

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	10/23/17	Open	Action	10/18/17

Subject: Declaring Properties Excess to Transit Operations as Surplus

ISSUE

Whether or not to declare the subject properties as surplus to transit operations.

RECOMMENDED ACTION

- A. Adopt Resolution No. 17-10-_____, Declaring Arden Way and Evergreen Properties Excess to Transit Operations as Surplus; and
- B. Adopt Resolution No. 17-10-_____, Conditionally Declaring 65th Street Property Excess to Transit Operations as Surplus and Waiving the Requirements in Title VII of the SacRT Administrative Code that Federally Acquired Real Property Be Sold to the “Highest Bidder”; and
- C. Adopt Resolution No. 17-10-_____, Conditionally Declaring Power Inn Road Property Excess to Transit Operations as Surplus and Waiving the Requirements in Title VII of the SacRT Administrative Code that Federally Acquired Real Property Be Sold to the “Highest Bidder”.

FISCAL IMPACT

The sale of the surplus properties will generate Capital Revenue to Sacramento Regional Transit District (SacRT) which will be reinvested in other Capital Projects.

DISCUSSION

Two of the subject properties are located in the vicinity of 880-936 Arden Way (APNs: 277-0134-003,004,005) and 2051 Evergreen Street (APN: 275-0240-074) and are further identified in Attachment “A.” The parcels will be collectively referred to hereinafter as the “Subject Properties.”

The third subject property is located in the vicinity of 65th Street (APN: 015-0010-021) and is further identified in Attachment “B.” The parcel will be collectively referred to hereinafter as the “Subject Properties.”

The fourth subject property is located in the vicinity of Power Inn Road (APN: 079-0310-006) and is further identified in Attachment “C.” The parcel will be collectively referred to hereinafter as the “Subject Properties.”

SacRT purchased the above properties over the course of twenty years for transit purposes. SacRT has identified the parcels listed above are no longer needed for transit purposes. Therefore, in October 2014, staff provided the Board with a presentation identifying a number of

Approved:

Presented:

Final 10/18/17

General Manager/CEO

VP, Finance/Chief Financial Officer

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parcels owned by SacRT that had the potential to be used for transit oriented development and/or joint development projects. The Subject Properties were identified in that presentation as Transit Oriented Development (TOD) parcels. On June 27, 2016, the Board awarded a contract to Turton Commercial Real Estate to assist SacRT in marketing the properties as potential sites for TOD or joint development projects.

SacRT has been presented with two offers to purchase the Arden Way and Evergreen properties. One offer was for the purchase of the Arden Way parcels and the other offer, by a different buyer, was to purchase the Evergreen parcel. In or around August 2017, the Board authorized the General Manager/CEO to negotiate a purchase and sale agreement with each purchaser for the parcels that make up the Subject Property.

When preparing the required sales agreements, SacRT determined that the Arden Way and Evergreen properties were initially purchased with non-Federal Transit Administration (FTA) funds as opposed to Federal Funds (initially assumed). This determination was based on the July 23, 1984 Issue Paper, which identified the initial land acquisition and the funding source for this acquisition as, State and Local funds. Since the funds used to purchase the land was not federal, staff concluded that the most appropriate way to structure the Subject Property parcel sales is through a straight purchase and sale disposition agreement, rather than through a more complex TOD or joint development disposition agreement. A TOD or joint development disposition requires a more restrictive property transfer and requires the imposition of prevailing wages on the purchasers, potentially making the planned use(s) for the parcels unachievable due to increased costs.

Since the initial funding source was non-federal, SacRT is only obligated to follow the State grant requirements. To accomplish the disposition of the Subject Property under State requirements, the properties must be declared excess to transit operations. This requires that the parcels be offered for sale to statutorily enumerated public agencies and affordable housing sponsors, for a period of 30 days before the sale with the two purchasers could proceed. The current Purchase and Sale Agreement with the offerors on the Evergreen Parcel and the Arden Parcels are eligible to purchase the property under the provisions of Government Code §§54220-54233. Therefore, negotiations over the terms and conditions with both buyers will continue during the 30 day notice period. As required by the State Statute, the Grant Deed with the Affordable Housing Developer will contain a restrictive covenant that affordable housing must be built on the parcel and the restriction will run with the land. Consequently if the buyer sells the property, any subsequent purchaser will be required to build affordable housing.

Both the Power Inn Road and the 65th Street parcels were purchased with federal funds. Consequently, the disposition of both parcels must comply with the State Government Code requirements, the Federal requirements set out in FTA Circular 5010.1E and Title VII of SacRT's Administrative Code. However, Title VII of the SacRT Administrative Code Section 7.6.04 requires surplus property acquired with federal funds to be sold to the highest bidder. The FTA rules have changed and the FTA does not require that SacRT sell property acquired with FTA funds to the "highest bidder." Instead, FTA requires that transit districts obtain the "highest value or at least fair market value" for the property. Because the best overall deal for SacRT may not be

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from the “highest bidder,” staff recommends that the Board waive the requirement that SacRT sell these parcels to the “highest bidder” as required under Title VII. Waiving Title VII will give SacRT more flexibility since price will not be the only factor driving the determination of the “highest value.” Staff intends to amend Title VII at a future meeting to modify Title VII to come in line with 5010.1E.

