



REPORT TO COUNCIL 7

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
September 25, 2007

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

Title: Agreements/ Supplemental Agreements: Railyards Development

Location/Council District: Downtown Railyards, District 1

Recommendation: Adopt a **Resolution** 1) authorizing the City Manager to execute a) Supplemental Agreement No. 3 to City Agreement 2004-0040 with Economic Planning Systems for additional Finance Plan support and Economic Impact Analysis in the amount of \$146,000, b) Supplemental Agreement No. 1 to City Agreement 2006-1029 with Keyser Marston Associates for financial feasibility analysis in the amount of \$75,000; and c) Supplemental Agreement No. 2 to City Agreement 2006-0698 with EIP Associates for the Railyards Specific Plan EIR in the amount of \$106,881, 2) authorizing the City Manager to execute a Second Agreement to Reimburse Fees and Costs with Thomas Enterprises in the amount of \$301,015 and 3) approve the use of \$35,627 in Community Reinvestment Capital Improvement Program (CRCIP) funds in TV96 for the City of Sacramento's share of Supplemental Agreement 2006-0698-2 for consultant services.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788, Marty Hanneman, Assistant City Manager, (916) 808-7508

Presenters: Not Applicable

Department: City Manager

Division: Office of the City Manager

Organization No: 0310

Description/Analysis

Issue: The Railyards and Intermodal Transportation Facility (ITF) development has required, and will continue to require, consultants, working on the City's behalf, to augment staff review and analysis. Grant matches have also been necessary to secure Federal funds.

In October 2006, Council appropriated \$500,000 in Community Reinvestment Capital Improvement Program (CRCIP) funds for development review costs to TV96 for the Railyards or the ITF as needed and only after subsequent review and approval by Council. The proposed recommendation includes the use of \$35,627 for Railyards development.

Allocations for Agreements are recommended on the basis of exclusive or

mutual benefit for either Thomas Enterprises or the City. The City will need to pay the full cost of some consultants as will Thomas Enterprises. The developer and the City will also share the cost of some consultants on the basis of mutual benefit defined by negotiated shares. In all cases, City funds used on the Railyards itself will be potentially reimbursable from future Railyards development through development impact fees.

Three supplemental agreements are recommended for a variety of consultant purposes related to the Railyards project. One of these agreements has a specified share between Thomas Enterprises and the City. A fourth agreement will secure advance funding from Thomas Enterprises.

Further details are provided on Attachment 1.

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 expand economic development throughout the City.

Environmental Considerations: Under California Environmental Quality Act Guidelines, the recommended actions are administrative and therefore do not constitute a project and 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 and ITF development.

Financial Considerations: The Railyards Development (PN: TV96) has an unobligated balance of CRCIP funding (Fund 713) of \$122,960, which is sufficient to fund the City's \$35,627 share of the recommended total of \$327,881 for all new agreements.

The advance funding agreement will fund Thomas Enterprises' \$292,254 share of the new agreement plus \$8,761 for an invoice under Supplemental Agreement 2006-0043-1 that was not secured by an agreement to reimburse. The Second Agreement to Reimburse Fees and Costs will be for \$301,015.

The one agreement for which the cost will be shared is with EIP Associates for work on the Railyards Specific Plan EIR. This work is considered of mutual benefit to Thomas Enterprises and the City. The City will pay one-third of the cost and Thomas Enterprises two-thirds, continuing the allocation of costs used in the first two agreements. The cost of all other agreements will be paid by Thomas Enterprises.

The remaining CRCIP in TV96 would be \$87,333.

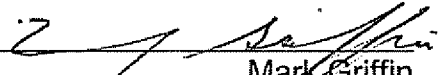
The detailed staff recommendation for the use of these funds is provided on


Attachment 1.

Any future use of any CRCIP funds, and all relevant contracts, will be brought before Council for review and approval.

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

Emerging Small Business Development (ESBD): EPS is a certified ESBD firm. EIP is not a certified firm but does use subcontractors who are. The RFP processes complied with the City's policies regarding emerging and small businesses. The selected firms were judged, based upon their qualifications and proposals, to best meet the City's requirements and needs for these projects.

Respectfully Submitted by: 
Mark Griffin
Fiscal Manager, Planning Department

Approved by: 
Marty Hanheman
Assistant City Manager

Recommendation Approved:

for 
Ray Kerridge
CITY MANAGER

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BACKGROUND

Funding of \$35,627 is recommended from the \$500,000 in 2006 CRCIP bond funds appropriated by City Council on October 17, 2006 as "seed" funds in the event change orders or additional contracts are required and need to be funded from City sources. On that same date, Council authorized the specific use of these funds only following the subsequent review and approval by Council.

Review of the development proposal for the Railyards requires consultant expertise in several different disciplines. Consultants for environmental review, traffic analysis, appraisal, 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 Railyards infrastructure), Peer Review (of the developer's cost estimates and phasing logistics), Infrastructure Evaluation (for site acquisition appraisal), Economic Impact Analysis, Financial Feasibility Analysis (for alternative viability), and the Fiscal Impact Study (for General Fund operating revenue and expenditure impacts).

Thomas Enterprises and the City have agreed to share costs on the basis of exclusive or mutual benefit. For some contracts, one party pays the entire cost. For others, the parties share the costs. In June 2006, Council approved contracts for the EIR and Traffic Analysis, with the City paying one-third of the cost and Thomas Enterprises two-thirds. In October 2006, Council approved contracts for the Financing Plan, the Fiscal Impact Analysis, and civil engineering peer review, with Thomas Enterprises paying the entire cost.

