

# Reports of the Director Surplus Properties

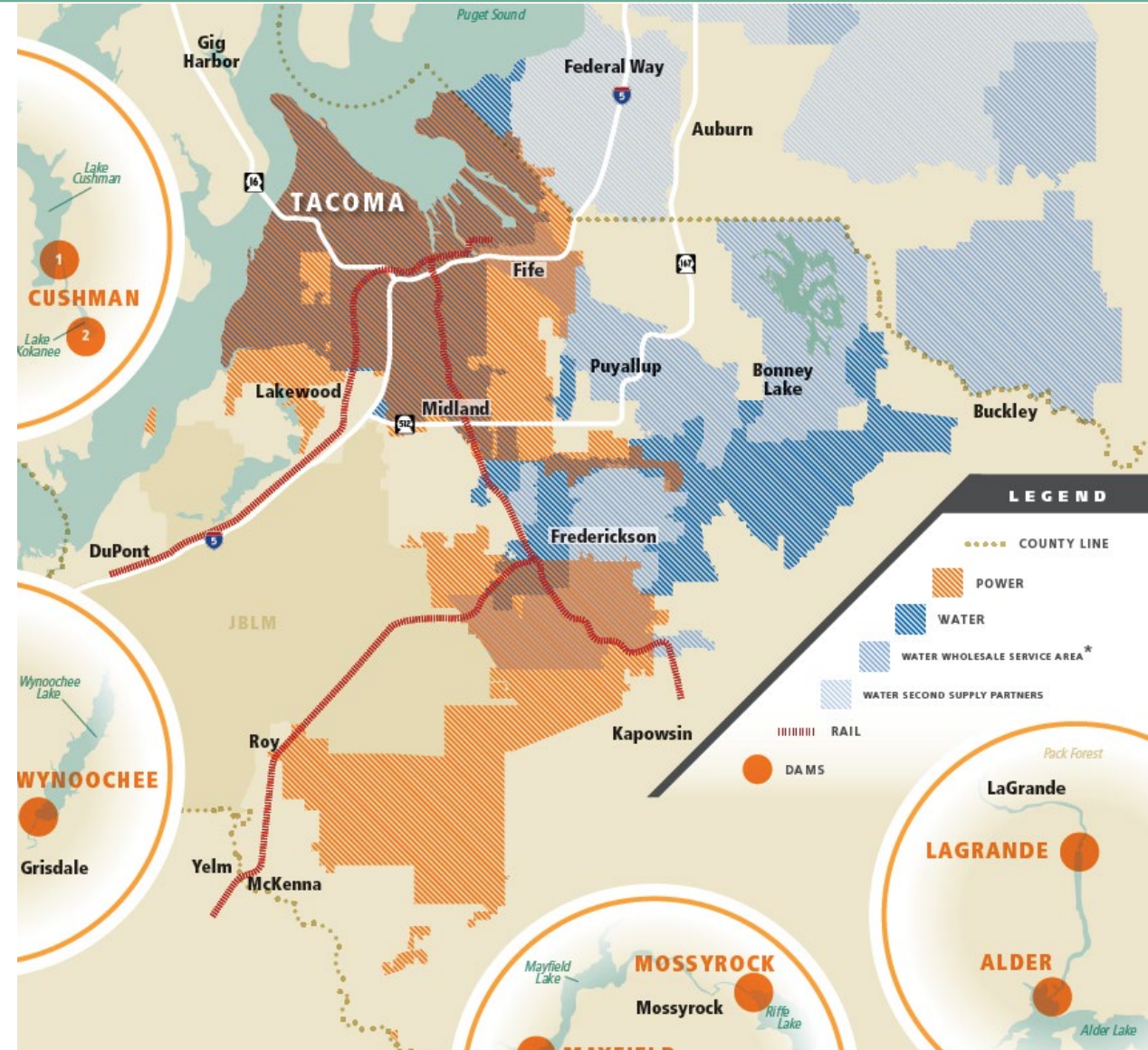
Real Property Services  
Public Utility Board – January 13, 2021



# TPU Surplus Real Property Policy Recap



- Adopted on 3/15/2020 with following considerations:
  - Fair Market Value Requirement (except for Affordable Housing)
  - City of Tacoma Affordable Housing and Equity Goals
  - Other Governmental Entity Jurisdictional Interests
  - TPU Board Strategic Directives



