

Memorandum



Date: July 7, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

Supplement to
Agenda Item No. 7(P)

From: George M. Burgess
County Manager

Subject: Supplemental Report to the People's Transportation Plan Amendment: Disposal of Miami-Dade Transit Property Assets and Planned Efficiencies

The proposed People's Transportation Plan (PTP) amendment on today's agenda discusses resolution of the \$23.9 million Fiscal Year (FY) 2001-02 deficit outside of the Line of Credit Surtax loan. Disposal of certain Miami-Dade Transit (MDT) real property assets is the centerpiece of my commitment to address this shortfall. We have outlined a plan for the disposal of these assets that projects a five to seven (5-7) year time frame. The following report identifies those parcels considered candidates for surplus disposition and the requisite steps, in accordance with County policies, for asset disposal. In addition, the status of the implementation of the efficiencies resulting from the recent Comprehensive Bus Operations Analysis (CBOA) is explained.

RESOLUTION OF PRE-EXISTING SHORTFALL

A group of ten (10) properties has been identified as an asset portfolio for potential disposal including six (6) vacant, unencumbered parcels suitable for development and four (4) parcels covered by existing joint development leases deemed suitable for investment with possible additional development potential. The estimated gross total market value of the portfolio is \$53.6 million, and after transactions costs, the net yield upon closing is estimated at \$42.9 million if the portfolio was sold in its entirety. (Attachment A)

The due diligence procedure described below will involve a benefit-cost analysis or other technical evaluation to assess the disposal of each parcel, particularly those currently producing long term income for the agency. Parcels that do not yield potential current and future income or those whose future development would likely not yield significant benefits to the agency will be slated for immediate disposal with the process to commence this summer. It should be noted that any parcel originally acquired using federal funding will require sale approval as well as MDT's retention of sale proceeds by the Federal Transit Administration (FTA). These clearances will be obtained during the due diligence period. Some of the time frames outlined below will be condensed where processes can be conducted concurrently.

Research/Preparation/Due Diligence

Timing: Depends on complexity of property, 3-6 months.

This set of tasks involves identifying the property to be sold, determining whether it makes good business sense to dispose of the property, and assembling all relevant documentation necessary for a valuation of the property. Steps to be taken include research of property records and acquisition of surveys and other required documents.

Appraisal Process

Timing: 3-5 months

MDT has a "blanket" approval for the expenditure of funds for appraisals. A scope is developed for the required work, quotes are received from appraisers, and the Appraisal Selection Committee reviews proposals and awards work to appraisers.

Federal and State Approvals

Timing: 1-3 months

Before disposing of property originally purchased with Federal or State funds, MDT must obtain the approval of FTA and the Florida Department of Transportation (FDOT). A detailed letter and financial analysis is typically sent to the agencies for their review and approval.

Declaration of Surplus Property

Timing: General Services Administration (GSA) has estimated this process to take from a minimum of 6 months onward, depending on the complexity of the property, whether municipalities are interested in the property, timing of committee and Board approvals, etc.

This set of tasks is managed by GSA with MDT's input and assistance and follows the standard County procedures for disposition of property. In order to ascertain such need or lack of need for the property, GSA staff will circulate written notice to County departments describing the property, and request a departmental determination of present or future need. Additionally, GSA staff will review its own records and County long-range capital plans to assess the need for the property. As appropriate, other public agencies may also be given notice on the proposed disposal.

If no interest or need is identified, the Planning Advisory Board (PAB) is asked to make a recommendation to the Board regarding the proposed disposition. GSA will incorporate the recommendation of the PAB into its report, and present the matter to the Board for final action. If approved by the Board, the property will be declared surplus and staff will be authorized to secure appraisal services, advertise for competitive bidding and take necessary action to conclude the sale.

Advertisement

Timing: 3-4 weeks

Properties subject to competitive bidding are advertised for lease or sale, via sealed bid, for a minimum of two weeks. Additional marketing efforts are made through mailings, signage, internet postings, etc.

If a property is worth \$15,000 or less or is only of use to an adjacent property owner(s), it may be sold to an adjacent owner without advertisement or formal bid (in accordance with Florida

Statutes 125.35(2)). The property may be sold or leased without competitive bidding at a negotiated amount, nominal or otherwise, to a governmental organization or a not-for-profit Florida corporation that is organized for the purposes of promoting community interest and welfare.

Bid Process

Timing: up to 2 months

Depending on the complexity of the property, a pre-bid conference may be scheduled.

