

**100-12 SURPLUS REAL PROPERTY**

		<b>POLICY &amp; PROCEDURE</b>		
		<b>Subject:</b> Surplus Real Property		<b>Index:</b> <b>Number:</b> 100-12
<b>Effective Date</b>	<b>Supersedes</b>	<b>Page</b>	<b>Staff Contact</b>	<b>Approved By</b>
6/10/2004	1/2/2002	1 of 4	Gregg Zimmerman	Mayor Kathy Keolker-Wheeler

**1.0 PURPOSE:**

To ensure realizing the disposal of surplus real property at fair market value in a cost effective manner, and to establish procedures for real property sales.

**2.0 ORGANIZATIONS AFFECTED:**

All Departments/Divisions

**3.0 REFERENCES:**

- 3.1 RCW 35A.80.010 "Public Utilities, General laws applicable"
- 3.2 RCW 35.94.040 "Lease or sale of land or property originally acquired for public utility purposes"
- 3.3 RCW 39.33.010 "Sale, exchange, transfer, lease of public property authorized - Section deemed alternative"
- 3.4 RCW 39.33.020 "Disposal of surplus property - Hearing - Notice"

**4.0 POLICY:**

- 4.1 It is the policy of the City of Renton that surplus real property shall be sold at fair market value to restore monies to the General Governmental Fund or Enterprise Fund which acquired the property originally.
- 4.2 To ensure that there is no net loss in parks land to the City, the disposition of surplus park land must result in either the addition of property of a greater or equal value to the property sold or the sales price must be used for the acquisition of additional park property at fair market rates.
- 4.3 This policy shall be applicable in all cases except those wherein the City has prior

contractual or legal obligations for disposal of the property.

**5.0 DEFINITIONS:**

- 5.1 "Administrative Costs" are those costs incurred by the City of Renton during the processing of property for sale. Such costs include but are not limited to legal costs, salaries, supplies, advertising, and other costs required to produce a sale.
- 5.2 "Assessed Value" is the dollar amount assigned by the King County Assessor as the valuation of the land and improvements for taxation purposes.
- 5.3 "Fair Market Value" is the price that a willing buyer would pay to a willing seller for the purchase of property in an open and competitive market.
- 5.4 "Surplus Real Property" is property acquired by a division which is no longer needed to fulfill the original or an alternate need within the same division.
- 5.5 An "Enterprise Fund" department or division is any department or division for which a separate financial accounting is used for government operations that are financed and operated in a manner similar to business enterprises and for which preparation of an income statement is desirable.
- 5.6 A "General Governmental Fund " department or division is any department or division, which is sustained by the fund supported by taxes, fees, and other revenue that may be used for any lawful purpose.

**6.0 PROCEDURES FOR ENTERPRISE FUND DEPARTMENTS AND DIVISIONS:**

- 6.1 Prior to requesting Council approval to initiate these Surplus Real Property Procedures, any Enterprise Fund department or division having surplus real property shall first determine potential use of such surplus property by other General Governmental Fund departments or divisions and Enterprise Fund departments or divisions. If another department(s) or division(s) expresses interest in the subject property, then, in consultation with the City's Administration, the subject property shall be transferred to one of these departments or divisions. An Enterprise department or division must be duly compensated for the transfer of any real property of any other City department or division. The exchange of monies for the transfer of real property from an Enterprise Fund department or division to other City departments or divisions shall be handled through an Interfund Transfer.
- 6.2 If no other department or division expresses interest in the subject property, then the Enterprise Fund department or division having surplus real property shall request Council approval to initiate these Surplus Real Property Procedures and Council authorization for the Property Services Section to order an appraisal to determine the fair market value of the subject property.
- 6.3 Council shall set a date for a public hearing, as nearly as possible to 60 days from the original approval.
- 6.4 At least 10 days but not more than 25 days prior to the hearing, the City Clerk shall cause to be published a public notice setting forth the date, time and place of the hearing, at least once in a newspaper of general circulation in the area where the property is located. This notice shall identify the property using a description which can be easily understood by the public and shall describe the current use of the lands

involved.

