



Legislation Text

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Agenda Item Name:

Fairgrounds Redevelopment Area Lease and Donation to United States of America

Presenter:

Sean McLendon, Strategic Initiatives Manager 352 548 3765

Description:

Approve lease and subsequent donation, with conditions, of the Fairgrounds Redevelopment Area to the United States of America so that the US Army Reserve may build and operate an Equipment Concentration Site.

Recommended Action:

Adopt the resolution to:

1. Approve and authorize the Chair to sign the lease agreement as an interim step in the donation of the Fairgrounds Redevelopment Area and;
2. Approve and authorize the Chair to sign the necessary documentation to subsequently donate of the Fairgrounds Redevelopment Area to the US Army Reserve at such time as the US Army Reserve is prepared to receive it, with conditions for ownership of the property to revert back to the County as previously approved by the Board.

Prior Board Motions:

At the May 12, 2020 Regular Meeting the Board authorized the Chair to sign the letter of intent to donate the Fairgrounds Redevelopment Area to the US Army Reserve.

The motion carried 5-0.

At the February 25, 2020 Board Meeting Commissioner Cornell moved the substitute motion to postpone this item to the first meeting in April of 2020 and direct staff to reach out to the Airport Authority for their written input regarding their outparcels and responding to the Board with opportunities to combine those or how having the Army facility would affect those outparcels. Direct staff to contact Weyerhaeuser regarding interest in the land swap proposal. If the deadline will close out the Army facility opportunity then the Board will schedule a meeting to address the matter within the necessary time frame. Staff to follow the timeline presented to the Board.

The motion carried 5-0.

At the December 2, 2019 Joint Board Meeting Commissioner Cornell moved the following:

1. Direct county staff to present the Board with comparable data to share with the community from other locations where the Army Reserve has located these type of equipment concentration sites.

2. Staff to ask the Army Reserve to help identify the necessary job skills and workforce training efforts to help our community prepare for this.

3. Staff to ask the Army Reserve to review the preliminary site plan and determine if one to three acres on the corner of Waldo and 39th could be carved out.

The motion carried 5-0.

At the May 28, 2019 Regular Meeting the Board Authorized the Chair to sign the Temporary Right of Entry Agreement between Alachua County and The Department of the Army for due diligence related to the Army's potential use of the Fairgrounds Redevelopment Area, once the final terms have been negotiated by parties and approved by the County Manager and the County Attorney.

Fiscal Consideration:

A US Army Reserve Equipment Concentration Site is estimated to bring over \$330 million in economic benefit over the next 30 years in the local economy. In addition, the facility will support approximately 62 livable wage jobs with Federal benefits. The Fairgrounds property is valued at \$1,640,000.00.

Background:

The Federal Government is unable to process the County's donation of property in a timely fashion to meet their Fiscal Year 2021 appropriation requirements. As an interim step that meets these requirements and preserves the funding for the project, a long term lease agreement is recommended to the Board.

Staff working with the Army Corp of Engineers have drafted lease agreement terms that are attached.

The lease agreement is anticipated to be short-term measure on the path to a donation. Functionally, the lease has an anticipated utility of only a few months. It is anticipated that the donation will be processed before December 2020 and before construction begins.

Donation of the property makes the US Army Reserve more competitive for future expansion funds.

Even though the lease is a short-term measure to a donation, it still must be constructed as a long-term obligation of the property to make it eligible for a Federal appropriation. Therefore, the lease terms are for 50 years from September 30, 2020, through October 1, 2070.

The same property reversion conditions approved by the Board for the donation are included in the lease agreement. Also, the lease is designed to terminate when the Army accepts the donation of the property.

