16 to complete the environmental, planning, design, and approval processes. This staff report recommends moving the remaining \$9,098,000 to the Cosumnes River Boulevard Project to allow the project to advance to construction.

Transferring the \$9,098,000 of allocation to the Cosumnes project resolves the cash flow issue and allows the City to move forward with the CSA, purchase necessary right-of-way, and award a construction contract in the summer of 2012 (See Attachment 2). This report recommends allocating all STA allocations not needed for construction of Cosumnes River Boulevard to the Richards/I-5 Project. By leveraging developer investment and utilizing the Richards Boulevard Project allocation, it is estimated that \$29 million in future STA funds can be moved to the Richards/I-5 Project. Moving the remaining amount currently allocated for the Cosumnes River Boulevard to the Richards/I-5 Project reduces the construction funding gap for the Richards/I-5 Project from a \$50 million current gap to a \$30 million gap. The proposed swap of allocations allows both the Richards/I-5 and Cosumnes River Boulevard Projects to move forward and does not affect the timing of the Richards/I-5 Project.

The CSA identifies project funding sources and defines how the City and Developer will work together to construct the interchange and extension as a public/private partnership (Exhibit B

to the Resolution). This document outlines a unique and creative partnership and has the following notable components:

- **Construction Management** – The Developer and the City will each have a representative at the project site to oversee project construction and ensure the project costs and change orders are acceptable to both parties.
- **Future Transportation Development Impact Fees** – In recognition of the Developer's substantial financial investment in the project and to incentivize development of the Delta Shores Project, the CSA exempts the Delta Shores Project from any new, City imposed, transportation impact fees for a period of ten years or until the exempted fees equal the amount of the Developer's investment into the Cosumnes River Boulevard Project.
- **Reimbursement of Advanced Payments** – The Developer is advancing the cost of improvements that benefit Delta Shores as well as nearby property owners. The CSA, in accordance with the approved finance plan, provides for reimbursements to the Developer when the other property owners develop their property.
- **Project Management** – The City will manage the project. In the event that the City cannot fund its share of the project to completion, the Developer has the right to assume project management and complete construction of the project. If the Developer assumes sole management of the project, the CSA provides for amounts owed to the Developer by the City to be offset by City fees imposed on development of Delta Shores.

The CSA is contingent upon approval of the swap of funds by the Sacramento Transportation Authority because the City must identify enough sources of funding to complete its share of the construction in order for the Agreement to be valid.

**Policy Considerations:** The proposed City Council action is consistent with the City's Strategic Plan goals of improving the transportation system, enhancing livability, and expanding economic development throughout the city.

#### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The Cosumnes River Boulevard Project final Environmental Impact Report was approved by City Council on May 15, 2007. As the project has federal funding, NEPA approval has also been obtained.

**Sustainability Considerations:** The Cosumnes River Boulevard Project will improve access, provide route continuity, and reduce overall vehicle miles traveled in the south area of the City. The Project will construct new sidewalks and bike lanes and increase the City's urban forest canopy, creating an environment conducive to pedestrian and bicycle trips and encouraging the use of alternate modes of transportation. All of these considerations and improvements are consistent with City sustainability goals.

**Commission/Committee Action:** None

**Rationale for Recommendation:** Approval of the swap of allocation from STA allows both projects to move forward and has the following benefits:

### **For the Cosumnes River Boulevard Project**

- Provides for the CSA to be completed and the Cosumnes River Boulevard Project to move forward
- Construction contract can be awarded in July 2012
- Creates an estimated 1,200 construction jobs
- Enables the City to leverage \$52 million from private development team
- Jump starts the Delta Shores Project which is estimated to generate \$3.8 million in sales tax and \$5.3 million in property tax annually when completed.

### **For the Richards Blvd I-5 Project:**

- Allocates \$4.2 million to Richards Blvd I-5 project to begin environmental, design, and planning approval processes in 2012
- Increases the overall amount of STA resources available to the project from \$13 million to \$33 million
- Reduces current construction gap from \$50 to \$30 million – resources still need to be identified to complete construction under either scenario
- Does not affect the timing of the ultimate project

**Financial Considerations:** This report recommends approval of a Cost Sharing Agreement, and authority to request moving funding allocations from the Sacramento Transportation Authority. There are no impacts to project funding or the General Fund from these actions. Future funding for the Cosumnes River Boulevard Project and the Richards Boulevard I-5 Project will be appropriated when received.

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

### Background

The proposed action for December 6, 2011 is to:

- Approve the Cost Sharing Agreement between the City and M&H Realty Partners outlining the roles and responsibilities for financing and constructing the project.
- Authorize a request to the Sacramento Transportation Authority to allocate \$3,193,000 in F/Y 2013/14 and \$ 5,905,000 in F/Y 2015/16 from the Richards I-5 project to the Cosumnes Boulevard Project
- Authorize a request to Sacramento Transportation Authority to allocate an estimated \$29,066,700 from the FY2017/18 to FY/2023/24 programmed allocation from the Cosumnes River Boulevard Project to the Richards/I-5 project.

