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Title: Actions pertaining to the proposed Fresno High Speed Rail Heavy Maintenance Facility footprint
1. Authorize the City Manager to enter into conditional purchase and sales agreements to acquire properties within the proposed Fresno High Speed Rail Heavy Maintenance Facility footprint which will allow the City to control the property for 12 months through non-refundable deposit(s) for a total amount not to exceed \$250,000.
2. Authorize the City Manager to work with other community stakeholders in seeking a reimbursement for these agreements from funding previously allocated by the Fresno County Transportation Authority in support of a Heavy Maintenance Facility in Fresno County.

Sponsors: Office of Mayor & City Manager

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Attachments: 1. City of Fresno - HMF - Draft Sample Contract.pdf, 2. HSRMaintFacility_Map.pdf

| Date | Ver. | Action By | Action | Result |
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| 10/13/2016 | 1 | City Council | approved | Pass |

REPORT TO THE CITY COUNCIL

October 13, 2016

FROM: BRUCE RUDD, City Manager

BY: LARRY WESTERLUND, Economic Development Director

SUBJECT

Actions pertaining to the proposed Fresno High Speed Rail Heavy Maintenance Facility footprint
1. Authorize the City Manager to enter into conditional purchase and sales agreements to acquire properties within the proposed Fresno High Speed Rail Heavy Maintenance Facility footprint which will allow the City to control the property for 12 months through non-refundable deposit(s) for a total amount not to exceed \$250,000.
2. Authorize the City Manager to work with other community stakeholders in seeking a reimbursement for these agreements from funding previously allocated by the Fresno County Transportation Authority in support of a Heavy Maintenance Facility in Fresno County.

RECOMMENDATION

Staff recommends that Council:

1. Council authorize the City Manager to enter into conditional purchase and sales agreements to acquire properties generally bounded by American Avenue, Clayton Avenue and Cedar Avenue and the Burlington North Santa Fe mainline tracks that are located within the proposed Fresno High Speed Rail Heavy Maintenance Facility footprint. The agreements, which are assignable, will allow the City to control the property for 12 months through non-refundable deposit(s) in a total amount not to exceed \$250,000.
2. Council authorize the City Manager to pursue reimbursement for the cost of these agreements from the \$25 million in Measure C funds already allocated by the Fresno County Transportation Authority for the Fresno HMF.

EXECUTIVE SUMMARY

The California High Speed Rail Authority (CHSRA) has made slow but deliberate progress in the designing and planning of the Heavy Maintenance Facility (HMF). A year ago a special consultant from the United Kingdom was selected to assist in the CHSRA in the design and operation of the required HMF. The City of Fresno, in partnership Fresno Works, the Fresno Economic Development Corporations, and other community stakeholders have been actively pursuing the HMF and associated economic benefits that such a facility would provide to the region. While Fresno has long been considered a prime location for the HMF, there are other communities who are also lobbying for the HFM. Based on recent discussions, it appears that a decision regarding as to where this facility will be built will be made within the next year.

Therefore, in order to improve Fresno's competitive advantage it is imperative that steps are taken to gain control of the properties contained within the boundaries of the proposed Fresno HMF site.

BACKGROUND

In 2010, the CHSRA issued a request for information for potential HMF sites from Merced to Bakersfield. At the time, CHSRA indicated that up to 300 acres would be needed to support a HMF that would employ up to 1,500 technical and skilled employees. As a result, ten sites were submitted; four from Merced County, one from Madera County, one from Fresno County, one from Kings County, one from Tulare County, and two from Kern County. Of those sites, six are owned by a single owner or a very small group of owners of which four have indicated they would possibly donate property to the CHSRA in order to bring the HMF to their community. In 2013, the CHSRA revised their Summary of Requirements for Operations & Maintenance Facilities. In the new requirements, CHSRA indicated that approximately 200 acres was sufficient to support a HMF.

According to a 2010 report commissioned by the Economic and Policy Consulting Practice of the Los Angeles County Economic Development Corporation for Kern County, the development cost for the HMF is estimated to be between \$255 million to \$349 million and would create 1,520 to 2,170 new jobs and \$92 million to \$132 million in wages. In addition, it was projected that the HMF would create 1,500 new permanent jobs and \$245 million dollars in annual earnings. The HMF project would also generate another 1,990 indirect and induced employment opportunities that would create another \$146 million in annual wages.

In many ways, the Fresno HMF location offers advantages that many of the other locations cannot offer. First, the Fresno HMF is one of only a few locations in which trains can be tested at speeds

in excess of 200 mph. Secondly, the Fresno HMF was included in the City's General Plan Update, so many off the environmental issues related to the site have already been addressed. Finally, the proposed site can be served by municipal services, including water and wastewater. Nevertheless, the CHSRA is also receiving presentations and proposals other competing communities, such as Merced, Kern, Tulare and Madera Counties. In fact, members of the Madera County Board of Supervisors and the City of Madera recently traveled to Sacramento to address the CHSRA Board making the case for a HMF in Madera County.

The only weakness the Fresno HMF location is related to site control. Therefore, in order to make the Fresno HMF site even more competitive, the City of Fresno hired Continental Field Services (CFS), the right-of-way land acquisition specialists used by CHSRA, to negotiate conditional purchase agreements for approximately 190 acres. CFS has subsequently met with property owners to discuss the voluntary acquisition of property for the proposed HMF site that is located south of American Avenue and north of Clayton, between the HSR mainline track and Cedar Avenue (Attachment A).

To induce the property owners to enter into a conditional land sale agreement, which essentially ties up the property for two years, the City would agree to fund non-refundable deposits, which collectively, would not to exceed \$250,000 for twelve months. If the CHSRA selects Fresno for the HMF, the land sale purchase agreements would be assigned to CHSRA or the Fresno County Transportation Authority, who would then complete the transaction by acquiring the needed properties.

During this time the City will partner with the other community stakeholders in seeking a reimbursement agreement with the Fresno County Transportation Authority for the cost of these agreements as well as the cost of site specific environmental reports.

If the CHSRA does not choose the HMF site within the first twelve months, the agreements are automatically extended for an additional twelve months by funding another \$250,000 in non-refundable deposits. All the conditional purchase agreements will lapse at the end of the second year.

ENVIRONMENTAL FINDINGS

Pursuant to CEQA Guidelines, Section 15061(b)(2), the City's initial actions relating to entering into land purchase contracts would be exempt from CEQA. Further environmental review will be conducted following selection of the Fresno HMF site, at the time of the entitlement submittal.

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The property purchased in this voluntary acquisition program will require a non-refundable deposit of up to \$250,000 for the first twelve (12) months to be paid from existing General Fund appropriations. The FY 2018 budget may need to include appropriations of \$250,000 if it is necessary to extend the agreements for a second year. In the interim, the City will request that the costs of these agreements be reimbursed from the \$25 million already allocated for the Fresno HMF by the Fresno County Transportation Authority.

Attachment:

Attachment A-Map of Project Site

Attachment B-Sample Agreement for Purchase and Sale of Property and Escrow Instructions