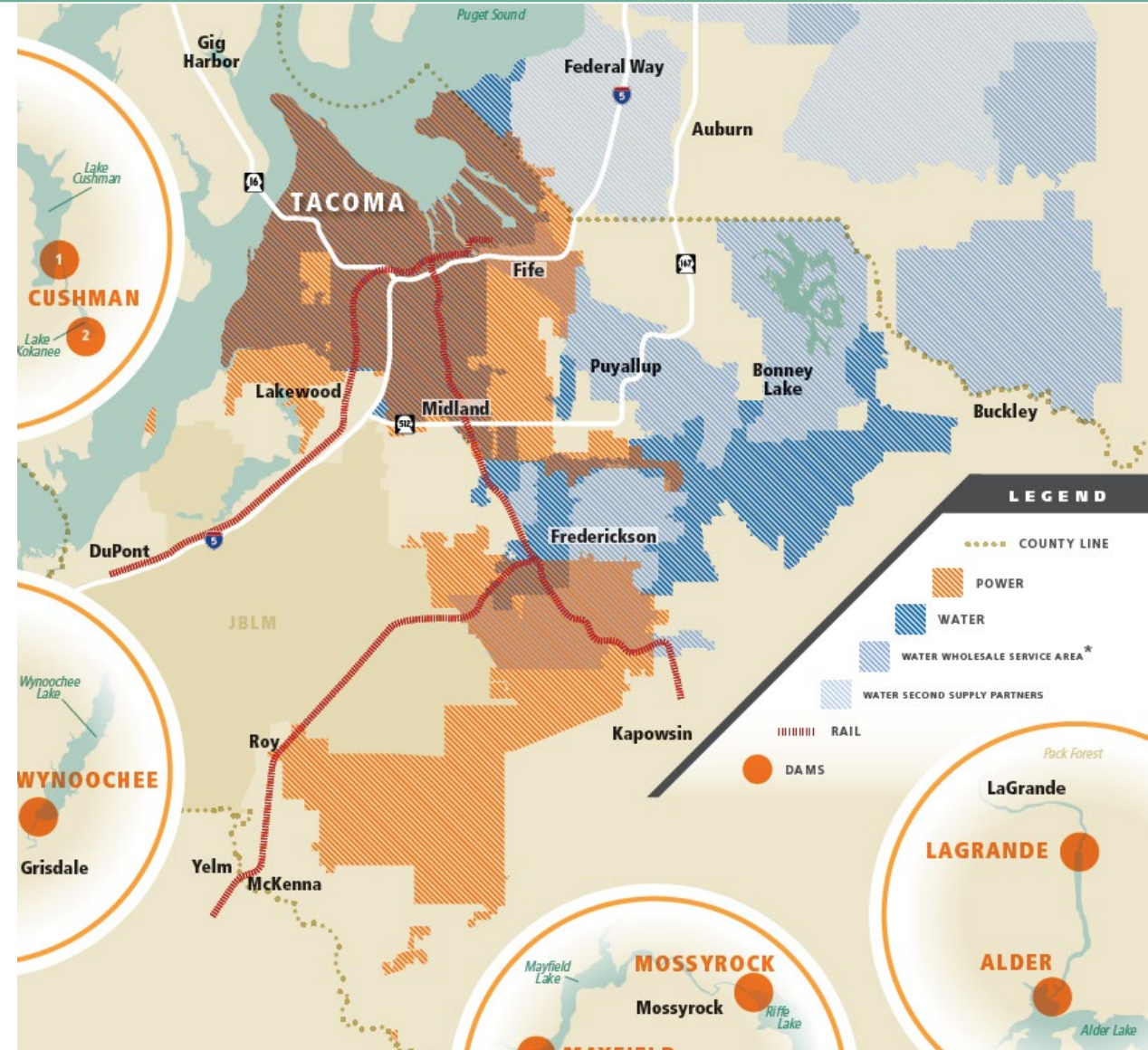


# TPU Surplus Real Property Policy Recap



## Policy Overview

1. Offered to other City Departments and Notice Provided to PUB.
2. A) Offered to governing land use authority (except City).  
B) Offered to Federally-recognized tribes.
3. In-City properties with residential zoning will be offered for Affordable Housing.
4. Developable properties will be sold to maximize ratepayer returns.
5. Remnant parcels will be disposed via direct negotiations or bid process.