The I-5/Cosumnes River Boulevard Extension and Interchange Project (T15018000) proposes to extend Cosumnes River Boulevard from its westerly terminus at Franklin Boulevard to an at-grade intersection with Freeport Boulevard (in the unincorporated town of Freeport), and construct a new interchange at I-5. As of October 2011, the City has completed 95% of the final design.

On May 15, 2007, the City Council approved the final EIR for the Project. The final EIR identified project impacts and mitigation measures. The Cosumnes River Boulevard Project (T15018000) required the purchase of 3.481 conservation credits for giant garter snake, 16 acres of Swainson's Hawk mitigation habitat, 1.0 vernal pool preservation credit, 11 elderberry shrub transplants, and 10 valley elderberry longhorn beetle credits. Approved mitigation banks within the service area of the Project were contacted to provide quotes for the required mitigation. The mitigation banks that provided the lowest quotes were selected for the purchase of the needed credits.

The construction of the Interchange at I-5 required the relocation of a portion of a 20-inch SMUD high-pressure natural gas pipeline (Pipeline) that currently exists within the vicinity of the future Project. On February 21, 2007 the City and SMUD entered into a Facilities Relocation Agreement that allowed SMUD to relocate this Pipeline and provided a detailed cost sharing methodology and roles and responsibilities. In order to relocate the Pipeline, SMUD needed an encroachment permit from Caltrans. In order to issue the encroachment permit, Caltrans required an executed Utility Agreement between the City and SMUD. The City and SMUD completed project construction and relocated the Pipeline in the summer of 2009.

On January 6, 2009 Council approved agreements with the following entities to further the project:

- United States Fish and Wildlife Service and the Center for Natural Land Management to mitigate for impacts on the giant garter snake in the amount of \$195,807;

- Wetland Resources LLC to buy credits for Swainson's Hawk habitat in its Elsie Gridley Mitigation Bank in the amount of \$104,000;
- Wildlands, Inc. to buy credit for vernal pool preservation in its Laguna Terrace East Conservation Bank in the amount of \$175,000;
- Wildlands, Inc. to transplant elderberry shrubs in its River Ranch VELB Conservation Bank in the amount of \$16,390;
- Sacramento River Ranch, LLC to buy valley elderberry longhorn beetle credits in its River Ranch VELB Conservation Bank in the amount of \$35,000;
- Utility Agreement with SMUD to relocate a 20 inch gas pipeline in the amount of \$3,663,450.

On April 15, 2008, the City executed an Assignment and Assumption Agreement with M & H Realty Partner VI, LP, SunCal Delta Shores, LLC, and Mark Thomas and Company, Inc. for the Project. The Assignment and Assumption Agreement allowed the City to assume the consultant agreement with Mark Thomas and Company, Inc. from the Developers of Delta Shores in order to complete the engineering design for the Project. Supplemental Agreement No. 2 was approved January 6, 2009 to comply with new requirements of approving agencies, provide additional services that were not included in the original scope of work, meet project timelines, and compensate for extra efforts needed to coordinate with the development of Delta Shores. The extra work included providing additional analysis for Morrison Creek, designing a flood wall east of Morrison Creek, performing additional right of way engineering, designing a new fiber optic connection, performing a constructability review, performing comprehensive value analysis, performing additional mitigation analysis and applying for new permits, designing geo-foam to protect existing utilities, designing under drainage facilities for auxiliary lanes, amending the project report, and paying for certain fees on the City's behalf for certain agencies to review project plans.



**Project Costs**

Total Estimated Project Costs  
 Project Costs 2012 - 2016

**Sources**

Richards STA allocation 2013  
 Richards STA allocation 2015  
 Cosumnes STA allocation 2013-2016  
 Cosumnes STA allocation 2017-2023  
 DOT funds spent to date  
 CTC- STIP Funds  
 Developer Funding

Total Sources

**Remaining Construction Gap**

	With Swap	
	Richards Blvd I -5	Cosumnes Blvd I-5
Total Estimated Project Costs	\$ 62,900,000	\$ 95,000,000
Project Costs 2012 - 2016	\$ 4,265,000	\$ 95,000,000
Richards STA allocation 2013	\$ 4,265,000	\$ 3,193,000
Richards STA allocation 2015		\$ 5,905,000
Cosumnes STA allocation 2013-2016		\$ 10,431,000
Cosumnes STA allocation 2017-2023	\$ 29,066,700	
DOT funds spent to date		\$ 12,800,000
CTC- STIP Funds		\$ 10,500,000
Developer Funding		\$ 52,247,000
Total Sources	\$ 33,331,700	\$ 95,076,000
<b>Remaining Construction Gap</b>	<b>\$ 29,568,300</b>	<b>\$ -</b>

