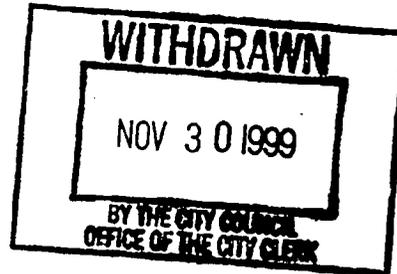


DOWNTOWN AND REGIONAL
ENTERPRISE DEPARTMENT

4.3

November 17, 1999

City Council
Sacramento, California



Honorable Members in Session

SUBJECT: PROPOSED STATE RAILROAD TECHNOLOGY MUSEUM

LOCATION/COUNCIL DISTRICT: Council District 1, Richards Boulevard
Redevelopment Area

RECOMMENDATION:

Staff recommends that the City Council support the State Department of Parks and Recreation's proposed State Railroad Technology Museum within Union Pacific Railroad's Historic Central Shops Buildings (see map included as Attachment I).

CONTACT PERSON: Wendy Saunders, Development Manager, 264-8196
Paul Blumberg, Downtown Development Group, 264-7204

FOR THE COUNCIL MEETING OF: November 30, 1999

SUMMARY:

The City of Sacramento has long been a supporter of the State of California Railroad Museum's (CSRM) efforts to develop the State Railroad Technology Museum (RTM) in downtown Sacramento. The RTM would complement and complete the State's railroad museum master plan, which includes the existing State Railroad Museum in Old Sacramento. The actions recommended in this report support the concept of locating the museum within the Historic Central Shops Buildings on the UP Railyards site, and directs staff to work with the State to further develop this concept.

Building on Our History - Creating The Place to Be.

CITY OF SACRAMENTO

1030 Fifteenth Street, Suite 250, Sacramento, CA 95814-4009
Tel 916.264.8109, Fax 916.264.8161, www.sacto.org/dwnrtwn

BACKGROUND:

A. History of City of Sacramento's Participation in the State Railroad Technology Museum

- The City became a partner to the CSRM's efforts to locate the RTM in Downtown Sacramento as part of the City's riverfront redevelopment efforts of the mid-1980's. At that time the City included the museum as a component of the Docks Area development plan, and committed City-owned property to the project. On July 28, 1987, the Redevelopment Agency of the City of Sacramento (Agency) adopted a resolution approving the State of California Department of Parks and Recreation's location of the Museum of Railroad Technology (referred to as MORT) at 1920 Front Street. At that time, the Agency also authorized staff to enter into a Disposition and Development Agreement to provide a 99-year lease of City-owned property to the CSRM for the purposes of housing the museum.
- The Agency's lease with the CSRM included performance provisions that required the State secure funding for the project within a described time frame. While the CSRM received a \$5 million grant in Proposition 116 funds for MORT, additional funding for the \$33.5 million project was not identified within the timeframe specified in the Agency's lease. The Agency's efforts to assist the CSRM in funding MORT through a Lease Revenue Bond were pursued by the CSRM and Agency, but proved unfruitful due to the State Treasurer's policy directive that local agencies not be allowed to pledge the State's credit for lease revenue bonds. The Agency also became involved in litigation regarding toxic contamination at the 1920 Front Street site, which impacted the ability to pursue the museum at this site. The Agency's lease with the State expired in 1996 and the City's involvement in the project has been on hold since that time. Lease and escrow funds were returned to the State in 1998, and CSRM still owns two parcels in the vicinity of Front and R Street.
- In 1994, the City's consultants, Sasaki Associates, conducted a study of the potential for relocating MORT to the then Southern Pacific Railyards site. The study found that the Central Shops would provide a thematically consistent reuse option for the historic railroad maintenance buildings. However, there were a number of hurdles to relocation of the museum to the Central Shops, including an unreasonably high sales price stated by the property owner, Southern Pacific Railroad Company.

B. Opportunity to relocation of the RTM in the Union Pacific Historic Central Shops

- The acquisition of Southern Pacific Railroad by Union Pacific Railroad in 1996 presented a new opportunity for the CSRM to pursue use of the historic Central Shops by the railroad museum. Following initial meetings with UP representatives in Omaha, the CSRM and its foundation were successful in obtaining a month-to-month lease of the shop buildings, and soon after commenced negotiations for a longer-term commitment of the shops for the RTM.
- The new RTM master plan concept (a copy of which is on file with the City Clerk's Office) includes development of a major railroad-themed attraction within the Historic Central Shops complex. The museum would be located in the grouping of late-19th Century industrial

buildings and be surrounded by a 44-acre park site. The project represents a unique, opportunity to secure public ownership of the oldest industrial complex west of the Mississippi River, and create an urban museum complex. The project would be contiguous to the Old Sacramento Historic Waterfront District, an internationally-known historic district, and State Historic Park.

