

# Item No. 17-1

## “To Be Delivered” Material

For

### City of Sacramento

City Council

Financing Authority

Housing Authority

Redevelopment Agency

### Agenda Packet

**Submitted:** October 16, 2009

**For the Meeting of:** October 20, 2009

The attached materials were not available at the time the Agenda Packet was prepared.

**Title: Agreements: Track Relocation Project**

**Note – The report recommendation has been revised from that published on the agenda to read as follows:** Adopt: 1) a **Resolution** Approving Track Relocation Project Construction and Property Agreements with the following entities: (a) Union Pacific Railroad Company (UPRR); (b) Qwest Communications Corporation (Qwest); and (c) Sacramento Municipal Utilities District (SMUD); 2) a **Resolution** Approving Service Tunnel Agreement with Amtrak accepting \$2.67 million and establishing revenue and expenditure budgets for the Track Relocation Project (T15029005) in the CIP Reimbursable Fund (Fund 3702); and 3) a **Resolution** Approving Supplemental Agreement No. 8 (City Agreement No. 2008-0034) with TranSystems to (a) increase the total consideration in an amount not to exceed \$1.2 million; and (b) resetting the City Manager’s authority.

**Contact Information:** Jon Blank, Supervising Engineer, (916) 808-7914

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# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

**STAFF REPORT**  
**October 20, 2009**

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

**Title: Agreements: Track Relocation Project**

**Location/Council District:** Downtown next to Sacramento Valley Station between I Street bridge and 7<sup>th</sup> Street (District 1)

**Recommendation:** Adopt: 1) a **Resolution** Approving Track Relocation Project Construction and Property Agreements with the following entities: (a) Union Pacific Railroad Company (UPRR); (b) Qwest Communications Corporation (Qwest); and (c) Sacramento Municipal Utilities District (SMUD); 2) a **Resolution** Approving Service Tunnel Agreement with Amtrak accepting \$2.67 million and establishing revenue and expenditure budgets for the Track Relocation Project (T15029005) in the CIP Reimbursable Fund (Fund 3702); and 3) a **Resolution** Approving Supplemental Agreement No. 8 (City Agreement No. 2008-0034) with TranSystems to (a) increase the total consideration in an amount not to exceed \$1.2 million; and (b) resetting the City Manager's authority.

**Contact:** Jon Blank, Supervising Engineer, (916) 808-7914

**Presenters:** Jon Blank

**Department:** Transportation

**Division:** Office of the Director

**Organization No:** 15001141

### **Description/Analysis**

**Issue:** After approval of the Sacramento Intermodal Transportation Facility (SITF) environmental documents by the Federal Highway Administration, final design of the first phase of the SITF, known as the Track Relocation Project (T15029005), commenced. In order to undertake construction of the Track Relocation Project (T15029005), certain agreements are required to relocate the existing UPRR mainline tracks, build new passenger platforms and access tunnels, relocate existing and install new utilities, and to obtain access rights from adjacent land owners and tenants to undertake the construction work. In addition, funding of the Track Relocation Project (T15029005) requires agreements with UPRR and Amtrak. Revision of the existing Track Relocation and Financing Agreement with Thomas

Enterprises to address project costs for the Railyards development is the subject of a separate staff report scheduled for a subsequent Council meeting.

The Track Relocation Project (T15029005) is needed to facilitate the planned transformation of the existing Sacramento Valley Station into a 21st century, multi-modal regional transportation facility. The proposed actions are needed to meet deadlines for federal and state funding appropriations for construction of the Track Relocation Project (T15029005).

