

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	12/14/15	Open	Action	11/11/15

Subject: Delegating Authority to the General Manager/CEO to Release the Request for Proposals for Real Estate Broker Services

ISSUE

Whether or not to delegate authority to the General Manager/CEO to release a Request for Proposals (RFP) for Real Estate Broker and Advisory Services.

RECOMMENDED ACTION

Adopt Resolution 15-12-____, Delegating Authority to the General Manager/CEO to Release a Request for Proposals for Real Estate Broker and Advisory Services.

FISCAL IMPACT

This action does not involve the expenditure of funds. The contract award will be presented to the Board as a future action with a fiscal impact calculation and identification.

DISCUSSION

RT owns a number of properties scattered throughout the service area. Some of these properties are fairly large and many are located adjacent to rail stations or planned extensions of rail or bus service. Several of these properties have been identified for possible use as a Transit Oriented Development (TOD). Other properties are located in areas which once might have been considered for service expansion but are no longer targeted for future use.

Before the recession, RT had an active real estate function focused on purchasing property needed for service expansions, selling unneeded properties and encouraging the development of potential TOD parcels. However, the recession greatly reduced community interest in either purchasing the properties or developing TODs. As a result, when RT took action to reduce expenses, the real estate function within RT was greatly reduced and most of the staff was laid off.

Before the reduction of the real estate function, RT had been very engaged in pursuing TOD and the framework is still in place for quickly resuming activity. RT staff developed a strategy for TOD through its Transit for Livable Communities Plan adopted by the RT Board in 2006 (Attachment A). The plan was further developed as part of RT's long range plan, TransitAction (<http://www.sacrt.com/documents/transitaction/TOD-Final.pdf>), in 2010. Both of these documents will be used as a basis for further TOD activity.

As the economy has improved, interest in RT properties has greatly increased; however, RT does not have the staff resources to adequately respond to the interest.

Approved:

Presented:

Final 12/8/15

General Manager/CEO

AGM of Planning and Transit System Development

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Also, on January 26, 2015, the RT Board authorized staff to dispose of the properties identified in Attachment B to this paper. Some of the properties may be considered for TOD.

Staff proposes releasing an RFP to brokers qualified to provide the real estate advisory services necessary to interact with developers to facilitate TOD at selected locations (see Attachment C) and to expedite the disposition of excess properties.

The selected individual or firm will assist RT during negotiations and work with RT staff through completion of the property sale, granting of easement, right of entry and/or or any other transaction leading to the disposition and/or development of a property. Specific tasks might include:

1. Assessing the market potential for each property, including site conditions, appraisal, and environmental assessment.
2. Recommending any site improvements necessary to increase potential for sale.
3. Prioritizing properties for sale or development.
4. Assessing the current TOD potential for RT's properties (both those declared surplus by the Board and those identified in the TOD list).
5. Soliciting developers.
6. Developing a marketing plan for each property.
7. Executing the marketing plan, including advertising, web site development, discussions with potential buyers, and/or any other tasks as identified in the marketing plan.
8. Working with potential buyers to establish an agreed upon price/revenue stream or sharing agreement.
9. Working with RT staff to present recommendations to RT Board of Directors for approval.
10. Coordinating Purchase and Sale Agreements, easements, disposition and development agreements, etc.
11. For TOD properties, assisting in the development plan,.
12. Providing support to the developer in obtaining financing, necessary entitlements and community acceptance for TOD properties.

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It is anticipated that payment for these services will be derived from the proceeds of the property transaction or through developer/purchaser deposits or payments to RT for exclusive negotiation rights/options. It is anticipated that the payment terms will be negotiated for each property.

Staff anticipates releasing the RFP no later than January 15, 2016 and presenting a recommended selection at the late March meeting of the Board.

The RFP will request proposals for award of a 2-year contract or contracts with 3 one-year options. Due to the complexity and challenges for development projects, RT will seek proposers that have special expertise in real estate development projects in the Sacramento region, and knowledge of the Federal Transit Administration processes with regard to joint development and disposal of property obtained with Federal funding. Based on the quality of the proposals received, staff may recommend that more than one firm be selected.

Staff recommends the Board delegate authority to the General Manager/CEO to release the RFP for a 5-year term real estate broker and advisory services contract.

**Sacramento Regional Transit District
Transit for Livable Communities Project
Executive Summary**

Regional Transit's Transit for Livable Communities (TLC) project developed conceptual land use plans, joint development strategies, and implementation measures for twenty light rail stations throughout the Regional Transit (RT) system. These plans and recommendations emphasize walkable design, efficient use of land, and a mixture of residential, retail and office land uses, all designed to support and help create unique, thriving communities at each station while increasing transit ridership.

