



CITY & BOROUGH OF WRANGELL PUBLIC HEARING AGENDA

Tuesday, February 15, 2017
6:30 – 7:00 p.m.

Location: Assembly Chambers, City Hall

1. Call to Order
2. Roll Call
3. Public Hearing Items:
 - a. **PROPOSED RESOLUTION NO. 02-17-1361:** A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, APPROVING THE SALE OF CITY OWNED TIDELANDS, LOT B OF THE PROPOSED STIKINE INN TIDELANDS RECONFIGURATION FOR LESS THAN THE APPRAISED VALUE FOR ECONOMIC DEVELOPMENT PURPOSES AS ALLOWED UNDER WRANGELL MUNICIPAL CODE
4. Written Testimony
5. Oral Testimony
6. Adjournment

Agenda Item 3a

CITY & BOROUGH OF WRANGELL

BOROUGH ASSEMBLY PUBLIC HEARING AGENDA ITEM February 15, 2017

INFORMATION:

PROPOSED RESOLUTION No. 02-17-1361: A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, APPROVING THE SALE OF CITY OWNED TIDELANDS, LOT B OF THE PROPOSED STIKINE INN TIDELANDS RECONFIGURATION FOR LESS THAN THE APPRAISED VALUE FOR ECONOMIC DEVELOPMENT PURPOSES AS ALLOWED UNDER WRANGELL MUNICIPAL CODE 16.12.012

Attachments:

1. **Proposed Resolution No. 02-17-1361**
2. Offer letter from Bill Goodale, Southeast Properties, LLC.
3. Assessment of the proposed property (full assessment is available upon request, in the Borough Clerk's office)
4. Map of proposed area
5. Memos from Manager Jabusch, Planning & Zoning Commission, Port Commission, and Economic Development Committee (added 2-14), as required ** Staff Report from Carol Rushmore is also included.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION No. 02-17-1361

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, APPROVING THE SALE OF CITY OWNED TIDELANDS, LOT B OF THE PROPOSED STIKINE INN TIDELANDS RECONFIGURATION FOR LESS THAN THE APPRAISED VALUE FOR ECONOMIC DEVELOPMENT PURPOSES AS ALLOWED UNDER WRANGELL MUNICIPAL CODE 16.12.012

WHEREAS, On July 28, 2015, the Borough Assembly adopted Resolution No. 07-15-1323 that authorized the conveyance of City Tidelands to Bill and Cheryl Goodale; and

WHEREAS, the Borough Assembly received the appraisal amount from the borough's assessor for the estimated fair market value of \$101,200 on July 1, 2015 for the Tidelands; and

WHEREAS, Bill Goodale, Southeast Properties, LLC, has completed the process of the Stikine Inn Tidelands Reconfiguration, a subdivision of unsubdivided ATS #83 and Lots 3A-1 and 6A-1 within Block 2A, ATS #83, creating Lot A and Lot B, Block 2A, ATS #83, Zoned Waterfront Development; and

WHEREAS, Bill Goodale, Southeast Properties, LLC, submitted an offer letter for consideration of the City Tidelands to be sold under economic development purposes, as allowed in Wrangell Municipal Code 16.12.012 for the amount of \$64,507.50 which is under the fair market value based on the July 1, 2015 appraisal; and

WHEREAS, the borough can dispose of real property for economic development purposes where the price does not exceed \$1,000,000 under Wrangell Municipal Code 16.12.012; and

WHEREAS, the Planning and Zoning Commission, the Port Commission and the Economic Development Committee all considered the sale of the City Tidelands on their respective agendas as required by 16.12.012 and all concluded and endorsed the sale to Bill and Cheryl Goodale, Southeast Properties, LLC.; and

WHEREAS, the Wrangell Borough Assembly held a public hearing on February 15, 2017 to review the recommendations of the three city boards and any other testimony from the public and did not receive any testimony against the sale; and

WHEREAS, The Wrangell Borough Assembly at their regular meeting on February 15, 2017 considered the sale of the City Tidelands to Bill and Cheryl Goodale,

Southeast Properties, LLC., and determined it was in the best interest of the borough after discussing the various relevant factors listed in 16.12.012 (B) to approve the sale;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA,

Section 1. The Borough Assembly approves the sale of the Borough's City Tidelands to Bill and Cheryl Goodale, Southeast Properties, LLC, for the amount of \$64,507.50, more specifically described as Lot B of the proposed Stikine Inn Tidelands Reconfiguration, Wrangell Recording District, First Judicial District, State of Alaska.

ADOPTED: _____, 2017

David L. Jack, Mayor

ATTEST: _____
Kim Lane, Borough Clerk

January 23, 2017

CITY CLERK
JAN 24 2017
RECEIVED

City & Borough of Wrangell Assembly
205 Brueger Street (P.O. Box 531)
Wrangell, AK 99929

Attn: Kim Lane, Wrangell Borough Clerk
Jeff Jabusch, Wrangell Borough Manager
David Jack, Wrangell Borough Mayor
Assembly Members

Re: Lot B - Stikine Inn Tidelands Reconfiguration
Wrangell Recording District Purchase Proposal
Total Land Acquisition 27,450 square feet

Ladies & Gentlemen,

Southeast Properties, LLC (dba Stikine Inn & Restaurant) offers the following narrative and purchase proposal for the above mentioned tidelands reconfiguration.

First let me give you our economic view for Wrangell for the next 5 to 7 years:

- 1) We anticipate fewer state and federal funds coming into Wrangell. This will mean fewer capital projects, road maintenance, harbor improvements, fewer government officials coming through, ferry system cutbacks and possible employment losses.
- 2) Changes to revenue streams are going to need to be made within the community. This will be the toughest issue, you the administration and ruling body, will have to make. This will probably be where most of your controversy will stem from.
- 3) We, as a community, will have to look at new revenue streams (i.e. bolstering the fishing industry, boat yards & tourism). To a lesser degree, but equally as important, is the timber industry. Timber will be a much tougher sell than the other opportunities.
- 4) As a separate economic engine we must consider and work to bolster our medical community. This is a very important issue. This will probably require partnering with other medical corporations or facilities from outside the community.
- 5) We need to temper all the studies with grandiose plans, which some are the proverbial pipe dreams, and get down to common sense basic development of our resources and properties (for example, the institute property and others).

- 6) With all this being said, I don't want anyone to think we feel that the current economy is gloom and doom, but just an opportunity to make some adjustments and maybe changing direction in the way we do business in the future.

Wrangell is extremely lacking in the area of accommodations for the visitor industry. With the loss of rooms (beds) in the closing of the Thunderbird and the possible loss of rooms (beds) with the transition of the Sourdough Lodge from a lodge to an assisted living facility this issue will be exasperated. Even with the rumored rise in bed & breakfasts, we will all face revenue losses during the peak season from the third week of June through the first week of September.

What this does limits the following:

- 1) Ability to attract conventions (even during off season times)
- 2) Outside visitors, 4th of July, Bearfest, Birdfest, Salmon Derby
- 3) Handcuffs the work the Chamber of Commerce is doing or striving to do
- 4) Limits the funds available to the CVB and Chamber of Commerce to help promote Wrangell
- 5) State & Federal employee travel
- 6) Independent travelers
- 7) Boatyard use by owners from other communities
- 8) School travel & activities

This in turn affects the following:

- 1) Grocery stores
- 2) Restaurants and drinking establishments
- 3) Charter businesses (jet boats, tours, fishing)
- 4) Retailers
- 5) Tax revenue for the city
- 6) Ability to attract people to move here
- 7) Ability to attract economic development money
- 8) Ability to maintain public properties
- 9) Alaska Airlines (subsidized flights)

In further addressing the bed & breakfast increase. They are needed and we welcome them and applaud the owners, but many people want to stay downtown where they have easier access to stores, restaurants, harbors, etc.

The following is our anticipated schedule and revenue stream:

- 1) Present - 2 years - Little change to the area
 - a. Fix up visitor shed - Allow it to be used by locals with some restrictions
 - b. Pay property tax on the acquired property
 - c. Apply for fill permitting
 - d. Preliminary design & artists rendition
- 2) 2-3 years - Final design & possible start of the fill process. (Increase in property tax)

Preliminary cost estimate - design	\$ 72,000.00
Preliminary cost estimate - wall & fill	\$280,000.00 to \$320,000.00
- 3) 3-5 years - Building & landscaping, depending on economy and direction the City & Borough are heading (i.e. waterfront development, mill property possibilities, Institute property)

Preliminary cost estimate (building)	\$2,227,500.00
Plus a 10% contingency	\$225,000.00
Landscaping	\$50,000.00