As is common with lands that were once State-owned, the State of Florida possesses an undivided $\frac{3}{4}$ interest in and to all phosphates, minerals and metals, together with an undivided $\frac{1}{2}$ interest in and to all petroleum, in, on or under the fairgrounds property ("State's Mineral Rights"). The lease grants the Army exclusive use of the fairgrounds property; therefore, there is a risk that the Army assert a claim against the County if the State of Florida exercises its right to enter the fairgrounds property for the purpose of exercising the State's Mineral Rights. It is highly unlikely that the State would exercise its

mineral rights given the broader community benefit of an Equipment Concentration Site, location inside the City of Gainesville, and proximity to a wellfield. It is important to note that the County's donation will be subject to the State's Mineral Rights; however, once the donation of the property is accepted by the Army, the risk of any successful claim by the Army for interference its exclusive use of the fairgrounds property would be eliminated because, by operation of section 125.411, Florida Statutes, County's do not warrant title to property they convey, but rather are only authorized to convey whatever interest they possess. So, County staff also requests authorization to assist the Army in approaching the Governor's Cabinet to request the State formally release the State's Mineral Rights to the Army once the Army accepts the donation. By operation of section 270.11, Florida Statutes, the County also would retain an interest in phosphates, minerals, metals and petroleum located in, on or under the fairgrounds property ("County Mineral Rights"), unless released by the County. Therefore, the Army has requested, and County staff is recommending, that the Board release the County Mineral Rights to the Army as part of its donation. The proposed Resolution attached to this agenda item, and the County Deed attached as **Exhibit D** to the proposed Resolution, would release the County Mineral Rights to the Army if approved and adopted by the Board.

Lease Terms Synopsis:

The lease term is 50 years commencing September 2020 with no renewals.

The lease rate is a nominal \$1.00 for the term.

The use of the site is for the construction and operation of an Equipment Concentration Site. The Army Reserve is responsible for all costs associated with the redevelopment of the property.

The Army Reserve is leasing the site on an "as-is" basis.

The Army Reserve will be responsible for all maintenance, repair, or replacement of any fixtures to the property. Also, they will be responsible for all utility costs.

The Federal Government (Army Reserve), like Alachua County, is self-insured and is not obligated to maintain any type of insurance that would normally be required between the County and a private sector entity under an agreement.

The lease states that the Army is required to comply with all environmental laws as defined by CERCLA and is also required to remediate any environmental contamination attributable to the Army's use of the fairgrounds property in accordance with a remediation plan to be developed and approved by the Army. The lease also provides that the County will be given an opportunity to review and comment on the Army's remediation plan prior to plan approval by the Army. An environmental audit of the property will be complete by September 2020. This will serve as a baseline of existing environmental conditions. During the use of the property, the Army Reserve will also be regulated by local environmental requirements such as but not limited to requirements for hazardous materials that would be associated with automotive and equipment maintenance facilities. The Army Reserve has confirmed that they will be subject to the same regulatory inspections and oversight afforded to commercial operations.

Subject to the US Government's reservation of its sovereign immunity, the lease states that the Army

Reserve would be responsible for any death, personal injury, or damages (including environmental) that occur to the property during the term of the lease. It is not unusual for such leases to contain language that the tenant will indemnify, hold harmless and defend the landlord against such claims, but the Army has informed staff that they cannot agree to such terms.

The Board's previously approved conditions for the reversion of the property back to the County are built into the lease. Those conditions state that if the Army Reserve fails to commence construction, complete construction by February 25, 2021, or ceases operations on-site for 365 consecutive days then the lease will automatically terminate.

The lease requires that all disputes regarding the lease are subject to Contract Disputes Act, 41 USC, chapter 71. Said Act may require the County to litigate disputes in a venue located outside of Alachua County, possibly in Washington DC.

Property Donation Synopsis:

Regarding the donation, Florida Statute section 125.38 sets conditions for the transfer of property between governmental entities.

Per the State Statute, the Army Reserve has sent a Letter of Application (Exhibit C) requesting the Fairgrounds Redevelopment Area parcels.

If the Board finds that the property is no longer needed and it is in the best interest of the community, they may convey its interests in the property to another government for a nominal to no cost.

Staff is requesting that the Board adopt the attached Resolution authorizing the donation of the County's interests in the property to the Army Reserve, including County Mineral Rights, at a time when the Army Reserve notifies the County that it is prepared to accept the donation.