The 65th Street property currently serves as a bus transfer facility which must be relocated to a suitable location before the property can be transferred to a new buyer. Thus, staff recommends 65th Street be conditionally declared surplus, conditioned upon the buyer providing SacRT with a suitable replacement property for SacRT’s bus transfer facility, and that the development is transit supportive.

The Power Inn property currently houses an underutilized park and ride lot. SacRT only needs to retain approximately 200 parking stalls at the site. SacRT staff recommends that the Board declare the Power Inn property surplus property conditioned on SacRT retaining a portion of the Subject Property sufficient to provide SacRT with 200 parking stalls, the location of which will be determined after negotiating their location with the buyer, and that the development is transit supportive.

Since the Subject Properties within SacRT’s Real Property Inventory are suitable for disposition as a sale, in accordance with Title VII of the SacRT Administrative Code Section 7-6.01, staff recommends that the Board proceed with the process to declare Subject Properties as Surplus. After which, assuming no other public agencies show interest in the Power Inn and 65th Street parcels, SacRT staff will continue to follow the guidelines under Title VII of the SacRT Administrative Code and proceed with the Boards’ recommendation allowing the General Manager/CEO to negotiate a purchase and sale agreement.

Staff recommends approval of the attached Resolutions declaring the Subject Properties surplus to Regional Transit Operations so that staff can begin the Government Code §§54220-54233 process and dispose of the parcels as delineated above.

Site Location

Real Property Excess

Property Name: 880-836 Arden Way
2051 Evergreen Street
Parcels: 275-0240-074, 277-0134-003,
277-0134-004, 277-0134-005

ATTACHMENT A



Site Location

Property Name: 65th Street
Parcel: 015-0010-21

Real Property Excess

ATTACHMENT B



Site Location

Real Property Excess

Property Name: Power Inn
Parcel: 079-0031-006

ATTACHMENT C



RESOLUTION NO. 17-10-_____

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

October 23, 2017

**DECLARING ARDEN WAY AND EVERGREEN PROPERTIES EXCESS TO
TRANSIT OPERATIONS AS SURPLUS**

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

THAT, the real property described as Assessor Parcel Numbers 277-0134-003,004,005 and 275-0240-074 are hereby declared to be surplus to transit operations in accordance with Section 7-0-6.01 of Title VII of the Sacramento Regional Transit District (SacRT) Administrative Code.

THAT, the General Manager/CEO is hereby authorized and directed, in accordance, with Chapter 6 of the Title VII of the SacRT Administrative Code, to dispose of surplus property.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 17-10-_____

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

October 23, 2017

CONDITIONALLY DECLARING 65th STREET PROPERTY EXCESS TO TRANSIT OPERATIONS AS SURPLUS AND WAIVING THE REQUIREMENTS IN TITLE VII OF THE SACRT ADMINISTRATIVE CODE THAT FEDERALLY ACQUIRED REAL PROPERTY BE SOLD TO THE “HIGHEST BIDDER”

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

THAT, the real property described as Assessor Parcel Number 015-0010-021 is hereby declared to be surplus to transit operations conditioned upon the buyer providing a suitable replacement location for SacRT’s bus transfer facility, and that the development is transit supportive, in accordance with Section 7-0-6.01 of Title VII of the Sacramento Regional Transit District (SacRT) Administrative Code.

THAT, the Board hereby waives the requirement in Section 7.6.04 of Title VII of the SacRT Administrative Code that federally purchased properties be sold to the “highest bidder”.

THAT, the General Manager/CEO is hereby authorized and directed, in accordance, with Chapter 6 of the Title VII of the SacRT Administrative Code, to dispose of surplus property.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 17-10-_____

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

October 23, 2017

**CONDITIONALLY DECLARING POWER INN ROAD PROPERTY EXCESS TO
TRANSIT OPERATIONS AS SURPLUS AND WAIVING THE REQUIREMENTS IN
TITLE VII OF THE RT ADMINISTRATIVE CODE THAT FEDERALLY ACQUIRED
REAL PROPERTY BE SOLD TO THE “HIGHEST BIDDER”**

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

THAT, the real property described as Assessor Parcel Number 079-0310-006 is hereby declared to be surplus to transit operations conditioned upon SacRT retaining ownership of a portion of the Subject Property to provide 200 parking spaces, and that the development is transit supportive, in accordance with Section 7-0-6.01 of Title VII of the Sacramento Regional Transit District (SacRT) Administrative Code.

THAT, the Board hereby waives the requirement in Section 7.6.04 of Title VII of the SacRT Administrative Code that federally purchased properties be sold to the “highest bidder”.

THAT, the General Manager/CEO is hereby authorized and directed, in accordance, with Chapter 6 of the Title VII of the SacRT Administrative Code, to dispose of surplus property.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary