

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**

Meeting Date: August 26, 2009

Request Infill Grant Project Amendment

Prepared by: *Diana Michaelson*

Applicant: S. Thomas Enterprises of Sacramento, LLC	Type of Funding Requested: N/A
Project Name: Sacramento Railyards	Strategic Partner: CCLR
Project: Sacramento	Amount Requested: N/A
Location: (Sacramento County)	Prior Actions: Application No. 014 Approved 11/19/08

Summary. S. Thomas Enterprises of Sacramento, LLC (the “Applicant” or “Grantee”) requests approval to modify the Sacramento Railyards Project (the “Project”) from a single \$14,750,716 project to two projects consisting of a \$5,000,000 Project A and a \$9,750,716 Project B (the “Projects”). Project A would consist entirely of brownfields hazardous materials abatement of the “Shops Area,” predominantly cleanup of lead and asbestos in the buildings; and Project B would consist of the balance of approved eligible activities, predominantly soil mitigation of the surrounding area.

Background. On November 19, 2008, the Board approved a grant award of \$5,000,000 to S. Thomas Enterprises of Sacramento, LLC and conditionally pre-approved the remaining \$9,750,716 contingent upon sufficient additional program funds becoming available and reconfirmation by the Board.

On March 11, 2009, the Executive Director approved a request from the Applicant to realign the line-item funding of the initial \$5,000,000. Rather than spread the initial award across all eligible activities as set forth in the November 19, 2008 resolution, the Applicant requested that the entire \$5,000,000 be moved to a single line item: Brownfields Hazardous Materials Abatement.

The Grantee has requested the original \$14,750,716 Project be divided into two Projects: Project A and Project B. This will enable 1) the Grantee to begin cleanup of the site with the \$5,000,000 grant, and 2) CPCFA to fund a specific definable portion of the entire brownfield that is “shovel-ready.” Project A would consist entirely of brownfields hazardous materials abatement of the “Shops Area,” predominantly cleanup of lead and asbestos in the buildings; and Project B would consist of the balance of approved eligible activities, predominantly soil mitigation of the surrounding area. Because primary infrastructure and access necessary for the success of the Infill Development Project are located within the impacted Shops Area requiring remediation, Project A must be completed prior to workers being allowed on the site to begin the renovations of the historic shops.

Brownfield Project Description. The 240 acre brownfield site housed Southern Pacific Railroad’s (later Union Pacific Railroad’s) principal locomotive and maintenance rebuilding facility since 1863. Operations at the site, referred to as the Shops Area included assembly and building of locomotives and railroad cars and repairing or refurbishing of the cars and locomotives. The Shops Area also produced rails, steam and ferry parts and cable cars. Many of these activities are associated with lead and other heavy metal waste. Lead, asbestos and heavy metals are the primary constituents of concern.

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The primary obstacle to reusing the brownfield is related to hazardous material present in the building structures and soils. Primary infrastructure and access necessary for the success of the Infill Development Project are located within the impacted Shops Area requiring remediation. The Infill Development Project is located on the Railyards “East Side” and will feature two separate developments, one for a 96-unit site, the other a 101-unit site; they are located on parcels 48a and 48b respectively (See Map—Attachment A).

Project A. \$5,000,000 will finance the cleanup of hazardous materials in the central shops structures. With the exception of asbestos containing materials (ACM) glazing putties on historic wood doors and windows (as further described below), abatement is expected to include full removal of all ACM; loose and flakey lead-based paint; PCB-containing material; mercury-containing material; waste and debris impacted with heavy metals; and miscellaneous hazardous waste debris. All materials removed as part of the abatement will be disposed of off site in accordance with the designated Oversight Agencies and federal and state regulations. Part of the Shops renovation will also include demolition of three contaminated, non-historic and structurally compromised sheds and several small and structurally compromised outhouses (i.e., privies).

Abatement of ACM glazing putties on historic wood doors and windows requires removal of all glass panes and temporary protection of exposed openings. The high cost of this work and its historic sensitivity falls outside the available funding of the Project A budget and it has been excluded from the abatement contractor’s scope of work. Included in the Project A abatement, the loose and flakey lead based paint will be removed and the wood windows and doors will be covered and contained appropriately. Project B includes \$1.8 million for the abatement and removal of ACM glazing putties on the historic doors and windows.