The land use plans cover approximately a one-quarter mile radius around each of 20 current and future light rail stations on the South, Folsom and Northeast lines. The strategies for joint development apply to property that RT owns at seven of these stations. The implementation measures are relevant to transit oriented development throughout the Sacramento region.

The recommended TOD land use plans, joint development strategies, and implementation measures were developed through a broad-based community involvement process, guided by a 30-person Steering Committee, and with the support of market, economic, environmental and planning research from public agency and consulting staff.

1.1 Research

Market research was conducted to identify unique barriers and opportunities at each station. Economic analysis of the long and short-range joint development plans for RT-owned property was prepared in order to identify the nature and extent of public investment that would be needed to provide an effective incentive to attract private capital. PLACE³S (PLanning for Community Economic, Environmental and Energy Sustainability) public domain interactive GIS software was used to estimate the economic feasibility of the land use plans and identify a range of performance indicators such as total jobs and housing units, light rail boardings, mobile source air emissions and total economic investment that would result from implementing the many alternative land use plans that were developed throughout the project. The research tools grounded the project in objective information (e.g., rents, land values, building costs) and made it possible to quickly conduct "what if" analysis on a broad range of ideas at each station.

1.2 Outreach

The project featured an extensive public outreach program including bus tours of the stations, community workshops, presentations to business and community associations, interviews with local, regional and national developers, and regular briefings with City and County staff, appointed and elected officials, and RT Board members. Newsletters, briefing sheets and a web site kept stakeholders informed of project progress. The interactive PLACE3S software was used to help participants in the various workshops understand the implications of their choices and provide meaningful input to the project.

The 30-member Steering Committee was given the charge of formulating project recommendations for consideration by the RT Board of Directors. The Committee met regularly, synthesizing the public input on land use plans and policies, and guiding the overall project effort.

1.3 Recommended Land Use Plans

Land use plans responsive to community values and physical and economic conditions were developed for each station. The planning area started with a ¼ mile radius around each station, but in every case certain existing residential properties within the ¼ mile radius were exempted from the recommendations in order to retain existing neighborhood character. The land use plans would be implemented through standards for: allowed land uses (prohibiting automobile oriented uses, permitting and sometimes requiring mixed uses); minimum density standards; development and design standards to assure high quality development and preserve the character of surrounding existing residential uses; and parking standards appropriate for TOD. The land use plans at the 20 affected stations would create capacity for redevelopment and new development as follows:

Table 1.3.1 Increase in Development Capacity

Line	Houses	Jobs	Light Rail Ridership Increase	Total Value of Development
South Line	6,500 to 14,000	11,000 to 18,000	> 70%	\$1.5 billion
Folsom Corridor	4,000	45,000	> 50%	\$3 billion
Northeast Line	4,000	12,500	> 50%	\$1.4 billion

Community concerns related to parks/open space and rental housing were expressed at many of the stations. The Butterfield station provides a good case study of how TLC responded to those concerns. There is a largely undeveloped parcel north of the station currently zoned for very low density residential (1 acre lots). The TLC conceptual land use plan calls for mixed use on the southern portion of the parcel fronting Folsom Boulevard, medium density residential in the center of the site, and lower density residential in the northern portion of the site. The pattern of declining densities to the north is intended to be sensitive to existing single family uses adjacent to the site.

The medium and lower density residential generalized transit zoning categories were selected, in part, to make it viable for a developer to construct for-sale products. The market research for the project indicates a strong demand for townhouse style for-sale products throughout the transit corridors, and there are successful projects of this nature that have recently been constructed in the region (e.g. Metro Square in Sacramento, which is a block of detached townhouses at a density of 20 dwelling units per acre).

The "finalist" maps from the community and Steering Committee input process (see Appendix D of the Final Report) were at a finer grain of detail than the transit zoning category maps. The zoning density ranges presented on the maps are preliminary only; actual development standards and regulations will be created and adopted by the City and County through their regular public review process.

1.4 Recommended Joint Development Projects for RT Owned Property

Site plans, economic pro forma analysis, and phasing strategies were developed for RT owned property at the Florin, Meadowview, Sunrise, Mather Field/Mills, Royal Oaks, Swanston, Globe, and Marconi Stations. The site plans represent total development capacity at "full build-out" conditions in the future. The development schemes are conceptual only, so certain improvements (such as the pedestrian bridge at the Swanston station) are shown in locations or configurations that may differ from currently adopted plans. Alternative uses (such as a maintenance facility at Florin being considered in the analysis of the South Line Phase II extension) may also affect potential development of the sites.