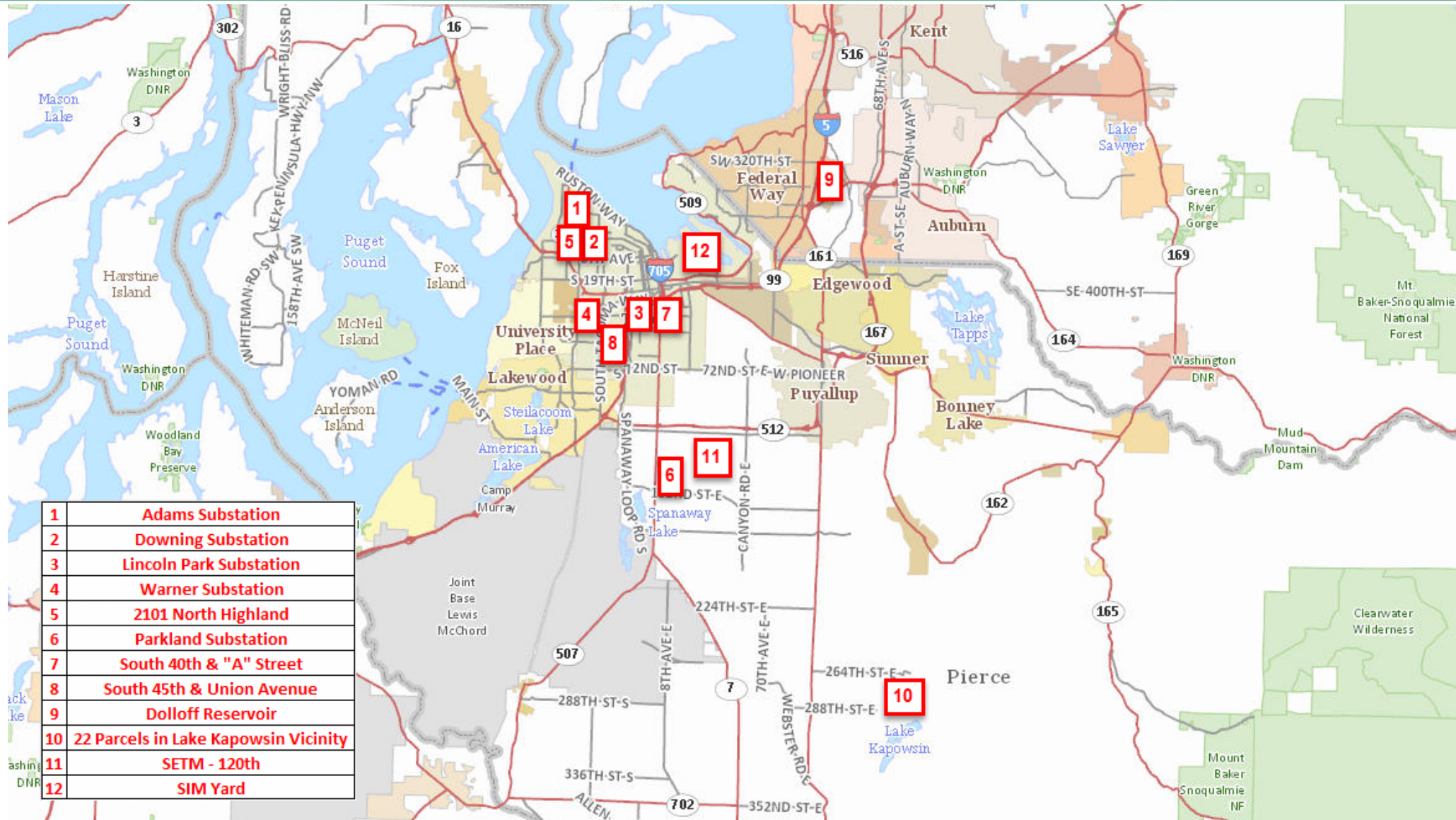
# TPU Surplus - Overview List

2021 TPU Surplus Properties

Division	Property Name	Property Location	Tax Parcel No.	Site Size (Ac.)	Zoning	Status
Power	Adams Substation	1920 N. Adams St., Tacoma	7475021883	0.47	R-2, SFR	On Hold pending outcome of adjacent Cushman Substation
Power	Downing Substation	1801 N. Orchard St., Tacoma	7475022110	0.30	R-2, SFR	In Process for In-City Affordable Housing Initiative
Power	Lincoln Park Substation	1009 S. 35th St., Tacoma	5275000720	0.19	R-2, SFR	In Process for In-City Affordable Housing Initiative
Power	Warner Substation	3404 S. 45th St., Tacoma	2890002480	0.15	URX - Res. Comm. Mixed-Use	In Process for In-City Affordable Housing Initiative
Power	2101 North Highland	2101 N Highland St., Tacoma	7045000390	0.14	R-2, SFR	In Process for In-City Affordable Housing Initiative
Power	Parkland Substation	101 127th St. E., unincorp. Pierce Co.	7295000010	0.13	MSF, SFR	Potential for Affordable Housing outside City
Water	South 40th & "A" Street	Mid-block between Pacific Ave. and "A" Street, and between S 38th & S 40th streets, Tacoma	7470021810	1.01	RCX - Res. Comm. Mixed-Use	In Process for In-City Affordable Housing Initiative
Water	South 45th & Union Avenue	West of Union Ave at S 45th St, and E of S Tacoma Way, Tacoma	Various	1.11	UCX - Urban Center Mixed-Use District	Potential for In-City Affordable Housing Initiative or Potential for Conservation thru ES.
Water	Dolloff Reservoir	West of 51st Avenue S, S of S 304th Street, unincorporated King Co.	1021049017 1021049064	21.19	R-4 - Residential	Potential for Conservation thru King Co.
Water	22 Parcels in Lake Kapowsin Vicinity	Lake Kapowsin Vicinity, unincorporated Pierce Co.	Various	111.57	Various - residential and agricultural	On-going negotiations with Forterra for conservation for many of the parcels.
Water	SETM - 120th	Vicinity of 120th St East and 24th Ave East, unincorporated Pierce Co.	Various	8.01	CE - Community Employment (Industrial)	Previous marketing efforts on hold due to wetlands
Rail (Belt Line)	SIM Yard	East of Milwaukee Way, North of Lincoln Ave, Tacoma	Various	16.22	PMI (Industrial)	Leased to POT. On-going Sale Negotiations with POT