Project B. \$9,750,716 will finance the cleanup of surrounding soil as well as the abatement of ACM glazing putties on historic wood doors and windows. Soil cleanup activities include: utility trenches; excavation for foundation improvements and new foundations, excavations for miscellaneous site improvements; near surface mitigation (asphalt and concrete removal and disposal, soil removal and disposal, import and placement of backfill and sub-base, and replacing surface in kind). Completing the following infrastructure improvements will require removal of the surface cover and exposure to regulated soils: trenching for utilities, excavation for foundation improvements and new building foundations, excavations for miscellaneous site improvements, and re-grading of the subsurface soils for drainage.

The table below shows how funding for the eligible activities was allocated in the November 19, 2008 resolution and how funding would be allocated under the proposed modification to the Project. A revised Exhibit 22 of the Application is provided as Attachment B to this staff report.

Description of Activity	Cost	Initial Allocation	Project A	Project B
Brownfields Hazardous Materials Abatement	\$6,865,927	\$ 2,801,737	\$5,000,000	\$1,865,927
Brownfields Soil Mitigation	594,780	168,260	0	594,780
Utility Trenches	1,841,963	513,988	0	1,841,963
Excavation for Foundation Improvements and New Foundations	519,291	173,097	0	519,291
Near Surface Mitigation	4,669,110	1,256,370	0	4,669,110
Excavations for Miscellaneous Site Improvements	<u>259,645</u>	<u>86,548</u>	<u>0</u>	<u>259,645</u>
TOTAL ESTIMATED COSTS:	<u>\$14,750,716</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$9,750,716</u>

Oversight Agencies. The Department of Toxic Substances Control (DTSC) is the lead Oversight Agency for the Project. The Hazardous Materials Abatement activities that would occur in the proposed Project A of the Project will require permits and approval by the Sacramento Air Quality Management District. A copy of the related report will be provided to the DTSC as part of the regulating agency's oversight of the entire project.

Infill Development Project. No modifications are being made to the Infill Development Project, which will be a two-phased, mixed-use development. Phase 1 will consist of 96 affordable large family units, and Phase 2 will consist of 101 affordable senior units. The Infill Development Project will serve both families and seniors with incomes ranging between 30% and 60% of the area median income.

The Infill Development Project will be part of the redevelopment of the Sacramento Railyards area, a historic Brownfield site to include 12,000 housing units, 1,800 of which will be affordable. The project is centered within the regional Sacramento Intermodal Transportation Facility ("SITF") featuring light rail, freight and passenger rail, bus and taxi service and is being designed to accommodate future high-speed rail.

The Railyards will also deliver tremendous economic and social benefit to the region. This project will create approximately 19,000 permanent jobs and 2,800 annual construction jobs with an ongoing economic impact of \$2.7 billion per year.

Anticipated Timeline.

- Project A Cleanup to Begin: August 2009
- Project A Cleanup to be Completed: April 2010

- Project B Cleanup to Begin: May 2013, or upon execution of CPCFA funding agreements, whichever occurs first.
- Project B Cleanup to be Completed: August 2015

- Phase 1 Development to Begin: August 2013
- Phase 1 Development to be Completed: August 2015

- Phase 2 Development to Begin: August 2013
- Phase 2 Development to be Completed: August 2015

Staff Recommendation. Staff recommends approval of the attached Resolution modifying the original Project into two Projects.

A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
APPROVING AN AMENDMENT TO THE RESOLUTION OF NOVEMBER 19, 2008
FOR S. THOMAS ENTERPRISES OF SACRAMENTO, LLC TO MODIFY THE
SACRAMENTO RAILYARDS PROJECT

August 26, 2009

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Regulations adopted to implement and make specific the statutory provisions of the California Recycle Underutilized Sites (CALReUSE) Remediation Program; and

WHEREAS, on November 19, 2008, the Board approved a grant award of \$5,000,000 to S. Thomas Enterprises of Sacramento, LLC (the “Applicant” or “Grantee”) and pre-approved the remaining \$9,750,716 subject to the conditions that (i) the Authority shall have received sufficient additional funding for the CALReUSE Remediation Program and (ii) the Authority reconfirms the Project funding in a subsequent meeting (the “Original Resolution”); and

WHEREAS, the Applicant has submitted amendments to the application requesting to split the Sacramento Railyards Project (the “Project”) into Project A and Project B (the “Projects”); and

WHEREAS, splitting the Project into two Projects will enable crucial abatement work to be completed in Project A with the \$5,000,000 award; and

WHEREAS, the funding for Project B was previously pre-approved by the Authority as described in Section 2 of the Original Resolution; and

WHEREAS, the Authority finds that modifying this Project is in the public interest and advances the purposes of the Program; and

WHEREAS, approval for amending this Resolution is now sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The November 19, 2008 S. Thomas Enterprises of Sacramento, LLC Resolution is amended to modify the Sacramento Railyards Project into two projects with Project A comprised of Hazardous Materials Abatement in the amount of \$5,000,000 and Project B comprised of Hazardous Materials Abatement and Brownfields Soil Remediation in the amount of \$9,750,615 as described in the Staff Summary and amendments to the application.