The action today is critical to preserve the Army Reserve's October 1, appropriation request. The Army Reserve must be able to demonstrate in July 2020, they will have control over the property secured by September 30, 2020, to be eligible to receive the funding to construct the project. The lease agreement is an interim step to a donation that meets appropriation requirements.

Alachua County will continue to use the Fairgrounds Redevelopment Area for COVID-related food relief functions through the end of September 2020.

For food relief functions commencing October 1, 2020, the County has identified suitable substitute sites.

On May 28, 2020, the Economic Development Advisory Committee (EDAC) received an update of the economic impact of the proposed Army Reserve Equipment Concentration Site for East Gainesville. As a result of this discussion, EDAC members unanimously approved the following motion:

"EDAC recommends the BoCC to proceed forward as recommended by county staff to donate the fairgrounds land to the Army Reserve".

Property Reversion

The Letter of Intent signed by the Board on May 12, 2020, notes the County's desire to take back the property if the US Army Reserve does not construct an Equipment Concentration Site. And if the US Army Reserve does build but at a future point ceases operation at the site, then the site will revert back to County ownership. These points are built into the deed language. This reversion model has precedence in our community. The Army Reserve gave back the City of Gainesville's property of NE 8th Avenue at the termination of its use.

Intergovernmental Engagement

Since the May 2020 Board discussion, County staff have met multiple times with the Airport Authority on expanded economic development opportunities for the Waldo Road Corridor. These discussions are ongoing and include the City of Gainesville, Chamber of Commerce. The next steps may include a revised master plan for East Gainesville. Gainesville Commissioner Gigi Simmons is the working group's convener.

Staff will continue to explore consortium efforts for surrounding parcels for related economic development efforts.

A Resilience Catalyst for Additional Economic Development

The total acreage defined by the Fairgrounds Redevelopment Area is required by the US Army Reserve to meet the need for anticipated future site expansions and connectivity.

An ECS may act as a catalyst for additional development opportunities along the corridor because of the resiliency benefits that go along with it. The combination of the COVID-19 pandemic, climate shifts, and other risks underscore the fragility of Main Street and Wall Street economies. According to a recent webinar hosted by the International Economic Development Council (IEDC), resiliency in communities is now a key decision-making factor when businesses choose locations to locate.

Communities that can "bounce back" by employees getting back to work quicker, lower levels of businesses shuttering down post-crisis will have a stronger consideration in location decisions moving forward.

An ECS provides economic and infrastructure resilience benefits to the community. These considerations are important aspects to consider. The site will bring stable employment to the community that continues even in times of disaster and contributes to the emergency response in our community, state, and region.

Alachua County has hosted two virtual community meetings regarding the donation of the Fairgrounds property. At these conversations, representatives from the US Army Reserve and UF IFAS Economic Impact Analysis Program answered the community questions regarding the benefits and opportunities of hosting an Equipment Concentration Site (ECS).

Previous Marketing Efforts

In 2018, the Army Reserve contacted the County regarding the availability of the old Fairgrounds site on 39th Avenue to house an ECS by 2021. ECS facilities support the public works-type and disaster

preparedness roles of the Army Reserve.

For more than a decade Alachua County has attempted to market the property directly and indirectly through the Airport Authority for private sector redevelopment. To date, those efforts have met with no interest. The commercial viability of the site is hindered by the surrounding institutional uses including a homeless camp, jail, work release operation, and other governmental institutions that surround the Fairgrounds property.

Land Use and Economic Opportunity

An ECS is a best fit redevelopment option for the Fairgrounds because of its general compatibility with the surrounding land uses and specifically because of the significant economic opportunities for East Gainesville, right now. Over the next 30 years, the Army Reserve will bring through their ongoing operations, a total economic impact in industry output of approximately \$330,000,000 and 93 direct, indirect, and induced jobs to the community. See Table 3, page 5 and Table 4, page 7 of the UF IFAS Economic Impacts Report attached in the agenda item.

