



TO: T.C. Broadnax, City Manager
FROM: Maureen Barnes, Real Estate Officer TPU, Department of Public Works
William A. Gaines, Director of Utilities/CEO
COPY: City Council and City Clerk
SUBJECT: Resolution – Set Public Hearing – November 5, 2013
DATE: October 10, 2013

SUMMARY:

Setting Tuesday, November 19, 2013, as the date for a Public Hearing in order to approve the negotiated sale of four (4) former Tacoma Power substation sites which were previously declared surplus. The parcels range in size from 0.14 acre to 0.30 acre and will be sold to Mr. Reggie Brown for a cumulative price of \$317,000. Mr. Brown intends to build residential houses on the sites.

BACKGROUND:

The Tacoma Power substation sites were formerly used to support a 4.2kV system, and the substations became obsolete once the entire electrical distribution system was upgraded. In 2009 the Public Utility Board and the City Council approved Tacoma Power declaring nine (9) former substation sites as surplus to the City's needs. Subsequently, several of the substations were published for bid-sale to no avail as no viable bids were received. Since that time, all of the substations have been marketed on the City's surplus website and staff has received minimal third-party interest therein.

In 2013, Mr. Brown contacted the City and expressed the willingness to buy four of the surplus substation sites for residential redevelopment. Mr. Brown has agreed to pay fair market value as determined by both third party appraisals and in-house valuations. The properties will be conveyed via a Quit Claim Deed and Mr. Brown will pay any and all fees associated with the transaction. Further, all of Tacoma Power's former equipment has been removed and the sites have been inspected and remediated as necessary to ensure applicable environmental standards have been met.

The sites are located throughout Tacoma and range in size from 0.14 acre to 0.30 acre and are individually priced as follows:

- Ruston, 0.20 acre, \$87,000; located at 5001 North Visscher St., Parcel No. 3450000210
- Downing, 0.30 acre, \$123,000; located at 1801 North Orchard St., Parcel No. 7475022110
- Fairmount, 0.14 acre, \$77,000; located at 4924 North 31st Street, Parcel No. 3755000100
- Lincoln Park, 0.19 acre, \$30,000; located at 1009 South 35th Street, Parcel No. 5275000720

It has been determined that there is no foreseeable need for continued ownership of the subject property and a negotiated sale would be in the best interests of the City of Tacoma and Tacoma Power. This action was approved by the Public Utility Board on October 23, 2013. Additionally, notice of the surplus action and upcoming sale was provided both internally and externally to interested parties and governmental entities and to residents and property owners located within a 1,000 foot radius of the parcels.

ISSUE:

Tacoma Power would like to sell four former surplus substation sites deemed surplus to the needs of the City by direct negotiation. Tacoma Power has secured a single buyer for these sites who is willing to pay fair market value and repurpose the properties for residential use..



ALTERNATIVES:

The alternatives to disposing of the parcels through a negotiated sale disposition are to either retain ownership, or to dispose via a bid-sale or Request for Proposal process. Retaining ownership will result in continued and unnecessary risk exposure and maintenance costs. Further, based on the unsuccessful results of the previous bid-sale and minimal interest received from marketing the properties individually, staff believes that this negotiated disposition is in the best interests of the City as it will return underutilized properties to the tax rolls and private ownership as well as initiate sale and development that encourages improvement for the neighboring residences. In addition, staff is confident that the sale of multiple sites to a single party will provide efficiencies in the disposition and redevelopment of these sites.

RECOMMENDATION:

Proceed with the disposition of these properties for fair market value via a negotiated disposition process with the Mr. Brown.

FISCAL IMPACT:

If you are making a commitment on the City’s behalf to receive or expend funds, then the fiscal impact section should be completed. If this does not apply, enter “There is no fiscal impact” and delete everything below this line. If you are unsure, please contact the Budget Office. If the action is to accept a donation, you do not need to complete the fiscal impact section, just note the estimated value of the donation in the background section.

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Superintendents Fund – 4700	561100		\$317,000
TOTAL			\$317,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: 0

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

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

Explain how expenditures are to be covered and if budget modifications are required.