**Policy Considerations:** The proposed actions are consistent with the City's Strategic Plan goals of achieving sustainability and enhancing liveability, and expanding economic. Similarly, the actions are consistent with the City's 2030 General Plan to promote development of an integrated, multi-modal transportation system to reduce air pollution and greenhouse gases.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA):** The Track Relocation Project (T15029005) is subject to CEQA review as well as NEPA compliance due to federal funding. The City is the CEQA lead agency and the Federal Highway Administration (FHWA) is the NEPA lead agency. On June 2, 2009, the City Council approved a Mitigated Negative Declaration under CEQA, and a Notice of Determination was filed on June 8, 2009. On March 27, 2009, FHWA released the Environmental Assessment and Section 4(f) Evaluation Report for public review. FHWA also consulted with the State Office of Historic Preservation (SHPO) in accordance with Section 106 and on August 28, 2009 entered into a Programmatic Agreement, including the City, with Caltrans and the Federal Railroad Administration and the Federal Highway Administration as signatories. On August 31, 2009, FHWA issued a Finding of No Significant Impact (FONSI) and authorized the City to implement Phases 1 and 2 of the Intermodal project. Therefore, all requirements of CEQA, NEPA and Sections 4(f) and 106 under federal law have been met and no further environmental review is required to approve the proposed actions.

**Sustainability Considerations:** The SITF project will provide facilities to accommodate rail freight movement, heavy passenger rail trains, light rail transit, intercity and local buses, and taxis, as well as bicycle and pedestrian transportation modes and future modes, such as streetcars and California High Speed Rail. The Track Relocation Project (T15029005), which relocates the existing UPRR mainline freight tracks and passenger tracks and platforms, will improve operations, safety and convenience for passenger service and goods movement, as well as facilitate the future development of the Intermodal facility. The improvements are consistent with the City's sustainability goals to provide better accessibility to public transportation.

**Other:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** Execution of the construction and financing agreements are necessary to allow for the Track Relocation Project (T15029005) to proceed into the construction bidding phase based on Caltrans and FHWA approvals. The additional funding under Supplemental Agreement No. 8 is necessary to cover the costs to complete the 100% final design plans. These actions are needed to meet the deadlines for the federal stimulus funding.

**Financial Considerations:** The agreements with UPRR commit a total of \$14,200,000 in Track Relocation Project (T15029005) funding to pay for UPRR's construction work and licenses. The Amtrak agreement commits \$2.67 million to pay for a portion of the costs of the service tunnel, which was added to the project scope at Amtrak's request. The Supplemental Agreement No. 8 with TranSystems provides for \$1.2 million in additional funding for final design. As of October 1, 2009, the Track Relocation Project (T15029005) has a total budget of \$8,275,566 and an unobligated balance of \$3,697,748, which is sufficient to cover Supplement Agreement No.8.

Subsequent Council approval will be required to authorize Phase 1 project construction, which is currently estimated at \$60 million. There will be sufficient funding to proceed with construction of the Track Relocation Project (T15029005). Current allocations include: \$20 million in federal STIP stimulus funds; \$20.0 million in state Proposition 1B funds; \$1.342 million in Federal Railroad Administration Section 9002 funds; and \$5.084 million in Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds. Several additional federal grant applications are pending. The balance will be provided, in accordance with funding commitments under the Track Relocation and Financing Agreement, from the City (using Measure A funds) and from Thomas Enterprises. For the West Pedestrian Tunnel (T15029030), which is estimated at \$10 million approximately, the City is obtaining \$5.266 million in state Proposition 1B funds and contributing \$300,000 with the balance anticipated from Thomas Enterprises.

There are no general funds planned or allocated for this project.

**Emerging Small Business Development (ESBD):** All contracts for the project work will comply with the applicable federal DBE requirements and with any applicable ESBD requirements for contracts that are not federally funded. TranSystems work has been locally funded, but must nonetheless meet DBE requirements to qualify as match for future federal grants. TranSystems obtained 0% DBE participation because the subcontracting opportunities were limited due to the specialty engineering and environmental work.

Respectfully Submitted by: Francesca L. Halbakken  
Francesca L. Halbakken  
Operations Manager

Approved by: Francesca L. Halbakken  
for Jerry Way  
Director of Transportation

Recommendation Approved:

Ray Kerridge  
Ray Kerridge  
City Manager

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**Attachment 1****Background Information:**

The Track Relocation Project (T15029005) relocates and reconfigures the current Union Pacific Railroad (UPRR) mainline and passenger tracks and the passenger platforms to the north, between the I Street bridge and 7th Street. This will improve the mainline heavy rail capacity and reliability, for both freight service and passenger rail service. In addition, separating the freight tracks from the passenger platforms and limiting access to the platforms by means of the new passenger and service tunnels will improve safety. Relocating the existing UPRR tracks will also allow extension of 5<sup>th</sup> and 6<sup>th</sup> Streets that will facilitate development of the Railyards project and improve access and circulation within the downtown Sacramento.