In May 2007, Council approved additional work on the Traffic Analysis and EIR for the Railyards; Council also approved a variety of planning and analysis contracts and set-asides for grant match requirements for the Intermodal Transportation Facility. To fund the City's obligation, \$377,040 was allocated from the CRCIP set-aside in TV96.

Staff is now recommending the approval of three additional supplemental agreements and a Second Agreement to Reimburse Fees and Costs with Thomas Enterprises.

With approval, the new City obligation will be \$35,627 and the Thomas Enterprise additional obligation would be \$301,015. The total budget increase would be \$327,881, which is the combination of the City's and Thomas Enterprises' share of the new contracts. Thomas Enterprises will fund an addition \$8,761 to pay an invoice under Supplemental Agreement 2006-0043-1 that was not secured by a reimbursement agreement. Specific detail on each of the new agreements is as follows:

EPS – Additional Finance Plan Support and Economic Impact Analysis

The new Railyards plan requires additional finance plan work and negotiations

support. Also needed is an economic impact analysis to assess the overall impact to the City of the project at buildout. Approval will authorize the award of Supplemental Agreement No. 3 to City Agreement No. 2004-0040, in the amount of \$146,000. Thomas Enterprises will fund these costs through the Second Agreement to Reimburse Fees and Costs.

Keyser Marston Associates – Financial Feasibility Analysis

The projected project costs, expenses and revenues will be analyzed to determine if the project is financially feasible and if not, what is the financial feasibility gap. Assuming there is a financial feasibility gap the consultant will help analyze various sources and structures for potential public participation to assist in financing the project and possible reconfiguration of the project to make it more viable. The consultant will also provide support to the ongoing negotiations to establish the public-private partnership. Approval will authorize the award of Supplemental Agreement No. 1 to City Agreement 2006-1029, in the amount of \$75,000. Thomas Enterprises will fund these costs through the Second Agreement to Reimburse Fees and Costs.

EIP Associates - Railyards Specific Plan EIR

As a result of the revised Railyards plan and the schedule extension, additional budget support is needed to complete the EIR. Approval will authorize the award of Supplemental Agreement No. 2 to City Agreement 2006-0698, in the amount of \$106,881. The City's one-third share will be \$35,627. Thomas Enterprises will fund the balance through the Second Agreement to Reimburse Fees and Costs.

As the development review goes forward, the City likely will require additional consulting services. The CRCIP set-aside in TV96 of \$500,000 for the process will have \$87,333 remaining after this action. Staff will return to Council for review and approval of any use of these funds. 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.

Prior Council Action on CRCIP affecting the Intermodal Transportation Facility and Railyards

- 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. The Intermodal Transportation Facility received \$3 million in programming.
- On October 17, 2006 City Council authorized \$500,000 of the \$3 million allocation for use as "seed" funds in the event future change orders or additional contracts were required for either the Intermodal Transportation Facility or the Railyards and required funding from City sources.
- On December 28, 2006 City Council authorized the use of \$2.5 million to acquire land for the Intermodal Transportation Facility.
- On May 22, 2007, City Council authorized the use of \$377,040 for the City's share of consultant contracts in the Railyards (\$122,337) and consultant contracts and grant matches of (\$254,703) in the Intermodal Transportation Facility.

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING AGREEMENTS FOR RAILYARDS DEVELOPMENT

BACKGROUND

- A. The Railyards and Sacramento Intermodal Transportation Facility developments have required, and will continue to require, consultants, working on the City's behalf, to augment staff review and analysis.
- B. The complexity and magnitude of the proposals require consultants in many different disciplines.
- C. Funds are available from the existing the Community Reinvestment Capital Improvement Program in TV96 for these purposes and from funds provided by Thomas Enterprises.
- 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 statements in paragraphs A through D of the Background are true.

Section 2. The City Manager is authorized to sign, on the City's behalf, consultant services supplemental agreements in the total amount of a \$327,881 as detailed on Exhibit A to this resolution, titled "Supplemental Agreements."

Section 3. The City Manager is authorized to sign, on the City's behalf, a Second Agreement to Reimburse Fees and Costs, under which Thomas Enterprises will pay \$301,015 for its share of consultant services.

Section 4. The City Manager is authorized to use \$35,627 from TV96 for the City's share of consultant services.

Section 5. The City Manager is authorized to implement the necessary revenue and expense budgetary transactions to implement actions approved in Sections 3 and 4.

Section 6. Use of remaining CRCIP funds in TV96 requires the review and approval of the City Council.

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Exhibit A: Supplemental Agreements

EXHIBIT A

Supplemental Agreements:

EPS – Additional Finance Plan Support and Economic Impact Analysis

Supplemental Agreement No. 3 to City Agreement 2004-0040 with Economic Planning Systems for addition Finance Plan support and Economic Impact Analysis in the amount of \$146,000. Thomas Enterprises will fund these costs.

Keyser Marston Associates – Financial Feasibility Analysis

Supplemental Agreement No. 1 to City Agreement 2006-1029 with Keyser Marston Associates for financial feasibility analysis in the amount of \$75,000. The agreement will be funded by Thomas Enterprises.

EIP Associates - Railyards Specific Plan EIR

Supplemental Agreement No. 2 to City Agreement 2006-0698 with EIP Associates for the Railyards Specific Plan EIR in the amount of \$106,881. The City's one third share of the agreement will be \$35,627. The balance of the agreement will be funded by Thomas Enterprises.