REPORT TO COUNCIL 5
City of Sacramento

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CONSENT
October 17, 2006

Honorable Mayor and Members of the City Council

Continued from 10-17-06

Title: Railyards Development Review Agreements and Budget

Location/Council District: Downtown Railyards, District 1

Recommendation: Adopt a **Resolution:** 1) Approving an advance funding agreement, 2) Authorizing the City Manager to execute a supplemental agreement to City Agreement 2004-0040-1A with Economic and Planning Systems (EPS) in an amount not to exceed $35,000, 3) Allocating $500,000 in 2006 Community Reinvestment Capital Improvement Program (CRCIP) bond funds to Railyards development review and negotiations.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788, Carol Shearly, Director of Planning, (916) 808-5893

Presenters: Not Applicable

Department: Planning

Division: Public Improvement Financing

Organization No: 4915

Description/Analysis

Issue: The Railyards development has and will continue to require consultants, working on the City's behalf, to augment staff review and analysis. Details are provided on Attachment 1.

Thomas Enterprises has agreed to fund all of the consultant work to date. Approval of an advance funding agreement will formalize this arrangement and fund $233,690 of consultant costs associated with this project.

As part of the advance funding requirement, staff is also asking EPS Consulting, to expand their scope of service at an additional cost of $35,000. Staff recommends that Council approve this change by amending City Agreement 2004-0040-1A.

As the Railyards development project moves forward, staff anticipates the need for additional consultant expenditures. These costs will be negotiable with Thomas Enterprises. To ensure availability of funding that will allow necessary work on the Railyards to move forward, staff is requesting that $500,000 be allocated from the $3.0 million in bond funds set aside for the Intermodal Transportation Facility to the Railyards project as a whole, which includes the

Intermodal facility. Any use of these funds will be potentially reimbursable from future Railyards development. In any case, use of these funds will be contingent on Council approval.

Policy Considerations: Approval would be consistent with the City's Strategic Plan 3-Year Goal to achieve sustainability and enhance livability, increase opportunities to live in safe and affordable housing, and expend economic development throughout the City.

Environmental Considerations: Under California Environmental Quality Act (CEQA) Guidelines, the recommended actions are administrative and therefore do not constitute a project and therefore are exempt from review.

Committee/Commission Action: None

Rationale for Recommendation: The actions are recommended to proceed in the most expeditious manner possible on the Railyards development proposal.

Financial Considerations: The advance funding agreement provides that $233,690 be paid in support of three consultant contracts as follows:

Firm	Purpose	Amount
EPS	Financing Plan	99,000
EPS	Fiscal Impact Analysis	35,000
Harris & Associates	Peer Review, Cost and Logistics Analysis	99,690
		233,690

The EPS contract for $35,000 is incorporated through an existing master professional services agreement with EPS (CA 2004-0040-1A). The contract with Harris & Associates will be entered under City Manager authority with Council approval of the advance funding agreement.

All contracts are likely to be subject to supplemental agreements. Any change will be brought for Council review and approval.

Transfer of $500,000 in 2006 CRCIP bond funds from the Intermodal Transportation Facility (CF41) to the Railyards development project (TV96) will provide "seed" funds in the event future change orders or additional contracts will be required and will need to be funded from City sources. Any expenditures from these funds will be subject to reimbursement from the Railyards Financing Plan if it is feasible to do so. Any use of these initial funds will be brought before Council for review and approval.

Emerging Small Business Development (ESBD): EPS is a certified ESBD firm. Harris is not a certified firm.

Respectfully Submitted by: _____
Mark Griffin
Fiscal Manager, Planning Department

Approved by: _____
Carol Shearly
Director, Planning Department

Recommendation Approved:

_____
for Ray Kerridge
City Manager

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Attachment 1

BACKGROUND

Railyards Development

Review of the development proposal for the Railyards requires consultant expertise in several different disciplines. Consultants for environmental review, traffic analysis, financial planning and engineering have been identified as needed to supplement City staff resources and to work on the City's behalf. Products will include the EIR, the Traffic Impact Study, the Financing Plan (for infrastructure), Peer Review (of the developer's cost estimates and phasing logistics), and the Fiscal Impact Study (for General Fund operating revenue and expenditure impacts).

Thomas Enterprises has agreed to fund consultant services identified to date. In June, Council approved funding from Thomas Enterprises in support of the EIR and Traffic Analysis. The report before you now extends this support to the Financing Plan, the Fiscal Impact Analysis and Peer Review.

As the development review proceeds and as negotiations with Thomas Enterprises commence, additional consulting services needs are probable. Additional consultant expenditures will be subject to negotiation with Thomas Enterprises. Staff is recommending that Council set aside $500,000 from the $3 million bond funds for the Intermodal Transportation Facility now to support any costs that may have to be borne by the City. Future reimbursement of these costs may occur from future development. Reimbursement in fact will result if it is financially feasible to include these costs in the Financing Plan. In any event, staff will return to Council for review and approval of any use of these funds.

Prior Council Action on CRCIP

- On January 10, 2006, City Council held a financial planning workshop and developed a CRCIP project list. Each project was evaluated and ranked in priority order as either a Tier 1 or Tier 2 project.
- On February 7, 2006, City Council approved the CRCIP project list.
- On March 21, 2006, City Council directed staff on which final projects to include in the Tier I and Tier II lists.
- On April 18, 2006, City Council approved the final Tier I and Tier II project list and bridge financing.
- On May 23, 2006, City Council authorized the issuance of approximately $150 million in 2006 bonds, authorized funding for the Tier I CRCIP projects and adopted policy directives.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVAL OF RAILYARDS CONSULTANT ADVANCE FUNDING AGREEMENT, AMENDMENT TO CITY AGREEMENT 2004-0040-1A WITH EPS CONSULTING, ALLOCATION OF $500,000 BOND FUNDS TO THE RAILYARDS DEVELOPMENT REVIEW BUDGET (CIP TV96)

BACKGROUND

A. Thomas Enterprises has proposed a comprehensive development plan for the Downtown Railyards.

B. The complexity and magnitude of the proposal requires consultants in several different disciplines.

C. Bond funds allocated for the Intermodal Transportation Facility can be best utilized if allocated in the amount of $500,000 to the Railyards development as a whole, including the Intermodal Transportation Facility, for the purpose of development review and negotiations.

D. The City Council is fully advised in this matter.

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

Section 1. The above background statements A through D are true and correct.

Section 2. The City Manager is authorized to enter into an agreement with Thomas Enterprises for the advance funding of consultant services in the amount of $233,690 and to establish the necessary accounting transactions.

Section 3. The City Manager is authorized to execute a supplemental agreement to City Agreement 2004-0040-1A with EPS in an amount not to exceed $35,000, adding an additional task for a Fiscal Impact analysis of the operating impact of the Railyards development.

Section 4. The City Manager is authorized to transfer $500,000 from CIP (CF41) to CIP (TV96) from the $3 million allocated to the Intermodal Transportation Facility in the Railyards for additional consulting expenses for development review and negotiations for the Railyards as a whole.

Section 5. No use of these funds may be made without the review and approval of City Council.