CITY CLERK'S COPY

AGREEMENT TO REIMBURSE FEES AND COSTS
UP Railyards: Financing Plan & Fiscal-Impact Analysis

1. **Parties.** In this agreement, "the City" means the **City of Sacramento**, a California municipal corporation; and "Developer" means **Thomas Enterprises of Sacramento LLC** , a Delaware limited-liability company.

2. **Background**. Developer intends to acquire and develop the land circumscribed by the boundary lines on **Exhibit A** (the Property), comprising a total area of approximately 238 acres. To plan for this proposed development, the City desires to enter into the following contracts concerning the Property (the Contracts): a contract with Economic & Planning Systems, Inc. (EPS) for preparation of a public-facilities financing plan; a contract with EPS for preparation of a fiscal-impact study; and a contract with Harris & Associates (Harris) for peer review of infrastructure cost estimates and phasing logistics prepared by Developer's engineers. Developer is willing to pay, in advance and subject to the terms and conditions set forth below, the City's costs under the Contracts.

3. **Developer's Obligation to Pay Costs.** Developer agrees to pay costs the City incurs under the Contracts, as follows:

   (a) Within ~~15~~ 30 days after the effective date of this agreement (see section 15 below), Developer will deposit **$233,690** with the City (the Deposit). This amount represents EPS's and Harris's initial estimates of the maximum costs for their work under the Contracts, as set out in **Exhibit B** (entitled "Scope of Services – Public Facilities Financing Plan and Other Technical Analyses for UP Railyards"; **Exhibit C** (entitled "Proposal to Prepare a Fiscal Impact Analysis for UP Railyards" and dated July 31, 2006; and **Exhibit D** (letter from Harris dated September 22, 2006, which includes an attachment entitled "Railyards Project – Scope of Work"). Developer is not obligated, however, to pay the costs attributable to Subtask 2.2 (Identify Sacramento Intermodal Transportation Facility Costs, Phasing, and Financing Sources) in Exhibit B. In addition, Developer is not obligated to pay the costs attributable to optional Task 7 (I-5 / Richards Boulevard interchange) in Exhibit D unless the City and Developer subsequently agree in writing to authorize work on that task. Within 10 business days after the effective date of this agreement, the City will provide Developer with a written statement of the costs associated with Subtask 2.2 and Task 7.

   (b) Developer's obligation to pay costs the City incurs under the Contracts will not exceed the Deposit, except as follows: If the City determines that costs of completing the work under the Contracts will exceed the Deposit, then the City may notify Developer in writing of this determination and request that Developer agree to pay the additional costs. Developer agrees to respond in writing within 10 business days after receiving such a notice and request. If Developer's response is that it will not pay the additional costs, or if Developer fails to respond within the 10 days, then, in its discretion, the City either may pay the additional costs itself or may discontinue work under the Contracts.

CITY AGREEMENT NO. 2006-1212

CITY AGREEMENT NO. 2006-1212

CITY CLERK'S COPY

(c) Within 60 days after all work under the Contracts has been completed to the City's satisfaction, the City will provide Developer with a written notice of completion itemizing all payments to EPS and Harris and will pay to Developer any unexpended portions of the Deposit and any payments of additional costs that Developer makes under subsection 3(b).

4. **Reimbursement.** Developer understands that the Deposit and any payments of additional costs that Developer makes under subsection 3(b) are not conditioned upon later reimbursement from public funds, including but not limited to bond proceeds, taxes, assessments, and development fees. Developer's obligation to pay costs the City incurs under the Contracts is entirely independent of the possibility of reimbursement, and the City has no legal or equitable obligation to reimburse Developer, except as follows:

(a) The Deposit and any payments of additional costs that Developer makes under subsection 3(b) will be reimbursed to Developer from the proceeds of any bonds issued and sold by a Community Facilities District (CFD) that includes in its territory all or part of the Property and is established after the date of this agreement, but only if the City actually receives the proceeds and determines, in its sole discretion, that use of the proceeds for reimbursement is lawful and appropriate.[1]

(b) The Deposit and any payments of additional costs that Developer makes under subsection 3(b) will be reimbursed to Developer from any development fees imposed on the developer or developers of the Property (in accordance with the financing plan prepared by EPS), but only if the City actually receives the fees and determines, in its sole discretion, that use of the fees for reimbursement is lawful and appropriate.

The total reimbursement under subsections 4(a) and 4(b) may not exceed the total of the Deposit and any payments of additional costs that Developer makes under subsection 3(b). This agreement does not obligate the City to establish a CFD; to issue and sell bonds; or to adopt, impose, or collect development fees.