 - a. City collects property tax revenue and additional sales & bed taxes

Initial jobs:

Construction -

a. Civil work - 3-4 jobs	3	4
a. General Carpentry - 6-10 jobs	6	10
b. Electrical - 2-3 jobs	2	3
a. Plumbing/Mechanical - 2-3 jobs	<u>2</u>	<u>3</u>
	13	20

As many local workers & companies as possible

*Plumbers & mechanical people will come out of Ketchikan

Existing full & part time jobs:

a. Existing year round jobs now	13
b. Existing peak season jobs	41

Projected full & part time jobs:

a. Year round jobs	19
b. Peak season jobs w/ longer hours	48

Projected increase in business anticipated

1-3 years - increased tax revenues

Sales & bed taxes only 3%-4%

4-5 years - increased tax revenue over the next 3 years above - 1.5%-2%

After building is occupied

Year 1 - 35% increase over 2016

Year 2 - 48% increase over 2016

Year 3 & beyond - 57% increase over 2016

Please realize that these estimates are based on 2015-2016 business -

We are anticipating -

- 1) The state economic woes will improve
- 2) The ferry system will finally resolve all the issues it has
- 3) The City & Borough will be proactive and progressive even during these tough economic times.
- 4) The Chamber & CVB will market Wrangell as a team with local businesses
- 5) The US Forest Service becomes more of an economic partner with the state and local governments along with the local businesses.

Southeast Properties has paid the City & Borough of Wrangell the following over the past five years:

Sales tax	\$487,484.27
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Bed tax	\$138,407.72
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This past year we paid \$15,577.95 in property tax on the Stikine Inn. Once the entire project is built out, the additional property tax revenue collected by the Borough will be between \$20,000.00-\$25,000.00 per year, depending on the final cost and assessed value of the improvements.

So far on the possible purchase of these tidelands we have spent \$6,150.00 in engineering and appraisal costs, \$5,671.00 in material costs to renovate the visitors cover, and approximately \$5,000.00 in preliminary design discussions for the new building.

We have received a copy of the restricted appraisal on the property and after reviewing it, we respectfully feel the appraised price is extremely high.

Our main argument being the following:

- 1) It will cost nearly as much as the appraised value of the land to renovate the shed for viable use over the next four to five years. If the City decides to keep it, that expense will be borne by the tax payers.
- 2) The undeveloped tidelands has no real value as it sits.
- 3) The cost of development is extremely expensive as detailed earlier in this letter.

- 4) The land is creating no revenue as it is and would better serve the community on the tax rolls.

I will close this narrative, but will be at the next assembly meeting to answer any questions or concerns you may have.

The following is our cash offer to purchase the property -

\$64,507.50 _____ dollars.

We thank you for your time and consideration. As always we look forward to working with the community to help advance our economy.

A handwritten signature in cursive script that reads "William C Goodale".

William C Goodale

Managing Partner

Southeast Properties, LLC

July 1, 2015

City and Borough of Wrangell
P.O. Box 531
Wrangell, Alaska 99929

Attention: Kim Lane, Borough Clerk

Re: Lot B Stikine Inn Tidelands
Reconfiguration
City and Borough of Wrangell
Wrangell, Alaska

Dear Ms. Lane:

Pursuant to your request, I have prepared a restricted appraisal report on the fair market value of the above parcel as if vacant. The appraisal date is July 1, 2015. The purpose of the report is to determine the fair market value for sale purposes. A description site proceeds valuation section.

The reader is referred to the City and Borough of Wrangell comparable lease and sales book for a complete description of the comparable leases and sales utilized in this report.

This is a restricted appraisal report intended to meet the requirements of the client, the City and Borough of Wrangell. The estimated fair market value as of July 1, 2015 is :

One Hundred and One Thousand Two Hundred Dollars

\$101,200

A description of the site and the analyses which lead to the fair market value conclusion follows in this report. The comparable data is included in a separate report which is retained in the appraiser's work file.

If you have any questions regarding this restricted appraisal report please do not hesitate to call me.

APPRAISAL COMPANY OF ALASKA



Michael C. Renfro
Partner

CERTIFICATE OF OWNERSHIP AND DEDICATION

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT WE HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH OUR FREE CONSENT AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.