Assumptions for these site plans included use of structured parking to maximize development capacity and accommodate park and ride; and retention of existing or planned transit functions such as bus transfer and/or kiss and ride. First phase development plans for each property are responsive to site and market

characteristics. A strategy to market the sites was developed, including an RFQ process to select development partners for the sites.

The recommended types and level of development for each site are summarized below.

Table 1.4.1 Development Capacity of RT-Owned Property

Station	Build Out			First Phase		
	Residential	Retail sq. ft.	Office sq. ft.	Residential	Retail sq. ft.	Office sq. ft.
Florin	325 units	0	112,000	0	0	112,000
Meadowview	390 units	45,600	40,000	180 units	45,600	0
Mather Field/Mills	0	11,250	65,050	0	0	40,000
Sunrise	100 units	60,000	164,000	0	8,000	112,000
Royal Oaks	0	18,000	228,000	0	18,000	50,000
Swanston	168 units	42,500	238,000	56 units	14,000	56,000
Marconi	270 units	3,000	0	30 units	0	0

The opportunities and market economics vary at each site, but all will require proactive and creative participation by RT and other public agencies to establish projects that will serve as catalysts both for future development on the RT properties as well as surrounding communities. In general, assistance from RT and other public agencies with housing, parking and entitlements will be particularly helpful in stimulating TOD.

1.5 Barriers to TOD

National, state and local research identified several challenges to implementing TOD, including:

- The standards and procedures for securing land use entitlements to build TOD are cumbersome and not tailored to this style of development. The entitlement processes are risky and expensive and send a signal to developers that public agencies are not really serious about wanting them to invest private capital in TOD.
- Traffic and parking issues associated with TOD are particularly problematic. Better standards and methods are needed to evaluate the impacts of TOD on parking needs, trip generation, trip length, and the percentage of trips that will shift from the automobile to transit, walking and biking (mode split).

- All three lines run through existing developed areas, with many small parcels and multiple landowners. Land assembly will be an important challenge. Only seven of the twenty station areas studied contain lands within redevelopment districts, where tax increment financing and eminent domain is available to assist with this process.
- The development community greets new products cautiously. Assistance from public sources will be required to help move TOD into the mainstream of local development products. Currently public financial resources are decentralized and fragmented, limiting the effectiveness of this important tool.
- Infrastructure capacity issues vary depending on the station and planned uses. Sometimes better utilization of existing infrastructure capacity gives TOD a unique advantage, but in some cases the cost of expanding existing, aging infrastructure represents an additional economic challenge for TOD.
- While TOD is rapidly gaining acceptance as a mainstream development product in California and the country, it is still a new product in the Sacramento region. Lack of private and public sector experience with these products is a challenge that must be addressed directly.

1.6 Implementation Recommendations

The project's implementation recommendations are designed to address these barriers and achieve the vision and goals of the project through a balanced program of land use plans and codes, financial incentives, organizational changes, and educational programs. A summary of the recommended implementation actions follows.

- **Land Use Plans and Codes**
 - Interim Land Use Standards. The City and County should adopt interim transit station area land use standards as soon as possible to regulate development until permanent transit zoning is adopted.
 - Transit Supportive General Plan Policies. The City and County should review and refine their TOD-related General Plan policies to be consistent with TLC recommendations, including amending the current LOS standards as they affect TODs in order to provide for a balanced consideration of transportation impacts.
 - Transit Supportive Zoning Codes, Development and Design Standards. The City and County should refine the TLC land use plans as deemed appropriate, complete environmental reviews for the plans, and adopt zoning code amendments.
 - Development and Design Standards. Critical to achieving pedestrian friendliness, compatibility with surrounding

neighborhoods, and high quality are development and design standards that apply to both site planning and building design.

- Connectivity and Street Design Standards. The City and County should prepare and adopt street connectivity and design standards for the areas surrounding the light rail stations.

- **Market RT Property**

- General Awareness and Outreach. Announce RT's intentions to create and implement a joint development program. Describe the TLC process and development opportunities, make target presentations, create a marketing package and mail to selected audience.
- Market Specific Development Opportunities. After enhancing development opportunity at RT properties; issue Request for Qualifications; direct mail to at least 300 local, regional, statewide and national development firms. Advertise in key publications.

