



Req. #13318

RESOLUTION NO. 38529

1 A RESOLUTION relating to economic development; adopting the *Policy for the*
2 *Sale/Disposition of City-owned General Government Real Property.*

3 WHEREAS this resolution was initiated by the City Council's request for
4 the development of a policy that establishes a framework for the disposition of
5 City-owned property, and

6 WHEREAS City laws and procedures govern the mechanisms for the
7 disposition of City-owned real property, which currently include three established
8 processes for surplus sale: (1) direct negotiated disposition; (2) request for
9 proposals; and (3) bid sale to the highest bidder, and

10
11 WHEREAS, following a series of four meetings with the Economic
12 Development Committee ("EDC") to discuss and revise the proposed policy
13 based on City Council feedback, City staff generated a proposed policy that will
14 establish: (1) guiding principles for the sale of City-owned property, which are
15 based on the core philosophy that the City should retain properties that meet its
16 property ownership objectives and sell properties that do not; (2) a system for
17 the classification of properties for sale, which is comprised of three tiers with
18 differing policy objectives and correlative disposition processes; and (3) guiding
19 principles for direct negotiated dispositions, and
20
21

22 WHEREAS, on August 7, 2012, the proposed policy document received a
23 "do pass" from the EDC; Now, Therefore,
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26


BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the *Policy for the Sale/Disposition of City-owned General Government Property*, attached hereto as Exhibit "A" and by this reference incorporated herein, is hereby adopted.

Adopted AUG 21 2012


Mayor

Attest:


City Clerk

Approved as to form:


Deputy City Attorney



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

EXHIBIT "A"

***Policy for the Sale/Disposition of City-owned
General Government Real Property***

A. Background

The City owns a variety of properties to meet its objectives, including properties which site City buildings and facilities, parks, open spaces, tidelands, and rights-of-way. The City also owns properties which support specific community programs such as libraries, senior centers, public assembly facilities, and centers for performing arts. Further, the City owns certain properties which the City has either acquired or retained ownership for the specific purpose of redevelopment or for partnering with the private sector to redevelop. Lastly, the City owns certain properties which it has acquired over the course of the past 128 years since incorporation, and for which the City no longer has an interest in retaining ownership.

Overall, the City should retain properties which meet its property ownership objectives and sell properties which do not.

B. Guiding Principles for the Sale of City-owned Property

1. The City should retain ownership of properties necessary for conducting its business operations, supporting community and economic development initiatives, and for the preservation of public spaces and open space.
2. The City should endeavor to sell those City-owned properties which do not meet the City's property ownership objectives. Among the City's goals in property dispositions are: private development which meets the City's economic development objectives, development of affordable housing, historic preservation, and increasing density and improving walkability in support of the City's Comprehensive Plan objectives.
3. The City has three established processes for selling City-owned property: (1) direct negotiated disposition; (2) request for proposal process; and (3) bid sale to the highest bidder. Having several tools for the sale of City property gives the City useful options and flexibility when selling property to meet the needs of the City and community.
4. City staff should *classify* its properties to be sold in order to help guide the determination of which sale process should be utilized for selling specific City properties. This classification is helpful because the City owns a variety of properties with varying levels of value and interest to the City and community. In sum, not all properties need to be sold the same way.
5. The City should establish appropriate processes for notifying the City Council and the public prior to selling property. This notification will vary based on the classification of the property. This process shall be transparent to the Council and the public.



1
2 **C. Property Classification**

3 Property that has been identified for sale or transfer will be classified into three tiers
4 with differing policy objectives. City staff will develop and maintain processes for each
5 property tier that are consistent with the policy objective.

6 **Tier 1** properties are generally those properties that: (1) are strategically located in the
7 downtown or a mixed-use center with high visibility; (2) are high value (greater than
8 \$500,000) and sizable (one-third of an acre or greater); (3) have the potential to
9 generate a high level of community interest due to substantial neighborhood or
10 City-wide impact that may result from their development; and (4) can be instrumental in
11 meeting the City's economic development goals and/or in implementing its key policies.

