



**City of Sacramento** 20  
**City Council**

915 I Street, Sacramento, CA, 95814  
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**Meeting Date:** 12/14/2010

**Report Type:** Consent

**Title: Agreement: First Amendment to Supplemental Agreement with Sacramento Regional Transit District (RT) Richards Boulevard and 12th Street and 16th Street Intersection Project (T15998301)**

**Report ID:** 2010-00044

**Location:** Richards Boulevard at 12th Street and 16th Street (District 1)

**Recommendation:** Adopt a Resolution authorizing the City Manager to execute the First Amendment to Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (City Agreement No. 1984-0165-1) with Sacramento Regional Transit District (RT) to reimburse the City for RT's portion of the Richards Boulevard and 12th Street and 16th Street Intersection Project (T15998301).

**Contact:** Lucinda Willcox, Program Manager, (916) 808-5052, Department of Transportation

**Presenter:** None

**Department:** Transportation Department

**Division:** Engineering Services Admin

**Dept ID:** 15001111

<p><b>Attachments:</b></p> <ul style="list-style-type: none"> <li>1-Description/Analysis</li> <li>2-Background</li> <li>3-Resolution</li> <li>4-Exhibit A - Agreement</li> </ul>	<p><b>City Attorney Review</b> Approved as to Form</p> <p>Jerry Hicks</p> <p><b>City Treasurer Review</b> Prior Council Financial Policy Approval or Outside City Treasurer Scope</p> <p>City Treasurer</p>

**Approvals/Acknowledgements**

Dept Director: Jerry Way

ACM : John Dangberg



## Description/Analysis

**Issue:** Under the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement between the City and RT, RT agreed to reimburse the City \$1,294,405 for improvements included in the Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Street Intersection Project (T15998301) required to support light rail operations. The First Amendment creates a payment plan by RT for reimbursement of this amount.

**Policy Considerations:** The action requested herein is consistent with City Code Title 3 and the City's Strategic Plan goals of improving and expanding public safety and enhancing livability.

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** This report concerns administrative activities that will not have a significant effect on the environment and do not constitute a "project" as defined by CEQA [CEQA Guidelines Section 15061(b)(3); 15378 (b) (2)]. Activities funded in part or whole with these funds have undergone separate environmental review and approval.

**Sustainability Considerations:** This project is consistent with the Sustainability Master Plan by reducing traffic congestion, energy consumption, and greenhouse gas emissions.

**Other:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** The City has expended funds and requires reimbursement according to the terms of the agreement with RT. This amendment to the Supplemental Agreement establishes a payment schedule and interest if payments are not received.

**Financial Considerations:** The Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Street Intersection Project (T15998301) was completed in March 2008, at a total cost of \$5,052,455. Of this total, \$1,294,405 was invoiced and is owed to the City by RT for reimbursement. Under the First Amendment to the Supplemental Agreement, RT will pay \$647,203 in FY2011/12 and \$647,202 in FY2012/13. If payments are not made, interest on the unpaid balance will be accrued at two percent annually.

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



## Background

The Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Project (T15998301) was a transportation improvement project to construct a new signalized, at-grade intersection to improve access to the Downtown and Richards Boulevard area. Sacramento Regional Transit District (RT) owns and operates the light rail system within the project area, and the required improvements to accommodate light rail included construction of automatic block signaling and street crossing warning systems and gates, construction of an RT instrument house and relay case, and associated improvements.

On April 3, 1985, RT and the City entered into the Sacramento Light Rail System Operations Agreement No. 84165 (Operations Agreement). The Agreement provides the terms under which RT operates and maintains a light rail system within the city limits. It includes a provision requiring that whenever the City undertakes new project construction in the vicinity of the light rail system, RT is obligated to pay that portion of the design and construction costs that are directly attributable to the existence of the light rail system.

On August 16, 2005, the City and RT entered into a Supplemental Agreement to the Operations Agreement (City Agreement No. 1984-0165-1) for the purpose of setting out implementation procedures and terms for RT to reimburse the City for RT's portion of the Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Street Intersection Project (T15998301). On June 29, 2007, RT reimbursed the City \$295,141 pursuant to this agreement. Based on subsequent memorandums and letters regarding costs for the project, the total remaining reimbursement due to the City by RT totals \$1,294,405.

On April 6, 2006, RT sent a letter to the City promising to pay that balance over a period not to exceed five years, commencing with FY2007/08. RT has not made any payment toward the \$1,294,405 owed to the City.

The project commenced construction in March 2006 and was completed in March 2008. The City has fully paid for all costs associated with the project, including those required for light rail service under the terms of the City's Operations Agreement with RT.

In the First Amendment to the Supplemental Agreement, RT proposes to repay the City the balance due in installments of \$647,203 in FY2011/12 and \$647,202 in FY2012/13, and to pay interest annually at a rate of two percent on the unpaid balance in the event that payment is not made.

