



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital

FROM: Steve Newcomb, Environmental Management Department Manager
Karl Morgenstern, Environmental Management Supervisor
Tim O'Dell, Property Management

DATE: July 2, 2013

SUBJECT: Disposition of EWEB property

OBJECTIVE: Information Only - clarifies and establishes a transparent procedure for the identification and disposition of EWEB surplus property.

Issue

This memo addresses a request for information from Commissioner Brown to provide information regarding EWEB's procedure for disposition of surplus property. This is provided to outline a proposed procedure and obtain input prior to vetting the process with internal EWEB stakeholders who are planning for future uses of some of these properties.

Background

EWEB owns 236 tax lots in Lane County. Those tax lots contain 1472 acres of land. Of the 246 tax lots 209 are actively used, 27 are held for future use.

Electric Generation has 40 tax lots totaling 897 acres. This includes the Leaburg and Walterville power canals, islands in the McKenzie River, Walterville Pond, Lloyd Knox Waterboard Park, fish screens and powerhouses.

The Water Utility has 50 tax lots, 37 active and 13 held or future use, totaling 207 acres. Our reservoirs sit on 28 tax lots, totaling 50.48 acres. While most of our pump stations sit on reservoir sites, we have six pump stations on their own tax lots. The Hayden Bridge Filtration Plant is on one tax lot and the intake structure is on a separate tax lot.

EWEB does not pay property taxes on these vacant parcels. However there are costs associated with vacant properties. These costs include fees for the Eastern and Western Lane Fire Protection Agencies, costs for vegetation management and costs associated with managing these properties including, responses to trespassing, illegal camping/dumping, neighbor and community complaints, fencing/fencing repairs and encroachments onto EWEB property.

Discussion

The following discussion provides an outline of draft procedures for the identification and disposition of surplus property. Staff will review all EWEB parcels to determine which are vacant

and not necessary to address current or future needs. The review process will include all EWEB Sections and Departments that have an interest in these properties.

Step 1: Create List of Surplus Properties

The Surplus Property Team will develop a list of currently unused properties. After inquiries are made about future planned use and timing of that use, recommendations will be made for sale of certain properties.

Step 2: Make Declaration of Surplus Parcels for Sale

Property Management will declare the identified parcels surplus as required (details below).

- 1) An appraisal of the property is ordered and delivered. The appraisal identifies market value and highest and best use.
- 2) The City of Eugene will be notified of EWEB's intent to sell and the appraised value of the land to be sold. This will trigger the 30 day countdown for City first right of refusal.
- 3) In the event that the City is interested in the property, negotiations would proceed with EWEB maintaining interest in receiving compensation that reflects true market value.
- 4) Once the city's first right of refusal has expired, resolutions can be brought to the EWEB Board to designate surplus properties as available for marketing and sale.

Step 3: Develop Marketing Strategies for Sale of Surplus Parcels

In order to maximize value, some parcels may require a planning action such as;

- 1) Re-Zoning
- 2) Reservation of an Easement
- 3) Formal Partition
- 4) Subdivision
- 5) Verification of Unit of Land/Legal Lot Status
- 6) Septic Approval
- 7) Installation of adequate water supply
- 8) Use of conservation easement or CCR to protect social and/or environmental values important to EWEB and/or the community.

Where necessary, the Surplus Property Team will consult with Appraisers, Land Use Experts and Brokers regarding the cost/benefit of any given strategy. Though it is not EWEB's intent to become land speculators, it may be possible to maximize the value of these assets, while protecting EWEB's interests and other important social and/or environmental values.

Step 4: Marketing and Sale of Surplus Parcels

There may be two ways of marketing surplus properties. EWEB may employ a local Real Estate Broker with expertise regarding the type of property to be sold, or EWEB could list and sell the property in house through EWEB's Right of Way Agent who has Real Estate Broker credentials. The latter will determine if there is a potential conflict of interest. If EWEB chooses to market and sell property in-house, properties will not be listed through the Regional Multiple Listing Service but rather marketed via signage and postings through web services such as LoopNet and HOTLINKS. Direct contact with adjacent owners and developers will also be made.

TBL Assessment

- Improves EWEB asset and resource utilization
- Supports efficient management of EWEB's property and provides greater benefit to rate payers.
- Advances the local economy by encouraging development as in-fill in developed areas that EWEB has maintained these vacant properties.
- Protects important social and environmental values that these properties may provide the community.
- Increases net revenue while retaining future flexibility with respect to location and efficiency of our existing and future built facilities.

Recommendation

This information is provided to clarify and establish a transparent procedure for identification and disposition of EWEB surplus property.

Requested Board Action

Provide feedback to Property Team on this proposal.