

STAFF REPORT

DATE: May 9, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Jamie Adelman, Acting VP, Finance/CFO
SUBJ: DECLARING EVERGREEN PROPERTIES (APN: 275-0240-074 and -093) EXCESS TO TRANSIT OPERATIONS AS SURPLUS

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If adopted, these actions will allow the Sacramento Regional Transit District (SacRT) to list the property for sale, following state and federal surplus disposition processes.

FISCAL IMPACT

The sale of surplus properties will generate restricted proceeds that SacRT will utilize as funding sources on other capital projects or be returned to the Federal Transit Administration (FTA) as required under section 49 USC 5334(h)(4)(B)(ii)(II)(bb). After any future Board decision regarding sale of a property, a budget amendment will be submitted to the Board for approval if required.

DISCUSSION

Staff has assessed the current and future transit use of two parcels on Evergreen Street in the City of Sacramento, both within a quarter mile of the Royal Oaks light rail station:

- Assessor Parcel Number (APN) 275-0240-074-0000: A 1.78 acre parcel purchased by SacRT in 2003 with State Traffic Congestion Relief Program funds for the realignment of the light rail tracks as part of the Northeast Corridor Improvement Project. Except for a carport and perimeter fencing, the lot is vacant.
- APN 275-0240-093-0000: A 0.45 acre parcel purchased by SacRT in 1989 with Federal Urban Mass Transportation Act funds for the construction of the Starter Line. When the Blue Line was realigned, this remnant track was abandoned and now sits vacant on the south side of Evergreen across the street from the above parcel.

Staff has assessed these properties and has identified no current or future uses for them for transit operations. The vacant lots require ongoing weed abatement and cleanups from public dumping and trespassing. Staff recommends consideration of the above property as excess to transit operations and to dispose of them as surplus property.

To dispose of the properties, SacRT will follow State Surplus Land Act (SLA) and Government Code requirements and federal requirements set out in FTA Circular 5010.1E and Title VII of SacRT's Administrative Code. The State Surplus Land Act (SLA) requires issuing a Notice of Availability (NOA) to the State Department of Housing & Community (HCD) notifying the HCD of the availability of SacRT's surplus properties, as well as providing the NOA to statutorily specified agencies and to entities on the state's list of affordable housing developers, and consideration/negotiation of offers.

Title VII of the SacRT Administrative Code Section 7.6.04, written to reflect FTA guidelines, requires surplus property acquired with federal funds to be sold to the highest bidder. The FTA rules have changed and selling to the highest bidder is no longer mandatory; instead, FTA requires that transit districts obtain the "highest value or at least fair market value" for the property. Because there may be other factors driving SacRT's determination of the best overall proposal for SacRT, which may not be from the highest bidder and because the SLA requires SacRT to enter into an agreement with the offeror who will produce the most housing, not the highest bidder, Staff recommends that the Board waive the requirement that SacRT sell these parcels to the highest bidder, since that runs counter to the requirements set out in the SLA Guidelines and are inconsistent with what the FTA allows.

If the Board votes to declare these Evergreen parcels as surplus property, Staff will issue a NOA as required by the SLA. The notice will be effective for 60 days. During that 60-day period, SacRT will not be able to market the property to market rate purchasers. If SacRT receives a response to the NOA, SacRT will begin negotiations with the offeror upon expiration of the 60-day NOA period. SacRT must negotiate in good faith for 90-days. If the parties come to terms within the 90-days, Staff will return to the Board to approve the agreed upon terms and conditions. If the parties do not come to terms, SacRT will be permitted to begin marketing the parcel to market rate buyers. If SacRT receives no offers during the 60-day NOA period, it will be able to begin marketing the parcel to market rate buyers at the conclusion of the 60 days.

Offers on the properties will be presented in the future to the public and the Board for review and consideration. Concurrence from the State and the FTA will be required prior to final decisions by the Board whether to execute any purchase sale agreements.

Staff recommends that the Board approve the attached Resolution.

RESOLUTION NO. 2022-05-046

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

May 9, 2022

DECLARING EVERGREEN PROPERTIES (APN: 275-0240-074 AND -093) EXCESS TO TRANSIT OPERATIONS AS SURPLUS

NOW, THEREFORE, 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 275-0240-074 and -093 are hereby declared to be surplus to transit operations in accordance with the California Government Code Section 54221 (California Surplus Land Act), federal requirements set out in FTA Circular 5010.1E, and Section 7.6.01 of Title VII of Sacramento Regional Transit's (SacRT) Administrative Code.

THAT, the Board hereby waives the requirement in Section 7.6.04 of Title VII of SacRT's Administrative Code that federally purchased properties be sold to the "highest bidder" after an Invitation to Bid or Request for Proposals.

THAT, as required under California Government Code Section 54222, the General Manager/CEO is hereby authorized and directed to prepare and issue a Notice of Availability (NOA) as required under the California Surplus Land Act and engage in negotiations with any qualified offerors responding to the NOA, for presentation to the Board for final approval.

THAT, if SacRT receives no offers in response to the NOA or if any offers presented in response to the NOA fail to conclude in successful negotiations, the General Manager/CEO is hereby authorized and directed, in accordance with Chapter 6 of the Title VII of SacRT's Administrative Code, to begin the process of soliciting offers from members of the general public to purchase the properties and to begin negotiating any offers received for disposition of the above-referenced surplus properties, for presentation to the Board for final approval.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary