



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities
COPIES: City Council and City Clerk
SUBJECT: Resolution – Disposition of Tacoma Water Real Property – City Council Agenda for February 16, 2021
DATE: February 12, 2021

SUMMARY AND PURPOSE:

This memorandum provides information for the proposed sale of approximately 43 acres of Tacoma Water property identified as Pierce County Assessor Tax Parcel Number 0419141088 for \$2,025,000.00 to the Puyallup School District No. 3 (“Puyallup”). Real Property Services requests the City Council declare surplus and authorize this real property sale.

BACKGROUND:

The sale property is in a suburban location in central unincorporated Pierce County near Puyallup. It was originally acquired in 1912 for development of the McMillin Reservoir complex. Tacoma Water has determined that it no longer needs the property. Also, 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 in support of the McMillan Reservoir complex and access to the adjacent property sold to Pierce County in 2017.

The Puyallup School District intends to utilize the property as a site for a future public school. 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.

The sale price reflects Fair Market Value based on an independent 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, and this surplus disposition was approved by the Public Utility Board via Resolution No. U-11222 adopted January 13, 2021. A Public Hearing was held before City Council on February 9, 2021. A summary of the comments and responses is provided in the Attachment.

(Cont. in Attachment)

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

All abutting property owners were notified of the sale, a public hearing notice was published and the public hearing held as required by state law. No further community engagement efforts were identified and no potential impacts are foreseen to the local community.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The sale will allow continued development of the local community, which provides housing, educational, employment, and recreational opportunities in line with state-mandated Growth Management policies and Pierce County development regulations. 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 declare surplus and authorize the disposition of approximately 43 acres of Tacoma Water Property identified as Pierce County Assessor Tax Parcel Number 0419141088 to the Puyallup School District No. 3 for \$2,025,000.00.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Fund 4600 - GL 1860030	N/A	N/A	\$2,025,000.00 (less closing costs)
TOTAL			\$2,025,000.00 (less closing costs)

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:

Sale Property Location Map.



**Attachment -
February 9, 2021 Public Hearing Comments and Responses**

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BACKGROUND (cont.):

Several Council Members and members of the public provided comments or questions on issues as summarized below:

- 1) Possible inclusion of a covenant in the deed restricting future development of the property to either a school or to preserve it as open space.

Subsequent to the Public Hearing, Real Property Services asked the Puyallup School District whether they were willing to renegotiate the transaction to include such a covenant. They declined.

- 2) Opportunity for public notice and comment.

All state laws and city codes regarding public notice and comment have been complied with in the disposition of this property. Public notice is made of both City Council and Public Utility Board meetings, including published agendas, and the required Public Hearing Notice for this surplus sale was mailed to the property’s neighbors, published in the Tacoma Daily Index, and posted to the City’s website.

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.

- 3) Compliance with the Growth Management Act.

The Growth Management Act requires planning to accommodate public facilities such as schools along with anticipated growth in population. Although Pierce County is the lead agency in regulation and permitting of the property, a public school is a permitted use in the applicable Residential Resource zone, which is consistent with the latest update (2020) to Pierce County’s South Hill Community Plan, and any future development would have to comply with both the state’s Growth Management Act and local development regulations in place at that time.