



TO: Mayor and City Council
FROM: William A. Gaines, Director of Utilities/CEO
COPY: Elizabeth Pauli, City Manager, and City Clerk
SUBJECT: Resolution – Disposition of Tacoma Public Utilities, Water Division Real Property – September 12, 2017
DATE: August 15, 2017

SUMMARY:

This memorandum provides information for the proposed sale of approximately 0.30 acres of surplus land located within unincorporated Pierce County to Jeff A. and Mary J. Norton for \$160,000. Real Property Services is requesting the City Council authorize this real property disposition.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priorities by returning the property to the tax rolls, allowing economic development and operation of the property, and offering the opportunity for public input on this real estate transaction.

BACKGROUND:

This former well site was part of Tacoma Water’s 2001 acquisition of the Hyada Mutual Service Company. The well was decommissioned soon after purchase and the site has remained vacant since that time. The property is zoned SF, Single Family residential, as part of the Browns Point/Dash Point Community Plan by Pierce County. As the property was not essential to Tacoma Water’s needs, it was declared surplus in 2002. In July 2008 the property was offered for sale via a sealed bid process and the Public Utility Board declined to sell the property due to market conditions. Another sealed bid process was conducted in March 2015 and no bids were received. The property has been continuously listed on the City’s surplus website and was listed with a real estate broker in January 2017 for the appraised value of \$160,000.

Tacoma Water has accepted an offer from Mr. and Mrs. Norton for \$160,000. The Nortons intend to develop and occupy a single family residence on the property. The offer is subject to both Public Utility Board and City Council approval. The sale proceeds will be used to offset the historical costs incurred to replace and upgrade the infrastructure included in the 2001 acquisition.

The terms and conditions of the purchase and sale agreement have been approved by Tacoma Water and Real Property Services and reviewed by the City’s Legal Department.



A public hearing on this transaction was held on August 29, 2017. One member of the public spoke on the matter. The speaker stated that he did not object to the sale and put forth two questions. Real Property Services provided answers to these questions to Council via the City Manager’s report.

ALTERNATIVES:

The alternatives to disposing of the property through the negotiated disposition process, as allowed under TMC 1.06.280f, are to either retain ownership or to dispose via a bid/sale process. Tacoma Water does not have a need for the property, and if it were to retain ownership there would be continued management and administrative costs. The negotiated disposition process was determined to be the most efficient disposition method, since the bid/sale process was not successful in two previous attempts for this property.

RECOMMENDATION:

Tacoma Water and Real Property Services recommend that the City Council authorize this disposition of approximately 0.30 acres of unimproved property to Mr. and Mrs. Norton. The property will be sold AS-IS for \$160,000 with reservation of an easement in the north 10 feet of the property for utility purposes.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Water Fund 4600 – GL1860030	N/A	N/A	Approximately \$150,000 (purchase price less transactional costs)
TOTAL			\$160,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$-0-

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No. This revenue opportunity developed after the most recent budget approvals.