

LAKE CHELAN RECLAMATION DISTRICT

MANSON, WASHINGTON

RESOLUTION 2023-06

SURPLUS REAL PROPERTY DISPOSITION POLICY

The District's Board of Directors recognizes that it is in the public interest for real property owned by the District to be returned to the tax rolls if it is not needed for some present or future District use, and if it can be sold for a reasonable return or dedicated for certain public purposes. The Board also declares that it is in the public interest to transfer District property consistent with the requirements of state law. It is therefore the policy of the District to transfer parcels of real property owned by the District which are determined to be surplus real property pursuant to the procedures established in this Resolution.

1. Definitions.

- 1.1. "Abutter" means the owner of a parcel adjacent to a parcel of real property being considered for transfer as surplus.
- 1.2. "Minimum acceptable price" means the price which shall be equivalent to the reasonable market value as established pursuant to Section 4 herein, plus the costs incurred by the District to effectuate the sale, including, but not limited to the costs of appraisal or surveys.
- 1.3. "Reasonable return" means sale for tangible and intangible consideration equal to, or greater than, the appraised fair market value.
- 1.4. "Surplus real property" means District-owned real property that is not necessary or needed for the use of the District.
- 1.5. "Transfer" means the sale or other disposition of surplus real property.

2. Surplus Real Property Declaration Process. In the event of a specific request to purchase District-owned real property, or in the event the District Manager has determined District-owned real property is not needed for District operations, or in other circumstances, real property owned by the District may be declared surplus by the Board after the following procedures have been completed:

- 2.1 District staff shall include the following information in the Manager's report to the Board for each parcel under consideration:
 - 2.1.1 Description of the subject parcel's size, general location, and the legal description which shall be the existing legal description or established by survey ordered by the District;
 - 2.1.2 Description of the circumstances under which the subject parcel was obtained;
 - 2.1.3 Description of what funds were used to initially acquire the subject parcel;
 - 2.1.4 Recommendation as to which fund the proceeds from its sale, if any, should be credited;
 - 2.1.5 History of District's use, if any, or uses for which it might be held;
 - 2.1.6 Reasonable market value of the subject parcel as determined under Section 4;
 - 2.1.7 Whether the subject parcel is only usable by abutting owners or is marketable;

- 2.1.8 Whether special consideration ought to be given to some other public agency that has a use for the subject parcel;
 - 2.1.9 Whether the subject parcel should be sold by sealed bid or by negotiation;
 - 2.1.10 Whether the dedication, grant, or conveyance of District land or easements in District land for highway or public utility purposes would convenience the inhabitants of the District, and whether such transaction would action enhance the value of the remaining District land to an extent equal to or greater than the value of the land or easement dedicated, granted, or conveyed;
 - 2.1.11 Recommendation as to whether any special covenants or restrictions should be imposed in conjunction with sale of the subject parcel.
- 2.2 Following a public meeting, the Board shall determine whether the subject parcel shall be declared surplus. Any declaration of surplus real property shall be made by resolution, which shall be entered in the minutes of the Board, and shall include the following determinations:
- 2.2.2 Whether the subject parcel should be sold by sealed bid, through a negotiated sale, or through special disposition;
 - 2.2.3 The minimum acceptable price at which a sale may be made; and
 - 2.2.4 Whether special covenants or restrictions should be imposed as a condition of the sale.

3. Determination of Value/Minimum Acceptable Price.

- 3.1. If the District has a sufficient and acceptable appraisal of the subject property, which may be the current appraised value as set by the Chelan County Assessor's Office, no additional appraisal shall be required.
- 3.2. If an acceptable appraisal is not available as provided in Section 3.1, or if the board is concerned about the appraised value set by the assessor, the Board shall obtain a:
 - 3.2.1. Limited opinion of value for subject parcels reasonably believed to be valued at less than \$50,000.00;
 - 3.2.2. Short form appraisal report for subject parcels reasonably believed to be valued between \$50,000.01 and \$149,999.99; or
 - 3.2.3. Full narrative appraisal report by a certified appraiser for subject parcels reasonably believed to be valued at \$150,000.00 or higher.

4. **Notice Requirements.** Notice of the District's intention to sell the subject parcel shall be published in the official newspaper of record for Chelan County at least twenty (20) days prior to the transaction. The publication shall be made at least once a week during three (3) consecutive weeks. The notice shall state whether the sale will be negotiated by the District or will be awarded by bid. Notice shall also be mailed to all abutters to the subject parcel not less than 10 days or more than 25 days prior to the meeting at which the sale of the subject parcel may be approved. All notices shall include a description of the subject parcel; the procedure by which the subject parcel is to be disposed of; the date and time by which all bids must be received; the location to turn in a sealed bid; the date, time, and location of the Board meeting when the bids are opened and read in public or the negotiated sale will be voted upon by the Board; any earnest money deposits which must be made; and the minimum acceptable price.

