




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 – May 6, 2014
DATE: April 21, 2014

SUMMARY:

This memorandum provides information on the proposed sale of approximately 19,514 square feet (.45 acre) of real property by the City of Tacoma, Department of Public Utilities, Water Division (“Tacoma Water”) to the City of Buckley (“Buckley”). Buckley will use this property for public right of way. Real Property Services is requesting the City Council to authorize a declaration of surplus and negotiated disposition of this property in fee simple to the City of Buckley for fair market value.

STRATEGIC POLICY PRIORITY:

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

This transaction supports an open, effective, and results-oriented organization by allowing for an efficient resolution of a situation that, if not addressed, would result in ongoing risk exposure and potential costs for the City of Tacoma.

BACKGROUND:

This property appears to be within Buckley’s right of way; however a recent survey disclosed that Tacoma Water held the fee interest. Buckley originally requested that Tacoma Water sell them that portion of the property that was needed for a road realignment project, but during negotiations it was determined that it would be more feasible to convey the entire piece, as this would relieve Tacoma Water of ongoing maintenance expense and risk exposure. An agreement was reached for a purchase price, based upon the estimated fair market value of the subject property, of \$43,000.

During the road construction, a design change was required that was determined to be caused by Tacoma Water. This change added to the project costs, and the parties subsequently agreed that a portion of those additional costs (\$28,488) would be paid by Tacoma Water by subtracting them from the proceeds due for the property conveyance. A settlement agreement outlining this issue was drafted and is referenced in the purchase and sale agreement.

It has been determined that there is no foreseeable need for continued ownership of this property and a negotiated sale would be in the best interests of the City of Tacoma and Tacoma Water. This action was approved by the Public Utility Board on March 12, 2014.

Tacoma City Council held a Public Hearing on April 8, 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:

The alternatives to declaring the parcel surplus and disposing of it through the negotiated sale disposition process are to either retain ownership or to dispose via a bid/sale or Request for Proposal process. Tacoma Water does not have a need for the property so retaining ownership will result in continued and unnecessary risk exposure and maintenance costs. Since the property is adjacent to other City of Buckley right of way, a negotiated disposition to Buckley is the most efficient transactional process.

RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council authorize the declaration of surplus and negotiated disposition of approximately 19,512 square feet (.45 acre) of unimproved real property located in Buckley, Washington to the City of Buckley.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Capital Reserve Fund – 4600 CAPTL	587501		\$14,512
TOTAL			\$14,512

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$14,512.00 in additional revenue.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No. This revenue opportunity developed during the course of road realignment project by the City of Buckley.

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