



Staff Analysis

Future Use of the Original RTS Facility

Presented by:

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CITY OF GAINESVILLE STAFF ANALYSIS

Legistar No: 160048

Title: Future Use of the Original RTS Facility

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Summary of Issue

During the August 22, 2016 Joint City Commission/County Commission meeting, the City Commission passed the following motions:

1. That the City of Gainesville would complete Phase I and II of the environmental assessment.
2. Allow the City and County staffs to negotiate an equitable parking arrangement.
3. Allow the City and County staffs to negotiate a resolution to the County's interest in the property.

Environmental Assessments of the Original RTS Property

City staff found through record searches with Water and Air, Alachua County Environmental Protection Department (ACEPD) and City RTS records that Phase I and II environmental assessments have been completed, the Florida Department of Environmental Protection (FDEP) issued a Site Rehabilitation Completion Order releasing the City from further obligations to remediate petroleum contamination, and that recommended actions were completed as well.

1. Letter from City Of Gainesville and Florida Department of Environmental Regulation (FDER) regarding a discharge of diesel fuel and subsequent testing – February 1987
2. Letter from FDER to COG in April 1987 concluding that RTS site was eligible for state cleanup under the Early Detection Incentive Program
3. PO – 9/29/03 Continuation of Environmental Services to Identify Extent and Remediate Soil Contamination found on RTS property.
4. Phase II Environmental Assessment conducted in April 2004 by Water and Air
 - a. Recommendations:
 - i. More soil testing in western extent of the bus parking and retention basin areas to estimate volume of soil that may require excavation and disposal.
 - ii. Notify ACEPD if deemed appropriate by legal counsel.
 - iii. Retention swale soil excavated and removed. Engineering controls implemented to prevent ongoing discharge of petroleum-affected water and fluids.

- iv. Modify existing temporary wells into permanent wells and resample them to determine if soil contamination is leaching into shallow groundwater.
5. RTS Waste Water Recycling System Report prepared by Water and Air June 2005
 - a. References “Previous testing identified soil contaminated by total petroleum hydrocarbons and limited groundwater impacts. Contaminated soil was excavated, removed, and documented in previous reports. The remediated area was granted a Site Rehabilitation Completion Order from the ACEPD.”
 - b. Conclusion from 2005 assessment “no additional environmental testing of this area is necessary and the site can be considered for a “Site Rehabilitation Completion Order.”
6. Low-Scored Site Initiative Program Site Assessment Report – prepared by AAG Environmental, Inc. in August 22, 2011 for RTS and FDEP
 - a. Recommendations: “All soil and groundwater samples collected at the site were either below detection limits or well below the SCTLs and GCTLs. Any potential soil or groundwater contamination appears to have undergone bio-degradation over the past twenty or more years since the reported discharge in 1987.
 - b. Gainesville RTS site should qualify for and be issued a SRCO upon proper abandonment of the only monitor well onsite (MW1). Event 2 of the WO (installation of two additional wells and groundwater sampling of three wells) should be cancelled and verbal change order (VCO) be issued to cover the expenses of the MW1 abandonment and abandonment report.
 - c. Monitor well MW1 was properly abandoned based on the LSSI analytical data and the Section 4.0 recommendation(s). August 16, 2011. The SRCO recommendation should be approved and issued.
7. Letter from FDEP dated August 31, 2011 – the BPSS agrees with your recommendation that a Site Rehabilitation Completion Order (SRCO) be issued. An SRCO will be generated under a separate cover.
8. Letter from FDEP dated September 9, 2011 issuing the SRCO.
9. FDEP – Storage Tank Facility Annual Compliance Site Inspection Report – dated May 2016 – Facility is in Compliance issued by ACEPD
10. Letter from ECT to ACEPD dated October 2015 with results of the Year Nine Annual Post Active Remediation Monitoring Report Former Gas Depot site.

Parking Arrangement

The attached map identifies areas that will be allowed use as overflow parking during special events at Depot Park. A copy of this map has been provided to Alachua County.

