



Board of County Commissioners
Leon County, Florida
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Agenda Item
Executive Summary

April 13, 2010

Title:

Authorize the Purchase of the Flea Market Tract on Capital Circle Southeast for the Future Relocation and Redevelopment of the North Florida Fairgrounds

Staff:

Parwez Alam, County Administrator
Vincent S. Long, Deputy County Administrator
Alan Rosenzweig, Assistant County Administrator
Ken Morris, Director of Legislative Affairs and Economic Development
Wayne Tedder, Director of Planning Department

Issue Briefing:

This item requests Board authorization to purchase the Flea Market tract on Capital Circle Southeast for the purpose of the future relocation and redevelopment of the North Florida Fairgrounds.

The relocation of the North Florida Fairgrounds (Fairgrounds) has been an ongoing legislative effort of the County and a key component of the Southern Strategy to reinvigorate the south side of Leon County. The County has been working with the U.S. Forest Service (USFS) to secure a 114-acre parcel near the corner of Capital Circle Southeast and Woodville Highway that was no longer manageable as a national forest to relocate the Fairgrounds. County staff has recently had informal discussions with The Nature Conservancy and USFS about the County's interest in participating in a land exchange that would allow the County to secure the Flea Market tract without Congressional authorization. Both organizations will be prepared to execute the exchange by mid summer 2010.

Fiscal Impact:

This item has a fiscal impact of \$2.625 million. The purchase price for the Flea Market tract is \$2.585 million, and the remaining funds will be used to cover the transaction costs. A Resolution and associated Budget Amendment Request establishes a budget to cover all potential transaction costs. During the FY 2011 budget process, additional funding will need to be considered in order to address the infrastructure needs for moving the Fairgrounds to the new site. It is important to note that the County's purchase of this parcel and investment in capital improvements could be fully realized once the sale of the current Fairgrounds site is completed.

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Staff Recommendation:

- Option #1: Authorize the purchase of the flea market tract on Capital Circle Southeast for the future relocation and redevelopment of the North Florida Fairgrounds, for an amount not to exceed \$2.585 million, excluding closing costs, and authorize the County Administrator to execute all necessary documents.
- Option #2 Approve the Resolution and associated Budget Amendment Request in the amount of \$2.625 million.
- Option #3 Waive Policy No. 03-01, "Approval Authority for the Acquisition, Disposition, and Leasing of Real Property" requiring two independent appraisals and a public hearing to purchase the Flea Market tract, and secure a professionally certified state appraiser to verify that the current appraisal of the Flea Market tract complies with the Uniform Standards of Professional Appraisal Practice.
- Option #4 Direct staff to initiate a Planned Unit Development rezoning of the Flea Market tract at the appropriate time.
- Option #5 Direct staff to bring back a conceptual Comprehensive Plan Future Land Use Map Amendment for the Fairgrounds parcel to allow for a mixed-use urban development pattern.

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Report and Discussion

Background:

At the February 9, 2010 Commission meeting, the Chairman requested information on the situation and opportunities to move forward with the relocation and redevelopment of the North Florida Fairgrounds to a sustainable mixed-use development. This item provides an update on these efforts and requests Board authorization to purchase the Flea Market tract for the purpose of the future relocation and redevelopment of the North Florida Fairgrounds.

In 2002, the County obtained an appraisal of the Fairgrounds properties, which encompasses 103.7 acres. The appraisal, completed by Weigel-Veasey Appraisers, Inc., concluded that the Fairgrounds infrastructure had a value of approximately \$7.2 million. The Board then directed staff to develop a scope of services for an economic feasibility report to determine the demand for redevelopment of the site, work closely with the North Florida Fair Association on a relocation site, and obtain public input from the neighborhood to be included in the study.

The purpose of the Fairgrounds Economic Feasibility Report was to address the possible redevelopment of the Fairgrounds, and provide a market analysis in order to determine the potential land uses that could be supported in the future at the Fairgrounds location, including development feasibility (Attachment #1). The report assessed the 2004 value of the Fairgrounds parcels (excluding the Cox Stadium site, its parking lot, and the Leon County Cooperative Extension Office) to be valued at \$11.1 million, and concluded that large-scale redevelopment of the Fairgrounds site would not be feasible for 8 to 10 years (2013-2015), but would be subject to changing market conditions. The Board accepted the Economic Feasibility Report prepared by Strategic Planning Group, Inc. during a February 25, 2005 workshop, and directed staff to begin to identify an alternative site for the future relocation and redevelopment of the North Florida Fairgrounds.