12 Overall goals for sale of these properties will be to achieve a reasonable return on
13 investment through such outcomes as: generate new property taxes, sales tax,
14 business and occupation taxes, and other taxes, generate new family wage jobs,
15 catalyze new private investment and/or leverage existing public facilities, minimize
16 public liability, implement City master plans, encourage density, and promote
17 sustainability.

18 ***Tier 1 Disposition:*** The process for property disposition will generally involve
19 outreach and high levels of participation. The Request for
20 Qualifications/Request for Proposals approach will be the preferred method of
21 disposition. Exceptions to this policy may include property sales to other public
22 entities and property transfers which are the result of public-private
23 development partnerships – in these situations, the property will likely be
24 conveyed via the direct negotiated disposition process.

25 The City will maintain an inventory of Tier 1 properties and the City's associated
26 objectives through its economic development strategy. Additional guidance on direct
negotiation is found in Section D of this policy.

Tier 2 properties are those properties which have some development potential, are
important to the surrounding neighborhood, and have a value greater than \$250,000,
but have no significant alignment with the City's economic development interests or
other City goals and policies.

Overall goals for sale of these properties will be to support goals and strategies of
applicable neighborhood councils and neighborhood business districts through such
outcomes as: increase affordable housing, improve the quality of life and property
values in the neighborhood, improve walkability, foster a safe environment for
residents, reduce crime and blight in the community, and increase tax revenue for the
City.

Tier 2 Disposition: Because of the importance to community stakeholders,
Tier 2 properties will likely be sold via a Request for Proposals or negotiated
disposition process to put the City in a better position to influence the future



1 use(s) of the property. Because of potential community impacts and interest,
2 there will be opportunities for community feedback and outreach and the City
has a vested interest in influencing the future use(s) of the property.

3 **Tier 3** properties are those properties which may be important to the adjacent or
4 surrounding property owners but have a minimal level of interest to the community at
large. Tier 3 properties will be sold to minimize the City's liability and turn ownership
5 back the private sector or to public partners. These properties include: remnant
6 parcels that have little or no financial value and may negatively impact the adjacent
owner; properties that would only be considered for acquisition by abutting neighbors;
7 vacant City parcels that have no operational, development, or open space potential to
the City; properties that by virtue of their location or functionality would be better owned
8 by another government agency; and other properties which have little financial value.

9 Overall goals for sale of these properties will be to reduce City liability for property
maintenance and operations, return underutilized properties to the tax rolls and private
10 ownership, and initiate sale and development that encourages improvement for the
neighboring residences.

11 **Tier 3 Disposition:** Tier 3 properties will likely be sold by direct negotiated sale
12 when selling to neighbors. In most other cases, Tier 3 properties will be sold
13 via bid-sale to the highest bidder. Because of the limited impact of these
property sales, community outreach efforts will generally be more direct and
14 limited.

15 **D. Guiding Principles for Direct Negotiated Dispositions**

16 City code allows the City, upon City Council authorization, to approve the negotiated
disposition of real property (see TMC 1.06.280). This authority provides the City with
17 substantial flexibility to sell property to governmental and nonprofit agencies, adjacent
property owners, and public-private development partners. While competitive selection
18 for surplus sales is ordinarily preferred, there are circumstances where direct
negotiation is in the best interests of the City. In considering whether a direct
19 negotiated disposition should be pursued, City staff will consider the following
guidelines, ranked in order of procedural clarity:

