



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Keith Underwood, Tacoma Power Natural Resources Manager  
Greg Muller, Real Estate Officer, Real Property Services  
**MEETING DATE:** December 9, 2020  
**DATE:** November 25, 2020

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**SUMMARY:** Declare surplus and authorize the negotiated sale of approximately 1.19± acres of Tacoma Power property, identified as a portion of Lewis County Assessor Tax Parcel No. 028327-001-000 located adjacent to Mayfield Lake and the Kris Kay residential subdivision in the Mossyrock vicinity of unincorporated Lewis County, to Michael and Cheryl Jensen for \$125,500.00.

**BACKGROUND:** No previous request has been submitted to Board in relation to this proposal. The sale property is in a rural to location in central unincorporated Lewis County near Mossyrock. It was originally acquired in 1961 by Tacoma Power, who no longer needs to retain ownership of the property as it lies outside of the FERC-regulated boundary and ownership entails additional management time and expense. As required by the Purchase and Sale Agreement, prior to closing of the sale the Buyer obtained approval from Lewis County for a Boundary Line Adjustment (BLA) needed to convey the sale property. The Jensens own an abutting tract in the Kris Kay residential subdivision; however, their site does not have enough room to accommodate a well, an on-site septic system/reserve area, and a house. The addition of the sale property through the Boundary Line Adjustment and sale is intended to allow them to construct a residence on the enlarged property. Real Property Services conducted a negotiated bid/sale process whereby all abutting property owners were given the opportunity to submit bids to purchase the property. The Jensens submitted the highest bid, which we believe adequately represents Fair Market Value, and we entered into negotiations to finalize a Purchase and Sale Agreement with them. The terms and conditions of the Purchase and Sale Agreement were reviewed by the City Attorney's Office and approved by Tacoma Power management and Real Property Services.

Upon approval by the Board, a separate request will be made to the City Council to hold a Public Hearing to be followed by Final Approval. Closing of the sale is expected by February 2021.

### **Additional detail related to the property and disposition:**

This predominantly mowed grassland property has never been central to Tacoma Power's operational or regulatory needs in relation to the Cowlitz Hydroproject and is not included in the FERC Boundary. In fact, it has consumed a lot of staff time and resources for monitoring and to respond to neighbor complaints when others have used the property without Tacoma Power's permission. Tacoma Power has also received numerous inquiries from abutting property owners over the years to purchase the property.

Due to the preceding issues, Tacoma Power Natural Resources identified this property as a high priority for surplus disposition and engaged Real Property Services. In order to treat all neighbors equitably, RPS, with Tacoma Power approval, crafted a disposition strategy to allow all six abutters the opportunity to purchase the property. Letters were sent to all interested parties and offers were solicited and reviewed. The offer from Michael and Cheryl Jensen was by far the highest and was accepted by Tacoma Power. As a condition of the sale, the Jensens were required to obtain approval from Lewis County for a Boundary Line Adjustment necessary to convey the property to them; as that has been completed, we are



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now seeking TPU Board and Council approval so we can close the sale and transfer ownership to the Jensens.

### Timeline of the Disposition Process:

1. Notice Letter to Abutters: November 15, 2019
2. Offer Submission Deadline: December 13, 2019
3. Selection of Offer: January 14, 2020
4. Consummate PSA: April 14, 2020

Although we were able to complete Steps 1 thru 4 and execute the Purchase and Sale Agreement with the Jensens in April, due to the pandemic striking at that point, it took the buyers much longer than anticipated to complete the Boundary Line Adjustment process with Lewis County. Approval was just received in November, and we are now proceeding to approval by the TPU Board and City Council per the following schedule:

5. TPU Board: December 9, 2020
6. Public Hearing: January 19, 2021
7. City Council: January 25, 2021
8. Closing of Sale: February 2021

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** No.

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**  
N/A.

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?** N/A.

**ATTACHMENTS:** Tacoma Power Real Estate Purchase and Sale Agreement No. A3240, Addendum No. 1 to A3240, Quit Claim Deed No. 6774, Boundary Line Adjustment, Declaration of Surplus; Location Map

**CONTACT:** Primary Contact: Greg Muller, Real Estate Officer, Ext 8256  
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