5. **Disputed Right to Reimbursement.** If Developer and a third party assert a right to the same reimbursement monies (i.e., bond proceeds and development fees), then the City will deposit the monies in an escrow account of the City's choice until Developer and the third party come to an agreement, satisfactory to the City Attorney, specifying who is entitled to the monies. The City will endeavor, without legal obligation or liability, to establish an interest-bearing account but will not be obligated to pay interest on the deposited monies before, during, or after the account is established. The City may charge a reasonable administrative fee for administration of the account. If interest is earned on the monies while deposited in the account, then upon settlement of the dispute the interest will be distributed to those entitled to it, after deduction of the City's administrative fee.

---

[1] Community Facilities Districts are established under the Mello-Roos Community Facilities Act of 1982, set out at Government Code sections 53311 through 53368.3.

CITY
AGREEMENT NO. 2006-1212

6. **Non-liability of City for Reimbursement.** If, in its sole discretion, the City determines that reimbursement under section 4 is for any reason unlawful or otherwise inappropriate, then the City will not be obligated to reimburse Developer, and Developer will not be entitled to reimbursement from City under any theory, legal or equitable.

7. **Assignment.** Developer may assign its rights to reimbursement, subject to the City's consent, which the City may not withhold unreasonably. The City Manager (or his designated representative) is authorized to approve any assignment on the City's behalf. To be effective, both an assignment and the City's consent to an assignment must be in writing and approved for legal form by the City Attorney; in addition, the City Manager (or his designated representative) must sign the City's consent to an assignment.

8. **City Obligations Arising from Agreement.** Neither the City's general fund nor any of the City's other accounts, funds, or monies, except the bond proceeds and development fees specified in section 4 above, will be liable for payment of any obligations arising under this agreement. Those obligations are not a debt of the City, nor are they a legal or equitable pledge, charge, lien, or encumbrance upon any of the City's property, income, revenues, or receipts. This agreement embodies all of Developer's rights to reimbursement with respect to the Deposit and any payments of additional costs that Developer makes under subsection 3(b), and the City is not required to execute any other document. This section is not to be interpreted as limiting the City's exercise of discretion under any other section of this agreement.

9. **Notices and Payments.** Notices and payments under this agreement must be delivered to the following persons in the manner specified by this section:

   (a) If to City: City Manager
   City of Sacramento
   915 I Street, Fifth Floor
   Sacramento, CA 95814

   (b) If to Developer: Thomas Enterprises of Sacramento LLC
   431 I Street, Suite 202
   Sacramento, CA 95814
   Attention: Suheil Totah, Vice President-Development

   Notices and payments may be delivered in person (including delivery by an overnight service such as FedEx) or sent by U.S. Mail with postage prepaid (registered or certified mail, return receipt requested). If sent by mail, a notice or payment will not be considered given or made until actually received. Either party may change its address for these purposes by giving written notice of the change to the other party in the manner provided by this section.

10. **Attorneys' Fees.** If a party requires the services of any attorneys to secure the performance of this agreement or to seek redress for the other party's breach or default, or if litigation or arbitration is necessary to enforce or interpret any provision of

CITY
AGREEMENT NO. 2006-1212

this agreement, then the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party is entitled.

11. **Interpretation and Venue.** Exhibits A, B, C, and D are part of this agreement, which is to be interpreted and applied in accordance with California law. Any litigation concerning this agreement must be brought and prosecuted in the Sacramento County Superior Court.

12. **Waiver.** A party's failure to insist on strict performance of this agreement or to exercise any right or remedy upon the other party's breach of this agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of the other party's breach of any provision in this agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in writing and signed by the waiving party.

13. **Warranties and Representations.** Each person who signs this agreement on behalf of a party warrants and represents that he or she has the capacity and legal authority to execute this agreement for that party and to bind that party to the obligations imposed on it by this agreement.

14. **Execution of Agreement.** The parties may sign this agreement in counterparts, each of which will be considered an original, but all of which will constitute the same agreement.

15. **Effective Date.** This agreement is effective on the date when both parties have signed it, as indicated below in the signature blocks.

16. **City Attorney Costs.** Developer will pay the City $250 for costs the City Attorney incurred in negotiating and drafting this agreement. The City may deduct this payment from any funds to be reimbursed or returned.

17. **Entire Agreement.** This agreement sets forth the parties' entire understanding regarding the matters set forth. It supersedes all prior or contemporaneous agreements, representations, and negotiations (written, oral, express, or implied) and may be modified only by another written agreement signed by both parties.