- 6.5 After the hearing, the Council shall determine whether the subject property should be declared surplus. If the Council determines the property to be surplus, a resolution making such a declaration shall be adopted.
- 6.6 If the subject property is declared surplus, the Property Services Section shall offer the property to other City departments and divisions. If no City department or division expresses interest in the subject property, then the property shall be offered to other local agencies, the abutting property owners, and any parties having expressed an interest in the property.
- 6.7 If none of the parties listed in the previous section expresses interest in the subject property, then the Property Services Section shall advertise for bids for a minimum two-week period following the resolution, which declares the subject property to be surplus. For the following two weeks, sealed bids may be received, time and date stamped, and the highest and best offer within 10% of, or over, the appraised value shall be accepted.
- 6.8 Sales of parcels shall be handled through independent escrow.
- 6.9 In the event no acceptable offer is received within the bid period, the property shall continue to be marketed by the Property Services Section on a first come first served basis, using all resources common to the marketing of such property, including but not limited to installing signs, distributing offering information to local real estate firms, and publishing offering information monthly in a neighborhood newspaper.
- 6.10 The Property Services Section shall be authorized to negotiate with prospective purchasers and accept reasonable offers on behalf of the City after ensuring concurrence from the Enterprise Fund department or division in the terms of the sale.
- 6.11 Costs of maintaining the property pending sale shall continue to be the responsibility of the Enterprise Fund department or division.
- 6.12 The administrative costs of this procedure shall be reimbursed to the Property Services Section from the proceeds of the sale. The balance of the proceeds shall be credited to the appropriate account of the Enterprise Fund department or division.

**7.0 PROCEDURES FOR GENERAL GOVERNMENTAL FUND DEPARTMENTS AND DIVISIONS:**

- 7.1 Prior to requesting Council approval to initiate these Surplus Real Property Procedures, any General Governmental Fund department or division having surplus real property shall first determine potential use of such surplus property by other General Governmental Fund departments or divisions and Enterprise Fund departments or divisions. If other departments or divisions express interest in the subject property, then, in consultation with the City's Administration, the subject property shall be transferred to one of these departments or divisions. A General Governmental Fund department or division must be duly compensated for the transfer of any real property to an Enterprise Fund department. Transfer of real property from a General Governmental Fund department or division to another General Governmental Fund department or division does not require the exchange of monies. If the transfer of real property from a General Governmental Fund

department or division to another department or division involves the exchange of monies, it shall be handled through an Interfund Transfer.

- 7.2 If no other department or division expresses interest in the subject property, then the General Governmental Fund department or division having surplus real property shall request Council approval to initiate these Surplus Real Property Procedures and Council authorization for the Property Services Section to order an appraisal to determine the fair market value of the subject property.
- 7.3 Council shall set a date for a public hearing, as nearly as possible to 60 days from the original approval.
- 7.4 At least 10 days but not more than 25 days prior to the hearing, the City Clerk shall cause to be published a public notice setting forth the date, time and place of the hearing, at least once in a newspaper of general circulation in the area where the property is located. This notice shall identify the property using a description which can be easily understood by the public, and shall describe the current use of the lands involved.
- 7.5 After the hearing, the Council shall determine whether the subject property should be declared surplus. If the Council determines the property to be surplus, a resolution making such a declaration shall be adopted.
- 7.6 If the subject property is declared surplus, the Property Services Section shall offer the property to other local agencies, the abutting property owners, and any parties having expressed an interest in the property.
- 7.7 If none of the parties listed in the previous section expresses interest in the subject property, then the Property Services Section shall advertise for bids for a minimum two-week period following the resolution, which declares the subject property to be surplus. For the following two weeks, sealed bids may be received, time and date stamped, and the highest and best offer within 10% of, or over, the appraised value shall be accepted.
- 7.8 Sales of parcels shall be handled through independent escrow.
- 7.9 In the event no acceptable offer is received within the bid period, the property shall continue to be marketed by the Property Services Section on a first come first served basis, using all resources common to the marketing of such property, including but not limited to installing signs, distributing offering information to local real estate firms, and publishing offering information monthly in a neighborhood newspaper.
- 7.10 The Property Services Section shall be authorized to negotiate with prospective purchasers and accept reasonable offers on behalf of the City after ensuring concurrence from the General Governmental Fund department or division in the terms of the sale.
- 7.11 Costs of maintaining the property pending sale shall continue to be the responsibility of the General Governmental Fund department or division.
- 7.12 The administrative costs of this procedure shall be reimbursed to the Property Services Section from the proceeds of the sale. The balance of the proceeds shall be credited to the General Governmental Fund.

