



TO: T.C. Broadnax, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development Department
COPY: City Council and City Clerk
SUBJECT: Acquisition of Property at 625 Commerce Street – June 2, 2015
DATE: May 28, 2015

SUMMARY:

The Community and Economic Development Department requests authorization for the City to acquire property at 625 Commerce Street at a purchase price of \$4,000,000 plus closing costs.

STRATEGIC POLICY PRIORITY:

This action will meet the following Council Strategic Policy Priority:

Foster a vibrant and diverse economy with good jobs for all Tacoma residents.

BACKGROUND:

Old City Hall, 625 Commerce Street, is a five-story historic structure that represents the earliest days of City government. The building, completed in 1893, served as the hub of local government for 66 years, originally including the offices of the Mayor and City Council, municipal court, public library, and public utilities. The striking design of Old City Hall was heavily influenced by Italian Renaissance architecture, and, along with Union Station, it is one of the most architecturally and historically significant buildings in Tacoma. Together, the classical architecture of Old City Hall, the Elks Temple and Spanish Steps, and Northern Pacific Headquarters formed the core of Tacoma's business and political society at the north end of downtown for a half century.

The property was renovated in 1974 for commercial office use with some ground floor retail use. It was then sold in 2005 to Old City Hall LLC with plans to convert the building to residential use. Those plans did not materialize. The building has been vacant and in disrepair for a number of years and has suffered from neglect, flooding and other damage. As a result the City served the property owner a Dangerous Building Complaint in 2013, which included multiple violations.

With the City's purchase, staff will work to prevent further deterioration and to preserve the building's historic elements. For the future, the building will be made available for private development consistent with the goals for downtown development and the historic district.

ISSUE:

The City's historic preservation and economic development interests align with this purchase to preserve the building's historic and architectural elements and to prevent future deterioration.

ALTERNATIVES:

Council could decline to authorize the acquisition. The timing and future development of the building will remain uncertain and, without reinvestment, the building will continue to deteriorate.

RECOMMENDATION:

Staff recommends Council authorize the acquisition of the property to protect its interest in the preservation of Old City Hall, a historic landmark, protection of the City's investment in addressing building deterioration through its code enforcement actions and managing the ultimate re-use of the building in a manner that will further the City's economic development goals.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-Economic Development Special Revenue Fund	852400	various	\$4,200,000
TOTAL			\$4,200,000

* General Fund: Include Department

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$4,200,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? YES

Note: The 1195-Economic Development Special Revenue fund includes an economic development loan fund to provide economic stimulus to high priority projects in the community. The fund was originally capitalized with federal economic development grant funds. It is anticipated that a future sale of the property will repay the account.

The 2015-16 budgeted amount in this fund is \$4.8 million.