

TACOMA PUBLIC UTILITIES
3628 South 35th Street
Tacoma, Washington 98409-3192

DATE: October 8, 2015
TO: William A. Gaines, Director of Public Utilities
FROM: Gloria Fletcher, Senior Real Estate Officer ~~GF~~ CR
SUBJECT: Response to Board from September 23, 2015 Public Utility Board meeting regarding U-10368, the negotiated sale of Tacoma Power Property.

The purpose of this memorandum is to provide additional information as requested at the September 23, 2015 Public Utility Board Meeting.

During that meeting, Chair Flint requested some assurance that there would never be an extension of Military Road through east Pierce County. We have since confirmed with Pierce County staff that there are no existing plans to extend Military Road beyond the current proposal, which was initiated from a Pierce County development requirement for the parcel that is adjacent to the Tacoma Power property. Also, as noted during the September 23rd meeting, any further extension would require approval from the Public Utility Board and Tacoma City Council, because it would entail purchasing additional property from us. The attached map shows that the new road would dead-end before extending further into our property.

There was also a question from Board Member Larkin regarding the current use of this property, which Tacoma Power acquired in 2007 from Tacoma Water for the relocation of the South Service Center. This plan was further supported in 2010, when the Public Utility Board approved a conveyance of property, via U-10368, to support the Canyon Road East road improvement project that included construction of a fourth approach to the intersection of Canyon and Military Roads. By planning for a shared roadway between the two properties, both parties benefit from improved access to Canyon Road, and improved ability to use their respective sites. The conclusion at that time was that this extension would be required to develop either property and, based on recent conversations with Pierce County, that is still the case. A discussion about a longer extension would only happen at such time Tacoma Power developed its property and, at this point, there are no plans to build the South Service Center at this location.

Real Property Services is currently working with both Tacoma Power and Tacoma Water to identify all potentially surplus Utility Real Property and develop appropriate strategies for management or disposition. This will be a discussion item at the November 18th study session.

Please let me know if you have further questions or comments.

cc: Chris Robinson, Tacoma Power Superintendent
Dolores Stegeman, Transmission and Distribution Manager





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Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

Date: August 26, 2015
To: William A. Gaines, Director/CEO
From: Chris Robinson, Power Superintendent/COO *CR*
Subject: Conveyance of Tacoma Power property to WGW, Inc.

Recommendation: Tacoma Power requests your approval to declare surplus and authorize the sale of approximately 0.36 of an acre (15,682 square feet), for \$63,192 to the abutting property owner, WGW, Inc., to be used for a future access road.

Background: Tacoma Power purchased a 32.5 acre parcel located on Canyon Road from Tacoma Water in 2007. At that time, the plan was to relocate the South Service Center to this property, which is approximately 32.5 acres. In 2010, Tacoma Power requested that the southeastern corner of the property be conveyed at no cost to Pierce County in order to install a traffic signal light at the intersection of Canyon and Military Roads. This signal was planned to facilitate an extension of Military Road across Canyon and along the southern boundary of Tacoma Power's property.

WGW owns the property directly south of Tacoma Power and has imminent plans for commercial development. Therefore they would like to see the planned road extension completed in the near future. After evaluating the various alternatives to complete the road, which will ultimately enhance the utility of Tacoma Power's property, it was determined that selling that portion of the property that was planned for an access road to WGW would be the most efficient. WGW can then construct the road to Pierce County Standards and dedicate it for public use as part of its master site plan.

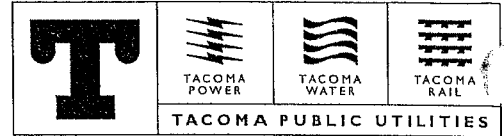
Tacoma Power will retain easement rights for ingress and egress in the event the road is not constructed. Real Property Services, working with the Legal Department, has completed a purchase and sale agreement that contains terms and conditions that are in the best interest of Tacoma Power. The price of \$63,193 was determined via an in-house opinion of fair market value.

Schedule: Upon approval from the Public Utility Board, Real Property Services will hold a public hearing, and seek final approval for this transaction from Tacoma City Council. If approved, the transaction will be completed in the first quarter of 2016. The proceeds from this fund will be approximately \$62,000.

Thank you for your consideration of this request. I would be happy to meet with you to go over this matter in more detail.

MEMORANDUM

DATE: September 11, 2015



TO: Chris Robinson, Power Superintendent/COO

FROM: Gloria Fletcher, Senior Real Estate Officer, x8573 

SUBJECT: Tacoma Power Sale to WGW – Transaction Summary

The purpose of this memo is to provide you with a brief summary of the details of this transaction, which will require Public Utility Board and Tacoma City Council approval. Please don't hesitate to contact me if you have any questions.

- In 2007 Tacoma Power purchased 32.5 acres from Tacoma Water for \$4,000,000 (\$2.83 per sf), for relocation of its South Service Center. The property is located near 172nd Avenue and Canyon Road in the Frederickson area.
- In 2010, Tacoma Power conveyed, at no cost, a small corner of the property to allow for a traffic signal to be installed at the intersection of Military and Canyon Roads. This light would provide improved access to Tacoma Power's property, and the intention at that time was that Military Road would at some point be extended along the southern border of the property.
- Military Road has not been extended, but at this time the abutting property owner, WGW Inc., is planning to build a road in the same alignment to facilitate the development of their property. Doing so would require the acquisition of a 30' strip from Tacoma Power.
- Pierce County has requested that the road be built to county standards and dedicated to them upon completion.
- County code allows for developers to recover the costs of privately funded public roads within a certain time period from neighboring properties at such time those neighbors develop their property. For this project, the county would require a 15 year lien on the property to cover the pro-rata share of construction costs – currently estimated at \$200,000. This would need to be paid only if the property is developed during that time.
- Tacoma Power is supportive of the road construction, as it would benefit their property. WGW has agreed to purchase a 30 foot strip (15,682 square feet) for \$63,192 (\$4.00 per square foot) from Tacoma Power for this purpose.