- **Public Infrastructure Investments**

- Prepare Infrastructure Plan For All Stations. The City and County should prepare infrastructure plans to support the TLC land use plans.
- Adopt Priority Recommendations of Infrastructure Plans in Capital Improvement Plans. The City and County should amend their Capital Improvement Plans to implement high priority infrastructure needs around the transit stations.
- Overcome Parking Problems. Since parking presents a significant barrier to TOD, public agencies should invest in providing parking solutions (e.g. building parking structures) to encourage more efficient use of the area around stations.

- **Organizational Issues.**

- Coordinate activities. The public agencies should examine intra- and inter- agency management systems to ensure that an effective, efficient, coordinated organizational approach to promoting TOD is in place. (A Caltrans grant will support this in the near-term).

- **Financial Incentives for TOD**

- Develop Targeted Strategy for Utilizing Existing Public Financial Resources. Public agencies should agree on a list of light rail stations, land uses, and types of investment (e.g. parking, land assembly) to target for financial assistance.

- Make Maximum Use of Existing Financial Programs and Resources to Encourage Transit Supportive Development. Local agencies should work together to make maximum use of existing financial incentive programs to promote TOD.
 - Use Private Capital Sources Funds dedicated to promoting TOD and infill development have been established in the Bay Area and elsewhere; a similar fund is proposed for the Sacramento region.
 - Seek additional funding. State and federal grant programs are available to support additional implementation efforts and subsidize certain developments.
 - Participate in Establishing Criteria and Administrative Procedures for SACOG Community Design Program. RT and local agencies should actively participate in the SACOG process to design and implement the Community Design Program.
 - Support State Agency Actions And State Legislation To Increase Financial Resources For TOD. Local agencies should support state agency and legislative initiatives to implement the Caltrans TOD study recommendations.
- **Educational Programs**
 - Collect and Disseminate TOD Case Studies. The public agencies should cooperatively establish an on-going research and information dissemination program on the performance of TOD in the marketplace locally, statewide and nationally. Friends of Light Rail is one possible service deliverer for this program.
 - Collect and Disseminate Information on Good Design for Higher Density Development Projects and Successful, Attractive Affordable Housing Projects. The public agencies should cooperatively establish an on-going research and education program on issues associated with higher density development and affordable housing.
 - Conduct Training and Education With Business and Neighborhood Associations on TOD. The public agencies should establish an on-going training and education program with business, community, and neighborhood associations on TOD land use issues.
 - Provide Technical Assistance to Developers. The public agencies should cooperatively establish a technical assistance program to assist developers implement TOD principles.
- **Research**
 - Research the Impacts of TOD on Transportation Behavior. The public agencies should cooperatively sponsor an investigation into

the state-of-the-art in this field and agree on a common methodology and modeling tool(s) for estimating the impacts of land use on transit ridership. Developing empirical data from the Sacramento region will be particularly helpful.

- **Transit Operations**

- Promotional Transit Fares. RT should study the alternatives for promotional transit fares to maximize ridership within the station areas.
- Community Transit. RT and SACOG, in cooperation with the City and County, should conduct community transit feasibility studies for appropriate stations.

- **Monitoring Implementation**

- Install GIS Tool(s) at Public Agencies. The public agencies should develop full in-house capability to use one or both of locally utilized GIS land use and transportation modeling tools (i.e. INDEX, PLACE³S).
- Evaluate the Implementation of the TLC Plans. RT, the City, and County should immediately establish a method to monitor implementation of the interim and permanent zoning changes and economic incentives and to recommend refinements to elected bodies on a regular and timely basis (at least once every two years).
- Advocate for TOD Principles During Development Application Process. Regional public agencies and community-based organizations should regularly advocate for TOD principles in land use decisions at the City and County. Good development projects should be supported through the review process.

1.8 Forwarding Recommendations

Following approval and acceptance of the TLC Final Report, the RT Board will forward these implementation recommendations to Sacramento County and the City of Sacramento for their consideration and adoption. Other agencies with roles in the implementation process, including the Air Quality Management District, the Sacramento Housing and Redevelopment Agency, and the Sacramento Area Council of Governments (SACOG) will also be included.

