



TO: T.C. Broadnax, City Manager
FROM: Gloria Fletcher, Senior Real Estate Officer TPU, Department of Public Works
William A. Gaines, Director of Utilities/CEO
COPY: City Council and City Clerk
SUBJECT: Resolution – Declaration of Surplus and Negotiated Disposition of Tacoma Public Utilities, Water Division real property – October 21, 2014
DATE: October 3, 2014

SUMMARY:

This memorandum provides information on the proposed sale of approximately 20 acres of real property by the City of Tacoma, Department of Public Utilities, Water Division (“Tacoma Water”) to the United State of America, Army Corps of Engineers (“ACOE”). Real Property Services is requesting that the City Council authorize a declaration of surplus and negotiated disposition of this property to the ACOE for its fair market value of \$142,300.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an open, effective, results-oriented organization.

This transaction encourages and promotes an open, effective, results-oriented organization by allowing publicly owned real property resources to be utilized in the most efficient manner.

BACKGROUND:

The ACOE owns and operates the Howard Hanson Dam, which is located within the Green River Watershed. In 1986, the ACOE received permission to install, operate, and maintain piezometers and related underground infrastructure on Tacoma Water property located near the dam. Since the original permit, ACOE has added several more piezometers as well as additional drainage tunnels and two small log boom anchor sites to their permitted property. The extent of these improvements, all of which are necessary for the safe operation of the dam, has resulted in a significant encumbrance to the real property. Therefore it was determined by both Tacoma Water and the ACOE that a transfer of this property would be in the best interests of both parties.

Tacoma Water and ACOE have worked collaboratively to determine the boundaries of the areas to be conveyed in a manner that results in as little impact to Tacoma Water’s watershed operations as possible.

Tacoma Water has confirmed that there is no foreseeable need for continued ownership of this property, and that its current operations are not impacted by this transaction. This action was approved by the Public Utility Board on September 24, 2014.

Tacoma City Council held a Public Hearing on October 14, 2014, as required by State law to allow the public to comment on the proposed sale of utility property. No comments or objections were received during that hearing.

ALTERNATIVES:

Due to the unique nature of this transaction, the only alternative to declaring this property surplus and disposing of it through the negotiated sale disposition process is to retain ownership



and continue to permit ACOE's activities indefinitely. As noted above, the ACOE's use significantly impacts how Tacoma Water can utilize this property, so a transfer of the fee interest to the ACOE is the most practical solution.

RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council authorize the declaration of surplus and negotiated disposition of approximately 20 acres of real property located within the Green River Watershed to the United States of America, Army Corps of Engineers, for the fair market value of \$142,300.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Capital Reserve Fund 4600-CAPTL GL6411030	587501		\$142,300.00
TOTAL			\$142,300.00

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$142,300 in additional revenue.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No. This revenue opportunity developed during this biennium after discussing the issue with the ACOE.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.