Date: September 10, 2014

To: William A. Gaines, Director/CEO
From: frr Linda McCrea, Water Superintendent *Heather Lu*

Subject: Conveyance of Tacoma Water surplus property to the Army Corps of Engineers
             Located in the Green River Watershed near Howard Hanson Dam

Recommendation: Tacoma Water requests your approval to convey approximately 20 acres, located in the Green River Watershed near Howard Hanson Dam, to the United States of America ("ACOE") for $142,300.

Background: This property has been encumbered by the Army Corps of Engineers since 1986, when the ACOE began installing piezometers to monitor ground water as part of its operation of the Howard Hanson Dam. Currently, the ACOE has over 30 piezometers and several drainage tunnels along with related wiring and data transfer equipment within the original permit area and has also installed two log boom anchors on smaller sites in a different location.

Due to the significant encumbrance caused by the ACOE activities, which are expected to be ongoing, Tacoma Water has arranged for the ACOE to purchase the property in fee. To ensure minimal impact of this conveyance, the parties worked collaboratively to determine the boundaries of the conveyance as well as ongoing ingress and egress needs.

The purchase price of $142,300 is based on the fair market value as determined by a third party appraisal. Tacoma Water, Real Property Services, and the City's Legal department have reviewed and approved the proposed transaction, and Real Property Services has notified all City departments of this potential surplus property.

Schedule: Upon approval from the Public Utility Board, Real Property Services will hold a public hearing, in accordance with Washington State law, and seek final approval for this transaction from Tacoma City Council. If approved, the transaction will be completed by the end of 2014.

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