CITY AGREEMENT NO. 2006-1212

City of Sacramento

By: _____
Marty Hanneman, Assistant City Manager
For: Ray Kerridge, City Manager

Date: November 6, 2006

Attest
City Clerk

By: _____
11-8-06

Thomas Enterprises of Sacramento LLC

By: _____
Suheil Totah
Vice President-Development

Date: October 31, 2006

Approved for Legal Form
City Attorney

By: _____
Senior Deputy City Attorney

JPC 10/31//06

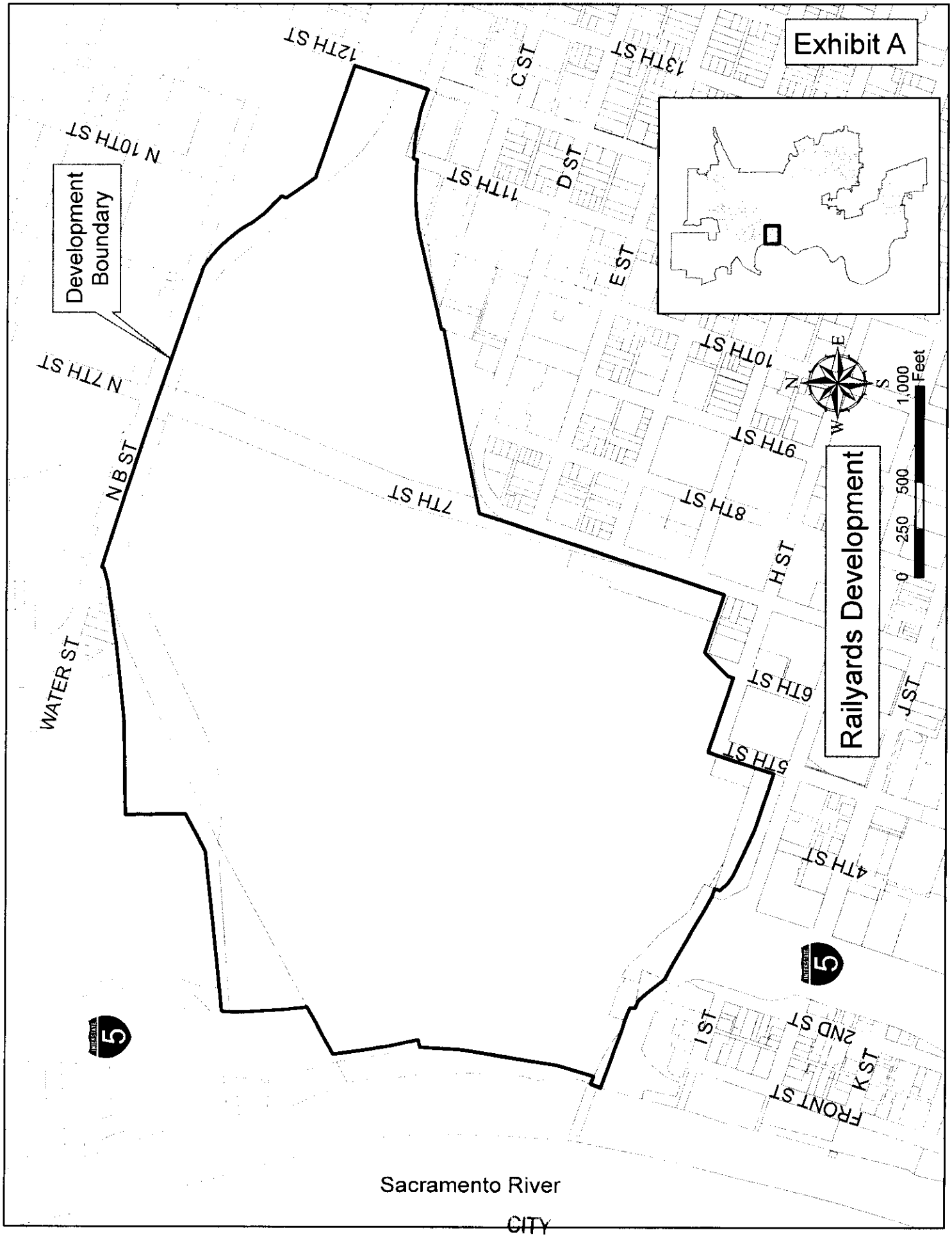
CITY AGREEMENT NO. 2006-1212

Agreement to Reimburse Fees and Costs
UP Railyards: Financing Plan & Fiscal-Impact Analysis

Exhibit A

Property Boundaries

CITY
AGREEMENT NO. 2006-1212



CITY
AGREEMENT NO. 2006-1212

Agreement to Reimburse Fees and Costs
UP Railyards: Financing Plan & Fiscal-Impact Analysis

Exhibit B

Scope of Services – Public Facilities Financing Plan and Other Technical Analyses for UP Railyards

CITY
AGREEMENT NO. 2006-1212

EXHIBIT B

Scope of Services

PUBLIC FACILITIES FINANCING PLAN AND OTHER TECHNICAL ANALYSES FOR UP RAILYARDS

This scope of services describes the tasks involved in preparing a Public Facilities Financing Plan (Financing Plan) and related technical analyses for the proposed UP Railyards project (Project). The scope of services is divided into the following three tasks:

- **Task 1—Initiate Project;**
- **Task 2—Prepare Public Facilities Financing Plan; and**
- **Task 3—Complete Technical Analyses for Development Agreement Negotiations.**

EPS understands the Project applicants seek the following entitlements from the City of Sacramento (City):

- Environmental determination;
- Development Agreement;
- City General Plan Amendment;
- Railyards Specific Plan Amendment;
- Richards Area Plan Amendments;
- Re-zone; and
- Zoning Code Amendment.