Section 2. Except as specifically amended in Section 1 hereof, all provisions and conditions of the November 19, 2008 S. Thomas Enterprises of Sacramento, LLC Resolution shall remain unchanged and in full force and effect. This resolution shall take effect immediately upon its passage.

Exhibit A

Term Sheet

Name of Project: Sacramento Railyards

Maximum Amount of Grant: \$5,000,000

Strategic Partner: Center for Creative Land Recycling

Grantee: S. Thomas Enterprises of Sacramento, LLC

Financing Structure: Grant

Maximum Grant: Not to exceed 6 years from first draw on funds

Oversight Agency: CA Department of Toxic Substance Control

Brownfield Infill Project Location: Sacramento Railyards
501 Jibboom Street
Sacramento, CA 95811

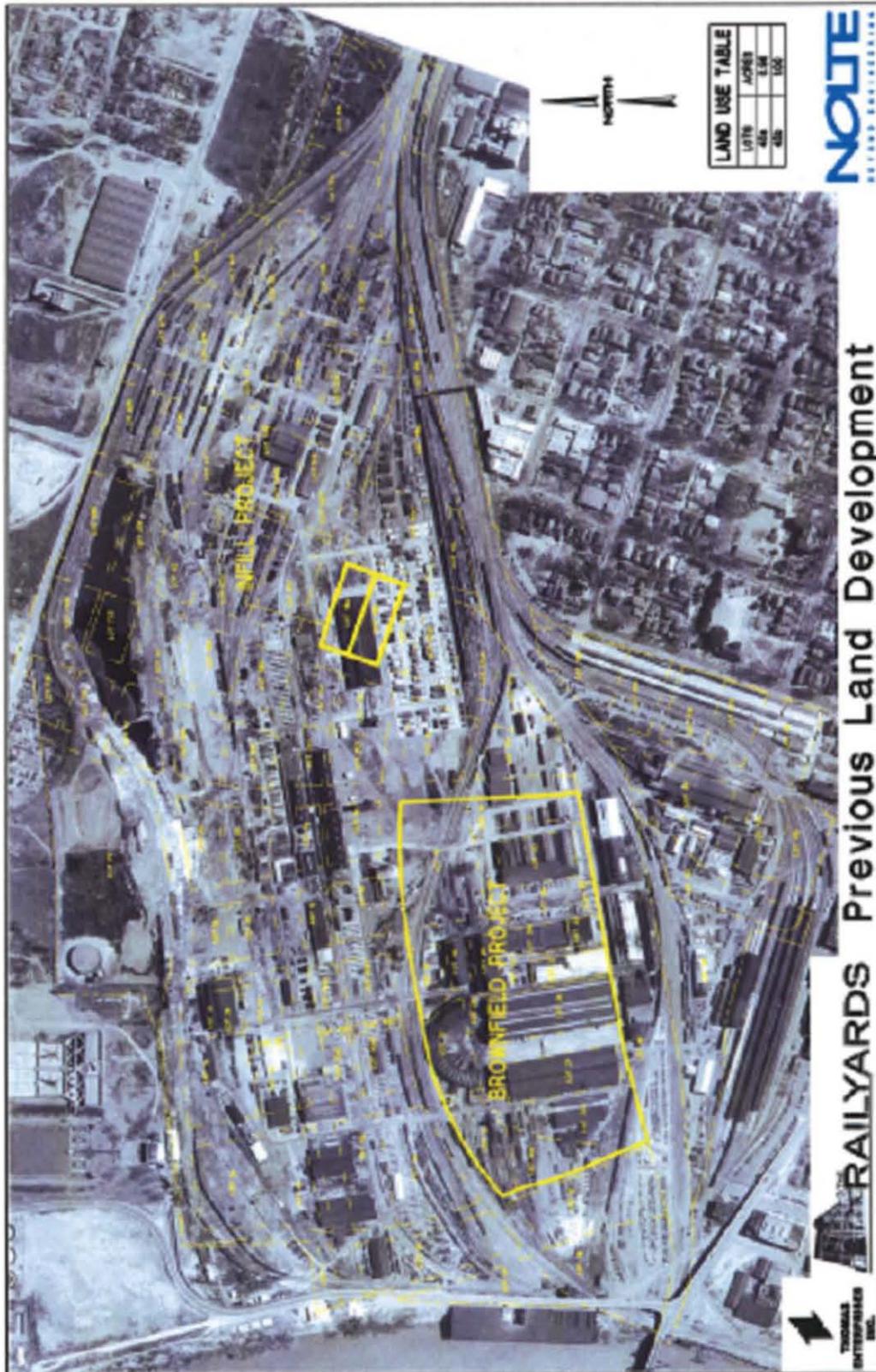
Lot Numbers: 30b, 30a, 29, 28, 27, 26, 25, 24b, 23, 22, 21a, 21b, 21c, 20, 18, 15, 14, 13, 12