# TPU Surplus - Overview Map





# Tacoma Power

## Adams Substation (Former)



Overview Map #1

**Address:**

**1920 N. Adams St., Tacoma**

**Acreage:**

**0.47± Acres**

**Zoning:**

**R-2, Single Family Zoning**





# Tacoma Power Downing Substation (Former)



Overview Map #2

**Address:**

**1801 N. Orchard St., Tacoma**

**Acreage:**

**0.30± Acres**

**Zoning:**

**R-2, Single Family Zoning**





# Tacoma Power

## Lincoln Park Substation (Former)



Overview Map #3

**Address:**

**1009 S. 35<sup>th</sup> Street, Tacoma**

**Acreage:**

**0.19± Acres**

**Zoning:**

**R-2, Single Family Zoning**





# Tacoma Power Parkland Substation (Former)



Overview Map #4

**Address:**  
**101 127<sup>th</sup> St. E, Pierce Co.**

**Acreage:**  
**0.13± Acres**

**Zoning:**  
**MSF, Residential**





# Tacoma Power

## Warner Substation (Former)



Overview Map #5

**Address:**

**3404 S. 45<sup>th</sup> St, Tacoma**

**Acreage:**

**0.15± Acres**

**Zoning:**

**URX, Commercial Mixed Use**





# Tacoma Power

## 2101 North Highland Street



Overview Map #6

**Address:**

**2101 N. Highland St., Tacoma**

**Acreage:**

**0.14± Acres**

**Zoning:**

**R-2, Single Family Zoning**





# Tacoma Water

## South 40<sup>th</sup> & “A” Street



Overview Map #7

**Address:**

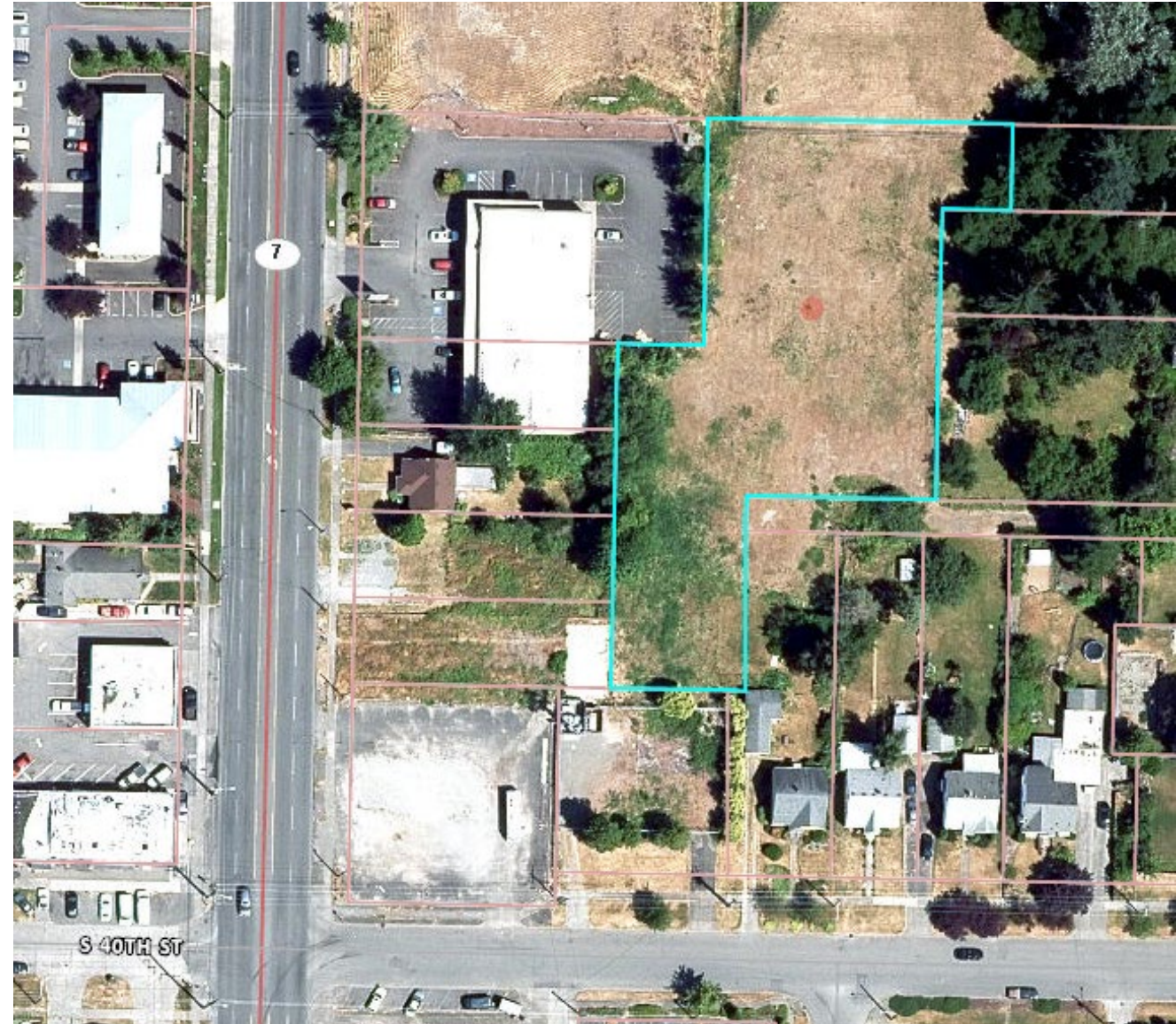
**Mid-block, NE of Pacific Ave.  
and S 40th, Tacoma**