As described in more detail below, each of the proposed EPS tasks relies on cohesive teamwork and the exchange of information prepared by EPS and other team members. The Financing Plan and other technical analyses prepared by EPS will complement materials submitted by the Project applicant as well as those prepared by the City and other team members.

SCOPE OF SERVICES

The scope of services presented herein is based on EPS's current understanding of the Project and the role EPS will play as part of the City's team. As part of the project initiation process, EPS recommends reviewing our scope of services with the City and other team members to ensure it includes the appropriate tasks and meets the City's expectations.

EPS is well qualified to prepare the Financing Plan and related technical analyses, given our broad public finance experience locally, regionally, and nationally. EPS was the financial

CITY
AGREEMENT NO. 2006-1212

consultant to the City when the Railyards Specific Plan and Richards Boulevard Master Plan received City Council approval in the early 1990s. EPS's prior experience with this project and extensive work with the City will prove invaluable in completing the proposed scope of services.

TASK 1—INITIATE PROJECT

The initial task will be to initiate the project and meet with the project team. The purpose of the project initiation and team coordination will be to complete the following steps:

- Identify tasks and work products of each project team member;
- Develop more detailed project schedule;
- Refine the proposed EPS scope of services, if necessary;
- Review prior City and other agency policies regarding the proposed Project;
- Update the policy considerations for the proposed Project; and
- Coordinate financing strategy meetings between the City and the Sacramento Housing and Redevelopment Agency (SHRA).

As an important part of the project initiation, EPS will set up a series of meetings between City and SHRA management to work through policies regarding tax-increment financing for the Project. As the outcome of these meetings, EPS will prepare a preliminary financing strategy that will inform completion of the Financing Plan.

TASK 2—PREPARE PUBLIC FACILITIES FINANCING PLAN

Urban development in UP Railyards will require a variety of private and public infrastructure improvements. The overall approach to formulate a financing plan to fund these improvements in a manner consistent with the requirements of the State Planning Law and the policies of the City and other public agencies will involve the following activities:

- Specify the backbone infrastructure and other public facilities to be constructed or acquired in association with development of the proposed Project;
- Identify the estimated costs, constraints, and phasing requirements for required backbone infrastructure and other public facilities;
- Establish the policy framework for establishing financing mechanisms required to fund backbone infrastructure and other public facilities;
- Identify funding mechanisms, both existing and new, to fund required backbone infrastructure and other public facilities in a timely manner; and
- Identify and provide estimated maintenance costs and funding sources for certain backbone infrastructure and other public facilities.

CITY
AGREEMENT NO. 2006-1212

The Financing Plan is an integral part in the development of the Project. The Financing Plan will be prepared in a series of four subtasks, as described below.

Subtask 2.1: Identify Land Use, Infrastructure, and Other Public Facility Requirements

EPS will rely upon detailed land use information provided by the Project applicant and City. Land use information EPS will require includes acres and units of all residential land use types as well as acres and building square footages of all nonresidential land use types. EPS also assumes that Project engineers and City staff will identify infrastructure and other public facility requirements for the Project, as well as anticipated phasing and estimated costs for the following types of facilities:

- Roadway improvements;
- Drainage improvements;
- Water and wastewater facilities/improvements;
- Recycled water facilities/improvements;
- Fire and police facilities;
- Library facilities;
- Transit improvements;
- Park and community center improvements;
- Bikeway or trail improvements
- School facilities; and
- Any other public facility improvements required by the Project.

EPS will assemble this information into an infrastructure and public facility cost schedule suitable for analytical purposes. This information will be used to complete the Financing Plan.

Subtask 2.2—Identify Sacramento Intermodal Transportation Facility Costs, Phasing, and Financing Sources

EPS anticipates that preparing the Sacramento Intermodal Transportation Facility (SITF) financing strategy will be complicated by the following factors:

- Nature and timing of required improvements;
- Number of local, state, and federal stakeholders involved;
- Complex mix of funding mechanisms; and
- Potentially uncertain timing of funding mechanism availability.

Because of these challenges, the proposed Financing Plan includes the financing strategy for the SITF as a separate subtask. As work on the Project application proceeds, EPS will work closely with the City, the City's consultants specializing in intermodal transportation facilities, and the

CITY
AGREEMENT NO. 2006-1212

Project applicant to determine EPS's role in preparing the SITF financing strategy. Ultimately, the SITF financing strategy will be included in the overall Financing Plan.