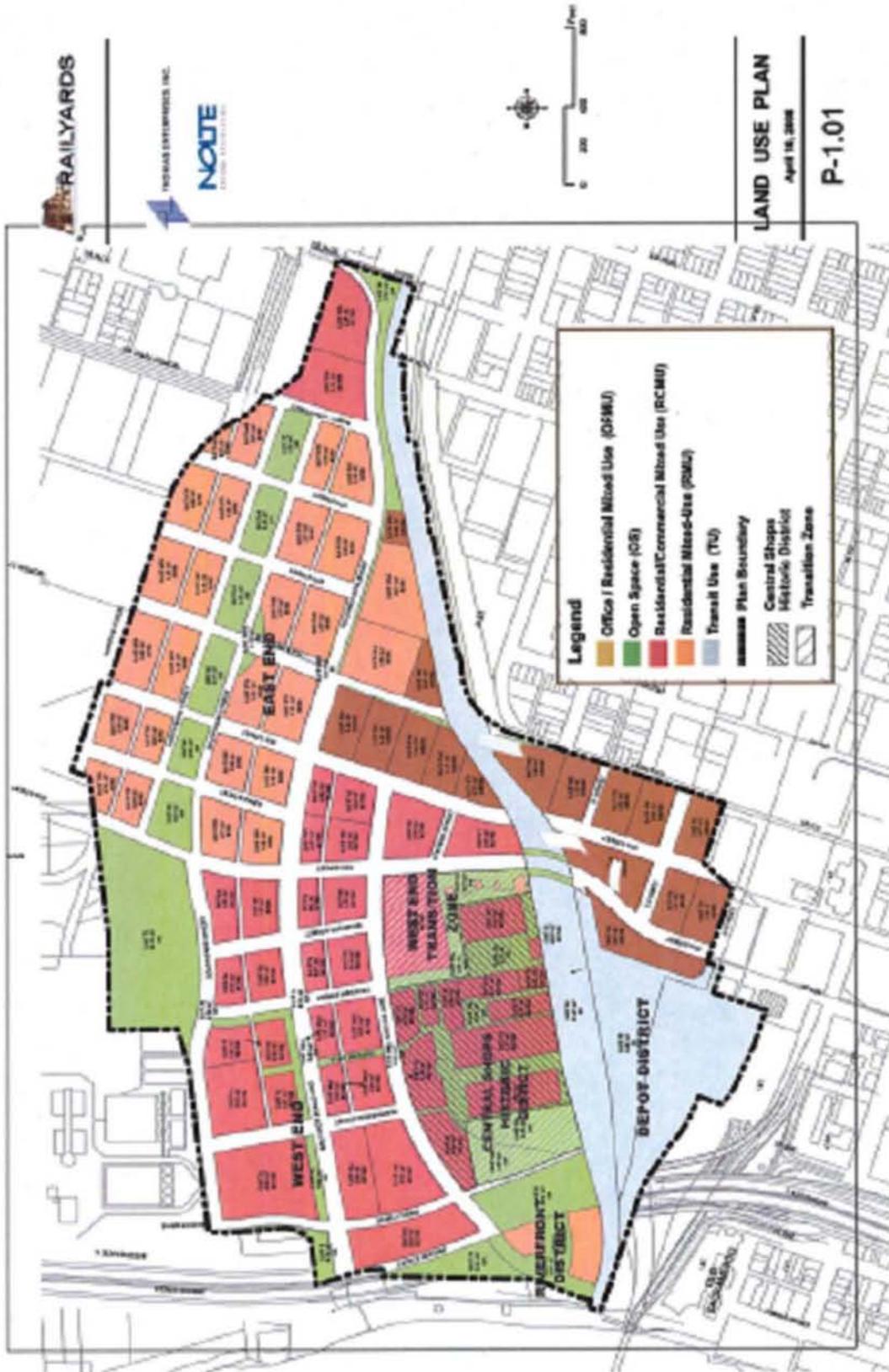
Infill Development Project Location: Sacramento Railyards
501 Jibboom Street
Sacramento, CA 95811

Lot Numbers: 48a and 48b

Infill Development Description: 197 Rental Housing Units; 99% affordable; 57 at 50-60% area median income (AMI); 98 rental units at 40-50% AMI; 40 units at less than or equal to 40% AMI.

