

COMMISSION AGENDA

Item No: 6B

Meeting: 11/14/17

DATE: October 31, 2017

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Scott Francis, Director of Real Estate, Port of Tacoma

SUBJECT: Purchase property located at 2310 E. 11th Street

A. ACTION REQUESTED

Authorization for the Chief Executive Officer or his designee to complete the execution of the Purchase and Sale Agreement dated November 4, 2010 with Marvin Dykman (Seller) for the property located at 2310 East 11th Street, Tacoma, WA, also known as Pierce County tax parcel 2275200770. This entails authorizing the Chief Executive Officer or his designee to execute all additional documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

B. BACKGROUND

- On November 4, 2010 the Port executed a Purchase and Sales Agreement for the purchase of the property located at 2310 East 11th Street, Tacoma, WA.
- During the due diligence process the presence of contaminants requiring remediation was discovered.
- The Seller initiated a Voluntary Cleanup Action approved by the State Department of Ecology.
- Based on investigation of environmental issues and available remediation methods, it was determined the most cost-effective remediation method included the removal the building. The Seller agreed to remove the building and remediate the property to the Port's satisfaction prior to the Purchase and Sale Agreement closing.
- On November 14, 2013 the Port (Buyer) and Mr. Dykman (Seller) entered into an Agreement Confirming and Amending the Purchase and Sales Agreement which extended the closing date to be set by the Port based upon satisfactory resolution of the environmental issues effecting the property.
- Mr. Dykman satisfactorily completed Department of Ecology cleanup requirements and received a "No Further Action" (NFA) letter dated October 23, 2017.
- Appraised value is \$350,000.
- The acquisition of this property meets the Port's strategic plan to acquire property along 11th Street.

C. PROPERTY DESCRIPTION

- The property is approximately 15,000 square feet (.34 acres).
- The property is a level gravel yard with no improvements.
- Zoning is Port Marine Industrial.

D. PURCHASE TERMS / FINANCIAL SUMMARY

- Purchase Price: \$325,000 (Subject to Appraisal).
- Earnest Money: \$32,500 (held by Chicago Title).
- Broker Commission: No commission obligation by either Seller or Buyer.
- Closing Fees: Normal closing costs with Buyer responsible for recording fees, extended Title Policy coverage, one-half of escrow fees, and prorated taxes and utilities.
- Seller Indemnity: Seller indemnifies Buyer from and against all present and future claims, liability, losses, damages, and expenses of any Hazardous Substances on or around the property prior to closing the Purchase and Sale Agreement.
- Special Provisions: Includes cooperation for the required ground water monitoring as required in the Department of Ecology's NFA letter dated 10/23/17.

E. FUTURE USE/BENEFIT TO PORT

- This property is located in the Port's Strategic Area.
- The property is ideally located to support future terminal expansion opportunities and provides support for the Port's core container business.
- This property is adjacent to other Port owned properties and therefore creates greater future opportunities and efficiencies provided by large contiguous properties.

F. ENVIRONMENTAL IMPACTS / REVIEW

The Port's Environmental Department has monitored the voluntary cleanup process on this property and they are satisfied with the cleanup process and the NFA report received from the Department of Ecology. Staff recommends moving forward with the purchase of this strategic property.

G. ECONOMIC INVESTMENT / JOB CREATION

- No short-term improvements or investments are anticipated.
- This property will support future terminal development plans that support future job growth.

H. NEXT STEPS

Upon Commission approval, the Chief Executive Officer or his designee will execute any and all documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

cc: Tong Zhu