	With No STA Swap	
	Richards Blvd I -5	Cosumnes Blvd I-5
Total Estimated Project Costs	\$ 62,900,000	\$ 95,000,000
Project Costs 2012 - 2016	\$ 4,265,000	\$ 95,000,000
Richards STA allocation 2013	\$ 7,458,000	
Richards STA allocation 2015	\$ 5,905,000	
Cosumnes STA allocation 2013-2016		\$ 10,431,000
Cosumnes STA allocation 2017-2023		\$ 29,066,700
DOT funds spent to date		\$ 23,300,000
CTC- STIP Funds		
Developer Funding		
Total Sources	\$ 13,363,000	\$ 62,797,700
<b>Remaining Construction Gap</b>	<b>\$ 49,537,000</b>	<b>\$ 32,202,300</b>



**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AUTHORIZING A REQUEST TO THE SACRAMENTO TRANSPORTATION  
AUTHORITY FOR REALLOCATION OF FUNDS BETWEEN THE RICHARDS/I-5  
PROJECT AND COSUMNES RIVER BOULEVARD PROJECT AND APPROVAL OF  
THE COST SHARING AGREEMENT FOR THE COSUMNES RIVER BOULEVARD  
PROJECT (T15018000)**

**BACKGROUND**

- A. The Cosumnes River Boulevard Project (T15018000) proposes to extend Cosumnes River Boulevard from its westerly terminus at Franklin Boulevard to an at-grade intersection with Freeport Boulevard (in the unincorporated town of Freeport), and construct a new interchange at I-5.
- B. Construction of the interchange is a key component to the Delta Shores development project proposed by M&H Realty Partners VI, LP.
- C. The City and M&H have entered into a Development Agreement for the Delta Shores Project (City Agreement No. 2009-0060, approved by Ordinance No. 2009-003, adopted on January 13, 2009, and amended by City Agreement No. 2009-0060-1) that references the Project and, along with the Financing Plan, contemplates the City and M&H entering into a Cost Sharing Agreement (CSA) to specify how they will fund the project cost.
- D. The Cosumnes River Boulevard Project cost is estimated at \$95 million.
- E. Per the approved Financing Plan, the developer's portion of that cost is approximately \$52 million. The developer has funds ready to contribute and will secure them with a Letter of Credit.
- F. The City's portion is approximately \$43 million. The City has a combination of state, federal, and local transportation funds allocated to the project but they are spread out over time and the City cannot utilize customary bond financing to raise the cash needed to begin construction.
- G. Reallocating Sacramento Transportation Authority funding of \$3,193,000 in FY 2013/14 and \$ 5,905,000 in FY 2015/16 from the Richards/ I-5 project to the Cosumnes River Boulevard Project allows the Richards /I-5 Project to complete the environmental, planning, design, and approval processes and solves the cash flow issue for the Cosumnes River Boulevard Project enabling both projects to move forward.

- H. Reallocating all Cosumnes River Boulevard Project funds not needed for construction, which is estimated to be \$29,066,700 from FY 2017/18 to FY 2023/24, to the Richards/ I-5 Project ensures the Richards/I-5 project timing is not affected and the current construction gap is reduced.

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

- Section 1. The City Manager is authorized to request the Sacramento Transportation Authority reallocate \$3,193,000 in FY 2013/14 and \$ 5,905,000 in FY 2015/16 from the Richards/ I-5 Project to the /Cosumnes River Boulevard Project.
- Section 2. The City Manager is authorized to request the Sacramento Transportation Authority to reallocate all Cosumnes River Boulevard Project funds not needed for construction or an estimated \$29,066,700 from FY2017/18 to F/Y2023/24, to the Richards / I-5 Project.
- Section 3. The City Manager is authorized to execute a Cost Sharing Agreement between the City and M&H Realty Partners VI, LP, (attached as Exhibit B), outlining the roles and responsibilities for financing and construction of the/Cosumnes River Boulevard Project, contingent upon approval of the Sacramento Transportation to the reallocation of funds set forth in sections 1 and 2 of this Resolution.

**Table of Contents:**

Exhibit A: Cosumnes River Boulevard Project Location Map

Exhibit B: Cost Sharing Agreement



# EXHIBIT A

## Location Map for I-5/COSUMNES RIVER BOULEVARD EXTENSION AND INTERCHANGE PROJECT (PN: T15018000)



Department of  
**TRANSPORTATION**  
City of Sacramento

Map Contact: S. Tobin  
Map Date: March, 2008

0 750 1,500 3,000 4,500 6,000  
Feet