Description of Activity	Cost	Initial Allocation	Project A	Project B
Brownfields Hazardous Materials Abatement	\$6,865,927	\$ 2,801,737	\$5,000,000	\$1,865,927
Brownfields Soil Mitigation	594,780	168,260	0	594,780
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Excavations for Miscellaneous Site Improvements	<u>259,645</u>	<u>86,548</u>	<u>0</u>	<u>259,645</u>
TOTAL ESTIMATED COSTS:	<u>\$14,750,716</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$9,750,716</u>





Attachment B

CALReUSE Remediation Program Application
Budget and Timeline Worksheet

Exhibit 22

Activity	Start Date	Completion Date	Person/Entity with Primary Responsibility to Perform	Person/Entity with Primary Responsibility to Oversee	Cost	Qualified as Eligible Cost (Y/N)	Total Financed by Infill Grant
PHASE 1							
Brownfields Hazardous Materials Abatement (ACM, Lead Based Paint, PCBs, etc.)							
Bidding, and Subcontracting	Dec-08	Jul-09	ERM	Thomas under DTSC in coordination with AQMD	\$190,022	Y	\$ 190,022
Hazardous Materials Abatement	Aug-09	Apr-10	ERM Subcontractors	ERM under Thomas	\$4,150,932	Y	\$ 4,150,932
Hazardous Materials Abatement Oversight and Project Management	Dec-08	Apr-10	ERM/Thomas	ERM under DTSC in coordination with AQMD	\$659,046	Y	\$ 659,046
PHASE 1 SUBTOTAL							\$ 5,000,000
PHASE 2							
Brownfields Hazardous Materials Abatement (ACM, Lead Based Paint, PCBs, etc.)							
Bidding, and Subcontracting		Aug-15	ERM	Thomas under DTSC in coordination with AQMD	\$70,913	Y	\$ 70,913
Hazardous Materials Abatement		Aug-15	ERM Subcontractors	ERM under Thomas	\$1,549,068	Y	\$ 1,549,068
Hazardous Materials Abatement Oversight and Project Management		Aug-15	ERM/Thomas	ERM under DTSC in coordination with AQMD	\$245,946	Y	\$ 245,946
Brownfields Soil Mitigation		Aug-15					
Bidding, and Subcontracting		Aug-15	ERM	Thomas under DTSC	\$197,685	Y	\$197,685
ERM Construction Management (Field Oversight, Analytical Expenses, As-Builts, and Reporting)		Aug-15	ERM	Thomas under DTSC	\$397,095	Y	\$397,095
Utility Trenches		Aug-15					
Trench Excavation (Includes Concrete Removal, Soil Management, Disposal, and Backfill)		Aug-15	ERM Subcontractors	ERM under Thomas	\$1,841,963	Y	\$1,841,963
Excavation for Foundation Improvements and new Foundations		Aug-15					
Excavation of Contaminated Soil for Foundation Elements (Includes Concrete Removal, Soil Management, Disposal, and Backfill)		Aug-15	ERM Subcontractors	ERM under Thomas	\$519,291	Y	\$519,291
Excavations for Miscellaneous Site Improvements		Aug-15					
Excavation of Contaminated Soil for Misc Site Improvements (Includes Concrete Removal, Soil Management, Disposal, and Backfill)		Aug-15	ERM Subcontractors	ERM under Thomas	\$259,545	Y	\$259,545
Near Surface Mitigation		Aug-15					
Site Clearing and Grading		Aug-15	ERM Subcontractors	ERM under Thomas	\$738,003	Y	\$738,003
Resurface in Kind		Aug-15	ERM Subcontractors	ERM under Thomas	\$3,931,107	Y	\$3,931,107
PHASE 2 SUBTOTAL							\$ 9,760,718
Total Cost of Brownfield Infill Project:					\$14,760,718		\$14,760,718
Total Eligible Costs to be Funded by Program:							\$14,760,718

* Phase 2 Completion Dates are the earlier of 18 months after execution of CPCFA Funding Agreements, or, as shown.

Revised July 23, 2009