Prior Track Relocation Agreements - The scope of the Track Relocation Project (T15029005) was initially set out in an agreement between UPRR, the National Railroad Passenger Corporation (Amtrak), the Capitol Corridor Joint Powers Authority (CCJPA), the California Department of Parks and Recreation on behalf of the California State Railroad Museum (CSRM) and Thomas Enterprises of Sacramento, LLC (Thomas) dated July 13, 2006. The UPRR tracks would move northward, a new passenger tunnel would be built to provide access to the relocated platforms, and a new crossing and spur track would be built for CSRM to provide continued access for movement of their historic rail cars between their Old Sacramento Museum and their maintenance facility in the Central Shops. Thereafter, the City and Thomas entered into the Track Relocation and Financing Agreement dated December 13, 2006 (City Agreement No. 2006-1406) to allocate responsibilities for funding and construction of the Track Relocation Project (T15029005).

Project Scope Changes - The scope of the project has changed since the agreements were executed to add: (1) the West Pedestrian Tunnel (T15029030) (pedestrian access underneath UPRR tracks between Old Sacramento and the Central Shops) to implement the Railyards project entitlements; and (2) the Service Tunnel for Amtrak's use for baggage carts and service vehicles to access the platforms separately from the passengers. The costs to design the West Pedestrian Tunnel (T15029030) was funded by allocating \$300,000 in park funds from Market Plaza, as approved by Thomas and the City Council on February 3, 2009 (City Agreement No. 2008-0409-1). Half of the costs to construct the West Pedestrian Tunnel (T15029030) will be covered under the state Proposition 1B allocation and the remaining cost will be addressed in the amendment to the Track Relocation and Financing Agreement with Thomas Enterprises. Under the terms of the Amtrak-City agreement, Amtrak will pay the City \$2.67 million to cover the design and half of the approximately \$4 million cost to construct the Service Tunnel, with the remaining construction costs funded with the Proposition 1B grant.

During the design phase, it was discovered that there are fiber optic utilities owned by Qwest and MCI underneath the location of the new UPRR mainline track alignment which conflict with the location of the 5<sup>th</sup> and 6<sup>th</sup> Street bridge support foundations and

the tunnels. Consequently, the fiber lines will have to be relocated. Qwest and MCI have master license agreements with UPRR for their facilities within UPRR's easement. In addition, there are existing utility connections between the Central Shops and the Depot building (electric, gas, water, sewer and telephone), which have to be relocated due to construction conflicts and new service connections will be installed. Also, UPRR requires that all overcrossings (5<sup>th</sup> and 6<sup>th</sup> Streets bridges) and all improvements needed for the Railyards project, such as storm drains and other buried utilities (or encasements for installation of future utilities), which would cross under tracks or lie parallel to their tracks within their reserved easement, must be constructed before UPRR will operate on the new rail tracks.

UPRR and Utility Costs – The estimated cost for UPRR to undertake relocation of their freight tracks and installation of signals, switches and track crossings is estimated at approximately \$14,200,000. Of this amount, \$1.529 million is the cost for UPRR to undertake the improvements required for the CSRM crossing. The City, with CSRM's assistance, has applied for additional federal stimulus funding under the ARRA TIGER program to fund these costs, as well as the costs for the CSRM spur track. The cost to relocate Qwest's facilities is estimated at \$415,000. The cost for SMUD's service connections is estimated at \$936,000. The costs for the other utilities to relocate their services or to provide new service connections is estimated at \$970,000. For such costs that do not exceed \$100,000, the City Manager has authority to enter into agreements.

Project Costs - The total Phase 1 Track Relocation Project cost is estimated at \$69 million and are noted below, excluding expenditures prior to 2008 for project concept and development. As part of the final design and City's submittal to Caltrans for approval to proceed with project construction, a funding plan for the project will identify all of the sources and uses of funding for the project.

