



TO: Mayor and City Council
FROM: William A. Gaines, Director of Utilities / CEO
COPY: T.C. Broadnax, City Manager and City Clerk
SUBJECT: Resolution – Negotiated Disposition of Tacoma Public Utilities, Water Division Real Property – October 11, 2016
DATE: September 22, 2016

SUMMARY:

This memorandum provides information for the proposed sale of approximately 1.52 acres of surplus real property located in Enumclaw, Washington to George and Mary Roach via the negotiated disposition process for \$325,000.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priority by allowing for a property that is no longer needed by the City to be sold, thereby providing revenue to the City and repurposing the property towards its highest and best use.

BACKGROUND:

Tacoma Water originally acquired this residential property, which included a small home and concrete shop, in 1949 and for use as employee housing and operational support for the Green River Municipal Watershed, Pipeline 1, the Cumberland Tank, and other related assets. The home was converted to office use several years ago and, in 1980, the property was expanded and a second shop area was built, changing the use to equipment and vehicle storage and occasional meeting space. In 2014, these operations were consolidated between the McMillin Reservoir and Watershed locations and the property has been marketed via a third party broker.

This property is extremely unique from a market perspective due to the lack of curb appeal as a residential property and incompatible zoning for a light industrial/commercial property. The City of Enumclaw has designated the land use as Single Family Residential, but the zoning is Public Use. At this time, Tacoma Water has received an offer from George and Mary Roach for \$325,000, subject to a zoning change to allow for their intended residential use. Tacoma Water and Real Property Services agree that this price is within fair market value, as supported by a third-party appraisal.

A public hearing on this transaction was held on September 20, 2016. One comment was received from a neighboring property owner, who was concerned that the property would be zoned industrial. Real Property Services clarified with the commenter that the requested zoning change was for residential use.

ALTERNATIVES:

The alternatives to disposing of this property through the negotiated sale disposition process, as allowed under TMC 1.06.280f, are to either retain ownership or to dispose via a bid process. Tacoma Water does not have a need for the property and if it were to retain ownership there would be continued management and administration costs. This property was marketed using a licensed real estate broker, which includes similar components of a bid process, while maximizing market exposure.



RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council authorize this disposition of approximately 1.52 acres of Tacoma Water real property located in Enumclaw, Washington. The property will be sold via a Quit Claim Deed for \$325,000.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Capital Reserve Fund 4600- CAPTL GL6411030	587501		Approximately \$285,000 (purchase price less transaction costs)
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$0.00

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No, this revenue opportunity was not budgeted.