**Acreage:**

**1.01± Acres**

**Zoning:**

**RCX, Commercial Mixed Use**





**Address:**

**Mid-block at South 45<sup>th</sup> &  
Union Ave, Tacoma**

**Acreage:**

**1.11± Acres**

**Zoning:**

**UCX, Urban Center Mixed Use**





## ●●● Dolloff Reservoir (Not Developed)

Overview Map #9

**Address:**

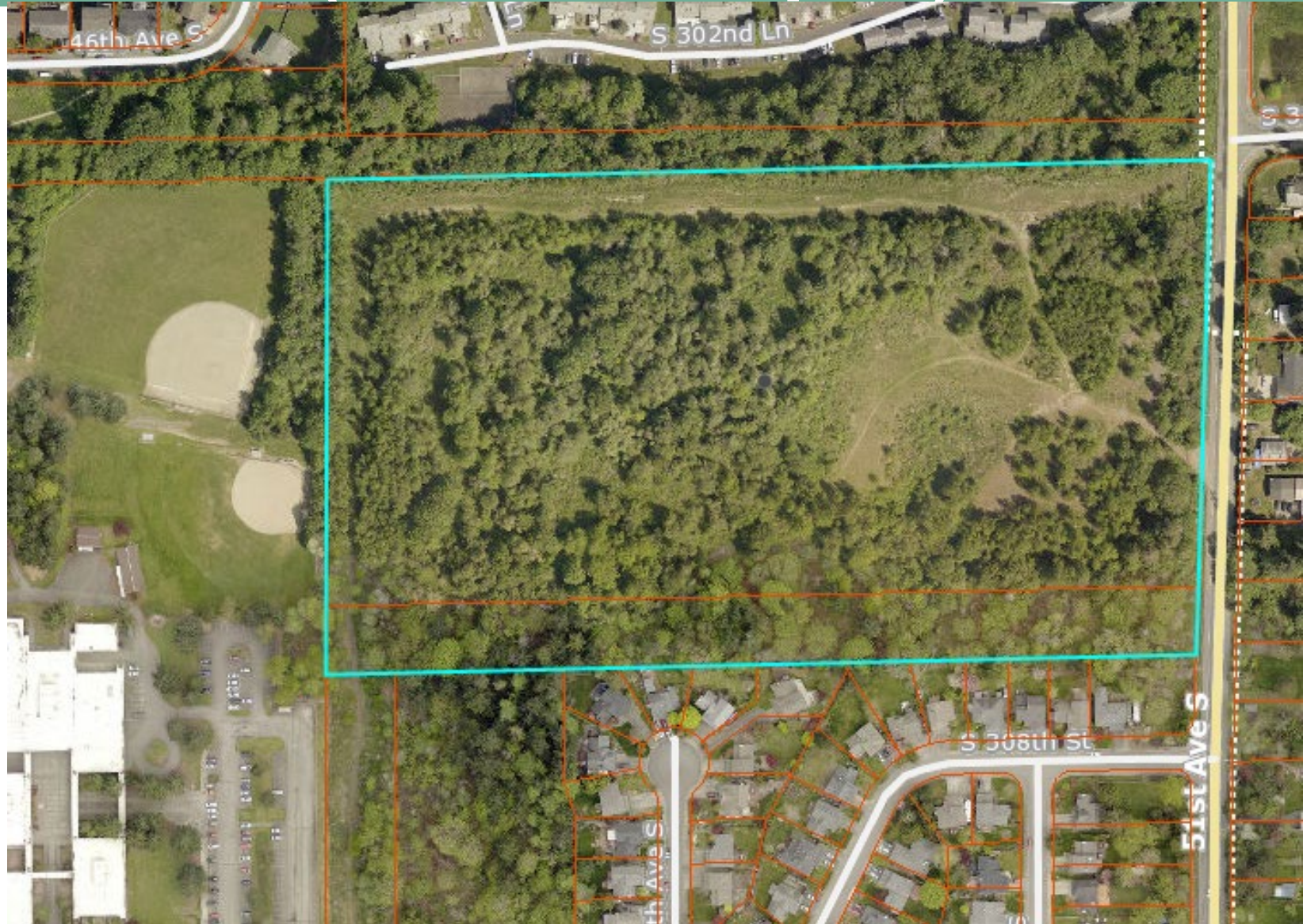
**51<sup>st</sup> Ave S & S 304<sup>th</sup> St,  
King Co.**

**Acreage:**

**21.19± Acres**

**Zoning:**

**R-4, Residential**





## 22 Parcels Near Lake Kapowsin

Overview Map #10

**Address:**

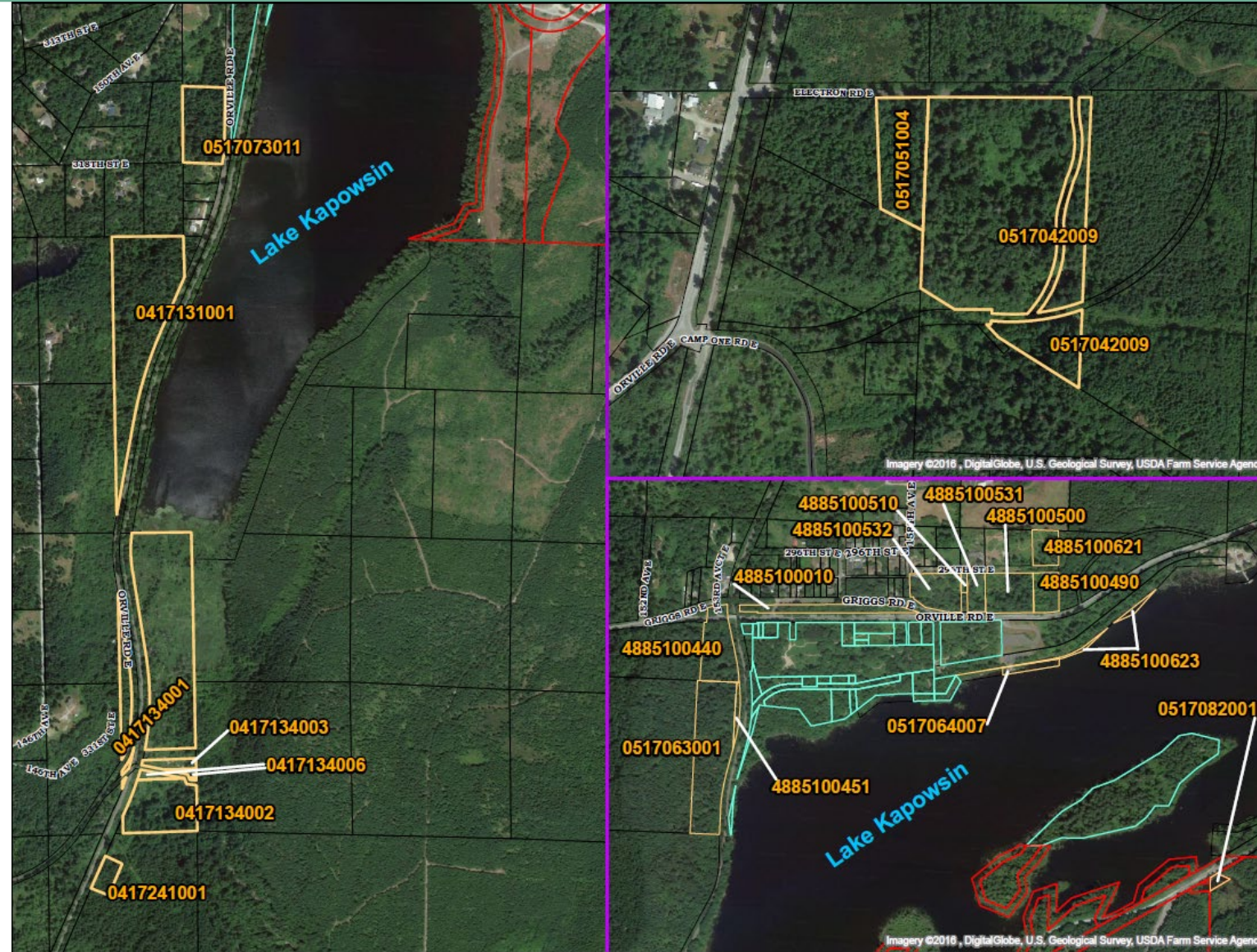
**Lake Kapowsin Vicinity,  
Pierce County**