Analysis from UF IFAS Economic Impact Analysis Program Summary:

Construction Phase Impacts

Direct economic impacts

- o Construction of manufacturing facilities
- o \$36 million in construction expenditures
- o 292.4 jobs

Total economic impacts

- \$63.4 million in industry output
- \$36.2 million in total value-added
- \$24.0 million in labor income
- 469 jobs

Ongoing Operations Impact

Direct Economic Impacts

- 62 jobs
- \$2.9 million annual payroll.
- \$7.5 million in total industry output

Total Economic Impacts

- \$13.4 million in industry output
- \$8.5 million in total value-added
- \$6.3 million in labor income
- 109.7 jobs

ECS Indirect Economic Impacts:

- Supply purchases (safety equipment, office supplies, and standard automotive parts)
- Transportation purchases: Parts deliveries, equipment pick-ups, and deliveries.
- Employees will live in the community, go to our schools, pay taxes, and increase

demand for goods and services.

Job Descriptions and Facility Definition

The Army Reserve ECS estimated to employ around 60 people. Many of them will be equipment mechanics, but there will also be some supply and administrative positions. These are civilian positions and will be filled using the federal hiring process and subject to the applicable conditions of employment. They will be skilled positions that make around \$21-\$22 per hour, plus full federal benefits.

Facilities like this bring local and regional benefits, providing stable, well-paying vocational jobs with benefits; local contracting, and material purchasing opportunities; as well as indirect and induced economic benefits to the surrounding community because of the local pass-through of visiting personnel.

An ECS provides for the storage and maintenance of generators, trucks, and other public works-type and non-combat vehicles. Maintenance facilities are typically state of the art and offer opportunities for vocational and trade-school jobs.

Disaster Preparedness

An ECS makes Alachua County and Gainesville better prepared to respond in event of natural disasters. Equipment and personnel supplement the local and regional community's ability to bounce back after a storm as well as making East Gainesville a logistics hub for help in the State of Florida.

- Assistance with State and Local Emergencies
- Generators, trucks and other materials as needed at the request of local government
- Center of resilience operations to help our coastal neighbors and the Florida National Guard in hurricane response and other natural disasters

Ready-To-Go Partnership

The Army Reserve is ready to develop the project in the near term with possible construction beginning as soon as January - February 2021. The site is strategically important to its mission and to the security of the United States.

The Army Reserve has already proved itself to be a good neighbor and contributor to East Gainesville. The site now occupied by Phalanx Defense Systems off NE 8th Avenue was formerly an Army Reserve site in the late 1940s. That property reverted back to the City of Gainesville and was recently adapted to better use by a commercial defense manufacturer. Alachua County will follow the City's precedent and requests that the Fairgrounds site, upon the termination of use by the Army Reserve, revert back to County ownership for adaptive reuse.

Major Points

- Stable, long-term employer paying good benefits, retirement, and salary. Military and Federal jobs are a path to the middle class for many.
- Vocational and job training opportunities with an Equipment Concentration Site (vehicle mechanics)
- Ready to invest now (2021), and land use is a good fit for the area's surrounding institutions.
- Economic Benefits over 30 years, \$330 million from ongoing operations total economic impact industry output (\$11.1 million/year)
- \$36M for local and regional site improvements and construction
- Ongoing direct, indirect, and induced benefits related to site operations including purchases of fuel, machine parts, and other fleet maintenance purchases.
- Direct employment is calculated at 62 jobs paying on average \$60k/year with Federal Benefits. Recruitment will be local via USAJOBS portal and applications will be similar to applying for US Postal Service. Applicants do NOT have to enlist in the Army Reserve to get a job. However, if they do, the employee will accrue additional benefits on top of their other Federal benefits.
- In addition to the 62 positions, contract labor will also be utilized on-site.
- Employees will live in the community, go to our schools, pay taxes, and increase demand for goods and services.
- Defense spending in Florida is a major source of employment, sales revenue, and tax revenue for local government:
 - In 2011, \$31.3B in wages; \$73.4B of FL's gross state product; total employment of 758,000 direct and indirect jobs; State and local tax revenue \$5.4B
 - Procurement: Federal military procurement of goods and services generate 200,000 jobs across the state (engineering and manufacturing in particular)