Subtask 2.3—Prepare Preliminary Financing Plan

EPS will prepare a preliminary Financing Plan for review and comment. Preparation of the preliminary Financing Plan will include the following activities.

Allocate Backbone Infrastructure and Other Public Facility Improvement Costs

EPS will allocate the backbone infrastructure and other public facility improvement costs among the various beneficiaries in (or beyond) the Project. EPS will work with the City to develop cost allocations on the basis of City and/or industry-standard measures of demand for or benefit from the different types of backbone infrastructure and other public facilities.

Analyze Cost Burdens and Financial Feasibility of the Project

Based on the proposed land use program, the Financing Plan will evaluate the impact of the infrastructure cost burdens on the overall financial feasibility of the private real estate development components of the Project as well as any proposed financing mechanisms subject to basic municipal financing requirements (e.g., value to lien ratio). EPS will base the analysis on estimates of finished real estate values for private development. In the event that initial cost allocations appear infeasible, based on industry standards, EPS, the City, and Project applicants will evaluate alternative allocations and other measures (e.g., cost reductions, alternative phasing).

Identify Financing Mechanisms

EPS will estimate available funding from various sources such as existing City, Sacramento County, and school district development impact fees, any planned general obligation and revenue bond issues, tax allocation bonds, and other dedication requirements. In this review EPS will take into consideration the preliminary financing strategy policies of the City and SHRA (identified in **Task 1**), as well as existing funding mechanisms implemented as part of the prior Railyards Specific Plan and Richards Boulevard Master Plan project approvals.

As part of the financing mechanism review EPS also will take into consideration any specific financing constraints or requirements including affordable housing mitigation requirements and limitations on revenue generated from publicly owned land. In addition to public funding sources, EPS will consider a variety of other financing mechanisms, which may include the following items:

- Area-specific development fees;
- Special assessments and taxes; and
- Private contributions and exactions.

CITY
AGREEMENT NO. 2006-1212

EPS will select the financing mechanisms for the Project, based on City/Other Agency policies, financing goals, legal considerations, industry and regional standards, phasing considerations, commitments regarding the availability of public sector funding, and negotiated preferences of stakeholders.

Formulate a Financing Strategy

The steps outlined above will inform the preparation of a financing strategy that articulates the implementation steps required to use existing and create new proposed financing mechanisms. The financing strategy will specify the financial responsibilities of the public and private participants in the development of the Project. EPS will circulate the financing strategy to City staff and Project participants to ensure their understanding and to obtain their comments and suggestions.

Subtask 2.4—Prepare Draft Financing Plan

After incorporating comments and making any necessary revisions required to the preliminary Financing Plan, EPS will complete a draft Financing Plan to submit to the City Council for approval. EPS assumes attendance will be required at two public hearings regarding the draft Financing Plan.

TASK 3—COMPLETE TECHNICAL ANALYSES FOR DEVELOPMENT AGREEMENT NEGOTIATIONS.

In addition to the tasks described above, EPS believes additional technical analyses will be required to support the City during development agreement negotiations with the Project applicant. Additional technical analyses that may be required in support of the City could include these items:

- Market overview;
- Preparation of development pro-forma models;
- Review of Project applicant pro-forma models; and
- Review/modeling of financial components of Development Agreement (e.g., development fee, tax increment financing, other financing proposals).

EPS has participated in many development agreement negotiations and is well qualified and available to complete additional technical analyses as requested by the City. EPS looks forward to providing all of the required financing technical assistance that may be required for the proposed UP Railyards Project.

PROJECT STAFFING

Tim Youmans, EPS Managing Principal, will serve as the Principal-in-charge of the work program with Jamie Gomes, EPS Principal, serving as the project manager. Amy Lapin and Isabel Domeyko, EPS Senior Associates, also will play key roles in completing the proposed

CITY
AGREEMENT NO. 2006-1212

work program. In addition to the named staff, EPS will use support staff to complete the various technical and analytical analyses. Résumés for key staff are available on request.

SCHEDULE

EPS is prepared to initiate the project immediately and will deliver on a schedule consistent with the proposed Project application and City processing of the environmental work and other entitlements. During project initiation, EPS will work with the City, the City's team, and the Project applicants to develop a more detailed project schedule.

BUDGET

The initial estimated budget to work on the proposed scope of services is **$99,000** as shown in the table below. The total **$99,000** budget is based on EPS's current understanding of the Project and the role that EPS will play as part of the City's team. EPS's experience on these types of projects has shown that it is very difficult to anticipate the total budget to complete a Financing Plan and related technical analyses at the outset of the process. EPS will work closely with the City on the Project budget as the proposed work program is completed.