## **RESOLUTION NO.**

Adopted by the Sacramento City Council

### **FIRST AMENDMENT TO SUPPLEMENTAL AGREEMENT TO THE SACRAMENTO LIGHT RAIL SYSTEM OPERATIONS AGREEMENT (CITY AGREEMENT NO. 1984-0165-1) WITH SACRAMENTO REGIONAL TRANSIT DISTRICT**

#### **BACKGROUND**

- A. The Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Project (T15998301) constructed a new signalized, at-grade intersection to improve access to the Downtown and Richards Boulevard area. The project included improvements required for light rail system operations. The project was completed in March 2008.
- B. On April 3, 1985, the Sacramento Regional Transit District (RT) and the City entered into the Sacramento Light Rail System Operations Agreement No. 84165 (Operations Agreement). The Agreement provides the terms under which RT operates and maintains a light rail system within the city limits. It includes a provision requiring that whenever the City undertakes new project construction in the vicinity of the light rail system, RT is obligated to pay that portion of the design and construction costs that are directly attributable to the existence of the light rail system.
- C. On August 16, 2005, the City and RT entered into a Supplemental Agreement to the Operations Agreement (City Agreement No. 1984-0165-1) concerning RT's obligation to reimburse the City for certain construction costs incurred for the Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Improvement project (T15998301).
- D. The total remaining amount due by RT in reimbursement for the project is \$1,294,405.
- E. RT proposes to repay the City \$647,203 in FY2011/12 and \$647,202 in FY2012/13, and to pay two percent (2%) interest annually on the unpaid balance in the event that payment is not made.

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

- Section 1. The City Manager is authorized and directed to execute the First Amendment to the Supplemental Agreement to the Sacramento Light Rail System Operations Agreement (City Agreement No. 1984-0165-1).

**FIRST AMENDMENT TO SUPPLEMENTAL AGREEMENT  
RICHARDS BOULEVARD AND 12<sup>TH</sup> AND 16<sup>TH</sup> STREETS INTERSECTION  
PROJECT**

This First Amendment to Supplemental Agreement – Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Project (City Agreement No. 1984-0165-1) is entered into by and between the CITY OF SACRAMENTO, a California charter city and municipal corporation (the “City”), and the SACRAMENTO REGIONAL TRANSIT DISTRICT, a public corporation (“RT”), effective November \_\_, 2010, (“Effective Date”) with respect to the following:

**RECITALS**

A. On August 16, 2005, the City and RT entered into a supplemental agreement concerning RT’s obligation to reimburse the City for certain construction costs incurred for the Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Project (“the Supplemental Agreement”).

B. On April 6, 2006, RT sent a letter to the City confirming that a balance of \$1,263,790 is owed to the City for reimbursement of costs under the Supplemental Agreement (“the reimbursement costs”), and promised to pay said balance over a period not to exceed five years, commencing with the FY08 capital budget.

C. On March 12, 2007, RT sent a letter to the City confirming that an additional amount of \$30,615 should be included in the reimbursement costs, for a new total balance of \$1,294,405.

D. On July 8, 2009, the City sent an invoice to RT for \$1,294, 405. Under the terms of the Supplemental Agreement, that invoice was due to be paid within 30 days.

E. To date, RT has not made any payment toward the \$1,294,405 owed to City.

F. On September 24, 2010, RT proposed to repay the City \$647,203 in Fiscal Year 2012 and \$647,202 in Fiscal Year 2013.

G. The City is willing to accept RT’s proposal subject to the condition that, in the event RT fails to pay \$647,203 in Fiscal Year 2012 and/or \$647,202 in Fiscal Year 2013, interest on the unpaid balance shall immediately accrue at a rate of two percent (2%) per year on the unpaid balance, commencing as of July 8, 2009 and continuing until paid in full.

NOW THEREFORE, the City and RT, in consideration of the mutual promises and/or covenants contained herein, do hereby agree as follows:

1. Paragraph 2. C. of the Supplemental Agreement – Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Intersection Project, is amended to read as follows:

RT acknowledges that it owes City the amount of One Million Two Hundred Ninety-Four Thousand Four Hundred and Five Dollars (\$1,294,405) and that no portion of this amount has been paid to City. RT shall pay to the City \$647,203 in Fiscal Year 2012 (July 1, 2011 to June 30, 2012) and \$647,202 in Fiscal Year 2013 (July 1, 2012 to June 30, 2013). In the event that the amount due is not paid in full by the close of business on the last day of the fiscal year for the payment then due, interest shall immediately accrue on the unpaid balance at a rate of two percent (2%) per year commencing as of July 9, 2009 and continuing until paid in full.

2. Paragraphs 2.D., 2.E. and 20 of the Supplemental Agreement – Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets Project, are hereby deleted.

3. Except as otherwise amended, all provisions of the Supplemental Agreement – Richards Boulevard and 12<sup>th</sup> and 16<sup>th</sup> Streets project remain in full force and effect.

Executed as of the day first above stated.

SACRAMENTO REGIONAL  
TRANSIT DISTRICT

By: 

STEVE MILLER, Chair

By: 

MICHAEL R. WILEY  
General Manager/CEO

Approved as to Content:

By: 

DIANE NAKANO  
AGM of Engineering and  
Construction

Approved as to Funding:

By: 

DEE BROOKSHIRE  
Chief Financial Officer

Approved as to Form:

By: 

BRUCE A. BEHRENS  
Chief Legal Counsel

CITY OF SACRAMENTO

By: \_\_\_\_\_

GUS VINA  
Interim City Manager

Attest:

By: \_\_\_\_\_

City Clerk

Approved as to Form:

By: \_\_\_\_\_

Deputy City Attorney