- 20 1. The City should consider selling surplus property directly to adjacent/abutting
21 property owners when the adjacent/abutting property owner(s) are the only
feasible or likely candidates for acquisition and when selling to another party
22 would have significant detrimental effects to the adjacent/abutting property
owners; and when selling to the adjacent/abutting property owner(s) will allow
23 for expansion and development of a profit or nonprofit enterprise increasing
economic and community improvement opportunities within the City; and further
24 when said sale is an ancillary component of a street vacation.
- 25 2. The City should consider selling surplus property directly to other governmental
26 agencies and nonprofit agencies when the proximity or functionality of said
surplus property improves the ability of the organization to achieve its mission



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

- and where the City can achieve economic benefit through an increase in sales tax, admissions tax, or other revenues.
3. The City may transfer property to a City-formed Public Development Authority to develop according to a City-approved plan or development strategy.
 4. Where feasible, the City should consider selling surplus property suitable for housing directly to governmental and nonprofit agencies who will repurpose the property to include affordable housing, or to negotiate components of affordable housing in sale documents or development agreements.
 5. The City should consider selling surplus property directly to a private development partner when the conveyance of the property is an element of a public-private partnership agreement between the City and a third party that has been approved by the City Council and is necessary to achieve the desired development; and when (even if the City is not a development partner) the development will help the City achieve its economic development goals and is more suitable than existing alternatives and potential partners.
 6. In the circumstance where the City has previously completed a Request for Proposals process and an acceptable proposal was not received, the City may directly or through a third-party agent contact potential developers/investors and directly negotiate a sale.



CITY CLERK USE ONLY

REQUEST FOR
ORDINANCE RESOLUTION

RECEIVED
Request #:
Ord./Res. #:

13318
38529

AUG 08 2012

1. DATE: August 8, 2012

CITY CLERK'S OFFICE

2. SPONSORED BY: COUNCIL MEMBER(S) N/A

3a. REQUESTING
DEPARTMENT/DIVISION/PROGRAM
PWD/Facilities Management/
Real Property Services
3b. 'DO PASS' FROM Economic
Development Committee -
August 7, 2012.
3c. DID THIS ITEM GO BEFORE THE
PUBLIC UTILITY BOARD?
4a. CONTACT (for questions):
4b. Person Presenting:
4c. ATTORNEY:
Richard E. McKinley, Public Works Director
Jeff Litchfield, Interim Finance Director
Tansy Hayward, Asst. City Manager

5. REQUESTED COUNCIL DATE: August 21, 2012

(If a specific council meeting date is required, explain why; i.e., grant application deadline, contract expiration date, required contract execution date, public notice or hearing required, etc.)

6. SUMMARY AGENDA TITLE: (A concise sentence, as it will appear on the Council agenda.)

Approve the Policy for the Sale/Disposition of City owned general government real property.

7. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

The City has laws and procedures which govern the mechanisms for the disposition of City owned real property, including three established processes for surplus sale: (1) direct negotiated disposition, (2) request for proposals, and (3) bid sale to the highest bidder.

While the City has established procedures for the sale of property, the City Council asked staff to develop a policy which establishes a framework for the disposition of City owned property..

This policy establishes (1) Guiding Principles for the Sale of City owned property; (2) Classification of properties for sale; and (3) Guiding Principles for Direct Negotiated Dispositions.

Overall, the City should retain properties which meet its property ownership objectives and sell properties which do not. Property for sale will be classified into three tiers with differing policy objectives and correlative disposition processes.

In addition, this policy will provide guidelines for staff to use when negotiating the disposition of real property. This authority provides the City with substantial flexibility to sell property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners.

City staff has met with the Economic Development Committee (EDC) on four separate occasions to discuss and edit the policy based on Council feedback. A 'do pass' from the EDC was received on Tuesday August 7, 2012.