Scope of Services	
Task 1—Initiate Project/Project Team Coordination	$10,000
Task 2—Prepare Public Facilities Financing Plan	$70,000
Task 3—Complete Technical Analyses for Dev. Agreement Negotiations	$19,000
Total	**$99,000**

EPS charges for its services on a direct cost (hourly billing rates and direct expenses) not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. If the work program becomes more involved than presently anticipated, or if any additional work is requested beyond the current scope of services, EPS will request authorization for additional budget with the understanding that terms would be negotiated in good faith.

CITY
AGREEMENT NO. 2006-1212

Agreement to Reimburse Fees and Costs
UP Railyards: Financing Plan & Fiscal-Impact Analysis

Exhibit C

Proposal to Prepare a Fiscal Impact Analysis for UP Railyards

Dated July 31, 2006

CITY
AGREEMENT NO. 2006-1212

DRAFT

Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

July 31, 2006

Russell Fehr
City of Sacramento, Director of Finance
New City Hall
915 I Street, 5th Floor
Sacramento, CA 95814

Subject: Proposal to Prepare a Fiscal Impact Analysis for UP Railyards; EPS #15574

Dear Russell:

Economic & Planning Systems, Inc., (EPS) appreciates the opportunity to provide consulting services to the City of Sacramento (City) for the UP Railyards project (Project). Based on the scope of work proposed and authorized in January 2006, EPS is currently assisting the City with the following three tasks:

- **Task 1**: Initiate Project/Project Team Coordination;
- **Task 2**: Prepare Public Facilities Financing Plan; and
- **Task 3**: Complete Technical Analyses for Dev. Agreement Negotiations.

The purpose of this letter is to propose an additional task, **Task 4**, to complete a fiscal impact analysis of the Project that will examine the proposed land use designations for the Project area. The description, budget, and schedule for the proposed work program are detailed below.

TASK 4: PREPARE FISCAL IMPACT ANALYSIS

The fiscal analysis will include the following activities:

- **Develop Key Assumptions.** EPS will first identify key development assumptions, such as estimated property values and estimated taxable sales. EPS will rely on the land use plan provided by the developer of the Project. EPS will request assistance from the City and the developer in refining these key assumptions.

- **Collect City Budget Data.** EPS will collect and analyze City General Fund and Street Maintenance (Transportation Fund) budget data from the City to develop revenue and expenditure estimates for the Project. The actual General Fund revenues and expenditures for the most recent fiscal year, Fiscal Year (FY) 2006–07, will be the primary source of data for this analysis.

SACRAMENTO

BERKELEY

DENVER

CITY
AGREEMENT NO. 2006-1212

- **Analyze Fiscal Impact of Anticipated Development.** Typically, the fiscal model would use base multipliers to project a majority of the General Fund and Street Maintenance revenues and expenditures generated by the Project. Some revenues, such as property and sales taxes, are projected on a case-study basis. Similarly, some expenditures, such as police and fire protection, are estimated on a case-study basis. All revenue estimates reflect current state tax laws and policies, such as the Educational Revenue Augmentation Fund (ERAF) shift and any other state-mandated adjustments. In this analysis, EPS will work with City staff to obtain and review prior fiscal models developed by the City. After reviewing the City's fiscal model, EPS will work with City staff to reach agreement on the precise methodologies to be used in the Project fiscal impact analysis.

  Once the methodologies have been defined, the fiscal model will compare total annual General Fund and Street Maintenance revenues and expenditures to determine the positive or negative fiscal impact of the Project. The estimated revenues and expenditures will be presented based on an annual absorption schedule informed by the developer and agreed upon by City staff.

  EPS assumes that attendance at multiple meetings with City staff will be required to refine the analysis methodology, interview City staff to determine operating, maintenance, and staffing requirements, review draft analysis results, and receive comments.

- **Prepare Fiscal Impact Analysis Report.** The fiscal impact analysis will be documented in a report that summarizes the results. The report also will describe the methodology and assumptions used in the analysis. The report will be presented to the City as an Administrative Review Draft Report. After incorporating comments and making any necessary revisions required to the Administrative Draft Fiscal Impact Analysis, EPS will complete a Final Fiscal Impact Analysis. EPS assumes attendance will be required at one meeting with City Council to discuss the analysis.

BUDGET

The estimated budget to complete **Task 4** is **$35,000**. Included in the estimated budget amount is EPS's attendance at multiple meetings with the City to discuss methodology, draft analysis results, and receive comments. EPS will prepare up to 10 copies of all administrative draft, and final documents. Travel, data, and reproduction expenses are included in the estimated budget amount.

