

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	09/26/11	Open	Action	09/19/11

Subject: Approving a Lease and Joint Use Agreement between RT and the Los Rios Community College District for Construction of the Cosumnes River College Parking Structure.

## ISSUE

Whether or not to approve a Lease and Joint Use Agreement (Cosumnes River College Campus) between RT and the Los Rios Community College District for Construction of a 2000-Space Parking Structure as Part of the Blue Line to Cosumnes River College Light Rail Extension.

## RECOMMENDED ACTION

Adopt Resolution No. 11-09-\_\_\_, Approving a Lease and Joint Use Agreement (Cosumnes River College Campus) between RT and the Los Rios Community College District for Construction, Operation and Maintenance of a 2000-Space Parking Structure as Part of the Blue Line to Cosumnes River College Light Rail Extension.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	15,000,000
Budget Source:	Capital	Next FY:	\$	16,500,000
Funding Source:	Prop 1B/Measure A/STA/ Developer Fees	Annualized:	\$	N/A
Cost Cntr/GL Acct(s) or Capital Project #:	410.05.07.03 Blue Line to Cosumnes River College	Total Amount:	\$	31,500,000
Total Budget:	\$ 31,500,000*			

\*\$30,589,000 is the fixed cost for the Developer to build the parking structure under the Lease/Leaseback Agreement. \$911,000 will be used to cover variable costs such as taxes, fees, permits, testing, inspection and Construction Management services. There is no guarantee that the variable costs will not exceed this amount.

## DISCUSSION

The Blue Line to Cosumnes River College project (Project) will extend RT's light rail service from its existing terminus at Meadowview Road south and east 4.3 miles to Cosumnes River College (CRC). The extension will link the South Corridor, the fastest-growing portion of Sacramento County, with Downtown, the northeast Sacramento corridor and Rancho Cordova and Folsom in the east corridor. The Project includes four stations located at Morrison Creek, Franklin Boulevard, Center Parkway, and CRC and a 2000-space parking structure to be built on the CRC campus.

In May 2005, Los Rios Community College District (LRCCD) met with RT to discuss the possibility of and options for cooperatively providing parking for the Project at the CRC campus. The meeting

---

Approved:

Presented:

Final 11/20/11

General Manager/CEO

Director, Project Management

C:\Temp\BCL Technologies\NitroPDF6\@BCL@980FBDBD\@BCL@980FBDBD.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	09/26/11	Open	Action	09/19/11

Subject: Approving a Lease and Joint Use Agreement between RT and the Los Rios Community College District for Construction of the Cosumnes River College Parking Structure.

resulted in two parking options to meet the joint interest of bringing the light rail extension to CRC and the surrounding communities: 1) acquisition of 10 acres for surface parking devoted to light rail users to be acquired by RT in the vicinity on non-campus property, or 2) construction of a 2,000-space parking structure on campus. RT, in consultation with LRCCD, conducted an assessment of the options, including an environmental review. It was ultimately decided that the preferred solution was to construct the parking structure with flexible use of the facility and adjoining surface parking for transit riders and students. On October 22, 2007, the LRCCD Board of Trustees and RT Board of Directors approved a Memorandum of Agreement for construction of the parking facility at CRC.

RT and LRCCD agree that the design and construction of the parking structure is best carried out by LRCCD based on LRCCD's prior experience constructing the Sacramento City College parking structure. The proposed Lease and Joint Use Agreement ("Lease") outlines a process that permits LRCCD to enter into a lease/leaseback transaction with private developers, who lease property from the college, arrange for the construction of facilities upon it and then lease the completed facilities back to the college. LRCCD will retain title to the property upon which the structure will be constructed, as well as own, operate and maintain the parking structure. LRCCD conducted a Request for Qualifications (RFQ) for construction services using a lease-leaseback process. The lease/leaseback process is being carried out pursuant to the provisions set forth in Education Code Section 81335.

LRCCD, with participation from RT in the evaluation process, selected McCuen Project Services, Inc. and John F. Otto, Inc. (the "Developer") to design and construct the parking structure. The Developer will construct the parking structure pursuant to the plans and specifications approved by LRCCD and RT. The agreement locks in a Guaranteed Maximum Sum (GMS) of \$30,589,000 to build the parking structure under the Lease/Leaseback Agreement. The current GMS price is good through September 30, 2011. If construction of the parking garage does not begin by this date, the GMS will be re-evaluated and could increase. In addition, the plans and specifications for the parking structure are complete and cleared for construction by the Division of State Architect (DSA). DSA approval is valid through December 2, 2011. To ensure that construction of parking structure begins prior to the termination of the DSA approval and to lock in the current GMS price, RT is asking that the Board approve a Lease and Joint Use Agreement.

