



**TO:** Mayor and City Council  
**FROM:** William A. Gaines, Director of Utilities/CEO  
**COPY:** T.C. Broadnax, City Manager, and City Clerk  
**SUBJECT:** Resolution – Negotiated Disposition of Tacoma Public Utilities, Water Division Real Property – November 29, 2016  
**DATE:** November 17, 2016

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**SUMMARY:**

This memorandum provides information for the proposed sale of approximately 0.70 acres of surplus land located within the City of Tacoma to Heritage Bank for \$560,000. Real Property Services is requesting the City Council authorize this real property disposition via the negotiated disposition process.

**STRATEGIC POLICY PRIORITY:**

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Assure outstanding stewardship of the natural and built environment.

This request supports the above policy priorities by facilitating economic development on a vacant commercial property, and returning the property back to the tax rolls.

**BACKGROUND:**

This undeveloped property, located slightly south of 56<sup>th</sup> Street between Tacoma Mall Boulevard and Interstate 5, contains 0.70± acres / 30,492± SF, and is zoned C-2, General Community Commercial District. It was appraised in fall of 2014 for \$530,000. Heritage Bank approached the City earlier this year and Tacoma Water has accepted their offer of \$560,000, subject to Public Utility Board and City Council approval. The bank intends to construct a branch office on the site.

A public hearing on this transaction was held on November 15, 2016. It was noted at the public hearing that an email offer was made by Mr. Mitchell Shook for \$575,000, under the same terms and conditions as this proposed sale. After reviewing the offer, and discussing the potential uses being proposed by Mr. Shook, Tacoma Water and Real Property Services concurred that the Heritage Bank transaction was the most viable. In the event this transaction falls through, the property will be listed for sale and re-exposed to the commercial real estate marketplace.

**ALTERNATIVES:**

The alternatives to disposing of this property through the negotiated sale disposition process are to either retain ownership or to dispose via a bid/sale process. Tacoma Water does not have a need for the property, and if it were to retain ownership there would be continued management and administrative costs. The negotiated disposition process was determined to be the most efficient disposition method, since the bid/sale process is more suited to properties that are difficult to market and/or are not suitable for commercial development.

**RECOMMENDATION:**

Tacoma Water and Real Property Services recommend that the City Council authorize this disposition of approximately 0.70 acres of vacant property in Tacoma to Heritage Bank. The property will be sold AS-IS for \$560,000.



**FISCAL IMPACT:**

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Capital Reserve Fund 4600- CAPTL GL6411030	587501		\$530,000 (purchase price less transactional costs)
<b>TOTAL</b>			<b>\$530,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$-0-**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** No; this revenue opportunity developed after the most recent budget approvals.