CITY
AGREEMENT NO. 2006-1212

If the proposed budget is approved, the total authorized budget to complete all tasks would be **$134,000** (**$99,000** in existing authorization plus the current **$35,000** request). A summary of the existing budget for the Project by task is shown below.

Task	Existing Budget	Current Request (if auth.)	Total Budget (if auth.)
Task 1: Initiate Project/Project Team Coord.	$10,000	$0	$10,000
Task 2: Prepare Public Facilities Fin. Plan	$70,000	$0	$70,000
Task 3: Complete Technical Analyses for Dev. Agreement Negotiations	$19,000	$0	$19,000
Task 4: Prepare Fiscal Impact Analysis	$0	$35,000	$35,000
Total	**$99,000**	**$35,000**	**$134,000**

EPS charges for its services on a direct cost (hourly billing rates and direct expenses) not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. If additional work or a more complex analysis is needed, EPS will request authorization for additional budget with the understanding that terms would be negotiated in good faith.

Again, EPS appreciates the opportunity to work on the Project. To approve this proposal, please sign and return one original letter agreement to EPS and keep the other one for your records. Please call Amy Lapin at (916) 649-8010 if the City requires changes to this proposal.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.

Tim R. Youmans
Managing Principal

/ms
Attachments

Approved:

Russell Fehr, *City of Sacramento* Date

CITY
AGREEMENT NO. 2006-1212

Agreement to Reimburse Fees and Costs
UP Railyards: Financing Plan & Fiscal-Impact Analysis

Exhibit D

Letter from Harris dated September 22, 2006

Attachment entitled Railyards Project – Scope of Work

CITY
AGREEMENT NO. 2006-1212

Harris & Associates

Program Managers
Construction Managers
Civil Engineers

September 22, 2006

Mr. Mark Griffin
Development Finance Manager
City of Sacramento
Planning Department
New City Hall
915 I Street, 3rd Floor
Sacramento, CA 95814

Dear Mr. Griffin:

Please find enclosed our proposed Scope of Work which will support the City of Sacramento's efforts in connection with the proposed development of the Railyards Project.

The project manager for this work will be Don Marini, P.E., a Senior Project Manager with Harris & Associates. Mr. Marini has significant experience as a project manager of real estate development projects, environmental remediation projects, and municipal services support, as indicated in the enclosed resume. Mr. Marini will direct a Harris team of support staff from our engineering and construction management groups through the various review tasks outlined in the scope of work. Mr. Marini will be responsible for the review of all the costs and preparation of reports that are to be presented to the City. I will act as Project Director and will direct our peer review/quality control of reports prior to submittal to the City. I will also ensure that our team of experts is available to Don as needed for the timely delivery of this work.

Harris is pleased to support the City of Sacramento on this important project. Please do not hesitate to contact us if you have any questions or require additional information.

Sincerely,

Jim Bissell, P. E.
Regional Manager
Harris & Associates

2850 Tracy Blvd. Suite 200 Tracy, California 95376 (209) 833-3310 (209) 833-1624 FAX

CITY
AGREEMENT NO. 2006-1212

Attachment 1 to Exhibit A

Railyards Project

Scope of Work

The City of Sacramento has asked Harris and Associates to assist in the preparation of the finance plan for the Railyards Project. Based on a meeting with the City, following is the scope of work that the City has requested from Harris and Associates.

Task 1 – Spot Check Developer Unit Costs and Quantities
Harris and Associates will spot check a sampling of unit costs and quantities from the cost estimates provided by the developer's engineers for accuracy and completeness. The samples will consist of at least 50% of all unit costs and at least 20% of all quantities. This review will also include costs provided to Harris & Associates by the developer's engineers for the proposed cistern, storm drain pump stations, and sanitary sewer pump station. If any design work is required to complete these estimate reviews an amendment to this scope of work will be required. If the estimates appear to be reasonable, Harris will notify the City that they appear to be adequate and reasonable and the City will move forward with financing based on these numbers. If there are major discrepancies in any of the sampled unit costs or quantities, Harris will alert the City and a decision will be made as to the action to be taken. If Harris will be required to check or update all the unit costs and quantities, an amendment to this scope of work will be required. It is assumed that the City will provide Harris with any recent bid summaries for projects recently constructed within the City as well as all relevant documents prepared by the developer's engineers.