Because RT has not yet obtained a Full Funding Grant Agreement (FFGA) from the FTA for the RT, any state or local funds expended for construction activities are not eligible for use as a "local match" or for future federal reimbursement unless RT obtains a Letter of No Prejudice (LONP) from the FTA. RT submitted a Letter of No Prejudice (LONP) request to the FTA on July 11, 2011. RT expects to receive FTA's response on the LONP by the end of September. The Lease provides that if RT does not receive an LONP within 6 months of execution of the Lease, the Lease will automatically terminate without further liability for either party, unless the parties agree in writing to extend the deadline for termination. Once RT obtains an LONP, RT will be irrevocably committed to paying the entire "Rent" amount for construction of the parking structure, regardless of whether RT ultimately obtains an FFGA. To assist RT with cash flow, LRCCD has

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	09/26/11	Open	Action	09/19/11

Subject: Approving a Lease and Joint Use Agreement between RT and the Los Rios Community College District for Construction of the Cosumnes River College Parking Structure.

agreed to let RT defer payment of up to \$5 million in Rent, with no interest or late payment fees. RT would begin repaying any deferred rent one year after the deferment and would make quarterly installment payments to complete repayment within 2 years after the deferment

The Lease will provide for RT to lease the completed parking structure from LRCCD. The Lease also includes an obligation for LRCCD to transfer easements to RT for the light rail station, track structure, bridge abutment for the Cosumnes River Boulevard, and bus access and transit center. These easements were appraised at a value of \$745,000 and will be donated to RT as part of the overall Blue Line to Cosumnes River College project. The Lease complies with the Capital Lease requirements set out in Federal Transit Administration (FTA) Grant Management Guidelines in Circular 5010.1D, Chapter IV, J(2). RT received approval of the lease-leaseback process and the Lease from FTA Region IX Legal Counsel on February 17, 2010.

RT will prepay rent in the form of progress payments made during the construction phase of the parking structure. The rent will include: (1) the \$30.5 million GMS from the developer; (2) government taxes, fees, charges and levies for permits and inspections of the work; (3) costs of testing; and (4) Inspector of Record and Construction Management costs. The term of the Lease will commence on the later of: (1) the date RT starts revenue operations; (2) or the date RT takes beneficial occupancy of the garage and will continue for 51 years, with two options to extend for 5-year periods. The options to extend can only be exercised if substantial capital improvements will not be needed during the option term. The first option can be exercised unilaterally by RT. The second option requires joint agreement by the parties.

Because LRCCD students will be able to use the garage, the lease will include the right for RT patrons to use other surface parking spaces on the college campus to ensure that RT has 2,000 spaces available. RT patrons will have to pay the standard parking fees imposed by CRC. Under the Lease, LRCCD must reinvest the proceeds of all parking fees in the parking structure and the other surface parking at CRC. RT may issue a monthly parking pass for parking on the campus only if RT and LRCCD agree in writing to a mutually-acceptable formula for allocating the revenues from the sale of such passes.

LRCCD will be solely responsible for maintaining and repairing the parking structure in “first-class and sanitary condition” during the Lease term. LRCCD will be liable to RT only for damage caused by the negligence or willful misconduct of LRCCD and will assume no liability for the actions of third parties. RT will not have the right to make an alterations, additions or improvements to the parking structure without LRCCD’s permission. Any disputes under the Lease will be submitted first to mediation and then to a binding judicial reference proceeding.

Staff recommends approval of the Lease and Joint Use Agreement with LRCCD.

RESOLUTION NO. 11-09-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 26, 2011

**APPROVING A LEASE AND JOINT USE AGREEMENT (COSUMNES RIVER COLLEGE CAMPUS) BETWEEN RT AND THE LOS RIOS COMMUNITY COLLEGE DISTRICT FOR CONSTRUCTION, OPERATION, AND MAINTENANCE OF A 2000-SPACE PARKING STRUCTURE AS PART OF THE BLUE LINE TO THE COSUMNES RIVER COLLEGE LIGHT RAIL EXTENSION**

WHEREAS, RT has proposed the Blue Line to Cosumnes River College Project (the "Project") to extend light rail to the Cosumnes River College (CRC) campus, which is operated by the Los Rios Community College District (LRCCD).

WHEREAS, RT and LRCCD share the common objective of providing transit access to the CRC Campus and adequate parking for transit users and CRC students.

WHEREAS, RT and LRCCD wish to undertake the joint development of a multilevel parking structure, to be located on the CRC campus, featuring approximately 2,000 spaces, along with related roadway and intersection improvements.

WHEREAS, RT and LRCCD wish to cooperate in the development of the right of way and associated facilities for the extension of RT's light rail system to a station to be located on the CRC Campus, including a bus transit center.

WHEREAS, RT and LRCCD desire to mutually memorialize herein the basic terms and conditions for the coordinated development of project-related items, including the construction of a parking structure by means of a lease/leaseback arrangement.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Lease and Joint Use Agreement (Cosumnes River College District) by and between the Los Rios Community College District (therein "District") and the Sacramento Regional Transit District (therein "RT"), whereby District agrees to construct a 2000-space parking structure, convey easements to RT for construction of other elements of the Project and lease the completed parking structure to RT for a 50-year term and RT agrees to pre-pay rent equal to the sum of: (a) the Guaranteed Maximum Sum paid by District to a Developer under a Lease/Leaseback Agreement; (b) taxes, fees, charges and levies by governmental agencies for permits and inspections of the work; (c) costs of testing; and (d) inspector of record and construction management costs, as further set forth therein, is hereby approved.

THAT, the General Manager/CEO is authorized to execute the foregoing Agreement.

\_\_\_\_\_  
DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary