

# REPORT TO COUNCIL

## City of Sacramento

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



**CONSENT**  
**July 21, 2009**

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

**Title: Sacramento Intermodal Track Relocation Project Agreement**

**Location/Council District: Downtown Railyards, District 1**

**Recommendation: Adopt a Resolution** authorizing execution of a Possession and Use Agreement for Parcel B with S. Thomas Enterprises of Sacramento, LLC.

**Contact:** Jon Blank, Supervising Engineer (916) 808-7923, Fran Halbakken, Operations Manager (916) 808-7194

**Presenters:** None

**Department:** Transportation

**Division:** Office of the Director

**Organization No:** 15001041

### **Description/Analysis**

**Issue:** In order to meet state and federal funding timeline requirements, certain actions need to commence as soon as possible, including final design of the Track Relocation project and completion of studies prior to formal City acquisition of Parcel B. A Possession and Use Agreement would allow City control over Parcel B so the City can continue necessary activity while arbitration over the property's value continues.

**Policy Considerations:** The proposed City Council action is consistent with the City's Strategic Plan goals of achieving sustainability, enhancing livability, and expanding economic development.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA):** The requested action involves administrative activities that are exempt from CEQA. Construction of the project is subject to CEQA and NEPA.

**Sustainability Considerations:** The Track Relocation Project is the first phase of constructing a new intermodal transportation facility within the downtown Railyards. The project will provide facilities to accommodate heavy rail, passenger trains, light rail transit, buses, bicycles, and pedestrians. The improvements support the City's sustainability goals to provide better accessibility to public transportation.

**Other:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** Approval of the Possession and Use Agreement would allow City control over Parcel B so the City can continue necessary activity while arbitration over the property's value continues.

**Financial Considerations:** This action is necessary to keep the project on schedule to meet state and federal funding deadlines for the project, particularly \$20 million in American Recovery and Reinvestment Act (ARRA) federal stimulus funds.

**Emerging Small Business Development (ESBD):** Not applicable.

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

Approved by: Jerry Way  
Jerry Way  
Director of Transportation

Recommendation Approved:

Ray Kerridge  
Ray Kerridge  
City Manager

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**Attachment 1****Background**

The Track Relocation Project is the first phase of the development of Sacramento Intermodal Transportation Facility (SITF). This project relocates and reconfigures the current Union Pacific Railroad (UPRR) tracks, including the passenger rail tracks and platforms to the north between the I Street Bridge and 7<sup>th</sup> Street. This will improve the mainline heavy rail capacity and reliability for both passenger and freight service. It also will enable through-streets to be extended between the Railyards and downtown Sacramento and facilitate development and ensure connections to future development in the Railyards. In December 2006, the City of Sacramento and Thomas Enterprises, the developer of the Railyards, entered into a Track Relocation Agreement (City Agreement 2006-1406, where elements of the Track Relocation funding, timing, and responsibilities are detailed.

Final design is needed to allow the City to obligate federal and state construction funds for the project by the funding deadlines, particularly for federal stimulus funds.

The site acquisition process for Parcel B as provided for in the City and Thomas Enterprises Purchase and Sale Agreement dated December 13, 2006 (City Agreement No. 2006-1405) is not anticipated to be concluded by the time the City needs to demonstrate control of the property to undertake testing required for final engineering, to submit applications to the Public Utilities Commission (PUC), to enter into utility relocation agreements, and to execute UPRR's construction and maintenance agreements. A Possession and Use Agreement is proposed as the means to obtain control of Parcel B to allow for execution of the project agreements during the arbitration process to determine the valuation of Parcel B.

Execution of a Possession and Use Agreement is consistent with Caltrans procedures and would allow for construction to commence before escrow closes and fee title is transferred if necessary. The terms of the Possession and Use Agreement do not modify the terms of the Purchase and Sale Agreement.

## RESOLUTION NO.

Adopted by the Sacramento City Council

### AUTHORIZING THE EXECUTION OF A POSSESSION AND USE AGREEMENT FOR PARCEL B WITH S. THOMAS ENTERPRISES OF SACRAMENTO, LLC

#### BACKGROUND

- A. The City of Sacramento has prepared conceptual design plans for the Track Relocation Project, which is the first phase of the Sacramento Intermodal Transportation Facility Project and involves relocating the Union Pacific Railroad (UPRR) freight tracks and passenger platforms.
- B. The Track Relocation Project is to be located on Parcel B, which is currently owned by S. Thomas Enterprises of Sacramento, LLC (Thomas Enterprises). City and Thomas Enterprises entered into a Purchase and Sale Agreement (PSA) dated December 13, 2006 (City Agreement No. 2006-1405), which included an option for the City to purchase Parcel B.
- C. The PSA provides for the value of Parcel B to be determined through arbitration, which has not yet commenced. The City needs to obtain control of Parcel B by means of a Possession and Use Agreement to undertake testing required for final engineering, to submit applications to the PUC, to enter into utility relocation agreements, and to execute UPRR construction and maintenance agreements.

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

- Section 1. The City Manager is hereby authorized to execute a Possession and Use Agreement for Parcel B with S. Thomas Enterprises of Sacramento, LLC which is consistent with the terms of the PSA, contingent on the prior issuance by FHWA of the environmental determination under NEPA to allow for final design for the Track Relocation Project to commence.