The first area of use will be the former employee parking lot located on the south side of Veitch Street which is not subject to the reverter clause with Alachua County. In the event additional parking is needed the hatched area on the map will be coned and otherwise marked off to delineate the property that is acceptable for parking. This parcel (A2) is not subject to the reverter clause.

County Negotiations

City staff approached County staff about negotiations to compensate the County for its reverter interest in parcel A1. County staff indicated a desire to receive and digest the environmental assessment information and discussing this with the County Commission before engaging City staff on such negotiations.

Options for Future Use

- A. Retain property (or a portion of the property) for transit purposes with interim use for overflow parking for Depot Park special events and Depot Park operations storage. Transit purposes may include but not be limited to 1) facility to operate and maintain a streetcar or other fixed route system as identified in the Streetcar Study dated April 14, 2014 and the UF Strategic Plan revealed November 10, 2016; 2) alternative fueling site such as CNG; 3) park and ride facility; 4) training facility; or 5) facility to operate and maintain a paratransit service.
- B. Retain property (or a portion of the property) for transit purposes with interim use by others such as:
 - a. The School Board of Alachua County (SBAC) has requested use of the RTS facility on a short term basis while their Facility located on Hawthorne Road is renovated. Their proposal is to lease the property and buildings for two years at a rate of \$101,935.78/year beginning in 2018. (see attached letter)
 - b. The University of Florida College of Art has expressed potential interest in locating a faculty and student art studio in the maintenance building. (see attached letter)

(This option would relieve RTS from the \$4,000/month utility payment.)

- C. Issue an RFP for highest and best use of the property compatible with the Depot Park, Cade Museum and the evolution of the South Main Street area. This would require reimbursement of the Federal Transit Administration's (FTA) remaining value of \$1,588,064 to transit use as approved by FTA. It would also require negotiating a release of the County's reverter interest in parcel A1 or in recognition of the County's reverter interest a joint City/County RFP.

History/Background Information

Alachua County operated the Regional Transit System (RTS) on what is known as Parcel A1 located at 100 SE 10 Avenue until 1981 when they transferred all assets and operations to the City of Gainesville. Because Alachua County acquired and developed the parcel using federal transit funding the deed to the City included a clause stating "This conveyance is subject to the interest of the United States Department of Transportation acquired under UMTA Grant No. FL-03-0024, and shall be disposed of pursuant to OMB Circular A-102 should this property ever revert to the party of the first part."

The deed goes on to state “should the City of Gainesville, party of the second part, cease to use the foregoing land and improvements thereon, in the operation of a regional transit system, then and in that event, the title to said property shall immediately revert to Alachua County, Florida, party of the first part, subject to the interest of the United States Department of Transportation.”

From 1981 through approximately 2008, the City of Gainesville continued to obtain and expend federal and state transit grants for the purpose of expanding and upgrading the transit property and facilities including the acquisition of Parcel B and C, expansion of the garage facility, renovation of the original transit administration building, construction of a bus wash, driver training facility, fencing, modular building, parking lot and site renovations, and other improvements.

Because the existing facilities were not large enough to maintain the fleet, the Federal Transit Authority (FTA) prohibited RTS from expanding the fleet size until the fleet maintenance facility was expanded. At that time the City of Gainesville began exploring opportunities to expand and/or relocate the RTS maintenance facilities by developing a master plan that included administration, operations, and maintenance facilities.

The City of Gainesville successfully obtained federal transit grants that allowed the acquisition, design and construction of their new campus located at 34 SE 13 Road. In 2015, primary operations were moved into the newly constructed facility.

While most of the daily operations are conducted at the new facility, RTS continues to utilize the original property for storage and transit training activities as well as host the fiber network that services the new transit facility. RTS runs on a semester schedule, and therefore, utilizes a reduced schedule each summer to conduct on-going training sessions for all Transit Operators, as the busy Fall and Spring semesters do not present an opportunity to conduct classroom and field training for large groups. RTS continues to maintain the original facility in a state of good repair in accordance with federal regulations and maintains utility services to the site, at an average cost of \$4,500 per month.

