

STAFF REPORT

DATE: September 25, 2023
TO: Sacramento Regional Transit Board of Directors
FROM: Jamie Adelman, VP, Procurement, Real Estate and Special Projects
SUBJ: DECLARING ASSESSOR PARCEL NUMBER 007-0273-003-0000 (2812 N STREET) EXCESS TO TRANSIT OPERATIONS AS SURPLUS

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

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

FISCAL IMPACT

The declaration of surplus does not, in and of itself, result in a fiscal impact. Any subsequent transaction resulting in disposition of the properties will be brought to the Board for approval, at which time the fiscal impacts, including the costs associated with vacating the property, will be discussed in detail. In general, with respect to properties acquired with Federal Transit Administration (FTA) assistance, the use of at least a portion of sales proceeds will be restricted to FTA-eligible capital projects.

DISCUSSION

In the Staff Report presented at the July 24, 2023 Board of Directors meeting for Agenda Item 2.2, the property located at 2812 N Street was identified in the list of parcels being presented for a surplus declaration. .

However, the Assessor Parcel Number (APN) for that property was inadvertently omitted from the Resolution. APN 007-0273-003-0000 is the warehouse at 2812 N Street purchased by SacRT in 1981 with CA 03-0063 Fed 80%/20% Local funds. It was most recently used for multiple departments and warehouse space. With the relocation of staff to 1102 Q Street and 2710 R Street, the property will soon be vacant.

As stated in the July 24, 2023 Staff Report, to dispose of the property, SacRT will follow state Surplus Land Act (SLA) requirements (Government Code Section 54220 and following, as well as the Surplus Land Act Guidelines issued by the State Department of Housing and Community Development (HCD) in April 2021), federal requirements set out

in 49 U.S.C. Section 5334 and FTA Circular 5010.1E, and Title VII of SacRT's Administrative Code.

The SLA requires that SacRT issue a Notice of Availability (NOA) to HCD notifying the HCD of the availability of SacRT's surplus properties and provide the NOA to statutorily-specified agencies and to entities on the state's list of affordable housing developers. The SLA provides a period of 60 days for a qualifying entity or association to notify SacRT of its interest in the property.

If a notice of interest is provided, SacRT must engage in a 90-day period of good faith negotiations to determine a mutually-satisfactory sales price and terms or lease terms. If agreement cannot be reached with a purchaser qualified under the SLA, the property may then be marketed to the public at large, with the caveat that if housing is to be developed on the property, a portion of the units must be set aside for affordable housing through a restrictive covenant that is recorded against the property.

For FTA-assisted properties, the FTA requires that SacRT request disposition instructions and obtain FTA approval prior to transferring a real estate interest. To the extent that SacRT intends to sell a property, the FTA requires that sales procedures "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."

Title VII of the SacRT Administrative Code Section 7.6.04, written to reflect FTA guidelines at the time, requires surplus property acquired with federal funds to be sold to the "highest bidder."

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 this parcel to the highest bidder, since that runs counter to the requirements set out in the SLA Guidelines and are inconsistent with what the FTA now allows.

Offers on the property will be presented in the future to the Board for review and consideration. Concurrence from the state and the FTA, as applicable, will be required prior to final disposition.

RESOLUTION NO. 2023-09-091

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

September 25, 2023

**DECLARING ASSESSOR PARCEL NUMBER 007-0273-003-0000 (2812 N STREET)
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, subject to the terms and conditions set out below, the real property described as Assessor Parcel Number 007-0273-003-0000 is hereby declared to be surplus to transit operations in accordance with the California Government Code Section 54221 (California Surplus Land Act), federal requirements, 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 (SLA) and engage in negotiations with any qualified offerors responding to the NOA, for presentation to the Board for final approval.

THAT, if SacRT does not receive any notice of interest under the SLA or if negotiations under the SLA do not result in mutually-satisfactory sales price and terms, 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 property and to begin negotiating any offers received for disposition of the above-referenced surplus property, for presentation to the Board for final approval.

THAT, the terms and conditions for any purchase of any of the properties under either the SLA or through competitive marketing to the general public will include, at a minimum:

- (1) The offeror must pay at least appraised fair market value for the property.
- (2) To the extent applicable, the FTA must approve the disposition of the property.
- (3) The purchaser is solely responsible for compliance with any applicable environmental requirements and entitlements related to the proposed development.

(4) Use of property will be restricted to prohibit the following uses as a covenant running with the land: auto - sales, storage, rental; auto service, repair; cannabis cultivation; cannabis manufacturing, nonvolatile; drive-through restaurant; equipment - rental, sales yard; gas station (excluding electric vehicle charging facilities, which will be permitted); manufacturing, service and repair; mini storage; locker building; plant nursery; warehouse; distribution center; or wholesale store.

(5) To minimize SacRT's transaction costs, to the extent the other conditions are met and as permitted by applicable law and regulations, preference may be given to an offeror prepared to purchase the greatest number of SacRT's surplus properties (as identified in this Resolution, Resolution 2023-07-071, and any subsequent Resolutions declaring SacRT property surplus) in a single transaction if SacRT determines it is in its interest to do so.

THAT, nothing in this Resolution is intended to limit or restrict the Board from later determining that the foregoing property qualifies as "exempt surplus land" under the SLA and rescinding the surplus declaration as to that property.

THAT, nothing in this Resolution is intended to limit or restrict the Board from later determining that the foregoing property is necessary for SacRT's use and rescinding this surplus declaration.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary