



Legislation Details (With Text)

File #: RES-38529 **Version:** 1 **Name:** Policy for City owned property
Type: Resolution **Status:** Adopted
File created: 8/21/2012 **In control:** City Council
On agenda: 8/21/2012 **Final action:** 8/21/2012
Title: Resolution No. 38529
Sponsors:
Indexes:
Code sections:
Attachments: 1. RES-38529.pdf

Date	Ver.	Action By	Action	Result
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Req. #1 3318

RESOLUTIONNO. JF,529

1 A RESOLUTION relating to economic development; adopting the Policy for the
2 SaleDisposition of City-owned General Government Real Property.
3 WHEREAS this resolution was initiated by the City Council's request for
4 the development of a policy that establishes a framework for the disposition of
5 City-owned property, and
6 WHEREAS City laws and procedures govern the mechanisms for the
7 disposition of City-owned real property, which currently include three established
8 processes for surplus sale: (1) direct negotiated disposition; (2) request for
9 proposals; and (3) bid sale to the highest bidder, and
10 WHEREAS, following a series of four meetings with the Economic
11 Development Committee ("EDC") to discuss and revise the proposed policy
12 based on City Council feedback, City staff generated a proposed policy that will
13 establish: (1) guiding principles for the sale of City-owned property, which are
14 based on the core philosophy that the City should retain properties that meet its
15 property ownership objectives and sell properties that do not; (2) a system for
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19 the classification of properties for sale, which is comprised of three tiers with
20 differing policy objectives and correlative disposition processes; and (3) guiding
21 principles for direct negotiated dispositions, and
22 WHEREAS, on August 7, 2012, the proposed policy document received a
23 do pass" from the EDC- Now, Therefore,
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1 BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

2 That the Policy for the Sale/Disposition of City-owned General

3 Government Property, attached hereto as Exhibit "A" and by this reference

4

5 incorporated herein, is hereby adopted.

6 Adopted AuG 2 1 2012

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K'Aw

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Mayor

9 Attest:

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11 City Clerk

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Approved as

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14 Deputy CityAttorney

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1 EXHIBIT "A

2 Policy for the Sale/Disposition of City-owned

3 General Government Real Property

4 A. Background

5 The City owns a variety of properties to meet its objectives, including properties which
6 site City buildings and facilities, parks, open spaces, tidelands, and rights-of-way. The
7 City also owns properties which support specific community programs such as

7 libraries, senior centers, public assembly facilities, and centers for performing arts.
Further, the City owns certain properties which the City has either acquired or retained

8 ownership for the specific purpose of redevelopment or for partnering with the private
sector to redevelop. Lastly, the City owns certain properties which it has acquired over
9 the course of the past 128 years since incorporation, and for which the City no longer
has an interest in retaining ownership.

10 Overall, the City should retain properties which meet its property ownership objectives
11 and sell properties which do not.

12 B. Guiding Principles for the Sale of City-owned Property

13 1. The City should retain ownership of properties necessary for conducting its
business operations, supporting community and economic development
14 initiatives, and for the preservation of public spaces and open space.

15 2. The City should endeavor to sell those City-owned properties which do not
meet the City's property ownership objectives. Among the City's goals in
16 property dispositions are: private development which meets the City's economic
development objectives, development of affordable housing, historic
17 preservation, and increasing density and improving walkability in support of the
18 City's Comprehensive Plan objectives.

19 3. The City has three established processes for selling City-owned property: (1)
direct negotiated disposition; (2) request for proposal process; and (3) bid sale
20 to the highest bidder. Having several tools for the sale of City property gives
the City useful options and flexibility when selling property to meet the needs of
21 the City and community.

22 4. City staff should classify its properties to be sold in order to help guide the
determination of which sale process should be utilized for selling specific City
23 properties. This classification is helpful because the City owns a variety of
properties with varying levels of value and interest to the City and community.

24 In sum, not all properties need to be sold the same way.

25 5. The City should establish appropriate processes for notifying the City Council
and the public prior to selling property. This notification will vary based on the
26 classification of the property. This process shall be transparent to the Council
and the public.

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C. Property Classification

2 Property that has been identified for sale or transfer will be classified into three tiers
3 with differing policy objectives. City staff will develop and maintain processes for each
property tier that are consistent with the policy objective.

4
5 Tier 1 properties are generally those properties that: (1) are strategically located in the
downtown or a mixed-use center with high visibility; (2) are high value (greater than

6 \$500,000) and sizable (one-third of an acre or greater); (3) have the potential to
generate a high level of community interest due to substantial neighborhood or

7 City-wide impact that may result from their development; and (4) can be instrumental in
meeting the City's economic development goals and/or in implementing its key policies.

8 Overall goals for sale of these properties will be to achieve a reasonable return on
9 investment through such outcomes as: generate new property taxes, sales tax,
business and occupation taxes, and other taxes, generate new family wage jobs,
10 catalyze new private investment and/or leverage existing public facilities, minimize
public liability, implement City master plans, encourage density, and promote
sustainability.

12 Tier I Disposition: The process for property disposition will generally involve

1 3 outreach and high levels of participation. The Request for
2 Qualifications/Request for Proposals approach will be the preferred method of
3 disposition. Exceptions to this policy may include property sales to other public
4 entities and property transfers which are the result of public-private
5 development partnerships - in these situations, the property will likely be
6 conveyed via the direct negotiated disposition process.

7 The City will maintain an inventory of Tier 1 properties and the City's associated
8 objectives through its economic development strategy. Additional guidance on direct
9 negotiation is found in Section D of this policy.

10 Tier 2 properties are those properties which have some development potential, are
11 important to the surrounding neighborhood, and have a value greater than \$250,000,
12 but have no significant alignment with the City's economic development interests or
13 other City goals and policies.

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15 Overall goals for sale of these properties will be to support goals and strategies of
16 applicable neighborhood councils and neighborhood business districts through such

17 outcomes as: increase affordable housing, improve the quality of life and property
18 values in the neighborhood, improve walkability, foster a safe environment for
19 residents, reduce crime and blight in the community, and increase tax revenue for the
20 City.

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22 Tier 2 Disposition: Because of the importance to community stakeholders,
23 Tier 2 properties will likely be sold via a Request for Proposals or negotiated
24 disposition process to put the City in a better position to influence the future

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1 use(s) of the property. Because of potential community impacts and interest,
2 there will be opportunities for community feedback and outreach and the City
3 has a vested interest in influencing the future use(s) of the property.

4 Tier 3 properties are those properties which may be important to the adjacent or
5 surrounding property owners but have a minimal level of interest to the community at
6 large. Tier 3 properties will be sold to minimize the City's liability and turn ownership

7 back the private sector or to public partners. These properties include: remnant

8 parcels that have little or no financial value and may negatively impact the adjacent
9 owner; properties that would only be considered for acquisition by abutting neighbors;

10 vacant City parcels that have no operational, development, or open space potential to
11 the City; properties that by virtue of their location or functionality would be better owned

12 by another government agency; and other properties which have little financial value.

[1013]

13 Overall goals for sale of these properties will be to reduce City liability for property
14 maintenance and operations, return underutilized properties to the tax rolls and private

15 ownership, and initiate sale and development that encourages improvement for the
16 neighboring residences.

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18 Tier 3 Disposition: Tier 3 properties will likely be sold by direct negotiated sale
19 when selling to neighbors. In most other cases, Tier 3 properties will be sold

13 via bid-sale to the highest bidder. Because of the limited impact of these
14 property sales, community outreach efforts will generally be more direct and
limited.

15 D. Guiding Principles for Direct Negotiated Dispositions

16 City code allows the City, upon City Council authorization, to approve the negotiated
17 disposition of real property (see TIVIC 1.06.280). This authority provides the City with
18 substantial flexibility to sell property to governmental and nonprofit agencies, adjacent
19 property owners, and public-private development partners. While competitive selection
20 for surplus sales is ordinarily preferred, there are circumstances where direct
negotiation is in the best interests of the City. In considering whether a direct
21 negotiated disposition should be pursued, City staff will consider the following
22 guidelines, ranked in order of procedural clarity:

- 23 1. The City should consider selling surplus property directly to adjacent/abutting
24 property owners when the adjacent/abutting property owner(s) are the only
feasible or likely candidates for acquisition and when selling to another party
would have significant detrimental effects to the adjacent/abutting property
owners; and when selling to the adjacent/abutting property owner(s) will allow
for expansion and development of a profit or nonprofit enterprise increasing
economic and community improvement opportunities within the City; and further
when said sale is an ancillary component of a street vacation.
- 25 2. The City should consider selling surplus property directly to other governmental
26 agencies and nonprofit agencies when the proximity or functionality of said
surplus property improves the ability of the organization to achieve its mission

- 1 and where the City can achieve economic benefit through an increase in sales
tax, admissions tax, or other revenues.
- 2 3. The City may transfer property to a City-formed Public Development Authority
3 to develop according to a City-approved plan or development strategy.
- 4 4. Where feasible, the City should consider selling surplus property suitable for
5 housing directly to governmental and nonprofit agencies who will repurpose the
property to include affordable housing, or to negotiate components of affordable
6 housing in sale documents or development agreements.
- 7 5. The City should consider selling surplus property directly to a private
8 development partner when the conveyance of the property is an element of a
public-private partnership agreement between the City and a third party that
9 has been approved by the City Council and is necessary to achieve the desired
development; and when (even if the City is not a development partner) the
development will help the City achieve its economic development goals and is
10 more suitable than existing alternatives and potential partners.
- 11 6. In the circumstance where the City has previously completed a Request for
12 Proposals process and an acceptable proposal was not received, the City may
directly or through a third-party agent contact potential developers/investors
and directly negotiate a sale.

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REQUEST FOR qF,(,F un#: Ord./Res.
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Oj id

1. DATE: August 8, 2012

2. SPONSORED BY: COUNCIL MEMBER(S) N/A w6l laz %,s ? #L4L

3a. REQUESTING DEPARTMENT/DIVISION/PROGRAM PWD/Facilities Management/ Real Property Services
4a. CONTACT (for questions): Conor McCarthy Asst. Division Manager
PHONE: 253-591-5320

3b. "Do PASS" FROM Economic Development Committee - August 7, 2012.
Yes No
4b. Person Presenting: Conor McCarthy Asst. Division Manager
PHONE: 253-591-5320

0 To Committee as information

only F1 Did not go before a Committee
3c. DID THIS ITEM GO BEFORE THE PUBLIC UTILITY BOARD?
F@ Yes, on
4c. ATTORNEY: Jeff Capell Deputy City Attorney
PHONE: 253-591-56

Not required

WA

McKinley, Public Works Director Jeff Litchfield, Interim Finance Director a ard. Asst Citv Man

r5. REQUESTED COUNCIL DATE: August 21, 2012

(If a specific council meeting date is required, explain why; i.e., grant application deadline, contract expiration date, required contract execution date, public notice or hearing required, etc.)

6. SUMMARY AGENDA TITLE: (A concise sentence, as it will appear on the Council agenda.)

Approve the Policy for the Sale/Disposition of City owned general government real property.

7. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

The City has laws and procedures which govern the mechanisms for the disposition of City owned real property, including three established processes for surplus sale: (1) direct negotiated disposition, (2) request for proposals, and (3) bid sale to the highest bidder.

While the City has established procedures for the sale of property, the City Council asked staff to develop a policy which establishes a framework for the disposition of City owned property..

This policy establishes (1) Guiding Principles for the Sale of City owned property; (2) Classification of properties for sale; and (3) Guiding Principles for Direct Negotiated Dispositions.

Overall, the City should retain properties which meet its property ownership objectives and sell properties which do not. Property for sale will be classified into three tiers with differing policy objectives and correlative disposition processes.

In addition, this policy will provide guidelines for staff to use when negotiating the disposition of real property. This authority provides the City with substantial flexibility to sell property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners.