On April 6, 2006, the USFS informed the County that the 114-acre parcel near the corner of Capital Circle Southeast and Woodville Highway was no longer manageable as a national forest, and planned to sell the property upon Congressional authorization (Attachment #2). Congressional authorization is required for the USFS to surplus property. The USFS intended to use the proceeds of the sale to purchase additional environmentally sensitive lands in North Florida. County staff verified the 114-acre parcel as a prime property for the relocation of the North Florida Fairgrounds and the Board directed staff to work with USFS to seek Congressional approval for the sale of this parcel.

The relocation of the Fairgrounds has been an ongoing legislative effort of the County and a key component of Leon County's Southern Strategy to reinvigorate the south side of Leon County. On December 17, 2007, the U.S. House of Representatives approved the USFS's legislation (HR 1374), but the bill was held up in the Senate by the Committee on Energy and Natural Resources because it was packaged with other land conveyance bills that were considered controversial.

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During the 2008 National Association of Counties Legislative Conference in Washington, DC, then-Chairman Proctor and the County's lobbying team met with Scott Miller, Counsel for the Senate Committee on Energy and Natural Resources, to discuss S. 934 and requested a hearing on the legislation. On April 22, 2008, the Senate Committee on Energy and Natural Resources held a workshop on this issue, but did not vote on S. 934. The bill died in the Senate with the adjournment of Congress.

More recently, the U.S. House of Representatives approved this legislation in HR 3954 on March 17, 2010. Once again, the County's lobbying team has focused on securing approval by the Senate to authorize USFS to sell the parcel on Capital Circle Southeast.

Analysis:

As the County and the USFS have pursued the required Congressional authorization for the USFS to surplus the Flea Market tract on Capital Circle Southeast, The Nature Conservancy has presented a land exchange opportunity that would allow the County to secure the Flea Market tract without Congressional authorization.

The Nature Conservancy

The Nature Conservancy (TNC) purchased the 1,377-acre Post Office Bay tract in Liberty County in 2008, which represents the largest non-federal holding within the Apalachicola National Forest (ANF) and, as such, is the number one priority for acquisition within the ANF for the USFS (Attachment #3). The property is made up of two, non-contiguous tracts, each having frontage on State Road 65. Both TNC and USFS would like to see the Post Office Bay tract in Liberty County added to the ANF holdings, whether by purchase or land exchange.

Should Congress approve legislation authorizing the sale of the Flea Market tract, USFS would use the proceeds to purchase the Post Office Bay tract. However, USFS has been pursuing a land exchange with TNC in case the legislation gets held up in the Senate again in 2010. The only obstacle in the land exchange efforts is that TNC has no interest in holding or owning the Flea Market tract. Therefore, a land exchange between TNC and USFS could not take place until a buyer has been identified for the Flea Market tract on Capital Circle Southeast.

County staff has had informal discussions with TNC and USFS about the County's interest in participating in this land exchange, subject to Board approval, in order to acquire the Flea Market tract. Staff has prepared this agenda item seeking authorization from the Board to direct the County Administrator to pursue the acquisition of the USFS Flea Market tract on Capital Circle Southeast, simultaneously with the land exchange between USFS and TNC.

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Land Exchange

In 2009, TNC obtained appraisals for both the Post Office Bay tract and the Flea Market tract and has shared the appraised value of the Flea Market tract with County staff (Attachment #4). TNC does not wish to disclose the appraisal of the Post Office Bay tract because it would be subject to public records laws that could hinder the sale of the property on the private market if the land exchange is not successful. The TNC and USFS propose doing a land exchange for their properties, followed by the County purchasing the Flea Market tract at the appraised value of \$2.585 million (Attachment #5). The County would have a net purchase price of \$2.585 million, plus any transaction expenses based on the appraisal obtained by TNC and USFS. Both organizations will be prepared to execute the exchange by mid summer 2010. Staff recommends the Board waive Policy No. 03-01, "Approval Authority for the Acquisition, Disposition, and Leasing of Real Property" requiring two independent appraisals and a public hearing to purchase the Flea Market tract and utilize a professionally certified state appraiser to verify that the current appraisal of the Flea Market tract complies with the Uniform Standards of Professional Appraisal Practice.

