

# City of Sacramento

## Legislation Text

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**File #:** 2018-01646, **Version:** 1

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**Title:**

**Agreements: Powerhouse Science Center Amendment to Leases, Stormwater Maintenance, Matsui Park Primary Use and Maintenance, and Third Funding Agreement**

**File ID:** 2018-01646

**Location:** 400 Jibboom Street, District 4

**Recommendation:**

Pass a Motion authorizing the City Manager or City Manager's designee to execute: 1) First Amendment to the Site Lease for the Powerhouse Science Center (PSC); 2) First Amendment to the Project Lease for the PSC; 3) Second Amendment to the Ground Lease for the PSC; 4) Third Amended and Restated Funding Agreement for the PSC; 5) Stormwater Treatment Measure Access and Maintenance Agreement for the PSC; and 6) the Robert T. Matsui Waterfront Park Primary Use and Maintenance Agreement.

**Contact:** Rachel Hazlewood, Senior Project Manager, (916) 808-8645, Office of Innovation and Economic Development

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-First Amendment to the Site Lease 2017-1521-1
- 3-First Amendment to the Project Lease 2017-1523-1
- 4-Second Amendment to the Ground Lease 2017-1522-3
- 5-Third Amended and Restated Funding Agreement 2014-0471-3
- 6-Stormwater Treatment Measure Access and Maintenance Agreement
- 7-Robert T. Matsui Waterfront Park Primary Use and Maintenance Agreement

**Description/Analysis**

**Issue Detail:** On December 19, 2017, the City Council approved the Ground Lease and related Site and Project Leases for the new Powerhouse Science Center (Powerhouse or PSC) to be located at

400 Jibboom Street in the historic former PG&E Power Station. At the time the leases were drafted, a project boundary had not been surveyed, however, that survey has now been completed and is incorporated through the amendments to the Site Lease, Project Lease and Ground Lease (Attachments 2, 3 and 4). Additionally, the insurance section of the Ground Lease is being amended to be consistent with City standard insurance requirements. The new boundary will also be submitted for a lot line adjustment to clarify the boundary between Powerhouse and the Robert T. Matsui Waterfront Park (Matsui Park).

On May 27, 2014, the City approved the first Funding Agreement, 2014-0471, with Powerhouse approving up to \$7 million over 20 years. The agreement was replaced by the Amended and Restated Funding Agreement approved on November 13, 2014, which addressed changes to the financing plan for the project. Then on June 21, 2016, the City approved the Second Amended and Restated Funding Agreement which changed project phasing and allocated \$1.6 million in funding for pre-development costs and \$850,000 in funding for environmental remediation. The Third Amended and Restated Funding Agreement (Attachment 5) will allow permitting, design site studies along with pre-development and environmental remediation costs.

As part of the Powerhouse construction, Powerhouse is required to enter into the Stormwater Treatment Measure Access and Maintenance Agreement (Attachment 6) for the measures it is employing to control and minimize pollutants in urban runoff. Since Powerhouse is the tenant and the property is owned by the City, both the Powerhouse and the City are required to sign the agreement. The agreement identifies Powerhouse as solely responsible for the systems it is employing and requires that Powerhouse conduct ongoing maintenance and compliance to meet all relevant laws pertaining to stormwater management.

Once the Powerhouse construction is complete, PSC will be maintaining Matsui Park. This will enable Matsui Park and Powerhouse to function as a campus and ensure coordination between the two facilities, provide a higher level of maintenance, and activate the park. The Matsui Park Primary Use and Maintenance Agreement (Attachment 7) details the terms of the agreement between City Parks and Powerhouse. Powerhouse will perform all regular maintenance of park landscaping, remove trash, and maintain regular irrigation. Powerhouse will notify the City of any needed replacements to irrigation, electrical, and landscaping and, as approved, the City will fund those improvements.

**Policy Considerations:** Reuse of the former PG&E Power Station as a science center is consistent with the 2035 General Plan, the 2013 Economic Development Strategy, the River District Specific Plan, the Sacramento Riverfront Master Plan, and prior actions taken by the City Council in support of the Powerhouse project.

**Economic Impacts:** The project's cost is estimated at \$48.3 million, which is projected to create 223 direct jobs and 130 indirect jobs. Additionally, according to the Center for Strategic Economic

Research (CSER) calculation, almost \$30.2 million of direct output and over \$17 million of indirect or induced activities will be generated by the project.

*The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

**Environmental Considerations:** The project is subject to review under the California Environmental Quality Act. On June 1, 2010, City Council adopted the Mitigated Negative Declaration and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included development of the PSC project (Resolution 2010-0296). On May 25, 2017, a preservation director's hearing was held to amend the Mitigated Negative Declaration to include the updated design plan and project phasing and the amendment was approved.

**Sustainability:** The reuse of this brownfield site will meet the sustainability goal of reusing an underutilized property. The Powerhouse Science Center project will be seeking a silver level LEED certification.

**Commission/Committee Action:** Not applicable

**Rationale for Recommendation:** The new science center will be a regional amenity for Sacramento residents and visitors as well as a much-needed center for science education for children from kindergarten to 12th grade. It will be the first completed riverfront project north of Old Sacramento and will connect with the new I Street Bridge project and the Railyards' riverfront development. Future phases of the Hanami line, a planned project of the Sacramento Tree Foundation in Matsui Park that is evocative of Japan's cherry tree festival, will link all these projects and create a destination for festivities and events.

The project will result in the rehabilitation of the historic PG&E Power Station adjacent to the Sacramento River, a building the City has owned since 2002. The building has been shuttered and deteriorating for over 60 years but, after it is renovated, will become an iconic City asset that is open to the public.

The new science center will provide science, technology, engineering, and math education to an estimated 150,000 children each year through six educational academies addressing life sciences and energy sciences in three grade groups: kindergarten through second grade, third through fifth grade, and sixth through eighth grade. All academies will conform to the California Next Generation

Science Standards. The educational programs will be supplemented with interaction with the science center exhibits.

According to the Economic & Planning Systems report, "Powerhouse Science Center Economic Impact Analysis, July 2017," the PSC project will contribute between \$283,000 and \$375,000 annually in sales tax and TOT revenues from visitors to the new science center.

**Financial Considerations:** No new funds are being committed to the project through this action.

**Local Business Enterprise (LBE):** Not applicable.

**Background:** The City of Sacramento and the Powerhouse have been working since 2007 to relocate the existing science center from its 10,000-square-foot facility at 3615 Auburn Boulevard to the historic-but-shuttered PG&E Power Station at 400 Jibboom Street. The site, located north of Old Sacramento and adjacent to the Sacramento River, is owned by the City and leased to the Powerhouse under the Ground Lease. The project closed on its financing in March 2018, celebrated its groundbreaking in May 2018 and is currently under construction.

The new science center will offer expanded programs within the rehabilitated PG&E building. With just over 50,000 square feet of space, the Powerhouse will offer science, technology, engineering, and math educational programs to students K-12 from throughout the greater Sacramento region. The exhibits and programs will also engage and entertain visitors and residents. Annual attendance is projected to be 300,000.