

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)  
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM  
Meeting Date: June 18, 2024**

**Request to Extend Infill Grant Agreement under the California Recycle  
Underutilized Sites (CALReUSE) Remediation Program**

Prepared by: *Jakran Singh*

**Applicant:** Downtown Railyard Venture, LLC  
**Project Name:** Sacramento Railyards  
**Project Location:** Sacramento (Sacramento County)  
**Type of Funding:** Grant  
**Amount Awarded:** \$7,126,857.56  
**Amount Disbursed:** \$7,119,825.29  
**Resolution No.:** 24-03-002  
**Prior Actions:** Application No. 14 Approved 11/19/08  
Amended 08/26/09  
Transferred 11/17/10  
Amended 05/24/11  
Transferred and Extended 09/15/15  
Additional Funds Allocation 02/21/17 and 12/21/18  
Amended 04/21/20  
Extended 07/19/22  
Extended 6/20/23

**Summary**

Downtown Railyard Venture, LLC (“Grantee”) requests an extension of the Infill Grant Agreement, dated June 25, 2009, from July 31, 2024, to July 31, 2026, under the CALReUSE Remediation Program (“Program”).

**Project Background**

On November 19, 2008, the Board approved an Infill Grant Agreement (“Grant”) in the amount of \$5 million to S. Thomas Enterprises of Sacramento, LLC (“Thomas”), to fund the Brownfield Infill Project (“Project”) and complete the Infill Development Project (“Housing”). The Board also pre-approved the Project for additional grant funding in an amount not to exceed \$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.

On August 26, 2009, the Board approved an amendment which redefined the Project from a single project to two projects consisting of Project A, cleanup of hazardous materials in the historic central shops’ structures for the \$5 million grant, and Project B, cleanup of hazardous material in the surrounding area for the additional \$9.75 million.

**Agenda Item 4.A.1**  
**Resolution No. 24-03-002**

As part of its financing structure for remediating and developing the Sacramento Railyards site, Thomas offered the property as security for loans from IA Sacramento Rail, LLC (“Inland Rail”). When Thomas could not repay the loans as agreed, Inland Rail recorded a Notice of Default and on October 22, 2010, Inland Rail acquired title to the Sacramento Railyards site.

On November 17, 2010, the Board approved a transfer of the Grant as well as the conditional pre-approved amount from Thomas to IA Sacramento Development, LLC, a subsidiary of Inland Rail. CPCFA’s Executive Director later approved an amendment to change the name of Grantee from IA Sacramento Development LLC to IA Sacramento Holdings, LLC on May 24, 2011.

As part of further negotiations for financing the development of the Sacramento Railyards site, Downtown Railyard Venture, LLC acquired the Sacramento Railyards site and CALReUSE project from IA Sacramento Holdings, LLC. On September 15, 2015, the Board approved a transfer of the Grant as well as the conditional pre-approved amount, from IA Sacramento Holdings, LLC to Downtown Railyard Venture, LLC, and extended the expiration to December 31, 2021.

In November 2016, the Sacramento City Council approved the Supplemental Environmental Impact Report (SEIR).

On February 21, 2017, the Board reconfirmed the award of \$9.75 million of pre-approved funding to Grantee. The Board allocated an additional \$1,111,771.84 in funding to the Grantee from a repaid loan and unused grant awards. In addition, the Board authorized the CPCFA Executive Director to allocate up to \$8.6 million if additional funds became available.

On December 21, 2018, the CPCFA Executive Director allocated an additional \$1,015,085.72 to the Grantee from recaptured and unused grant awards. Including the initial \$5,000,000 grant and the second allocation on February 21, 2017, this third allocation brought the total allocation to \$7,126,857.56.

Following SEIR approval the Grantee and City completed funding and construction of the significant quantity of required infrastructure. During this time the Grantee applied for a grant and arranged financing for the Housing project and submitted construction drawings for a 345-unit mixed income, mixed-use residential project to the City in December 2019.

On April 21, 2020, the Board approved an amendment to the Infill Grant Agreement to modify the description of the Housing from 197 units (195 affordable) to 345 units (69 affordable), and to extend the term until December 31, 2022, to accommodate the COVID-19 Pandemic created supply chain disruption, construction labor shortages, and delays in City inspections resulting in a revised schedule with final Certificate of Occupancy (CO) in July 2023.

**Agenda Item 4.A.1**  
**Resolution No. 24-03-002**

On July 19, 2022, the Board approved an amendment to the Infill Grant Agreement to extend the term until July 31, 2023, to accommodate further pandemic related economy, supply chain, labor shortages, City of Sacramento (“City”) inspections, and other logistical challenges.

On June 20, 2023, the Board approved an amendment to the Infill Grant Agreement to extend the term until July 31, 2024, to accommodate delays caused by a vandal related damage.

**Current Status and Request**

The Grantee is requesting an extension to July 31, 2026, due to continued construction delays caused by the vandalism to the site that occurred in April 2023. They are also including additional time to account for any unforeseen construction delays. However, the Grantee states that if the Certificates of Occupancy can be obtained earlier than the expected December 2024, they will submit all necessary documentation to close out the grant.