**Acreage:**

**111.57± Acres**

**Zoning:**

**Residential and Agricultural**





# Tacoma Water

## SE Tacoma Mutual – 120th



Overview Map #11

**Address:**

**120<sup>th</sup> St E & 24<sup>th</sup> Ave E, Pierce Co.**

**Acreage:**

**8.01± Acres**

**Zoning:**

**CE, Industrial**





# Tacoma Rail South Intermodal Yard



Overview Map #12

**Address:**

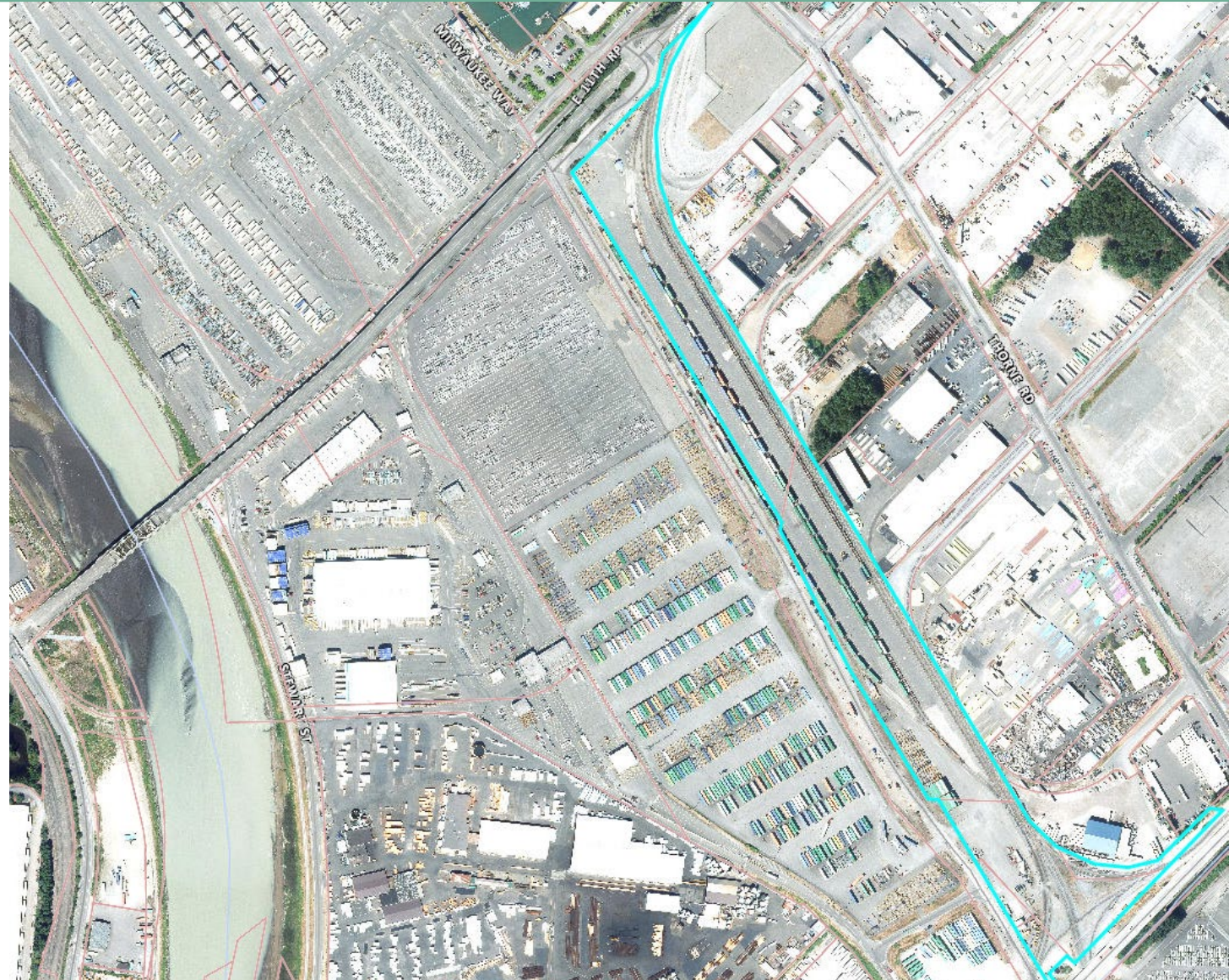
**Milwaukee Way & Lincoln  
Ave, Tacoma**