CITY CLERK USE ONLY

REQUEST (CONT)

Request #:	13318
Ord/Res #:	38529

- 8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:**
- | | |
|--|-----------------------------|
| Source Documents/Backup Material | Location of Document |
| Sale/Disposition of City Owned Property Policy | City Clerk's Office |

- 9. WHICH OF THE CITY'S STRATEGIC GOALS DOES THIS ITEM SUPPORT? (CHECK THE GOAL THAT BEST APPLIES)**
- A. A SAFE, CLEAN AND ATTRACTIVE COMMUNITY
 - B. A DIVERSE, PRODUCTIVE AND SUSTAINABLE ECONOMY
 - C. A HIGH-PERFORMING, OPEN AND ENGAGED GOVERNMENT

10. SUSTAINABILITY: Does this request meet the City's Sustainability Priorities? (check all that apply)

- Environment*: improve regional and local ecological well-being.
- Equity*: promote meeting basic needs and equitable access to opportunities for all city residents.
- Culture*: improve the cultural and quality of life for all citizens.
- Economy*: contribute to economic development and serve as a responsible steward of public resources.

Describe how this request supports the above sustainability priorities.

This policy encourages citizen participation and the consideration of community safety, neighborhood needs, and affordable housing when disposing of City owned property. This policy encourages the development of unused properties to generate new property taxes, sales tax, B&O and other taxes and generate new family wage jobs. In addition, this policy will encourage the return of underutilized properties to the tax rolls and private ownership.

11. IF THIS CONTRACT IS FOR AN AMOUNT OF \$200,000 OR LESS, EXPLAIN WHY IT NEEDS LEGISLATIVE APPROVAL:

- 12. FINANCIAL IMPACT:** EXPENDITURE REVENUE

- A. NO IMPACT (NO FISCAL NOTE)
 - B. YES, OVER \$100,000, Fiscal Note Attached
 - C. YES, UNDER \$100,000, (NO FISCAL NOTE)
- Provide funding source information below:**

FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	City \$	Other \$	Total Amount
--------------------------------	-----------------	----------------	-----------------	---------------------

If an expenditure, is it budgeted? Yes No **Where? Cost Center:**
Acct #:



38529

City of Tacoma

Memorandum

TO: T.C. Broadnax
City Manager

FROM: Dick McKinley *DM*
Public Works Director

SUBJECT: Council Action Memo – Request for Resolution – August 21, 2012
Policy: Sale/Disposition of City-Owned Property

DATE: August 14, 2012

Public Works is requesting City Council to approve the Policy for the Sale/Disposition of City-owned general government real property.

Background

The City has laws and procedures which govern the mechanisms for the disposition of City-owned real property, including three established processes for surplus sale: (1) direct negotiated disposition; (2) request for proposals; and, (3) bid sale to the highest bidder.

While the City has established procedures for the sale of property, staff was asked to develop a policy which establishes framework for the disposition of City-owned property.

This policy establishes: (1) Guiding Principles for the Sale of City-owned property; (2) Classification of properties for sale; and, (3) Guiding Principles for Direct Negotiated Dispositions.

Overall, the City should retain properties which meet its property ownership objectives and sell properties which do not. Property for sale will be classified into three tiers with differing policy objectives and correlative disposition processes.

In addition, this policy will provide guidelines for staff to use when negotiating the disposition of real property. This authority provides the City with substantial flexibility to sell property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners.

City staff has met with the Economic Development Committee (EDC) on four separate occasions to discuss and edit the policy based on Council feedback. A 'do-pass' from the EDC was received on Tuesday, August 7, 2012.

38529

Resolution No. _____

Adopted: AUG 21 2012

Maker of Motion: Lonergan

Seconded: Woodards

Voice Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Boe	✓			
Mr. Campbell	✓			
Mr. Fey	✓			
Mr. Ibsen	✓			
Mr. Lonergan	✓			
Mr. Mello	✓			
Ms. Walker	✓			
Ms. Woodards	✓			
Mayor Strickland	✓			

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Boe				
Mr. Campbell				
Mr. Fey				
Mr. Ibsen				
Mr. Lonergan				
Mr. Mello				
Ms. Walker				
Ms. Woodards				
Mayor Strickland				