5. **Disposition by Sealed Bid.** In the event the subject parcel is to be disposed of by sealed bid, the following procedures and requirements shall apply:

5.1. **Bid Requirements.** Where a subject parcel is to be sold by sealed bid, any and all bids submitted must be accompanied by a bid deposit as earnest money, in the form of a cashier's check payable to the District in the amount of five percent (5%) of the bid or \$7,500, whichever is greater. Such deposit accompanying the successful bid shall be deposited into the Districts General Fund until closing on the purchase of the subject parcel and payment of the remaining amount of the purchase price shall be made no later than 60 days after bid award. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit is nonrefundable and may be retained by the District as liquidated damages and not as a penalty, since the calculation of actual damages due to time lost, transaction expenses, etc., will be difficult, if not impossible, to accurately calculate (such damages, as just defined, being referenced hereafter as "liquidated damages"); provided, however, that the purchaser may deposit an additional amount acceptable to the District, but no less than \$5,000, as an extension fee (hereinafter "extension fee"), in which case the purchaser's time to make full payment shall be extended for one additional 60-day period. In the event full payment is not made by the conclusion of the additional period, all deposits shall be retained as liquidated damages for lost time and expense. The Board reserves the right to waive any irregularities in the bid process. Any cashier's check received from a non-winning bidder shall be returned to the non-winning bidders.

5.2. **Purchase and Sale Agreement.** The District and the winning bidder shall enter into a Purchase and Sale Agreement reflecting the terms of the transaction, including the District's responsibility, if any, to begin the process of any boundary line adjustment that may be required. The Purchase and Sale Agreement shall be in a form acceptable to the District.

6. Negotiated Sale.

6.1. **When Permitted.** If the subject parcel can only be put to its highest and best use when aggregated with an abutter's property because of its size, shape, topography, or other restriction, the subject parcel may be negotiated for sale to the abutter, provided:

6.1.1. The abutter is willing to purchase for the fair market value of the subject parcel as determined under Section 5;

6.1.2. If more than one qualifying abutter expresses interest in purchasing the subject parcel, the Board may solicit sealed bids from all; and

6.1.3. A person shall not be deemed to be an abutter if a right-of-way separates their property from the subject parcel unless purchase will allow a higher and better use of the abutter's property.

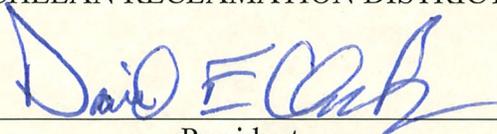
6.2. **Disposition by Negotiated Sale.** Where property is sold by negotiated sale, the purchaser shall deposit earnest money to the District in the amount of \$7,500 or five percent (5%), whichever is greater. Earnest money forfeitures and sale extensions under Section 5.1 shall also apply. The purchase and sale agreement shall reflect the terms of the negotiated sale, including, but not limited, to the responsibility of the District to begin the process of a boundary line adjustment if any is required.

7. **Acceptable Forms of Payment.** District may sell surplus real property on contract for deferred payments, pursuant to a promissory note secured by a mortgage or deed of trust, or for cash. Documentation shall be executed by the President of the Board and acknowledged by the Secretary.
8. **Closing Costs.** All closing costs, exclusive of deed preparation, shall be borne by the purchaser including, but not limited to, survey work, boundary line adjustments, title insurance, recordation costs, escrow fees, and appraisal costs.
9. **Special Disposition.**
- 9.1. If, given the unique character or development potential of a given surplus District property for highway or public utility purposes, the disposition of such property for such purposes would enhance the value of the remaining District land to an extent equal to or greater than the value of the land or easement dedicated, granted, or conveyed, the Board may designate such property for disposal without consideration.
- 9.2. The special disposition process provided in this Section 9 includes the dedication, granting, or conveyance of District land or easements in District land.
- 9.3. Approval for special disposition of property under this Section 9 shall include written findings of the Board setting out and supporting the basis for the Board's decision that the dedication, grant, or conveyance of District land or easements in District land for highway or public utility purposes would convenience the inhabitants of the District and the action will enhance the value of the remaining district land to an extent equal to or greater than the value of the land or easement dedicated, granted, or conveyed.
10. **Form of Conveyance.** All conveyances shall be made by deed or such other form of conveyance as approved by the District. The conveyance document shall be executed by the Secretary-Manager.
11. **Intergovernmental Transfers.** Intergovernmental transfers of surplus real property shall be made in accordance with Chapter 39.33 RCW and/or any other applicable statutes and are outside the scope of the foregoing policies and procedures.

Adopted this 11th day of April, 2023 at the regular meeting of the Board of Directors.

LAKE CHELAN RECLAMATION DISTRICT

BY:



President

ATTEST:



Secretary-Manager