GSA will attend the bid opening, administered by the Clerk of the Court. All bids are publicly opened and the highest responsive bidder selected. Deposits of other bidders are returned.

Closing

Timing: 1-2 months

GSA staff will prepare the appropriate legal instrument in conjunction with the County Attorney's Office for the conveyance and/or lease, close the sale, and have the funds deposited to the appropriate County account. GSA will ensure that the deed is recorded, and that a copy is furnished to the Tax Assessor.

IMPLEMENTATION OF RECOMMENDATIONS FROM THE COMPREHENSIVE BUS OPERATIONS ANALYSIS (CBOA)

MDT has already implemented many of the recommendations outlined in the CBOA, which analyzed bus service on every route now being operated by the County. This study provided the information needed by MDT to position its resources more wisely, and recommendations from the CBOA have been incorporated in recent line-ups and will continue to be incorporated in future line-ups. To date, 44 routes have had CBOA recommended improvements. Listed below are the improvements implemented by line-up. Adjustments thus far have consisted primarily of running time adjustments. These adjustments improve on-time performance and increase schedule reliability for passengers by matching published route schedules to actual run times. For example, in the November 21, 2004, line-up, Route 12 southbound trips in the morning were given three to nine (3-9) minutes of additional running time because those trips were running 3-9 minutes late due to worsening of traffic conditions since the last time that run times were examined. Metrobus schedules prior to the commission of the CBOA were based largely on data from 1986 -the last time a comprehensive study of the Metrobus system was performed. Run time adjustments made on the same route in consecutive lineups were made for different service periods (e.g., weekend vs. weekday).

July 18, 2004 Line-up

Running time adjustments were made to eight (8) routes: 3, 16, 22, 40, S, Busway MAX, Coral Reef MAX, and the North Dade Connection.

November 21, 2004 Line-up

Running time adjustments to 25 routes: 12, 21, 27, 37, 54, 62, 73, 77, 87, C, H, K, R, W, Airport Owl, Coral Reef MAX, Flagler MAX, Gables Connection, Killian KAT, Little Haiti Connection, Little Havana Connection, Night Owl, Sunset KAT, Sweetwater Circulator, and the West Dade Connection.

April 24, 2005 Line-up

Running time adjustments to 19 routes: 3, 8, 16, 27, 36, 37, 41, 56, 62, 72, 73, E, G, J, Bird Road MAX, Biscayne MAX, Coconut Grove Circulator, Coral Reef MAX, and the Kendall KAT.

Future line-ups will implement recommended service changes along with continued implementation of the PTP service improvements. These service changes will include frequency adjustments, service span changes, alignment changes, new service, service deletion on unproductive routes (as determined by ridership figures –generally routes in the bottom 10% of the system). These changes are expected to increase ridership and produce the following measurable savings in revenue hours per year:

<u>Lineup</u>	<u>Savings (Revenue Hours/Year)</u>	<u>Revenue Miles/Year</u>
July 2005	590	7,670
November 2005	6,500	84,500
April 2006	27,800	361,400

MDT is committed to continuous improvement and demonstrates this commitment through on-going management and operational assessments that critically review current practices. I am confident that with this property disposal plan, in combination with operating efficiencies and other savings opportunities as outlined in the accompanying agenda item, we will be able to favorably address the \$23.9 million pre-existing shortfall.



Deputy County Manager

DEFICIT REDUCTION PLAN

SALE OF REAL PROPERTY

Unencumbered Properties	Value	Value Determined By	Notes
Palmetto	\$ 1,700,000	Tax Rolls (TR)	
Okeechobee	\$ 3,265,000	Independent Appraisal (IA)	lease under negotiation
Brownsville	\$ 2,500,000	IA	lease under negotiation
Brickell Parcel	\$ 1,200,000	IA	
Douglas Road (front parcel)	\$ 6,750,000	IA	lease under negotiation
US 1/296 St.	\$ 3,120,000	IA	
Subtotal	\$ 18,535,000		
Encumbered Properties			
Dadeland North JD	\$ 17,300,000	TR	under lease
Dadeland South JD	\$ 11,200,000	TR	under lease
Coconut Grove	\$ 5,600,000	IA	under lease
9590 NW 27 Ave.	\$ 1,030,798	TR	leased to School Board
Subtotal	\$ 35,130,798		
Total Value	\$ 53,665,798		
Expenses			
Sale and Closing Costs	\$ 5,366,579		
Staff and GSA Costs	\$ 5,366,579		
Total Expenses	\$ 10,733,158		
Net Proceeds From Sale	\$ 42,932,640		