**Track Relocation Costs:**

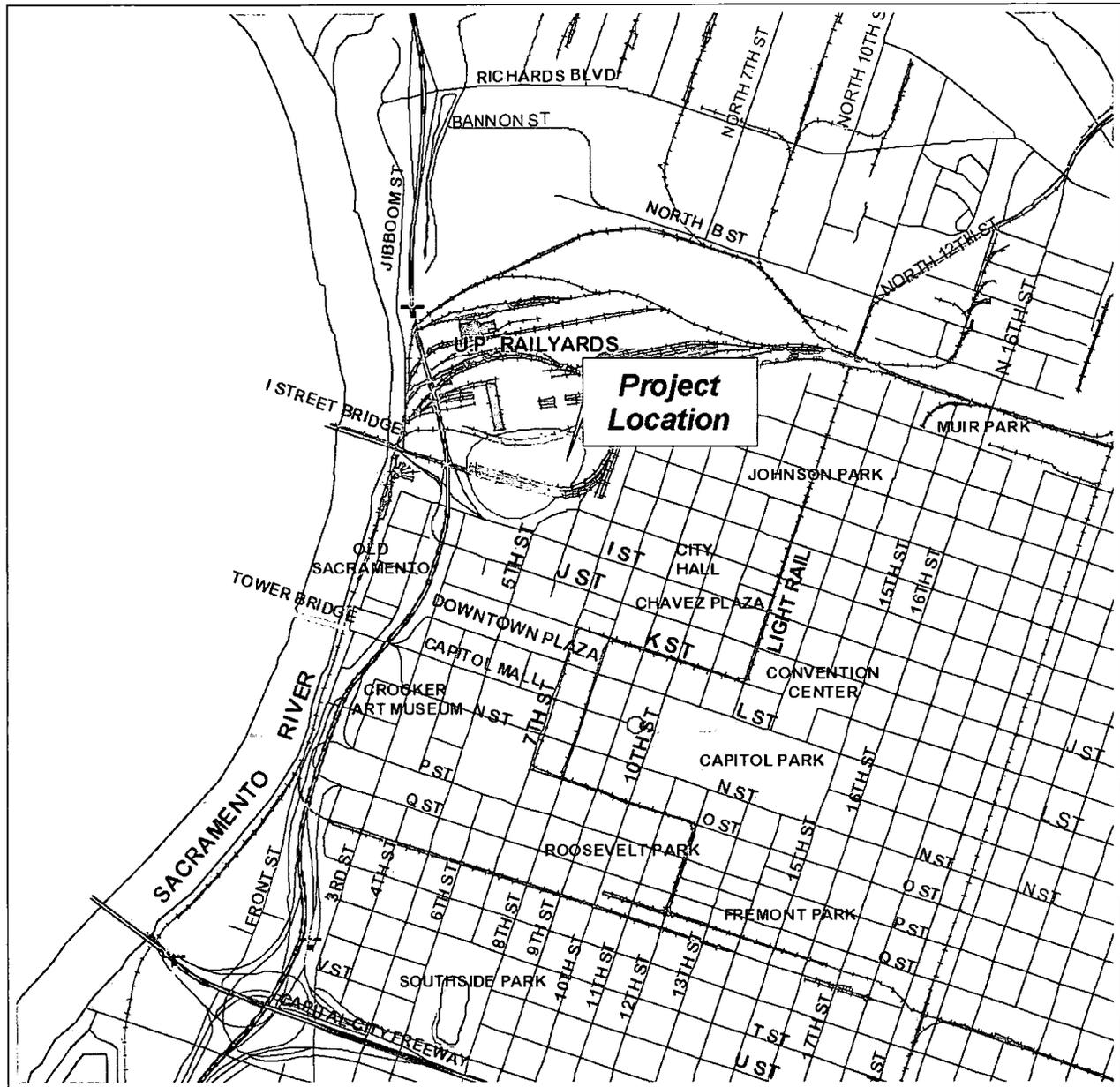
- Environmental & Preliminary Engineering - \$5 million
- Final Engineering - \$3 million
- Utility Relocation - \$1 million
- Construction (incl. Service Tunnel & UPRR work) - \$60 million
- Total - \$69 million