- The RTM master plan calls for phased renovation of the six largest Central Shops structures. These voluminous railroad shop buildings would accommodate the CSRM's vast collection of historic rail cars, currently warehoused in multiple locations. The museum would allow visitors the opportunity to view the actual renovation of rail equipment, and create a "living" industrial museum. Additional space within the Central Shop buildings would also be available for other museum uses, particularly transportation themed collections, such as the Towe Automobile Museum.
- Total cost of the project is estimated at \$45 million, with development occurring in three phases and completion scheduled for 2006. Phase I of the project is anticipated to be completed in year 2001 utilizing \$5 million in State Proposition 116 funds previously secured for the museum project. The State is seeking the City's support when presenting the reallocation request before the CTC early next year.
- The project will be developed through a long-term lease agreement between the State of California and the Union Pacific Railroad Company. UP will continue to own and accept liability for any toxic contamination issues on the site, while the State will lease the historic buildings and site for 99 years.

C. Potential Project Benefits to the City of Sacramento

The project is consistent with the City of Sacramento's long-standing support for development of the Railroad Technology Museum in downtown Sacramento. Staff recognizes the following benefits of the project.

Sacramento Riverfront Development - The project would also be connected to the Old Sacramento Historic District and the Sacramento Riverfront portion of the UP Railyards site designated for riverfront open space. Because of the rare opportunity to reconnect the museum site to the Sacramento Riverfront under the Interstate 5 freeway (elevated at 75+ feet at this location) the project promotes development of the Sacramento Riverfront. As such the project would be a major accomplishment in terms of the City's efforts to develop the Sacramento Riverfront north of Old Sacramento. It should be noted that the CSRM owns the riverfront edge of what is designated as Railyards Riverfront Park in the adopted Railyards Specific Plan.

Economic Development - The project would add over one million projected new visitors annually to downtown Sacramento, and dramatically increase the number of tourists visiting Sacramento. This would support the City's overall efforts to increase tourism, and support usage of downtown hotel/motels, restaurants, and retail businesses.

Transportation Museum – The project represents development of the largest transportation museum in the State of California dealing the history and technology of the railroad. The RTM would showcase the significance that the Southern Pacific Railyards played in the history of Sacramento, California, and the western United States.

Public Transit – The museum will be located immediately adjacent to the Sacramento Intermodal Station and include direct linkages to regional passenger rail, light rail, and bus service. As outlined in the RTM master plan, this creates an opportunity for direct linkages between the existing rail service and the museum.

Historic Preservation - The Historic Central Shops are eligible to be listed on the National Register of Historic Places, and represent the oldest and largest 19th Century industrial complex west of the Mississippi River. The project will secure the birthplace of the Southern Pacific Railroad for future generations. The RTM provides crucial funding for the costly stabilization and renovation of the mainly unreinforced, masonry structures.

Brownfields Reuse – The museum will contribute to the reuse of a State superfund remediation site, and industrial property which has been contaminated by 125 years of use as a railroad maintenance facility.

Urban Housing – In the future, 2,800 residential units are designated to border the eastern and northern boundaries of the project site as part of the overall mixed-use development of the UP Railyards site. The project will provide an amenity and incentive for these future residential units.

D. Community Support

The project enjoys broad support from Sacramento historic preservation community and other community stakeholders. The project has been presented and received endorsement from the following stakeholder groups:

- Old Sacramento Merchants, and
- Capitol Station District

In addition, staff intends to present the project to the additional stakeholder groups

- Sacramento Heritage, Inc.;
- City Design Review/Presentation Board;
- Sacramento Old City Association (SOCA);
- NAAG; and
- City of Sacramento Parks Advisory Council

FINANCIAL CONSIDERATIONS:

There are no financial actions being recommended as part of this report.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable. The proposed actions do not constitute a project under CEQA per Guidelines Section 15378 (b) (3) and 15262, or a federal undertaking under NEPA.

POLICY CONSIDERATIONS:

Recommendations herein have the following policy implications:

- City support for the RTM is consistent with previous City Council actions related to the development of the State Museum of Railroad Technology at the Front and R Street location on the Sacramento Riverfront. The actions contained in this report support the concept of redesignating the Historic Central Shops as the preferred location for the museum.
- The conceptual location of the RTM in the historic Central Shops is consistent with the adopted Railyards Specific Plan and the Sacramento Riverfront Master Plan.

ESBD CONSIDERATIONS:

Not applicable.

Respectfully submitted,



WENDY SAUNDERS
Development Manager

APPROVED:



ANDREW J. PLESCIA
Economic Development Dept. Director
Econ. Dev. and Regional Enterprise Agency

RECOMMENDATION APPROVED

APPROVED:

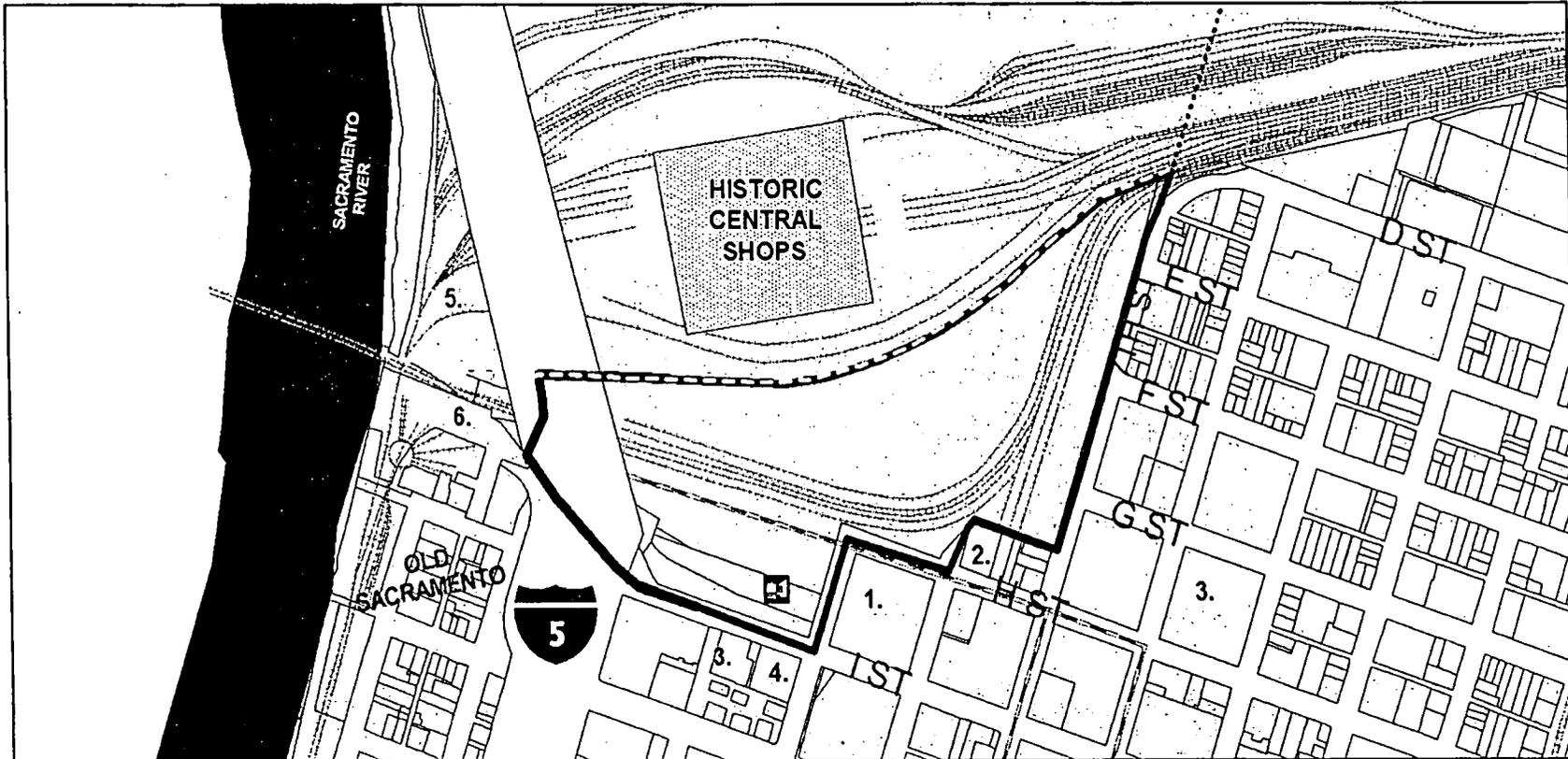


for ROBERT P. THOMAS
City Manager



THOMAS V. LEE
Deputy City Manager

Railyards South District



LEGEND

- | | | |
|--|---|-------------------------------|
|  Existing Railroad Tracks |  Railyards South District | 1. Federal Courthouse |
|  Realigned Rail Tracks |  Amtrak Station | 2. Smud Building |
|  Folsom Extension LRT (Proposed 2002) | | 3. Chinatown District |
| | | 4. Ping Yuen Opportunity Site |
| | | 5. Railyards Riverfront Park |
| | | 6. Railroad Museum |

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF SUPPORT FOR THE CALIFORNIA STATE RAILROAD MUSEUM'S PROPOSED STATE MUSEUM OF RAILROAD TECHNOLOGY (RTM)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

1. The City of Sacramento supports the California State Railroad Museum (CSRM) request to the State of California Transportation Commission (CTC) for reallocation of \$5 million in Proposition 116 funds, previously allocated for development of the Museum of Railroad Technology on the 1920 Front Street site. The City supports CSRM's efforts to utilize the funds to develop the newly designated Railroad Technology Museum (RTM) in the Historic Central Shops Buildings located on the downtown Sacramento Union Pacific Railyards site.
2. The City of Sacramento supports the designation of the UP Railyards Historic Central Shops as the preferred location for the State Railroad Technology Museum, subject to further City review and environmental consideration of the overall Master Plan.
3. The Council directs the City Manager to coordinate with the CSRM on the design, layout, and funding for the proposed RTM within the Historic Central Shops, and furthermore to determine potential inclusion of other City endorsed museum components, such as the Towe Automobile Museum, within the Historic Central Shops.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ 7