



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** John Nierenberg, Tacoma Power Transmission and Distribution Assistant Section Manager  
Greg Muller, Real Estate Officer, Real Property Services  
**MEETING DATE:** September 9, 2020  
**DATE:** August 28, 2020

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**SUMMARY:** Declare surplus and authorize the sale of approximately 31.5 acres of industrial-zoned Tacoma Power property known as the Frederickson Industrial Site (aka Pierce County Assessor Tax Parcel Number 0419302044) located at 16515-16525 Canyon Road East to Exeter Canyon Land, LLC (“Exeter”) for \$10,600,000.00.

**BACKGROUND:** The sale property is located in the Frederickson vicinity of unincorporated Pierce County. This vacant tract was originally transferred from Tacoma Water in 2007 with the intention to build a new South Service Center on the site, but that project was subsequently cancelled. Upon approval by the Director of the surplus declaration in November 2018, a Request for Proposals was initiated to market the property for sale, and a Listing Agreement was executed with Lee & Associates Commercial Real Estate Services, LLC. At the conclusion of the marketing efforts, a Purchase and Sale Agreement (the “PSA”) with Exeter was entered into on February 28, 2020. Consistent with the May 7, 2020 Addendum No. 1 to the PSA, the buyer’s feasibility study period expires August 25, 2020, and the sale is scheduled to close within four months of Seller approvals (i.e. latest by mid-February 2021), the last of which is final approval by the City Council, expected October 13, 2020. As this property is located in unincorporated Pierce County and outside the Tacoma Power service territory, Tacoma Power does not see a need to retain ownership of the property as ownership entails additional management time and expense. The sale price is believed to reflect Fair Market Value as it resulted from a competitive process with significant professional third-party real estate brokerage marketing efforts to the general public and real property development community. Exeter has extensive nationwide experience in developing industrial properties, many as build-to-suit for particular users and has submitted an application for development with Pierce County. However, as Exeter has confidentiality agreements in place, we do not know the specific future user (either as an owner or tenant). The project is expected to adhere to all Pierce County development regulations, including environmental mitigation, and be consistent with the economic development goals of the County Executive, including job creation. The City Attorney’s Office has previously reviewed and approved the form of the purchase and sale agreement. Tacoma Power staff and management have reviewed the documents and support this request with no negative impacts to Tacoma Power operations expected.

Previously, the Board approved the Listing Agreement on May 22, 2019 via Board Resolution No. U-11085. Also, the Board approved the grant of an easement on a portion of the property to the Tacoma Sportsmen’s Club on June 24, 2020 via Board Resolution No U-11175. Exeter had previously consented to the easement, and the \$235,000 received from the Tacoma Sportsmen’s Club will be a pass-thru credit to the purchase price.

Upon approval by the Board, a separate request will be made to the City Council to hold a Public Hearing to be followed by Final Approval. Closing of the sale is expected on or before mid-February 2021.



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**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.**

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**  
N/A.

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No.**

**ATTACHMENTS:** Tacoma Power Real Estate Purchase and Sale Agreement No. A3182; PSA Addendum No. 1; PSA Addendum No. 2; Tacoma Sportsmen's Club Easement Agreement (E13575); Request for Proposals (PT18-0350F); Listing Agreement; Declaration of Surplus; Location Map

**CONTACT:** Primary Contact: Greg Muller, Real Estate Officer, Ext 8256  
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