

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: February 21, 2017**

Request to approve of additional project funding in the amount up to \$9,750,000 to Downtown Railyard Venture, LLC

Prepared by: *Ethan Wieser*

Applicant:	Downtown Railyard Venture, L.L.C.	Type of Funding:	N/A
Project Name:	Sacramento Railyards	Amount Requested:	N/A
Project Location:	Sacramento (Sacramento County)	Prior Actions:	Application No. 14 Approved 11/19/08 Project Amended 8/26/09 Transfer of Grant Award 11/17/10 Transfer and Extension of Grant 9/15/15

Summary. Downtown Railyard Venture, L.L.C. (“DRV” or the “Grantee”), requests approval of additional remediation funds in an amount not to exceed \$9,750,000 with an initial allocation of \$1,111,771.84 and with the remainder funded if program funds become available to continue the cleanup of the Sacramento Railyard Project.

Background. On November 19, 2008, the Board approved a grant in the amount of \$5,000,000, and conditionally 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 (See CPCFA Board Resolution dated November 19, 2008, Exhibit A).

On August 26, 2009, the Board approved an amendment which redefined the Project from a single \$14,750,716 project to two projects consisting of Project A-cleanup of hazardous materials in the central shops structures—for the \$5,000,000 grant and Project B-cleanup of hazardous material in the surrounding area for the additional \$9,750,000 (See CPCFA Board Resolution dated August 26, 2009, Exhibit B).

For the Brownfield Infill Project, cleanup of the central shops covered in Project A has been completed and all necessary documentation including approval of the cleanup by the Department of Toxic Substances Control (“DTSC”) has been submitted and accepted by CPCFA. There is currently \$1,143.58 of funds remaining on the original \$5,000,000 award.

Agenda Item 4.B.

For the Infill Development Project, the Sacramento City Council approved the Grantee's secondary environmental impact report, clearing the way for specific project approvals. The Grantee has engaged a developer, USA Housing, for the construction of the first of two affordable housing projects to satisfy the terms of the Infill Grant Agreement. Construction of the 197 affordable housing units is expected to begin in the spring of 2018 and completed by 2021.

Current Request. DRV requested the CPCFA Board approve additional remediation funds in an amount not to exceed \$9,750,000 (See Budget and Timeline, Exhibit C) to continue the cleanup of the Sacramento Railyards under the approved Brownfields Environmental Mitigation Workplan (the "Workplan") as described in Project B. The line items DRV requested are unchanged with what the CPCFA Board originally approved in November 2008, and are consistent with the Workplan (See Letter, Exhibit D).

CPCFA currently has \$1,111,771.84 in project funds that can be made immediately available to the Grantee, and may receive additional funds if, for example, a project returns or repays a portion of its award. DRV is aware that additional funds beyond the initial allocation may or may not be made available. DRV selected remediation tasks that have a maximum value for the Brownfield Infill Project and Infill Development Project. DRV will conduct near surface mitigation, brownfield soil mitigation, and utility trenching with the additional funding, excavation and disposal of contaminated soil for foundations, and excavation for miscellaneous improvements. The remediation activities that will be completed on the Brownfield Infill Project will be proportional to the grant funding, enabling the Grantee to submit the Brownfield Remediation Final Report pursuant to Section 5.3 of the Infill Grant Agreement.

Staff Recommendation. Staff recommends approval of the attached Resolution for Downtown Railyard Venture L.L.C, allocating an additional amount of pre-approved funding not to exceed \$9,750,000 with an initial allocation of \$1,111,771.84 and with the remainder funded if program funds become available for cleanup activities under the approved Workplan for the continued remediation of Project B as originally approved by the CPCFA Board on November 19, 2008. Staff also requests the Board approve a modification to Section 2 of the Board Resolution dated November 19, 2008 to allow the CPCFA Executive Director to allocate additional funds to the project upon verification of eligible costs.

**A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
APPROVING THE REQUEST FOR ADDITIONAL PROJECT FUNDING IN AN
AMOUNT UP TO \$9,750,000 TO DOWNTOWN RAILYARD VENTURE, LLC**

February 21, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008 approved a grant for the Sacramento Railyards project (the “Project”) in the amount of \$5,000,000 and pre-approved additional grant funding in an amount not to exceed \$9,750,716 subject to certain conditions, as reflected in that resolution (the “Resolution”); and

WHEREAS, Downtown Railyard Venture, L.L.C. requested the Authority approve additional funding under the CALReUSE grant in an amount not to exceed \$9,750,000 for the Sacramento Railyards Project;

WHEREAS, the Authority shall make additional funding in an initial amount of \$1,111,771.84 available for the Project;

WHEREAS, the Authority staff recommends an additional \$8,638,228.16 be made available if the Authority receives additional program funds, and CPCFA staff verifies the eligibility of costs;

WHEREAS, the Authority finds that the additional funds will advance the purposes of the Program; and

WHEREAS, Downtown Railyard Venture, L.L.C., has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project; and

WHEREAS, approval for amending the Resolution is sought;

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

Section 1. Pursuant to the Regulations, the Authority hereby finds that the Sacramento Railyards Project is eligible for financing and hereby approves the additional grant funds described in the staff summary in an amount not to exceed \$9,750,000.00, with an initial allocation of \$1,111,771.84 and with the remainder funded if program funds become available for the Project.

Section 2. The Project may receive additional funding up to \$8,638,228.16 under the direction of the Executive Director if additional funds become available and upon verification of eligible costs.

Agenda Item 4.B.

Section 3. The Executive Director is hereby authorized for and on behalf of the Authority to approve any changes in the Project described in Exhibit A of the grant agreement as the Executive Director shall deem appropriate and authorized under the Regulations (provided that the amount of the grant may not be increased above the amount approved by the Authority).

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

Exhibit A

TERM SHEET

Name of Project: Sacramento Railyards

Maximum Amount of Grant: \$14,750,000

Grantee: Downtown Railyard Venture, L.L.C.

Financing Structure: Grant

Maximum Grant Term: December 31, 2021

Oversight Agency: California Department of Toxic Substances Control (DTSC)

Brownfield Infill Project Location: Former Southern Pacific Transportation Company Sacramento Rail Yard, 401 I Street, Sacramento, California 95814
Further described as Lot Numbers 12, 13, 14, 15, 18, 20, 21a, 21b, 21c, 22, 23, 24b, 25, 26, 27, 28, 29, 30a, and 30b.

Infill Development Project Description: The Project will consist of 197 rental housing units at less than or equal to 60% of area median income (AMI) as illustrated below.

Income Limit	Units
≤ 60% AMI	57
≤ 50% AMI	98
≤ 40% AMI	40
Manager's Unit	2
Total Units	197

Description of Activity	Amount Financed by Infill Grant
Brownfields Hazardous Materials Abatement	\$5,000,000
Brownfield Soil Mitigation	500,000
Near Surface Mitigation	4,200,000
Utility Trenches	2,500,000
Excavation for Foundation Improvements and new Foundations	2,250,000
Excavations for Miscellaneous Site Improvements	300,000

TOTAL ELIGIBLE BROWNFIELD INFILL PROJECT COSTS : **\$14,750,000**