The USFS and TNC have informed the County that the appraised value of the Post Office Bay tract exceeds the appraised value of the Flea Market tract. This has resulted in a federal allotment, or cash equalization, for the USFS to pay TNC the difference in the appraised value for the exchange of the two properties. Since the approval of the cash equalization for the land exchange, both USFS and TNC prefer to complete the land exchange rather than wait on Congress to authorize a direct purchase. The land exchange will benefit both parties for the following reasons:

1. The cash equalization will provide TNC more money in the exchange scenario (Sale of the Flea Market tract + Cash Equalization = Appraised Value of the Post Office Bay tract)
2. The County's direct purchase of the Flea Market tract would not provide enough funds for the USFS to purchase the entire Post Office Bay tract, creating land management concerns for both entities.

2005 Economic Feasibility Report

Although there will be an opportunity to secure the Flea Market tract this summer, current economic conditions do not support the redevelopment of the current Fairgrounds property at this time. The 2005 Economic Feasibility Report on the North Florida Fairgrounds forecasted that there should be a market for the Fairgrounds site of approximately 300 dwelling units by 2010, and more than 600 dwelling units by 2015. Additionally, the report forecasted a demand of approximately 117,000 square feet of commercial and entertainment uses by 2010, and approximately 200,000 square feet by 2015. In comparison, the actual number of residential units permitted between 2005 and 2010 within the entire Southern Strategy Area is 446 and the amount of commercial permitted within the same period is approximately 118,000 square feet.

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In summary, the report concluded that large-scale redevelopment of the Fairgrounds site would not be feasible for 8 to 10 years (2013-2015) but would be subject to changing market conditions. Based on the current market situation and past trends, it is reasonable to assume that any large-scale redevelopment of the site would not be feasible until after 2015.

Based on the feasibility report, four redevelopment scenarios were identified:

1. Holding scenario - no redevelopment on the site until a suitable alternative location for the existing facilities has been identified.
2. Hybrid redevelopment - Maintain the Fairgrounds on the site and redevelop 15-20 acres along South Monroe Street and Tram Road.
3. Reduce Fairgrounds area - Same as #2, but with a smaller Fairground footprint and 20 acres of multi-family residential development.
4. Complete Redevelopment - mixed use development on the entire site and relocating the Fairgrounds to an alternative site.

Staff recognizes the significant role that redevelopment of this site could have on quality infill development in the Southern Strategy Area - a constant goal of the Board. Therefore, staff recommends that the Board support a mixed-use urban development pattern of the entire site as outlined in scenario #4.

Should the Board wish to pursue the Flea Market tract, staff recommends utilizing fund balance to acquire the property. The attached Resolution and associated Budget Amendment Request establishes a budget in the amount of \$2.625 million for the purchase of the Flea Market tract, and includes all anticipated transaction costs associated with the acquisition (Attachment #6). As part of the budget process, a capital improvement project will be developed to address the infrastructure needs for moving the Fairgrounds to the new site. It is important to note that the County's purchase of this parcel and investment in capital improvements could be fully realized once the sale of the current Fairgrounds site is completed. As noted previously, the Fairgrounds was appraised at \$11.1 million in 2004.

Land Use

The Flea Market tract, located within the City limits, is designated as recreation/open space on the Comprehensive Plan Future Land Use Map (FLUM). The Planning Department has determined that the recreation/open space designation allows publicly owned fairgrounds as a permissible land use, as it will be deemed a community facility. However, the zoning of the property is designated as rural. The rural zoning district does not specify that fairgrounds are a permissible land use. Therefore, the appropriate land use tool to appropriately assemble the permissible land uses and governing regulations would be a Planned Unit Development (PUD) rezoning. Such rezoning would require City Commission approval. Amendment 4 should not impact this rezoning action, should it be approved in the November election. Should the Board desire additional land uses beyond that of a fairground on this site, it is reasonable to assume that a comprehensive plan map amendment would be required.

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The current Fairgrounds site is designated as open space and governmental/operational on the Comprehensive Plan FLUM. Neither of these two categories support any of the redevelopment scenarios presented in the consultant's Economic Feasibility Report. Therefore, a Comprehensive Plan Land Use Map change will be necessary to redevelop the property as residential, commercial, office, and any other nongovernmental land uses desired by the Board. Should Amendment 4 pass in November, it is anticipated that any FLUM changes will require voter approval. A significant amount of public outreach should be conducted in the area if the Board initiates an amendment to the FLUM.

