

COMMISSION AGENDA

Item No: 5E

Meeting: 09/20/18

DATE: September 5, 2018

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 3604 40th Avenue E., Tacoma, WA

A. ACTION REQUESTED

Request Commission approval of the Purchase and Sale Agreement dated September 4th, 2018 with Stan and Judy Chichinski (Seller) to purchase the property located at 3604 40th Avenue E., Tacoma, Washington also known as Pierce County tax parcel 0320132103, and authorize the Chief Executive Officer or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

B. BACKGROUND

- This property is adjacent to and will provide expansion opportunities to the Port's existing Upper Clear Creek Mitigation Bank to develop wetland and fish habitat.
- The acquisition of this property will support the Port of Tacoma's Strategic Initiative, Goal 5: Advance Environmental Stewardship (mitigation bank).
- This property will allow the Port to obtain additional fish conservation and/or wetland mitigation credits by moving the non-creditable bank buffers off of the existing site.

C. PROPERTY DESCRIPTION

- The property is approximately 10.01 acres.
- This property includes the following improvements:
 - Single-family Residence – 1,131 SF
 - Manufactured Home (Additional Dwelling Unit) – 1,152 SF
 - Multiple outbuildings including a detached garage, shed and a small barn.
 - Arena/Indoor Recreation Building – 11,568 SF

D. PURCHASE TERMS

- Purchase Price: \$747,000 (subject to appraisal)
- Earnest Money: \$10,000
- Broker Commission: N/A
- Closing Costs: Normal closing costs with seller paying for standard title policy and each party paying half of escrow fees.
- Feasibility Period: 60 days with extension available for Phase 2 inspection if needed.

- Closing Date: On or before 12/31/18.
- Seller will lease property at closing for approximately 18-months with an option to extend the lease up to six additional months.

E. SELLER LEASE TERMS

- Lease commencement is at closing.
- Rent is a flat rate of \$3000/month including excise tax.
- Security deposit is \$36,000.
- Lease premises includes 10.01 acres and all improvements.
- Tenant Use is for personal residence of Seller (three people).
- Port has ability to enter property with advance notice to test, survey, monitor and complete such items as baseline studies, wetland delineations, and site investigations.
- Port may record up to a 150 ft. conservation easement (CE) along the edge of this property abutting the mitigation bank area.
- Port has ability to sell and/or demolish the arena after at least one-year after closing.
- The Lease is in As-Is Condition, and the Lessee is responsible for all repairs and maintenance including the periodic mowing of pasture areas.

F. FUTURE USE/BENEFIT TO PORT

- Purchasing this property will remove administrative constraints on work already conducted on the Port's adjacent mitigation bank thereby saving cost and increasing the bank's value.
- This property may be used to develop additional mitigation area and mitigation credits.
- This property will improve the Port's mitigation site operations/development in several ways:
 - Reduced time to negotiate and obtain development permits resulting in a shorter development schedule (concept to construction/delivery).
 - Lower mitigation costs by utilizing more favorable mitigation ratios, increase the value of work already conducted, and support larger more cost effective mitigation sites.
 - Reduced uncertainty regarding mitigation requirements and success.

G. ENVIRONMENTAL IMPACTS / REVIEW

As part of the Port's mitigation strategy, this property will improve fish, wetland, and floodplain habitat and ecosystems.

H. ECONOMIC INVESTMENT / JOB CREATION

Mitigation credits will be used to support Port projects or sold to support future local economic development projects and/or transportation improvements.

I. 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 this purchase. Any new habitat improvements will require Commission approval.