As part of the transition to the new site, transit staff contacted the FTA to inquire what options were available for future use of the original transit facility site. FTA referred staff to the 5010.1D circular for options. Page IV-11 et seq. of the current FTA Circular 5010.1D dated November 1, 2008 and revised August 27, 2012 provides the following general guidance with respect to the disposition of property that was acquired/improved with Federal Transit Funds:

“(2) Disposition Alternatives. If the grantee determines that real property is no longer needed, FTA may approve use of the property for other purposes. This may include use in other Federal grant programs or in non-Federal programs that have consistent purposes with those authorized for support by FTA.

(a) Valuation of Property Pending Disposal. For properties no longer needed for transit purposes, the grantee is expected to follow the valuation requirements of 49 CFR part 24 and obtain an appraisal to ascertain the value of the property considered for disposal.

(b) Net Proceeds from Disposition. In those situations where a grantee or subgrantee no longer needs the real property for any transit purpose and is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, FTA may permit the net proceeds from the disposition to be used as an offset to the cost of the replacement property.

(c) Alternative Disposition Methods. When real property is no longer needed for any transit purpose, the grantee will request disposition instructions from FTA. The allowable alternative disposition methods are as follows:

1 Sell and Reimburse FTA. Competitively market and sell the property and pay FTA the greater of its share of the fair market value of the property or the straight line depreciated value of the improvements plus land value. FTA's share of the fair market value is the percentage of FTA participation in the original grant multiplied by the best obtainable price, net of reasonable sales costs.

2 Offset. Sell property and apply the net proceeds from the sale to the cost of replacement property under the same program. Return any excess proceeds to FTA in accordance with 49 CFR 18.31.

3 Sell and Use Proceeds for Other Capital Projects. Sell property and use the proceeds to reduce the gross project cost of another FTA eligible capital transit project. See 49 U.S.C., 5334(h)(4). The grantee is expected to record the receipt of the proceeds in the grantee's accounting system, showing that the funds are restricted for use in a subsequent capital project, and reduce the liability as the proceeds are applied to one or more FTA approved capital projects. FTA must approve the application of the proceeds to a subsequent capital grant, which should clearly show that the gross project cost has been reduced with proceeds from the earlier transaction.

4 Sell and Keep Proceeds in Open Project. If the grant is still open, the grantee may sell excess property and apply the proceeds to the original cost of the total real property purchased for that project. This may reduce the Federal share of the grant.

5 Transfer to Public Agency for Non-Transit Use. Follow procedures for publication in Federal Register to transfer property (land or equipment) to a public agency with no repayment to FTA. This is a competitive process, and there is no guarantee that a

particular public agency will be awarded the excess property. See 49 U.S.C., 5334(h)(1)–(h)(3).

6 Transfer to Other Project. Transfer property to another FTA eligible project. The Federal interest continues.

7 Retain Title With Buyout. Compensate FTA by computing percentage of FTA participation in the original cost. Multiply the current fair market value of the property by this percentage. The grantee must document the basis for value determination; typically, this is an appraisal or market survey. Alternatively, the grantee may pay the straight line depreciated value of improvements plus land value, if this is greater than FTA’s share of the fair market value.

8 Sales Procedure. Sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return or at least payment of appraised fair market value.

9 Joint Development. A transfer meeting the tests for joint development is not a disposition, and the proceeds are deemed program income. For additional information on use and eligibility of joint development projects see FTA Guidance (72 FR 5788, Feb. 7, 2007) as the final agency guidance on the “Eligibility of Joint Development Improvements Under Federal Transit Law.” See also the definition of a capital project at 49USC 5302(a)(1)(G).”

RTS staff contacted a Region IV FTA representative to obtain more definitive guidance on FTA’s preference or position with respect to disposing of property and received the following response:

“Our position is, generally, that our interest remains in the property until we receive our share back, except in limited circumstances. If RTS disposes of it you need to take care of FTA’s interest. If you do it in a manner different than the option[s] . . . outlined, RTS will owe us our share of the fair market value.

A written request for FTA’s concurrence on disposition and use of proceeds/federal funds, Dr. Taylor as the addressee, is likely your best way forward (please lay out specifically what RTS is seeking FTA’s concurrence on).”

