



TO: T.C. Broadnax, City Manager
FROM: Gloria Fletcher, Senior Real Estate Officer TPU, Department of Public Works
William A. Gaines, Director of Utilities/CEO
COPY: City Council and City Clerk
SUBJECT: Resolution – Declaration of Surplus and Negotiated Disposition of Tacoma Public Utilities, Water Division real property – October 21, 2014
DATE: September 19, 2014

SUMMARY:

This memorandum provides information on the proposed sale of approximately 0.85 of an acre of real property by the City of Tacoma, Department of Public Utilities, Water Division (“Tacoma Water”) to the adjacent property owner, Fretoc, LLC, (“Fretoc”) for \$50,000. Real Property Services is requesting the City Council to authorize a declaration of surplus and negotiated disposition of this property in fee simple to Fretoc for fair market value.

STRATEGIC POLICY PRIORITY:

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

This transaction fosters neighborhood, community, and economic development vitality and sustainability by allowing this surplus city property to be put to its highest and best use, which is as part of a larger, adjacent property that is under development.

BACKGROUND:

This property was acquired 1893 when the Tacoma Light and Water company conveyed several parcels of real property to the City of Tacoma. This triangular shaped piece is located on the West side of Canyon road and is a remnant portion of a larger, 73 acre site, that is primarily located on the East side of Canyon road. This property is significantly encumbered by a Bonneville Power Administration transmission line and has little economic value to the larger parcel.

Earlier this year, Fretoc, LLC approached Tacoma Water to purchase this property to facilitate the development of their abutting property. After negotiations, Tacoma Water agreed to this disposition, provided that Fretoc, LLC handle all transactional costs. The fair market value was determined to be \$50,000.

Tacoma Water has determined that there is no foreseeable need for continued ownership of this property, and that its current operations are not impacted by this transaction. This action was approved by the Public Utility Board on August 27, 2014.

Tacoma City Council held a Public Hearing on September 23, 2014, as required by State law to allow the public to comment on the proposed sale of utility property. No comments or objections were received during that hearing.

ALTERNATIVES:

The alternatives to declaring the parcel surplus and disposing of it through the negotiated sale disposition process are to either retain ownership or to dispose via a bid/sale or Request for Proposal process. Tacoma Water does not have a need for the property so retaining ownership



will result in continued and unnecessary risk exposure and maintenance costs. Further, since this property is not a viable parcel and Fretoc, LLC is the abutting owner; a negotiated disposition is the most efficient transactional process.

RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council authorize the declaration of surplus and negotiated disposition of approximately 0.85 of an acre of unimproved real property located near the intersection of Canyon Road and 172nd Street E, to the adjoining property owner.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Capital Reserve Fund 4600-CAPTL GL6411030	587501		\$50,000
TOTAL			\$50,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$50,000 in additional revenue.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No. This revenue opportunity developed when the potential buyer approached Tacoma Water.

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