



TO: T.C. Broadnax, City Manager
FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer / *JKP*
Justin E. Davis, Interim Facilities Management Division Manager
Richard Price, Sr. Real Estate Officer, Facilities Management, Real Property Services
COPY: City Council and City Clerk
SUBJECT: Request – Surplus Property Sale – Bicentennial Pavilion Parking Lots – Parcels:
2013060013 and a portion of 2013070011 – June 10, 2014
DATE: May 15, 2014

SUMMARY:

Public Works, Facilities Management, Real Property Services requests City Council to authorize the Declaration of Surplus and execution of a Quit Claim Deed to convey two improved parking lots located adjacent to the Bicentennial Pavilion and the Murano Hotel to KS Tacoma Holdings, LLC in accordance with the Settlement Agreement, approved by motion on April 1, 2014, for the amount of \$1,245,000. This property is not classified as a Tier property pursuant to the policy for the sale and disposition of City owned General Government Real Property.

STRATEGIC POLICY PRIORITY:

- Foster neighborhood, community, and economic development vitality and sustainability.

Approval of this surplus sale will remove the legal barriers and allow a planned hotel project to be constructed along the Thea Foss waterway, thereby increasing economic development opportunities and increasing the tax base for the City.

BACKGROUND:

The City acquired and assembled the subject property in the mid 1970s for the purpose of creating a regional Convention Center with on-site parking. The Economic Development Administration, U.S. Department of Commerce provided grant funding for the construction of the Convention Center. As a condition of accepting the grant funds, the Government placed a 40 year Restrictive Covenant on the facilities stipulating that it would be devoted to public use and purpose. This restriction will lapse May 2, 2015. The City must obtain a release of the Covenant to remove the underlying restriction prior to conveyance of the property.

Also, as part of this transaction, the City will need to approve a boundary line adjustment to carve out and create a new parcel for the improved parking lot area, as the building and parking lot are currently contained within a singular parcel with Pierce County Assessor's Office.

KS Tacoma Holdings, LLC has been involved in legal actions with the City and Foss Waterway Development Authority since 2009. City Council recently approved settlement terms with KS Tacoma Holdings, LLC that included dismissing pending litigation and covenants not to bring future suits pertaining to specific developments against the City of Tacoma. This settlement allows the development of Site 4 along the Thea Foss Waterway to proceed unhindered.

The approval of this surplus sale will allow for the continued growth and expansion of our City by allowing stalled waterfront development to move forward, as well as placing the parking lots back onto the tax rolls.



ISSUE:

If this surplus sale is not authorized it may open the City to future litigation claims. This sale will fulfill the City's obligations under the settlement.

ALTERNATIVES:

The City could continue to defend the pending lawsuit through the courts. Maintaining the *status quo*, however, could continue to delay the proposed development of Site 4 and thereby continue to inhibit the economic development growth that Tacoma is seeking to foster and create along the Foss Waterway and in the downtown area in general.

RECOMMENDATION:

The Public Works Department recommends council approve the Declaration of Surplus and execution of a Quit Claim Deed to convey two improved parking lots located adjacent to the Bicentennial Pavilion and the Murano Hotel to KS Tacoma Holdings, LLC in accordance with the Settlement Agreement, approved by motion on April 1, 2014, for the amount of \$1,245,000.

FISCAL IMPACT:

The funds from this surplus property sale, \$1,245,000, will be deposited in PW Property Management Fund 1100, 296000 PWF Surplus Property Sales Cost Center.