West Tunnel Costs: \$10 million

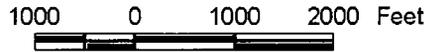
TranSystems Supplemental Agreement - On January 22, 2008, the City Council approved selection of TranSystems as consultant for the Intermodal environmental and Track Relocation engineering services, including preliminary and final design and construction services. A Professional Services Agreement with TranSystems (City Agreement No. 2008-0034) in the amount of \$2,788,588 was then approved for the design work and preparation of the environmental reports for the Track Relocation and Intermodal Projects. This Agreement was supplemented previously in the total amount of \$2,450,341 to address additional costs for the environmental documents, additional public outreach, design of the additional project components (i.e., West and Service

Tunnels), utility relocations, changes in the location and design of CSRM crossing, design support for preparing the exhibits for all of the required construction agreements and a portion of the final design. Supplemental Agreement No. 8 in the amount of \$1.2 million will allow for completion of the final plans, specifications and estimates, which is required to be submitted and approved by Caltrans, along with the construction and financing agreements proposed for approved in this staff report.

Location Map for  
**SACRAMENTO INTERMODAL  
TRANSPORTATION FACILITY (SITF)  
(PN:CF41)**



Map Contact: S. Tobin  
Date: October, 2003



**Attachment 3****RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING TRACK RELOCATION PROJECT CONSTRUCTION  
AND PROPERTY AGREEMENTS****BACKGROUND**

- A. The City of Sacramento has completed environmental studies and preliminary design plans for the Track Relocation Project (T15029005), which is the first phase of the Sacramento Intermodal Transportation Facility Project.
- B. The Track Relocation Project (T15029005) involves relocating the Union Pacific Railroad Company's (UPRR) freight tracks and building new passenger tracks and platforms to the north to allow for expansion of the existing Sacramento Valley Station, provide rail safety improvements and enhance the comfort and convenience for rail and intercity bus passengers. In addition, the location of the crossing of the UPRR tracks by California State Railroad Museum (CSRM) for access to its maintenance facility will change, requiring construction of a diamond crossing and trackage ("CSRM Crossing").
- C. As set out in the Track Relocation and Financing Agreement (the "TRFA", Agreement No. 2006-1406), the City is responsible for funding the initial \$40 million in costs for the Track Relocation Project (T15029005) and half of the costs above \$40 million. The Phase 1 Track Relocation project cost (preliminary engineering, environmental, final engineering and construction) is currently estimated at \$69 million. The City has secured appropriations of federal, state and local funding in the amount of approximately \$55 million and Amtrak has agreed to fund an additional \$2.67 million for the Service Tunnel. Thomas Enterprises is obligated under the TRFA to pay for the project components that only serve its Railyards development and half of the Track Relocation costs above \$40 million.
- D. The City needs to enter into construction and maintenance and license agreements with UPRR and relocation and new service connection agreements with various utility companies to allow for the City to undertake the Track Relocation Project (T15029005) and to reimburse UPRR and the utility companies for their actual construction costs. For those utility relocation and new service connection agreements with a cost that does not exceed \$100,000, the City Manager has the authority to enter into those agreements.
- E. Under the Sacramento Valley Amtrak Station Construction, Maintenance and Operations ("CM&O) Agreement to fund UPRR's cost to construct its tracks, signals and crossings, and the CSRM crossing is estimated at \$14,200,000.

CSRM is responsible to fund its share of UPRR's cost for the CSRM Crossing pursuant to the terms of the agreements between UPRR and CSRM, if the City is unable to secure additional federal funding for this portion of UPRR's work. In addition, in order to comply with the Buy America Act requirements, City may procure rails and related track equipment for UPRR, thereby reducing the amount owed to UPRR. The CM&O Agreement also provides for City to build the Service and Passenger Tunnel and all Station related utilities.

- F. The construction, maintenance, license, relocation and new service connection agreements include provisions that the work is contingent on approval of the design plans, City proceeding with construction of the Track Relocation Project (T15029005), and City authorizing commencement of work once the funding required to compensate those entities for such work has been secured.