In making these recommendations to the City and County, the RT Board acknowledges that its members have dual roles, also serving on the City Council

and the County Board of Supervisors. Their role in making these recommendations and forwarding this plan is as transit advocates and as representatives of Regional Transit and its interests. The TLC project was conducted in partnership with the City and County, with participation of the staff of those agencies and with regular updates to their advisory and governing bodies. TLC made a concerted effort to address all of the different policy issues that general purpose governments have to balance. It is understood, however, that the final decisions on the land use policies included in the TLC recommendations will be made by the RT Board members through their other roles as Council Members and Supervisors



RT Excess/Surplus Real Property List

Property name	Location	Parcel Number	Site Size (+/-Acres)	Funding Source	Improvements	Present use
1. 20th/R Street ~ excesss	Southwest corner of 20th/R Street	010-0023-018	0.23	Local	none	Vacant lot - disposition sale
2. 13th Street ~ excess/TOD	1200 Whitney Avenue/1225 R Street	006-0282-018, 006-0283-010	0.86	FTA	none	Bus Transit Center/Reconfigure use for TOD or disposition sale with conditions
3. Quill Alley ~ excess	10th/R Streets	006-0283-009	0.2972	FTA	LRT Tracking	Storage - disposition sale
4. Calvine Auberry ~ excess	Calvine Road & Auberry Drive	115-0130-061 115-0130-071	3.69	Local	none	Vacant unimproved lot - disposition sale with conditions
5. Poplar ~ excess	Watt Avenue/Poplar Boulevard	218-0283-001,005,006, 019,020,022	1.56	Local	none	RT purchased the parcels in 1992 for the proposed Antelope LRT Extension. Vacant parcels. Uneconomic remnants
6. Cemo Circle ~ excess	2220 Cemo Circle	069-0101-032	8	FHWA	none	Vacant unimproved lot - disposition sale with transit enhancement conditions
7. Gilman Way ~ excess Walerga Road	both properties front on and have access from Gilman Way across from Cornelia	217-0220-008 217-0244-003	1.93	State-Local	none	Vacant unimproved lots - disposition sale
8. San Mateo Way~ excess	San Mateo Way - (parcel 1)	017-0010-050	0.98	Local	none	Vacant lot - disposition sale
9. Darnel Way ~ excess	Darnel Way -(parcel 2)	017-0010-052	0.97	Local	none	Vacant lot - disposition sale
10. Meadowview Corridor -spur ~ excess	Sutterville Road to south of Pocket @ I-5 4.5 miles long 100' avg width	017-0020-010,012,013 &015, 035-0010-010,045,053,031-0010-006,007&009	45.23	Local	RR Tracks	Abandoned rail road
		Total Acres	63.75			
		Total Surplus Acres	78.99			



RT Transit Oriented Development Property List

Property name	Location	Parcel Number	Site Size (+/-Acres)	Funding Source	Improvements	Current use/Planned use
1. Royal Oaks ~ TOD	Arden Way	275-0240-074,277-0134-003,004,005	7	FTA	Bldgs	none
2. Swanston Station ~ TOD	Lexington	277-0143-006,007,277-0091-005,009,011	2	Local	Park and Ride, LRT Station Landscape, paving	PNR,LRT Station/Lease of Air Rights-Reconfigure commercial/resident ial mixed use TOD project
3. 65th Street ~ TOD	65th Street	015-0010-021	1.45	FTA/Local	Landscape, paving	Bus Transit Center/Reconfigure- use for TOD
4. Butterfield ~ TOD	Butterfield Station	068-0580-008	3.21	FTA	Paved lot	Improved lot -(leased to FTB)/potential mixed use project
5. Power Inn ~ TOD	Power Inn & Cucamonga	079-0031-006	15	FTA	Unimproved lot	Unimproved lot- (leased to Power Inn Alliance)/potential mixed use project
6. Florin Road ~ TOD	North of Florin Park N Ride lot	041-0111-004,005,006,007,008	20	FTA	Park and Ride, LRT Station, Landscape, Paving	PNR,LRT Station/Lease of Air Rights-Reconfigure commercial/resident ial mixed use TOD project
7. Meadowview Station ~ TOD	Meadowview Road	049-0084-001 thru 022	15.00	FTA	Park and Ride, LRT Station, Landscape, Paving	PNR,LRT Station/Lease of Air Rights-Reconfigure commercial/resident ial mixed use TOD project
		Total Acres	63.76			
		Total Development Acres	63.76			

RESOLUTION NO. 15-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 14, 2015

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO RELEASE A
REQUEST FOR PROPOSALS FOR REAL ESTATE BROKER AND
ADVISORY SERVICES**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby delegates authority to the General Manager/CEO to
release a Request for Proposals for Real Estate Broker and Advisory Services.

THAT, the Request for Proposals be advertised pursuant to the provisions of the
Regional Transit Procurement Ordinance.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary