




**TO:** Mayor Strickland and Council Members  
**FROM:** William A. Gaines, Director of Utilities/CEO   
**COPY:** T.C. Broadnax, City Manager, and City Clerk  
**SUBJECT:** Resolution - Authorize acceptance by Tacoma Power to receive approximately 70 acres of property from the Washington State Department of Natural Resources at the Cushman Hydroelectric Project. April 5, 2016.  
**DATE:** March 7, 2016

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**SUMMARY:**

Tacoma Power is seeking City Council approval to acquire, via donation, approximately 70 acres of land located adjacent to the Cushman Hydroelectric Project boundary at Lake Cushman. This property will be donated by the Washington State Department of Natural Resources (DNR) and will be encumbered by deed restrictions that align with current Tacoma Power forest management and habitat preservation practices. This acquisition will expand Tacoma Power's ownership around Lake Cushman and provide additional opportunities for meeting Federal Energy Regulatory Commission (FERC) license obligations at virtually no cost to the City. This item is being brought forward because all land acquisitions require approval from City Council.

**STRATEGIC POLICY PRIORITY:**

- Strengthen and maintain a strong fiscal management position

This acquisition will strengthen and maintain a strong fiscal management position by adding to Tacoma Power's land base at virtually no cost to the City and offset future land acquisition needs.

**BACKGROUND:**

The DNR regularly participates in the transfer of land to other public entities through their Trust Land Transfer (TLT) Program. This program allows the DNR to transfer state trust lands with limited potential for timber revenue to more appropriate ownership. The DNR in turn is compensated for those lands with funds appropriated by the state legislature which enables them to acquire more productive land in exchange. Tacoma Power was identified as the appropriate recipient because this property is located adjacent to our Cushman Hydroelectric Project lands at Lake Cushman. The DNR land will come with a deed restriction that will require the land to be used for conservation, recreation, and/or open space. These uses are compatible with how our adjacent lands are managed which makes Tacoma Power the logical recipient.

The 70 acres support conifer dominated second-growth forest. The property abuts land currently owned by Tacoma Power that borders Lake Cushman. The assessed value of the property is \$698,000 (land: \$56,000 & timber: \$642,000).

This acquisition will expand Tacoma Power's ownership around Lake Cushman and therefore increase its ability to control activities on its land and provide additional opportunities for meeting FERC license obligations.



**ISSUE:**

City policy requires that the City Council approve all land acquisitions. Tacoma Power is in favor of completing this acquisition due to the stated benefits and, therefore, is seeking City Council approval as is required to complete this transaction.

**ALTERNATIVES:**

In lieu of completing this property transfer, Tacoma Power would have two alternatives: (1) acquire other comparable property, or (2) acquire no new land. Acquiring other comparable property through a donation is unlikely due to the limited availability of comparable property and the unlikelihood of it being offered through a donation. Acquiring other comparable property through a purchase is not preferable given the limited availability of comparable property and the costs associated with such a purchase (approximately \$700,000 based on the estimated value of the land being offered to Tacoma Power). Therefore, completing the land donation offered by the DNR is in the City's best interest and is the preferred option.

**RECOMMENDATION:**

Tacoma Power recommends that the City Council approve the proposed land donation from the DNR. The land offers benefits to the City at virtually no cost. This opportunity is not likely to be available in the future should the current offer not be accepted. Other alternatives to accepting this donation would either require considerably greater expense to the City or would not yield the benefits that will be gained from accepting this offer.