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

- Section 1. The City Manager is authorized to execute an agreement with the Union Pacific Railroad Company (UPRR) for the Sacramento Valley Amtrak Station Construction, Maintenance and Operations Agreement to fund UPRR's cost to construct its tracks, signals and crossings in an amount not to exceed \$14,200,000.
- Section 2. The City Manager is authorized to execute construction and maintenance (C&M) agreements and the related license agreements attached as exhibits to the C&M agreements with the Union Pacific Railroad Company as follows: (a) Underground Pedestrian Crossing Agreement (West Tunnel); (b) Pipeline Crossing Agreements (wet and dry utilities and telephone); (c) Wireline Crossing Agreements (electrical and telephone); (d) Longitudinal Pipeline Encroachment Agreements (wet utilities); and (e) Public Highway Overpass Agreements (5<sup>th</sup> and 6<sup>th</sup> Streets). The compensation for the license interest issued by UPRR for the Longitudinal Encroachment is \$185,000.
- Section 3. The City Manager is authorized to execute utility relocation and new service agreements in accordance with the Caltrans approved form agreements, or the form of agreement requested by the utility company and as approved by the City Attorney, as follows: (a) Qwest Communications Corporation for reimbursement of its relocation costs in an amount not to exceed \$415,000; and (b) Sacramento Municipal Utility District for reimbursement of new service connection and inspection costs in an amount not to exceed \$936,000.

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING SERVICE TUNNEL AGREEMENT WITH AMTRAK**

**BACKGROUND**

- A. The Track Relocation Project (T15029005) scope was revised at the request of the National Railroad Passenger Corporation (Amtrak), with the support of the Capitol Corridor Joint Powers Authority (CCJPA), to add the Service Tunnel so that Amtrak would have an exclusive access route to the passenger trains and platforms with their service vehicles and baggage carts.
- B. Including a separate Service Tunnel will avoid any conflicts with passengers accessing the platforms via the Passenger Tunnel, and would improve safety and security for the passengers and train operations, as well as creating an alternative exit route in the event of an emergency.
- C. The City has secured Proposition 1B funding for project including the Service Tunnel, which is estimated at \$4 million to construct; however this state funding source is only available for construction costs and requires 50% local matching funds. Amtrak has offered to pay the City \$2.67 million to fund City's costs for the design of the Service Tunnel and to match the Proposition 1B funding.

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

- Section 1. The City Manager is authorized to execute the Service Tunnel Agreement with Amtrak to accept \$2.67 million for the Track Relocation Project (T15029005) in the CIP Reimbursable Fund (Fund 3702) and establish \$2.67 million revenue and expenditure budgets for a portion of the costs to construct the Service Tunnel.

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING SUPPLEMENTAL AGREEMENT NO. 8 WITH  
TRANSYSTEMS FOR THE TRACK RELOCATION PROJECT**

**BACKGROUND**

- A. Through Phase 1 of the Sacramento Intermodal Transportation Facility Project (T15029000), TranSystems provided professional services to prepare the Environmental Assessment and related environmental reports and the preliminary engineering design of the Track Relocation Project (T15209005).
- B. After receipt of the Finding of No Significant Impact, TranSystems was authorized to commence final design (Phase II) of the Track Relocation Project (T15029005).
- C. During the environmental review and the preliminary and final design phases of work, additional environmental and engineering work was required to address changes in the project scope, including the addition of the Service Tunnel, changes in the location of the West Pedestrian Tunnel (T15029030), preparing additional preliminary plans for review by stakeholders, addressing utility conflicts including the existence of Qwest and MCI fiber optic facilities, and preparing additional exhibits required for the UPRR agreements.
- D. Supplemental Agreement No. 8 is necessary to complete the final design and prepare the construction specifications and estimates to meet the deadlines for receipt of the federal stimulus funding for the Track Relocation Project (T15029005).

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

- Section 1. The City Manager is authorized to execute Supplemental Agreement No. 8 (City Agreement No. 2008-0034) with TranSystems for an amount not to exceed \$1,200,000 for the Track Relocation Project (T15029005).
- Section 2. The City Manager's authority for City Agreement No. 208-0034 is hereby reset.