



Legislation Text

File #: RES-38529, **Version:** 1

Req. #1 3318

RESOLUTIONNO. JF,529

1 A RESOLUTION relating to economic development; adopting the Policy for the
2 Sale/Disposition 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
8 disposition of City-owned real property, which currently include three established
9 processes for surplus sale: (1) direct negotiated disposition; (2) request for
10 proposals; and (3) bid sale to the highest bidder, and

11 WHEREAS, following a series of four meetings with the Economic
12 Development Committee ("EDC") to discuss and revise the proposed policy
13
14 based on City Council feedback, City staff generated a proposed policy that will
15 establish: (1) guiding principles for the sale of City-owned property, which are
16 based on the core philosophy that the City should retain properties that meet its
17 property ownership objectives and sell properties that do not; (2) a system for
18 the classification of properties for sale, which is comprised of three tiers with
19
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

8 Mayor

9 Attest:

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11 City Clerk

12 Approved as

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14 Deputy City Attorney

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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

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

10 ownership for the specific purpose of redevelopment or for partnering with the private
11 sector to redevelop. Lastly, the City owns certain properties which it has acquired over

12 the course of the past 128 years since incorporation, and for which the City no longer
13 has an interest in retaining ownership.

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

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

- 13 1. The City should retain ownership of properties necessary for conducting its
14 business operations, supporting community and economic development
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
16 meet the City's property ownership objectives. Among the City's goals in
17 property dispositions are: private development which meets the City's economic
development objectives, development of affordable housing, historic
18 preservation, and increasing density and improving walkability in support of the
City's Comprehensive Plan objectives.
- 19 3. The City has three established processes for selling City-owned property: (1)
20 direct negotiated disposition; (2) request for proposal process; and (3) bid sale
to the highest bidder. Having several tools for the sale of City property gives
21 the City useful options and flexibility when selling property to meet the needs of
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

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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

Tier 1 properties are generally those properties that: (1) are strategically located in the
5 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.

11 Tier I Disposition: The process for property disposition will generally involve
12 outreach and high levels of participation. The Request for
13 Qualifications/Request for Proposals approach will be the preferred method of
14 disposition. Exceptions to this policy may include property sales to other public
entities and property transfers which are the result of public-private
15 development partnerships - in these situations, the property will likely be

6 conveyed via the direct negotiated disposition process.

17 The City will maintain an inventory of Tier 1 properties and the City's associated

objectives through its economic development strategy. Additional guidance on direct
1 8negotiation is found in Section D of this policy.

1 9Tier 2 properties are those properties which have some development potential, are
important to the surrounding neighborhood, and have a value greater than \$250,000,
20 but have no significant alignment with the City's economic development interests or
other City goals and policies.
21

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

23 outcomes as: increase affordable housing, improve the quality of life and property
values in the neighborhood, improve walkability, foster a safe environment for
24 residents, reduce crime and blight in the community, and increase tax revenue for the
City.
25

26 Tier 2 Disposition: Because of the importance to community stakeholders,
Tier 2 properties will likely be sold via a Request for Proposals or negotiated
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
has a vested interest in influencing the future use(s) of the property.

3 Tier 3 properties are those properties which may be important to the adjacent or
4 surrounding property owners but have a minimal level of interest to the community at
large. Tier 3 properties will be sold to minimize the City's liability and turn ownership
5 back the private sector or to public partners. These properties include: remnant

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

7 vacant City parcels that have no operational, development, or open space potential to
the City; properties that by virtue of their location or functionality would be better owned
by another government agency; and other properties which have little financial value.
[1013]

9 Overall goals for sale of these properties will be to reduce City liability for property
maintenance and operations, return underutilized properties to the tax rolls and private
10 ownership, and initiate sale and development that encourages improvement for the
neighboring residences.

11

12 Tier 3 Disposition: Tier 3 properties will likely be sold by direct negotiated sale
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
property sales, community outreach efforts will generally be more direct and
limited.
14

15 D. Guiding Principles for Direct Negotiated Dispositions

City code allows the City, upon City Council authorization, to approve the negotiated disposition of real property (see TIVIC 1.06.280). This authority provides the City with substantial flexibility to sell property to governmental and nonprofit agencies, adjacent property owners, and public-private development partners. While competitive selection 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 negotiated disposition should be pursued, City staff will consider the following guidelines, ranked in order of procedural clarity:

1. The City should consider selling surplus property directly to adjacent/abutting 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.
2. The City should consider selling surplus property directly to other governmental agencies and nonprofit agencies when the proximity or functionality of said surplus property improves the ability of the organization to achieve its mission

- and where the City can achieve economic benefit through an increase in sales tax, admissions tax, or other revenues.
3. The City may transfer property to a City-formed Public Development Authority to develop according to a City-approved plan or development strategy.
4. Where feasible, the City should consider selling surplus property suitable for housing directly to governmental and nonprofit agencies who will repurpose the property to include affordable housing, or to negotiate components of affordable housing in sale documents or development agreements.
5. The City should consider selling surplus property directly to a private 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 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 more suitable than existing alternatives and potential partners.
6. In the circumstance where the City has previously completed a Request for 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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CITY CLERK USE ONLY

REQUEST FOR qF,(,F un#: bomia
0 ORDINANCE Z RESOLUTIO@@ Ord./Res.
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
4c. ATTORNEY: Jeff Capell Deputy City Attorney
PHONE: 253-591-56

3c. DID THIS ITEM GO BEFORE THE PUBLIC UTILITY BOARD?
F@ Yes, on

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)

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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. Campbell, II				
Mr. Fey				
Mr. Ibsen				
Mr. -onergan				
Mr. Mello				
Ms. Walker				

Ms. Woodards
Mayor

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