



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities
COPY: City Council and City Clerk
SUBJECT: Resolution – Declaration of Surplus and Sale of Tacoma Water Real Property – City Council Consent Agenda for January 26, 2021
DATE: December 22, 2020

SUMMARY AND PURPOSE:

To set Tuesday, February 9, 2021 as the date for a Public Hearing regarding the declaration of surplus and sale of approximately 43 acres of Tacoma Water property for \$2,025,000.00 to the Puyallup School District No. 3 (“Puyallup”).

BACKGROUND:

The sale property is in a semi-rural to suburban location in central unincorporated Pierce County near Puyallup. It was originally acquired as part of the McMillin Reservoir complex developed in 1912 to store water from the Green River for distribution to the Tacoma Water service area. The Puyallup School District intends to utilize the land as a site for a public school. Tacoma Water has determined that it does not need the property, and ownership entails additional management time and expense, so Tacoma Water has agreed to the sale, which includes reservation of easements for utility infrastructure and access. The sale price is believed to reflect Fair Market Value based on sales activity and appraisal. The terms and conditions of the purchase and sale agreement have been reviewed by the City Attorney’s Office and approved by Tacoma Water management and Real Property Services.

The Puyallup School District initially expressed interest in the 43± acres in 2011. Subsequent negotiations included Pierce County Parks and Recreation who expressed interest in the adjacent 100-Acre Wood. Tacoma Water staff briefed the Board during a March 23, 2017 Study Session about the proposed surplus disposition of both the 100-Acre Wood to the County for open space and the adjacent 43± acres to the Puyallup School District for a public school. The briefing included a timeline for approval and disposition, with anticipated closing of both transactions by August 2017. The County was able to secure grant funding and moved forward with their purchase and closed in December 2017. However, it took the Puyallup School District additional time to secure its funding, and upon doing so, we moved into drafting of the formal documents to complete the sale. Thus, the present request represents the final step in a multi-year process.

There has been public outreach to and involvement of the neighbors and larger community regarding these dispositions and future use of the properties. The public outreach includes:

Two public meetings held in May and August of 2015 with presentations by Tacoma Water, Pierce County Parks and Recreation, Puyallup School District, and the Pierce County Sheriff’s Office. No significant objections were noted as to the proposal to sell the 100-Acre Wood to the County for passive open space or to the Puyallup School District for a future school. The primary concern expressed by the public centered around existing unauthorized use of the property for illicit activities such as parties, drug use, noise, and trash. Sentiments were expressed that development with the school should help alleviate such nuisances, but would also increase traffic. Others expressed that development of a school campus would be preferred over residential development of the property.



Additional information regarding the ecological and environmental conditions of the property includes the following:

- The Puyallup School District obtained a recent wetlands reconnaissance of the property. Although a formal delineation has not yet been completed, one would be required at time of development, and any wetlands or buffers disturbed would be mitigated pursuant to all applicable regulations.
- As part of the current sale, the following portions of the property will be substantially preserved from development:

Natural Buffer Area Covenant: A 25'-wide swath along the entire common boundary between the property and Tacoma Water's McMillin reservoir complex. This area will be preserved in a substantially natural state, with no clearing, grading, filling, building or road construction.

Easement Area B: This 0.80± acre area located at the northwest corner of the property will remain largely undisturbed and reserved for the occasional use by Tacoma Water as an outfall area when the reservoir tanks are cleaned.

- The agreed-to consideration of \$2,025,000.00 is based upon a recent appraisal and represents Fair Market Value. Any further restrictions on the development potential of the property would be subject to negotiation with the Puyallup School District.

Due to the presence of wetlands, an access easement to the County for the 100-Acre Wood, and the easements and covenant to be reserved to Tacoma Water, the Puyallup School District believes that the remainder of the site will be needed to accommodate a future school. The proposed school is likely to be a middle school to be co-located with the existing Hunt Elementary School located immediately adjacent to the property on the west.

The property is zoned Residential Resource which is consistent with the latest update (2020) to Pierce County's South Hill Community Plan. Development of the property with a public school is an outright permitted use. Although there are no current plans to build the school, the Puyallup School District must plan many years in advance. A new middle school to serve this fastest-growing area of the Puyallup School District is part of the District's master plan, and acquisition of this site has been included in the District's 6-year Capital Facilities Plan. Also, the Puyallup School District Board approved this transaction in July 2020. Further opportunity for neighborhood and broader public input will be available at the time the Puyallup School District has finalized its plans for the site. The District must seek a supermajority public approval of a capital bond to fund construction. In addition, there will be significant opportunity for additional public input as the Puyallup School District navigates SEPA and permit approval processes required by state law and county code.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

As the sale involves an unimproved tract of land in a semi-rural to suburban location in Pierce County, no potential impacts are foreseen. This sale has been vetted by Tacoma Water management.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The sale will allow continued development of the South Hill community, which provides housing, educational, employment, and recreational opportunities in line with state-mandated Growth Management policies and Pierce



County development regulations, including environmental mitigation. As the sale property lies outside the corporate limits of the City of Tacoma, no Equity Index Scores have been identified.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Retain property	None.	Costs for maintenance and liability.

EVALUATION AND FOLLOW UP:

This is a one-time sale with no on-going evaluation required.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council set Tuesday, February 9, 2021 as the date to hold a Public Hearing for the declaration of surplus and sale of approximately 43 acres of Tacoma Water Property to the Puyallup School District No. 3 for \$2,025,000.00

FISCAL IMPACT:

There is no fiscal impact to setting this Public Hearing.

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

ATTACHMENTS:

None.