City staff has met with the Economic Development Committee (EDC) on four separate occasions to discuss and edit the policy based on Council feedback. A 'do pass' from the EDC was received on Tuesday August 7, 2012. 53

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REQUEST (CONT)

Request --3. @ IL
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8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Source Documents/Backup Material Location of Document

Sale/Disposition of City Owned Property Policy City Clerk's Office

9. WHICH OF THE CITY'S STRATEGIC GOALS DOES THIS ITEM SUPPORT? (CHECK THE GOAL THAT BEST APPLIES)

- A. A SAFE, CLEAN AND ATTRACTIVE COMMUNITY
- B. A DIVERSE, PRODUCTIVE AND SUSTAINABLE ECONOMY
- C. A HIGH-PERFORMING, OPEN AND ENGAGED GOVERNMENT

IO. SUSTAINABILITY: Does this request meet the City's Sustainability Priorities? (check all that apply)

F-1 Environment: improve regional and local ecological well-being.

Z Equity: promote meeting basic needs and equitable access to opportunities for all city residents.

F] Culture: improve the cultural and quality of life for all citizens.

ZEconomy: contribute to economic development and serve as a responsible steward of public resources.

Describe how this request supports the above sustainability priorities.

This policy encourages citizen participation and the consideration of community safety, neighborhood needs, and affordable housing when disposing of City owned property. This policy encourages the development of unused properties to generate new property taxes, sales tax, B&O and other taxes and generate new family wage jobs. In addition, this policy will encourage the return of underutilized

properties to the tax rolls and private ownership.

11. IF THIS CONTRACT IS FOR AN AMOUNT OF \$200,000 OR LESS, EXPLAIN WHY IT NEEDS LEGISLATIVE APPROVAL:

12. FINANCIAL IMPACT: F@ EXPENDITURE F1 REVENUE

- A. No IMPACT (NO FISCAL NOTE)
- B. YES, OVER \$1 00,000, Fiscal Note Attached
- C. F@ YES, UNDER \$ 1 00,000, (NO FISCAL NOTE)
Provide funding source information below:

FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	city \$	Other \$	Total Amount
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If an expenditure, is it budgeted? F] Yes E] No Where? Cost Center:

Acct

.....4- Office of the City Clerk (011071201 1)

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City of Tacoma

Memorandum

TO: T.C. Broadnax
City Manager

FROM: Dick McKinley
Public Works Director

SUBJECT: Council Action Memo - Request for Resolution - August 21, 2012
Policy: Sale/Disposition of City-Owned Property

DATE: August 14, 2012

Public Works is requesting City Council to approve the Policy for the Sale/Disposition of City-owned general government real property.

Background

The City has laws and procedures which govern the mechanisms for the disposition of City-owned real property, including three established processes for surplus sale: (1) direct negotiated disposition; (2) request for proposals; and, (3) bid sale to the highest bidder.

While the City has established procedures for the sale of property, staff was asked to develop a policy which establishes framework for the disposition of City-owned property.

This policy establishes: (1) Guiding Principles for the Sale of City-owned property; (2) Classification of properties for sale; and, (3) Guiding Principles for Direct Negotiated Dispositions.

Overall, the City should retain properties which meet its property ownership objectives and sell properties which do not. Property for sale will be classified into three tiers with differing policy objectives and correlative disposition processes.

In addition, this policy will provide guidelines for staff to use when negotiating the disposition of real property. This authority provides the City with substantial flexibility to sell property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners.

City staff has met with the Economic Development Committee (EDC) on four separate occasions to discuss and edit the policy based on Council feedback. A 'do-pass' from the EDC was received on Tuesday, August 7, 2012.

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Resolution No.

Adopted: AUG 21 2012

Maker of Motion: P",N/,o L- ^ ^ ^,-,

Seconded:

Voice Vote:

MEMBERS	AY	NAYS	ABSTAIN
Mr. Boe			ABSENT

Mr. Campbell-
 Mr. Fey
 Mr. Ibsen
 Mr. Lq@j@n@
 Mr. Mello
 Ms. Walker
 Ms. Woodards
 Mayor Strickland

Roll Call Vote:

MEMBERS	AYES-- NAYS	ABSTAIN	ABSENT
Mr. Boe			
Mr. Campb!,ll			
Mr. Fev			
Mr. lb@en			
Mr. -onergan			
Mr. Mello			
Ms. Walker			
Ms. Woodards			
Mayor			

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