Upon completion of the FLUM amendment, the property will need to be rezoned to an appropriate zoning district that provides for the land uses and intensities supported by the Board. The rezoning process could potentially occur concurrent with the FLUM amendment, or upon completion of the amendment process, depending upon the marketing needs of the Board. Given the current market conditions, and the lack of specificity of the desired outcome, staff recommends that a conceptual FLUM amendment be prepared for Board consideration that would allow for a mixed-use urban development pattern. Both the FLUM amendment and rezoning will need to be approved by the City Commission.

North Florida Fair Association

The County has a lease agreement with the North Florida Fair Association (NFFA) that will expire on December 31, 2067. On January 1 of each calendar year, NFFA pays a \$1 rental fee to the County for the use of the fairgrounds property. In order to terminate or amend the lease, both parties will need to agree on a relocation site and the replacement facilities to be constructed for the Fairgrounds. Since 2002, NFFA has expressed its support for the redevelopment strategy of the Fairgrounds (Attachment #7). Following the potential Fairgrounds redevelopment workshops in late 2002 and early 2003, the Board directed staff to work closely with NFFA on the relocation efforts and to obtain public input by creating a Fairgrounds Citizen Advisory Committee. The Fairgrounds Citizen Advisory Committee's findings were later included in the Economic Feasibility Report.

Staff has ongoing communications with the NFFA on the legislative efforts to acquire the Flea Market tract, but has only recently advised the Fair Association Manager, Mark Harvey, of the County's opportunity to acquire the Flea Market tract this summer through the aforementioned land exchange. Should the Board provide direction to acquire the Flea Market tract, staff would formally reengage NFFA on the future relocation and redevelopment efforts.

Conclusion

The USFS and TNC are in the process of executing an exchange of their properties by this summer, but a third party is needed to purchase the Flea Market tract at the time of the exchange because TNC does not want to hold the title for the Flea Market tract. This agenda item and the staff recommendations listed provide the County an opportunity to purchase the Flea Market tract in the amount of \$2.585 million, plus transaction costs, simultaneous to the land exchange between USFS and TNC by authorizing the County Administrator to execute all necessary documents relating to the purchase of the Flea Market tract.

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Although there will be an opportunity to secure the Flea Market tract this summer, current economic conditions do not support the redevelopment of the current Fairgrounds property at this time. Should the Board provide direction to acquire the Flea Market tract, staff would formally reengage NFFA on the relocation efforts, including the necessary zoning and land use changes for the future redevelopment concepts of the future Fairgrounds property to enhance the efforts of the Southern Strategy Area. As part of the budget process, a capital improvement project will be developed to address the infrastructure needs for moving the Fairgrounds to the new site.

Options:

1. Authorize the purchase of the flea market tract on Capital Circle Southeast for the future relocation and redevelopment of the North Florida Fairgrounds, for an amount not to exceed \$2.585 million, excluding closing costs, and authorize the County Administrator to execute all necessary documents.
2. Approve the Resolution and associated Budget Amendment Request in the amount of \$2.625 million.
3. Waive Policy No. 03-01, "Approval Authority for the Acquisition, Disposition, and Leasing of Real Property" requiring two independent appraisals and a public hearing to purchase the Flea Market tract and secure a professionally certified state appraiser to verify that the current appraisal of the Flea Market tract complies with the Uniform Standards of Professional Appraisal Practice.
4. Direct staff to initiate a Planned Unit Development rezoning of the Flea Market tract, at the appropriate time.
5. Direct staff to bring back a conceptual Comprehensive Plan Future Land Use Map Amendment for the Fairgrounds parcel to allow for a mixed-use urban development pattern.
6. Accept staff report and do not take any further action.
7. Board Direction.

Recommendation:

Options #1, #2, #3, #4, and #5.

Attachments:

1. 2005 Economic Feasibility Report on the redevelopment of the North Florida Fairgrounds
2. Map of the current Fairgrounds location and the Flea Market tract
3. Map of the Post Office tract in Liberty County owned by The Nature Conservancy
4. Appraisal of the Flea Market tract, by Zac Ryan Appraisal Services, Inc., October 29, 2009
5. Map of the proposed Land Exchange between The Nature Conservancy and the U.S. Forest Service
6. Resolution and associated Budget Amendment Request in the amount of \$2.625 million.
7. August 30, 2002 letter from the North Florida Fair Association expressing the conditional support for the future relocation and redevelopment of the Fairgrounds