



**TO:** Mayor and City Council  
**FROM:** Linda McCrea, Interim Director of Utilities/CEO  
**COPY:** Elizabeth Pauli, City Manager, and City Clerk  
**SUBJECT:** Resolution – Disposition of Tacoma Public Utilities, Water Division Real Property –  
July 31, 2018  
**DATE:** July 16, 2018

**SUMMARY:**

This memorandum provides information for the sale of approximately 2.16 acres of surplus Tacoma Water property to Ngoun Chum for \$200,000. Real Property Services is requesting the City Council authorize this real property disposition.

**STRATEGIC POLICY PRIORITY:**

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priorities by returning the property for economic development, and offering the opportunity for public input on this real estate transaction.

**BACKGROUND:**

This parcel was part of Tacoma Water’s 2002 acquisition of the South East Tacoma Mutual Water Company (“SET Mutual”). The site has remained vacant since that time. The property is zoned SF, Single Family residential, as part of the Parkland-Spanaway-Midland Communities Plan by Pierce County. As the property was not essential to Tacoma Water’s needs, it was declared surplus. In April 2016 the property was offered for sale via a seal-bid process. Although it had been advertised with a minimum bid set at the appraised value of \$260,000, no bids were received. The property was listed with a real estate broker in January 2017. Although there have been multiple inquiries, no other party made an offer, with uniform feedback that the listing price was too high, due primarily to offsite development costs such as utility extensions and road improvements.

The parties have agreed to a consideration to Tacoma Water of \$200,000, which we believe reflects the current fair market value of the property. Mr. Chum intends to develop the property with one or more single family residences. The sale is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been reviewed by the City Attorney’s Office and approved by Real Property Services. A public hearing on this transaction was held on July 17, 2018. If approved, the sale is expected to close by August, 2018.

**ALTERNATIVES:**

The alternatives to disposing of the property through a negotiated disposition, as allowed under TMC 1.06.280f, are to either retain ownership or to dispose via a bid/sale process. Tacoma Water does not have a need for continued ownership of the property, and if it were to retain ownership there would be continued management and administrative costs. A negotiated disposition has been determined to be the most efficient and effective disposition process since the 2016 formal bid/sale process was unsuccessful and generated no bids.

**RECOMMENDATION:**

Tacoma Water and Real Property Services recommend that the City Council authorize the disposition of approximately 2.16 acres of Tacoma Water property to Ngoun Chum for \$200,000.



**FISCAL IMPACT:**

**REVENUES:**

<b>FUNDING SOURCE</b>	<b>COST OBJECT (CC/WBS/ORDER)</b>	<b>COST ELEMENT</b>	<b>TOTAL AMOUNT</b>
Water Fund 4600 – GL1860030	N/A	N/A	Approximately \$187,000 (purchase price less transactional costs)
<b>TOTAL</b>			<b>\$200,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$-0-**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.**