

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



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| Agenda Date: | February 1, 2021 |
| Action Required: | Approval of Resolution |
| Presenter: | Chris Engel, Director of Economic Development |
| Staff Contacts: | Chris Engel, Director of Economic Development Lisa Robertson, Deputy City Attorney |
| Title: | Union Station Partnership Reconveyance of TMP 300002A00 and Associated Easements |

Background:

In 1999, the City of Charlottesville and Union Station Partners, LLC (USP) entered into a Development Agreement, the purpose of which was to place the City in a position to receive federal funding for a multi-modal transportation facility to be developed at the corner of West Main Street and 7th Street (the site of the Amtrak station). The Development Agreement was approved by City Council, by an ordinance adopted on March 15, 1999.

The Development Agreement set out a set of conditions on which a private landowner (USP) would work together with the City to facilitate the City's application for grant funding under the federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), which required a local match which could either be cash or property ("Lot 1"). USP agreed to convey Lot 1 to the City, for the purpose of meeting the local match, and USP did in fact convey the land (TMP 300002A00) to the City—at no cost--by deed dated March 24, 1999. The ISTEA grant was obtained and was expended to renovate building on the site into the current Amtrak Station as part of the first phase of the contemplated development. Although Lot 1 was conveyed in name to the City, USP retained all of its rights to use the property in the same manner as it had done prior to the conveyance.

Originally, the parties contemplated that the various arrangements that would be necessary to move forward with a second phase of the project would be completed within two years (i.e., 2001). The necessary agreements would have included a ground lease, an aerial rights lease, and a parking structure development agreement. For a number of reasons—not the least of which was inability to get the railroad companies to participate—the contemplated development of a transit facility at that location did not materialize. The Development Agreement specified that if the necessary agreements were not negotiated by the time certain site enhancements were completed (i.e., paved parking), or within 2 years from the date of the Development Agreement, then a termination notice could be issued and the Developer could re-acquire Lot 1 from the City, subject to certain terms and conditions specified in the Development Agreement. The City issued a termination notice to USP in 2002; nonetheless, over the years the parties continued to discuss and explore ways that a new

Amtrak Station could be developed or a purchase of the entire property could occur.

Discussion:

Due to the fact that the original conveyance of Lot 1 to the City did not impact USP's ability to continue to use Lot 1, there was no urgency to complete the winding up of the parties' obligations under the Development Agreement, including reconveyance of Lot 1 to USP. In fact, discussions between the City and USP have continued over the years about the possible acquisition by the City of all the property owned by USP so that the City could own and control the Amtrak Station. During that time, it was agreed that the reconveyance of Lot 1 to USP would be postponed to determine if an agreement between the City and USP could be reached which would make reconveyance unnecessary. Such an agreement was not reached and USP is now requesting that the parties finally close out all of their obligations under the 1999 Development Agreement. By letter of its counsel dated June 22, 2016, USP formally notified the City that all requirements for reconveyance of Lot 1 had been satisfied and requested reconveyance.

The actions necessary to wind up the parties' obligations under the Development Agreement are as follows:

- (1) **Reconveyance of title to Lot 1 from the City back to USP;** under the Development Agreement, the stipulated compensation for this reconveyance is the amount of \$190,500.00, minus: (1) the cost of paving a parking area on the site, which has been completed (USP's expended paving cost: in excess of \$457,841.00), and (2) the fair market value of a new public access easement to be granted by USP to the City (FMV of the proposed easement as determined by a joint appraisal was \$344,000.00). Since (1) and (2), together, exceed \$190,500 USP does not owe any additional consideration to the City in connection with the reconveyance, and
- (2) **Dedication and conveyance to the City of a New Public Access Easement,** to relocate a temporary public access easement across the parking area that was paved by USP (the purpose of having a continuing public access easement is to ensure that the public can get to the Amtrak Station from 7th Street; if the Amtrak Station ever ceases to be used as a public passenger train station, the New Public Access Easement will terminate). The relocation will align the easement with the existing paved area for circulation of traffic. The City's continuing public access easement extends sixteen-and-one-half feet above the surface of the ground, sufficient for movement of passenger vehicles and pedestrians; above that height, USP retains an "aerial easement" within which it may construct any improvements it desires. The New Public Access Easement is considered "temporary" because its location may be shifted to accommodate USP's potential development of the site, or it may be terminated if the Amtrak Station no longer exists at its current location.
- (3) **Vacation of all prior access easements and easements for ingress and egress** over USP's property, the purpose of which was to anticipate and facilitate completion of the ISTEAA project. USP plans to seek administrative approval of a boundary line adjustment plat, to combine Lot 1 with its adjacent property; once City Council authorizes the vacation of prior easements, USP may be required to dedicate other easements to the City during the plat approval process (for example, easements for public utilities).

Attached is a Resolution for Council's approval, to authorize execution of the deeds necessary to close out the parties' obligations under the Development Agreement.

Alignment with Council Vision Areas and Strategic Plan:

This action aligns with the City Council's Strategic Plan Goal Four: A Strong Diversified Economy.

Community Engagement: N/A

Budgetary Impact:

There is no budgetary impact associated with this item.

Recommendation:

Staff recommends approval of the Resolution.

Attachment:

Proposed Resolution

**RESOLUTION
AUTHORIZING RECONVEYANCE OF LAND TO UNION STATION PARTNERS,
LLC AND RELATED ACTIONS**

WHEREAS, on March 15, 1999 City Council adopted an “Ordinance Approving Amended Development Agreement Between the City and Union Station Partners for Union Station Project”, which ordinance remains in effect (“Development Agreement”); and

WHEREAS, pursuant to the Development Agreement, the City accepted a conveyance of land from USP (“Lot 1”) and a temporary public access easement (“Temporary Easement”), and entered into certain obligations, in order to facilitate a federally funded project, and the City and USP agreed that, if the project did not materialize within two (2) years after the Development Agreement, USP would become entitled to re-acquire Lot 1 under terms specified in the Development Agreement,

WHEREAS, the project did not materialize within the time contemplated by the Development Agreement, and USP has given written notice to the City of its desire to terminate the Development Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Charlottesville City Council that the Mayor is hereby authorized to execute one or more deeds, approved as to form by the City Attorney’s Office, to effect the following actions in accordance with the Development Agreement:

1. Reconveyance of Lot 1 to USP,
2. Vacation of the Temporary Public Access Easement shown on sheet 4 of the “Subdivision Plat Union Station” prepared by Kirk Hughes & Associates dated November 25, 1998, and of any other access easements or easements for ingress and egress over USP’s property, granted to the City pursuant to the Development Agreement, and

BE IT FURTHER RESOLVED THAT the City Attorney, as the official authorized by the City to accept conveyance(s) of property on behalf of Council, may accept dedications and conveyances from USP to the City of any new easement(s) required either by the Development Agreement or as part of the administrative approval of any plat related to the reconveyance of Lot 1 to USP.