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East Gainesville Sprout Project Task Force: Property Acquisitions (B)

On June 6, 2000, staff presented several issues and recommendations in order to elicit feedback from the Task Force on proposed acquisition plans for the stormwater park. First, acquisition of the proposed stormwater park properties may potentially create new environmental liability for the City. The City currently is liable for the cleanup of only the Gainesville Gas former manufactured gas plant (MGP) contamination. This contamination is primarily coal tar and coal tar by-products. Arsenic was found on the CSX parcels in places that are not impacted by MGP contamination, according to the 1999 environmental assessment. Since environmental liability stays with the land, the City may bear the cost of cleaning up the arsenic and other unknown contamination if the property is acquired "as-is". Prior to acquisition, the City should be apprised of the extent of this liability risk and any available options for minimizing it. The City should seek guidance from acquisitions specialists experienced with contaminated property transactions to learn more about environmental insurance and negotiation strategies to lower the risk of additional liability. This information will help determine if it is necessary to contract with a real estate professional to manage the liability risks associated with purchasing contaminated land.

Second, the acquisition strategy should focus on acquiring the CSX parcels before all others to gain control of the property during remediation and to secure the largest parcel for the stormwater park. Acquiring all other parcels should be contingent on purchasing the CSX parcels. The recently approved waiver of the FCT preacquisition rule allows the City to lead negotiations on the CSX properties. Contracts for appraisals and property boundary surveys have been arranged. Staff has obtained from FCT a model purchase and sale agreement, which can be modified to address contamination liability concerns. The purchase and sale agreement should be developed with assistance from FCT and with full knowledge of any liability risk.

Third, recent appraisals of the MCB Oil properties conducted by both the owner and the City differ by over 300%. Both of the City's appraisals are lower than the value obtained by the owner. The City's appraisals have been reviewed and approved by FCT for compliance with FCT guidelines. Staff recommended to the Task Force conducting a third appraisal of the Gas Depot service station, which the City will attempt to acquire without FCT acquisition procedures. If a negotiated property sale cannot be obtained on the Gas Depot service station, the City should use condemnation as a last resort and only if the CSX parcels are acquired first. The City is expecting FCT to conduct purchase and sale negotiations on the MCB Oil southern parcel.

Fourth, the Task Force also discussed an alternative site for a stormwater park near Sweetwater Branch. Currently, the Depot Avenue site is the only one proposed for the stormwater facility and there is no backup plan in place.

The City set aside in 1999 approximately \$900,000 as a local match for the FCT grant. Recently, a boundary modification was approved removing four parcels from the FCT project. Three of these parcels are still being sought by the City for the stormwater park. Funding for the parcels withdrawn from the FCT project could be obtained by using a portion of the \$900,000 local match. Real estate services needed to manage the environmental liability risk could be obtained through these funds. For the FCT parcels, the cost sharing is 60% City and 40% FCT. Surveys, appraisals, land, closing costs, and professional services are eligible for partial reimbursement upon FCT approval of executed purchase and sale agreements.

The East Gainesville Sprout Project Task Force to the City Commission : 1) authorize staff to consult with an acquisitions specialist with experience managing environmental risk; 2) request the City Attorney draft a purchase and sale agreement for the CSX property; 3) close on the CSX parcels first to gain control of the land during remediation planning; 4) proceed with another appraisal and negotiations on MCB Oil Gas Depot parcel 15704-7; 5) allow FCT to proceed with negotiations on MCB Oil parcel 15706-1; 6) use condemnation of MCB Oil Gas Depot as a last resort and only if CSX properties are purchased; and 7) assess other properties for use as a downtown stormwater facility.