

**SALE OF BROWNFIELD VOLUNTARY  
CLEANUP TAX CREDITS**

**JUNE 2007**



**CITY AUDITOR'S OFFICE  
CITY OF GAINESVILLE, FLORIDA**


*City of*  
**Gainesville**

---

*Inter-Office Communication*

June 4, 2007

**TO:** Audit, Finance and Legislative Committee  
Mayor Pegeen Hanrahan, Chair  
Mayor-Commissioner Pro Tem Rick Bryant, Member

**FROM:**   
Brent Godshalk, City Auditor

**SUBJECT:** Sale of Brownfield Voluntary Cleanup Tax Credits

**Recommendation**

The Audit, Finance and Legislative Committee hear a report on the City's Sale of Brownfield Voluntary Cleanup Tax Credits and recommend the City Commission remove this item from the referral list.

**Explanation**

In January 2000, the City Commission established a Brownfields Redevelopment Area in the City of Gainesville to include the former Gainesville Manufactured Gas Plant and portions of the proposed Depot Avenue Stormwater Park, for the purposes of environmental remediation, rehabilitation and economic development. Since that time, the City expended considerable resources in this area, applied for, and received state tax credits available through the Florida Brownfields Redevelopment Act.

In April 2006, the City Attorney and City Auditor were asked to review and provide input on a proposed contract for the sale of approximately \$228,000 in tax credit certificates previously received by the City. The contract price offered was \$114,000, 50% of the face value of the certificates. The City Auditor advised that the proposed contract did not appear to be in the City's best interest and recommended management undertake a broadened approach to marketing these assets, obtaining final approval from the City Commission prior to any sale.

In June 2006, the City Commission made a referral to the Audit and Finance Committee regarding researching federal tax credit programs and requested the City Manager, Attorney and Auditor develop a process for obtaining maximum return for existing state brownfield tax credits held by the City. This referral related to the Mayor's Report of the New Cities Project. The City Manager provided a response related to the federal tax credit programs in August 2006.

In December 2006, the City Commission received an update on the competitive process established for the sale of the brownfield tax credits and authorized the General Manager for Utilities to negotiate and execute an agreement with Foss and Company to market the tax credits. Foss and Company executed a purchase agreement with Discount Auto Parts, Inc., which resulted in the City receiving \$182,000 in net proceeds, 80% of the face value, from the sale of the tax credits.

**Fiscal Impact**

The sale brokered by Foss and Company resulted in the City receiving approximately \$70,000 more than the contract price originally offered. Future voluntary tax credits from this project are expected to exceed \$2 million over the next several years and will be marketed using this established process.