



**TO:** T.C. Broadnax, City Manager  
**FROM:** Jennifer S. Hines, Assistant Division Manager, Public Works  
Ricardo Noguera, Community and Economic Development Department  
**COPY:** City Council and City Clerk  
**SUBJECT:** **Disposition of 1210 Tacoma Avenue South – January 3, 2017**  
**DATE:** December 12, 2016

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**SUMMARY:**

Community and Economic Development Department requests City Council to authorize the Declaration of Surplus and execution of a Quit Claim Deed to convey 1210 Tacoma Avenue to HQC USA LLC, a Washington limited liability company, in the amount of Seven Hundred Fifty Thousand dollars (\$750,000).

**STRATEGIC POLICY PRIORITY:**

- Assure outstanding stewardship of the natural and built environment.

Approval of this disposition will place the property back into private ownership, and will adhere to the City’s Policy for the Sale/Disposition of City Owned General Government Real Property.

**BACKGROUND:**

The City’s Community Development Department purchased the parcels comprising the parking lot in 1980. Council approvals were given through Resolution 26204, Resolution 26447 and Ordinance 21995, for a total amount of \$134,875 from Community Development Block Grant funds. The proceeds from this disposition will be applied in part to make those funds whole and can be used for other eligible Community Development projects. In that same year, a Library Parking Lot and Construction Fund was established, where revenues generated by the use of parking on the lots were to be deposited into the Fund for development of Library parking facilities. The facility was supposed to include free spaces for the Library patrons, with the remainder to be paid public parking. This facility was never developed.

The property is classified as a “Tier 1” Property pursuant to the City’s Policy for the Sale/Disposition of City-owned General Government Real property. A Request For Interest was issued on July 26, 2016 and the property was declared surplus to the City’s needs on August 24, 2016. A response was received by HQC USA LLC, a Purchase and Sale Agreement was executed and a Development Agreement is currently being negotiated. HQC USA LLC intends to design and construct a mixed use development on the site. Prior to the execution of a Quit Claim Deed, the developer must be able to prove to the City’s reasonable satisfaction that they have procured funds/financing sufficient to (a) pay the City the Purchase Price, and (b) complete the proposed project on the property.

**ISSUE:**

The City must dispose of City-owned surplus property pursuant to the City’s Policy for the Sale/Disposition of City-owned General Government Real Property. If this sale is not approved, the property will continue to be owned by the City and will not be placed back onto the tax rolls and developed.

**ALTERNATIVES:**

The City could continue to hold title to this property. However, this contradicts the goals outlined in the City Policy for Sale/Disposition of City-owned General Government Real Property.



**RECOMMENDATION:**

The Community and Economic Development Department recommends Council approve the Declaration of Surplus and execution of a Quit Claim Deed to convey the subject property to HQC USA LLC, a Washington limited liability company, via negotiated disposition.

**FISCAL IMPACT:**

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-FGRT	GRT-00510-05	6411030	\$750,000
<b>TOTAL</b>			<b>\$750,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** \$750,000

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** N/A