**Acreage:**

**16.22± Acres**

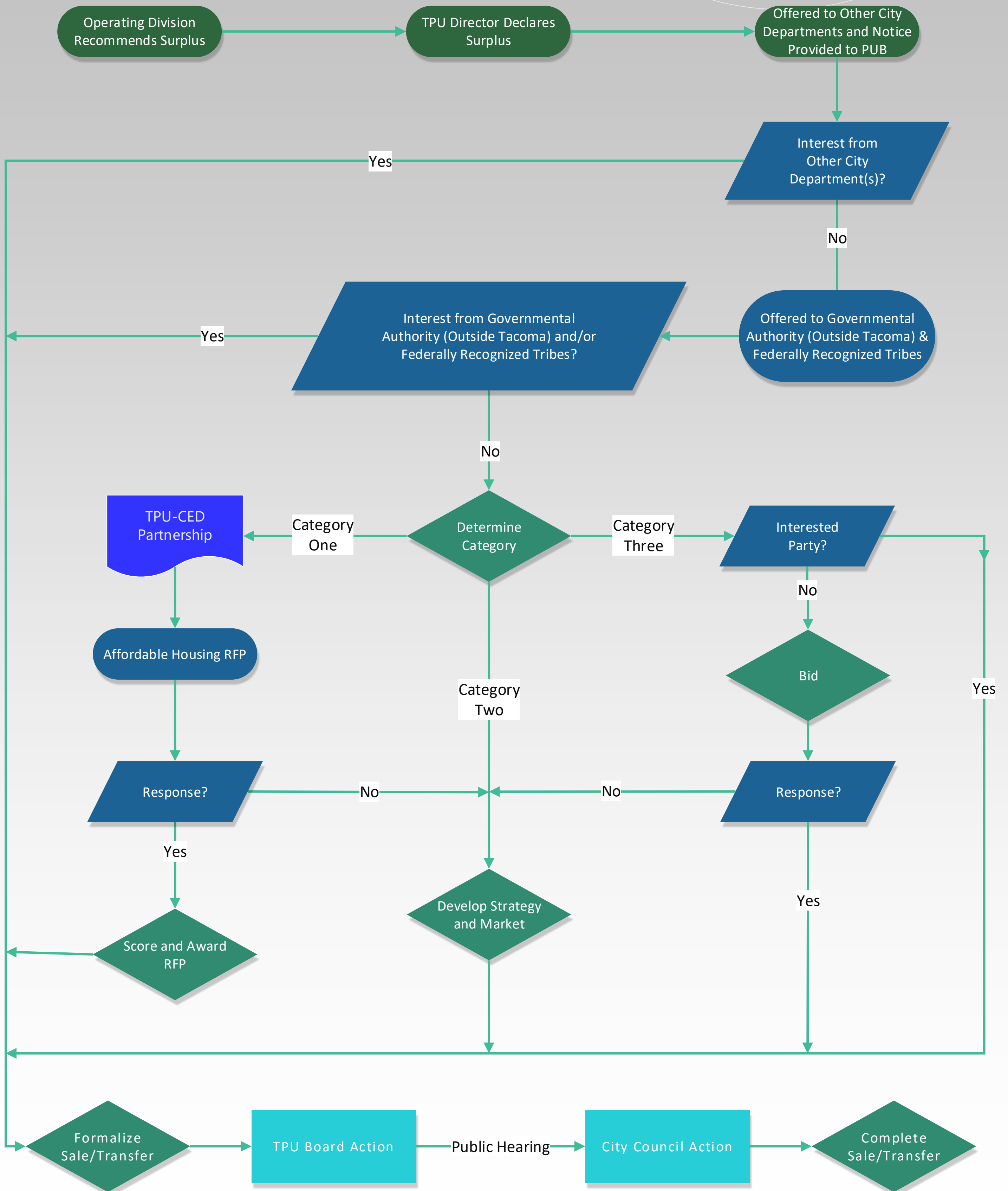
**Zoning:**

**PMI, Industrial**





# TPU Surplus Real Property Disposition Flowchart





**Policy: Tacoma Public Utilities – Surplus Real Property Disposition Policy**

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**1. Purpose**

Provide direction to the City of Tacoma, Department of Public Utilities (“TPU”) and the TPU Real Property Services section (“Real Property Services”) for the disposition of TPU surplus real property.

**2. Background**

TPU owns a variety of properties to meet its utility-related needs. TPU should retain such properties and dispose of properties that do not meet these needs. Unless otherwise authorized in accordance with applicable laws, TPU must receive at least fair market value for the property.

TPU considerations for surplus real property dispositions include:

- Fair Market Value Requirement (except for Affordable Housing)
- City of Tacoma Affordable Housing and Equity Goals
- Tribal and Other Jurisdictional Interests
- TPU Board Strategic Directives

TPU properties are located both within the City of Tacoma (City) incorporated limits and within other towns, cities and counties in which TPU conducts business. TPU recognizes each jurisdiction has unique policies and values relating to the use of property within its boundaries.