Task 2 – Prepare new Quantities and Cost Estimates for the Richards Blvd Shared Facilities
Harris and Associates will prepare new estimates for the facilities identified by the City as shared facilities from the Richards Blvd Finance District. The specific street segments for which cost estimates will be prepared are as follows: Sixth and Seventh Streets, from North B to Richards; Richards, from I5 to 16th Street; Bannon, from I5 to 16 th Street; and North B, from 5th to 16th Street, and 12th Street between North B and the foot of the St. Rt. 160 bridge at the American River. The estimates will be based on the lengths and cross sections of surface improvements that are to be provided to Harris & Associates by the City. If any design work is required to complete these estimate reviews an amendment to this scope of work will be required. Estimates will not include underground utilities for the above mentioned specific street segments, but shall include estimates for the proportionate share of sanitary sewer facilities being constructed within the Railyards project to serve the Richards Blvd. Finance District. New planning-level estimates will be provided to the City for their review. After City approval, the sheets will be presented to the developer. It is assumed that the City will provide Harris & Associates with any recent bid summaries for projects recently constructed within the City. Harris & Associates will not be responsible for any surveying, field measurements,

or design work related to this task. Costs will be based on the same general methodology used in the original Richards Blvd Finance plan. New quantities (where needed) and unit costs will be developed based on the original methodology.

Task 3 – Review Phasing of Infrastructure and Verify that all Projects and Costs Have Been Accounted For

Harris will review the plans to verify that all elements of the project infrastructure have been assigned costs. Harris will also review the phasing diagrams to determine if any special costs would arise due to phasing and if so, that these costs have been accounted for in the cost estimates. In addition, Harris will look at whether or not the phasing creates any difficult construction situations and will discuss these with the developer's engineers and the City. It is assumed that all engineering issues have been worked out between the City and the developer and that Harris will not be reviewing the plans to verify correct sizing of pipe, pipe layouts, road alignments etc. Harris will only be reviewing the Railyards Development drawings for issues that may arise due to phasing of the project and how this relates to the cost estimates.

Task 4 – Attend Meeting with Developer's Engineers to Review Phasing Assumptions and Estimates

As part of the completion of Tasks 1,2, and 3, Harris will meet with the Developer's and City's engineers to discuss any concerns or questions Harris may have over the phasing of construction or the cost estimates provided. It is assumed that 4 meetings will be attended and that City staff will attend these meetings to help provide guidance and resolution on any issues.

Task 5 – Prepare report summarizing findings and cost.

Harris will prepare a brief report summarizing the findings of the above tasks and including the cost detail for the Richards Blvd shared facilities. It is assumed that 10 copies of the draft report will be presented to the City for review. A final report will be produced once comments are received and 10 final copies plus an electronic copy will be provided to the City. Should more iterations of the report be required, an amendment to this scope will be required.

Task 6 – Attend Meeting with City and project team to present findings.

Harris will attend 4 meetings with the City and project team to present or discuss findings at various stages of the process. This is separate from Task 4. If more meetings are required, an amendment to the scope will be required.

Task 7 (Optional) – I5/Richards Boulevard interchange

The Developer and the City have developed estimates for an interim phase improvement and a final buildout of this interchange. Harris & Associates will review the cost estimates provided by the Developer's engineers and by the City for the interim phase and the final buildout phase scenarios. Harris & Associates will provide updated unit costs reflecting current costs of construction.

Task 8 (Optional) – Determination of extraordinary costs associated with Railyards Project roadways

Harris & Associates will provide a comparison of the costs associated with the Railyards Project and similar comparable improvements. Any significant differences in costs will be identified and an evaluation will be made in order to identify extraordinary costs. Harris & Associates will use the costs provided in Tasks 1 and 2 and other costs that may be provided by the other departments within the City of Sacramento, such as the Department of Transportation (DOT). Harris & Associates may select other comparable projects if appropriate projects cannot be located in the DOT database. Harris & Associates will attend 2 meetings with DOT representatives to discuss projects and costs.

CITY
AGREEMENT NO. 2006-1212

Sacramento - Railyards Project

Scope of Work

Task		Proj Dir	Proj. Mgr	Proj. Engr	Tech support	Admin	
		$ 200	$ 175	$ 95	$ 175	$ 70	
1	Spot Check Developer Unit Costs and Quantities		$12	$56	$16		$ 10,220
2	Prepare new quantities and Cost Estimates for Richards Blvd Shared Facilities		42	77	24		$ 18,865
3	Review phasing of infrastructure and verify that all projects and costs have been accounted for		45	60	24		$ 17,775
4	Atend Meeting with Developer's Engineers to Review Phasing Assumptions and Estimates (assumes 4)	24	24	24	24		$ 15,480
5	Prepare Report summarizing findings and costs	4	25	45		8	$ 10,010
6	Attend meeting with City and project team to present findings (assumes 2)	16	16	16			$ 7,520
	Total:	44	164	278	88	8	$ 79,870
7 (Optional)	I5/ Richards interchange: update to current unit costs		8	24	16		$ 6,480
	Total, including Optional Task 7		172	302	104		$ 86,350
8(Optional)	Extraordinary costs associated with Railyards Project		8	40	16		$ 8,000
	Attend 2 meetings		12	12	12		$ 5,340
	Grand Total						$ 99,690

CITY
AGREEMENT NO. 2006-1212