



Staff Analysis

Future Use of the Original RTS Facility

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CITY OF GAINESVILLE STAFF ANALYSIS

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Title: Future Use of the Original RTS Facility

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Summary of Issue

The City of Gainesville has operated the regional transit system at 100 SE 10 Avenue since 1981. The site expanded over the years to include Parcel A1, A2, B and C (Figure 1) using federal and state transit grants and associated funding. Now that the regional transit system has relocated primary operations and maintenance into the new facility located at 34 SE 13 Road, the City should consider potential uses or disposition of the site, subject to the interests of the federal and state grant agencies as to all four parcels and the reverter interest of Alachua County as to Parcel A1. The Staff seeks direction from the City Commission on future uses of the parcels of land identified as A1, A2, B and C located at 100 SE 10th Avenue.

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 regional transit system 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 the host of 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 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 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.

Site Related Issues:

Environmental Issues: The potential for contamination exists on the site. A Phase I Environmental Assessment was conducted as part of the site work expansion and employee parking lot construction

with no indication of contamination on Parcels B and C, but Parcel A1 and A2 contamination is unknown.

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.

Staff Analysis of Options for Future Uses of the Property

A. Transit Uses

Staff has considered the continued use of the facilities for regional transit related uses such as:

- a. Regional training facility for transit operations and/or maintenance activities. The Florida Department of Transportation has indicated a need for such a facility in this area of the state;
- b. Back-up fueling facility for transit buses during emergency situations;
- c. Community Transportation Coordinator (CTC)/Paratransit/ADA contractor's operation and maintenance facility;
- d. Compressed Natural Gas (CNG) fueling station that is either exclusive to transit vehicles or potentially open to other customers as well;
- e. Streetcar/Trolley facility as identified in the streetcar study conducted (future - long term)

PROS: Preserves flexibility to use the property to meet future community transit needs. Opens the possibility for other agencies to lease the facility until any of the above uses occur.

CONS: Does not allow other private sector uses that may help support and activate Depot Park while placing property on the tax rolls.

B. Non-Transit Use by a Public Agency

There have been several public (non-transit) uses discussed by various entities including but not limited to:

- a. Ancillary uses associated with Depot Park
- b. Overflow parking
- c. Storage for park maintenance operations/equipment
- d. Park management offices
- e. School Board of Alachua County bus maintenance facility
- f. County Environmental Protection Department facility and other County uses

PROS: Opens the possibility for other agencies to utilize the facility for a public use. Portions of the property could be integrated into Depot Park supporting park uses and operations. If the property is sold to another public entity, RTS can request that FTA allow RTS to keep the proceeds of the sale and reinvest it in transit related expenditures.

CONS: Some of these uses would retain the industrial nature of the property, which may not be the highest and best use considering its close proximity to Downtown amenities, the Rosa Parks Transit Transfer Station and Depot Park.

C. Non-Transit Use by a Private Entity

Staff has been approached by several private entities interested in potentially developing the property as housing or private offices. This would involve competitively marketing the property for sale (although the City could request FTA permit a targeted sale, such as only for an affordable housing development or only for specified types of businesses) with FTA to receive all or most of the proceeds, although as noted above RTS can request that FTA allow RTS to keep the proceeds of sale and reinvest it in transit related expenditures.

PROS: Likely places the property on the tax rolls and generates jobs and economic stimulus in the Downtown and Depot Park area

CONS: If the sale does not result in sufficient funds to reimburse FTA the difference may need to be made up by the City.

Fiscal Note: The appraised value of property is \$1,825,000 (see Table 1). FTA value of property is \$1,588,064 (see Table 2).

Staff Recommendation:

1. Retain Parcel B to incorporate into Depot Park boundary. This will require FTA concurrence as to a waiver or payment to FTA of \$15,000.
2. Retain Parcel C for future transit uses. No further action from FTA is needed.
3. Retain Parcel A2 for overflow parking for Depot Park and potential storage of maintenance/operating equipment needed for Depot Park. This will require FTA concurrence as to a waiver or payment to FTA of \$279,228.
4. Discuss the future of Parcel A1 and direct City staff to perform due diligence on the property including environmental assessment, review of zoning and permitted uses, and a review of site opportunities and constraints.
5. Consider relocating the modular building for other City use such as park maintenance/offices for Depot Park or an interim fire station/GPD substation in the Southwest. The modular building has a remaining FTA value of \$185,105.46.