The Pump Station Outfall is nearly finished, but its completion has been pushed back to October 2024 due to delays in manufacturing and delivering electrical components. One of the largest components was only delivered at the end of March 2024.

The 6th street bike Improvements have been completed and the improvements on Telegrapher/Stevens Street are currently being constructed, with bidding for the final Affordable Housing and Sustainable Communities project scope scheduled for May 2024, aiming for full completion by Summer 2025.

The Grantee has completed remediation, and, despite the delay caused by the vandalism, they continue to make progress towards the completion of the housing development.

**Staff Analysis**

Extending the term of the Infill Grant Agreement through July 31, 2026, allows the Grantee to deal with the damage caused by vandalism, obtain certificates of occupancy, and complete the development of housing, furthering the completion of the Brownfield Infill Project, which the Board may determine is in the public interest.

**Board Action**

CPCFA staff recommends approval of a Resolution No. 24-03-002 extending the term of the Infill Grant Agreement from July 31, 2024, to July 31, 2026, for the Sacramento Railyards project.

**A RESOLUTION OF  
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
APPROVING THE REQUEST TO AMEND THE INFILL GRANT DOCUMENTS FOR  
DOWNTOWN RAILYARD VENTURE, LLC**

**June 18, 2024**

**WHEREAS**, the California Pollution Control Financing Authority (the "Authority"), a public instrumentality of the State of California, on November 19, 2008, approved a CALReUSE Remediation Program grant for the Sacramento Railyards project (the "Project") in the amount of \$14.7 million as reflected in that resolution (the "Resolution"); and; and

**WHEREAS**, on August 26, 2009, the Authority approved amendments to the infill grant agreement to split the Project into two: Project A, a \$5,000,000 endeavor focused on brownfields hazardous materials abatement in the "Shops Area," primarily targeting lead and asbestos cleanup; and Project B, valued at \$9,750,716, to cover the remaining eligible activities, mainly soil mitigation in the surrounding area; and

**WHEREAS**, on November 17, 2010, the Authority approved a transfer of the grant as well as the conditional pre-approved amount from S. Thomas Enterprises of Sacramento, LLC ("Thomas") to IA Sacramento Development, LLC, a subsidiary of Inland Rail; and

**WHEREAS**, under the authority delegated to the executive director, the Authority amended the Infill Grant Agreement on May 24, 2011, to change the name of grantee from IA Sacramento Development LLC to IA Sacramento Holdings, LLC.; and

**WHEREAS**, on September 15, 2015, the Authority approved the transfer of the Infill Grant award from IA Sacramento Holdings, LLC, to Downtown Railyard Venture, LLC, and an extension of term of the Infill Grant Agreement from September 15, 2015, to December 31, 2021; and

**WHEREAS**, on February 21, 2017, the Authority approved the allocation of an additional \$1,111,771.84 in funding from a repaid loan and unused grant awards. In addition, the Authority authorized the CPCFA Executive Director to allocate up to \$8.6 million if additional funds became available upon verification of eligible costs; and

**WHEREAS**, on December 21, 2018, additional funds were awarded to the Project in the amount of \$510,338; and

**WHEREAS**, on April 21, 2020, the Authority amended the description of the Downtown Railyard Venture, LLC Infill Development Project from 197 units (195 affordable) to 345 units (69 affordable) for Sacramento Railyards Project, and extended the term of the Infill Grant Agreement from December 31, 2021, to December 31, 2022; and

**Agenda Item 4.A.1  
Resolution No. 24-03-002**

**WHEREAS**, on July 19, 2022, Downtown Railyard Venture, LLC (“Grantee”) requests an extension of the Infill Grant Agreement, dated June 25, 2009, from December 31, 2022, to July 31, 2023; and

**WHEREAS**, on June 20, 2023, the Authority amended the Infill Grant Agreement to extend the term of the Infill Grant Agreement from July 31, 2023, to July 31, 2024; and

**WHEREAS**, Downtown Railyard Venture, LLC is requesting the Authority amend the Infill Grant Agreement to extend the term from July 31, 2024, to July 31, 2026; and

**WHEREAS**, the Authority finds that the extension to the term of the Infill Grant Agreement are in the public interest, and advances the purpose of the Program; and

**WHEREAS**, Downtown Railyard Venture, LLC, will comply with all the Quarterly Reporting requirements in Section 5.19 of the Infill Grant Agreement, including notifying CPCFA of any obstacles or delays in the Infill Development Project, and any changes to the number and affordability of housing units of the Infill Development Project; and

**WHEREAS**, Downtown Railyard Venture, LLC, has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project; and

**WHEREAS**, approval for amending the Infill Grant Agreement dated June 25, 2009, is sought;

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

**Section 1.** The Infill Grant Agreement dated June 25, 2009, is hereby extended until July 31, 2026.

**Section 2.** Except as specifically amended by this Resolution, all provisions and conditions of the Infill Grant Agreement dated June 25, 2009, as amended thereafter, shall remain unchanged and in full force and effect.