TPU encourages continued public use of TPU surplus property, and will provide preference to a public agency when multiple buyers propose offers comparable in value and terms.

**3. Pre-Disposition**

TPU adopts the following guidelines for surplus real property dispositions. Each Division of TPU is responsible for developing procedures to ensure TPU retains properties that meet its utility-related needs.

Upon Declaration of Surplus by the Director of Utilities, the following steps shall be followed:

A. Prior to disposing of surplus real property, TPU shall provide notice to all City departments of TPU’s intent to dispose, and shall afford the departments the opportunity to acquire, for at least fair market value, the property via a TPU Board and City Council-approved transfer in accordance with all applicable laws. If no interest is expressed by any City Department, the process shall proceed as outlined in Step B below and then Section 4 below.

B. Following Step A above, TPU shall provide notice to the following parties:



- a) The governing land use authority (except City) in which the property is located (“Governing Authority”); and
- b) Federally-recognized tribes (“Tribes”) located within areas TPU provides utility services and/or owns real property.

Further, TPU shall afford the Governing Authority and Tribes (each hereinafter referred to as “Offeree”) the opportunity to submit a bona fide written offer (the “Offer”) to acquire the property in accordance with all applicable laws.

Any Offeree will be required to pay fair market value, unless the property is acquired for public benefit as defined by RCW 39.33.015 (hereinafter referred to as “Affordable Housing”), and the Offeree has previously enacted rules pursuant to RCW 39.33.015.

If any Offeree declines the opportunity, or fails to submit an Offer within eight (8) calendar weeks after the date of the notice, said opportunity will automatically be deemed waived by such Offeree.

If multiple Offers are submitted, Offerees may be asked to submit final-and-best offers.

TPU, in its sole discretion, reserves the right to select the Offer and Offeree with whom to negotiate a purchase and sale agreement. If TPU and the selected Offeree are unable to consummate a mutually agreeable purchase and sale agreement, the process shall proceed as outlined in Section 4 below.

## 4. Disposition

If a transfer or sale is not agreed to pursuant to Section 3.A. or 3.B., subsequent to completion of the steps outlined in Section 3 above, surplus real property will be classified into three categories, as follows:

**Category 1** properties are within City limits and within a land use zone that permits use suitable for Affordable Housing pursuant to RCW 39.33.015.

**Category 1 Disposition:** TPU staff will work with the City’s Community and Economic Development Department to develop a fair and equitable approach to conveying surplus real property for Affordable Housing. The Request for Proposals approach, as outlined in the City of Tacoma Purchasing Manual, will be the required method of disposition, and the execution of a Development Agreement will be a requirement prior to conveyance. The baseline requirement of any conveyance is a minimum of twenty-five percent (25%) of proposed units at or below fifty percent (50%) Area Median Income (AMI). Scoring will be weighted in favor of proposals that include at least fifty percent (50%) Affordable Housing units at or below thirty percent (30%) AMI. If no responsive proposals are received, the process shall proceed as outlined in Category 2 Disposition below.

**Category 2** properties are developable parcels that have economic value or functional utility and are likely to appeal to a wide market, but do not meet the Category 1 criteria. The anticipation is that most surplus TPU properties will fall within this category.

**Category 2 Disposition:** Category 2 properties should have site-specific marketing strategies to prioritize maximizing ratepayer return and consistency with TPU Board strategic directives. Said



marketing strategies will be determined on a case-by-case basis, with recommendation by Real Property Services and approval by the Director of Utilities or designee.

**Category 3** properties are remnant parcels that have little or no economic value, functional utility or marketability.

**Category 3 Disposition:** Category 3 properties should be disposed by direct negotiation or via bid-sale process. If no responsive bids are received, the process shall proceed as outlined in Category 2 Disposition above.

## 5. Minimum Affordable Housing Requirements

Consistent with RCW 39.33.015, TPU requires, at a minimum, the following terms in the conveyance documents for any properties conveyed for Affordable Housing:

- A. The conveyance documents must contain a covenant or other requirement that the property shall be used for Affordable Housing for a pre-determined period of time; and
- B. The conveyance documents must contain remedies that apply if the recipient of the property fails to use it for Affordable Housing or ceases to use it for such purpose.

Notwithstanding the forgoing, nothing herein shall preclude TPU from including additional terms in the conveyance documents for any properties conveyed for Affordable Housing.

## 6. Alternative Disposition Process

Situations may arise where it is in the best interest of TPU to market or otherwise dispose of a surplus real property through processes not outlined above. In these situations, the process must be approved by the Director of Utilities and TPU Board prior to implementation and it must comply with all applicable laws.

<b>Reference:</b>	PUB Res. U-8640, TMC 1.06.280, Charter Sec 9.1, RCW 35.94.040 & RCW 39.33.015
<b>Contact Info:</b>	Tacoma Public Utilities – Real Property Services – (253) 396-3060
<b>Supersede and Replace:</b>	This policy cancels and supersedes all Tacoma Public Utilities and Division policies and operating procedures established prior to the Effective Date related to the Disposition of Surplus Real Property.
<b>Approval:</b>	Jackie Flowers, Director of Utilities
<b>Effective Date:</b>	March 15, 2020 – This policy is not required to be applicable to any dispositions arising from negotiations initiated prior to the Effective Date. For such dispositions, policy applicability shall be at the discretion of the Director of Utilities or designee.