Based on this guidance, once there is consensus on potential future uses of the property, staff will provide those specific scenarios to FTA to obtain their guidance/concurrence. If the future use is non-transit, the City’s interest is aligned with FTA’s in that City staff would request the property

be sold (whether to the County, another City Department or a private developer) and the net proceeds from the sale be reinvested in RTS transit projects.

Staff began the appraisal process in the Fall of 2015 as a step in the due diligence to determine options for future use of the property based on FTA regulations. The County’s reverter interest in Parcel A1 came to the City’s attention during the appraisal of the property. Table 1 identifies the appraised value by Parcel of the original RTS Facility. Parcels were identified based on acquisition. Table 2 identifies the FTA values of each Parcel.

Table 1. - Appraisal Summary of RTS Original Facility

Description	Parcel A1	Parcel A2	Parcel B	Parcel C	Total
Land	\$ 177,772	\$ 279,228	\$ 15,000	\$ 159,000	\$ 631,000
Buildings	\$ 975,000				\$ 975,000
Furniture and Equipment	\$ 68,000				\$ 68,000
Site Work				\$ 151,000	\$ 151,000
Total	\$1,220,772	\$ 279,228	\$ 15,000	\$ 310,000	\$1,825,000

Table 2.- RTS Original Facility (FTA Value)

Description	Initial Value	Depreciation	Book Value	Parcel A1	Parcels A2, B, C
FTA Funds	\$ 3,092,615.12	\$ 1,583,223.52	\$ 1,509,391.60	\$ 1,123,977.73	\$ 385,413.87
FDOT Funds	\$ 572,456.32	\$ 255,813.54	\$ 316,642.78	\$ -	\$ 316,642.78
City Funds	\$ 488,749.30	\$ 313,201.20	\$ 175,548.10	\$ 48,731.62	\$ 126,816.48
County (FTA Funds)	\$ 937,021.26	\$ 858,348.09	\$ 78,673.17	\$ 78,673.17	
Total	\$ 5,090,842.00	\$ 3,010,586.35	\$ 2,080,255.65	\$ 1,251,382.52	\$ 828,873.13

Figure1. - RTS Original Facility



Parcel A1 was obtained by deed from Alachua County which originally obtained the property using FTA grant funds.

Parcels A2 was obtained from CSX in 2001 using FTA Funds and through the vacation of Veitch Street right of way in 2008.

Parcels B and C were obtained by deed from McBride with funding from federal and state transit grants during the acquisition of the Depot Park property for use for stormwater improvements and employee parking.

Building Conditions and Maintenance Even though buildings were maintained properly, buildings are old and may incur higher maintenance and/or rehabilitation costs. The 7,000 square foot modular building installed in 2008 is located on the boundary of Parcel A1 and B.

Fiscal Note:

The appraised value of property is \$1,825,000. Remaining FTA investment in the property is \$1,588,064. The current cost to the City for utilities and maintenance is over \$4,000 per month.

City Staff Perspective

The City has readily and consistently acknowledged the County's reverter interest in parcel A1. City staff believes the future use of the property is of significant impact to the City and County and deserving of thoughtful evaluation as to the community's short and long-term transit/transportation needs as well as opportunities for highest and best use development of the property relative to the ongoing evolution of Depot Park and the South Main Street area.

The City's future transit/transportation needs should be evaluated consistent with expected increases in the density of development in the downtown area, Innovation Square, the University of Florida and following the University Avenue and Archer Road corridors to Interstate 75 and beyond. This should include the potential impact of the University of Florida's Strategic Development Plan that calls for a re-centering with new development clustered in higher density along the eastern portion of the main campus as well as the area east of campus.

Recommendation

The City Commission request that the County Commission continue to place the litigation on hold indefinitely while the City proceeds with a two track evaluation of: 1) the need for the property to address short and long-term community transit/transportation needs and 2) highest and best use development opportunities relative to the ongoing evolution of Depot Park and the South Main Street area.

The City Commission can then make a determination as to whether the property (or a portion of the property which consists of all four parcels) should be retained for current and/or future transit/transportation uses or made available for highest and best use development resulting in the need for the City to negotiate with the County for release of the County's reverter interests or coordinate with the County on future development of the property.