DATE _____ MAYOR, CITY AND BOROUGH OF WRANGELL
LOT A

NOTARY'S ACKNOWLEDGMENT

U.S. OF AMERICA
STATE OF ALASKA
CITY AND BOROUGH OF WRANGELL

THIS IS TO CERTIFY THAT ON THIS _____ DAY OF _____, 20____, BEFORE ME, THE UNDERSIGNED A NOTARY PUBLIC IN _____ AND FOR THE STATE OF ALASKA, DULY COMMISSIONED AND SWORN, PERSONALLY APPEARED _____ TO ME KNOWN TO BE THE IDENTICAL INDIVIDUAL(S) MENTIONED AND WHO EXECUTED THE WITHIN PLAT AND _____ ACKNOWLEDGED TO ME THAT _____ SIGNED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN SPECIFIED.

WITNESS MY HAND AND NOTARY SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST HEREIN WRITTEN.

NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA

MY COMMISSION EXPIRES _____

**CERTIFICATE STATE OF ALASKA
(FIRST JUDICIAL DISTRICT)**

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED, AND AN ACTING ASSESSOR FOR THE CITY AND BOROUGH OF WRANGELL, HEREBY CERTIFY, THAT ACCORDING TO THE RECORDS IN MY POSSESSION, THE FOLLOWING DESCRIBED PROPERTY IS CARRIED ON THE TAX RECORDS OF THE CITY AND BOROUGH OF WRANGELL, IN THE NAME OF _____

AND THAT ACCORDING TO THE RECORDS IN MY POSSESSION, ALL TAXES ASSESSED AGAINST SAID LANDS ARE PAID IN FULL; THAT CURRENT TAXES FOR THE YEAR 20____ WILL BE DUE ON OR BEFORE OCTOBER 15, 20____ DATED THIS _____ DAY OF _____

ASSESSOR CITY AND BOROUGH OF WRANGELL

CERTIFICATE OF APPROVAL BY THE PLANNING COMMISSION

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF WRANGELL PLANNING COMMISSION, AND THAT SAID PLAT HAS BEEN APPROVED BY THE COMMISSION BY PLAT RESOLUTION NO. _____ DATED _____, 20____ AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT MAGISTRATE, EX-OFFICIO RECORDER, WRANGELL, ALASKA.

DATE _____ CHAIRMAN, PLANNING COMMISSION, CITY AND BOROUGH OF WRANGELL

SECRETARY

CERTIFICATE OF APPROVAL BY THE ASSEMBLY

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF WRANGELL ASSEMBLY AS RECORDED IN MINUTE BOOK _____ PAGE _____ DATED _____, 20____ AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX-OFFICIO RECORDER, WRANGELL, ALASKA.

DATE _____ MAYOR, CITY AND BOROUGH OF WRANGELL

CITY CLERK

CERTIFICATE OF OWNERSHIP AND DEDICATION

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT WE HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH OUR FREE CONSENT AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.

DATE _____ SOUTHEAST PROPERTIES, LLC. LOT B

PRINTED NAME AND TITLE, AUTHORIZED OFFICER

NOTARY'S ACKNOWLEDGMENT

U.S. OF AMERICA
STATE OF ALASKA
CITY AND BOROUGH OF WRANGELL

THIS IS TO CERTIFY THAT ON THIS _____ DAY OF _____, 20____, BEFORE ME, THE UNDERSIGNED A NOTARY PUBLIC IN _____ AND FOR THE STATE OF ALASKA, DULY COMMISSIONED AND SWORN, PERSONALLY APPEARED _____ TO ME KNOWN TO BE THE IDENTICAL INDIVIDUAL(S) MENTIONED AND WHO EXECUTED THE WITHIN PLAT AND _____ ACKNOWLEDGED TO ME THAT _____ SIGNED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN SPECIFIED.

WITNESS MY HAND AND NOTARY SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST HEREIN WRITTEN.

NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA

MY COMMISSION EXPIRES _____

CLIENT: SOUTHEAST PROPERTIES, LLC.
BOX 5503
KETCHIKAN, ALASKA 99901

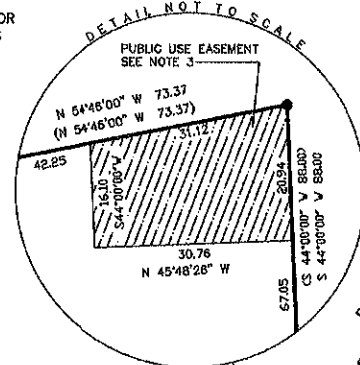
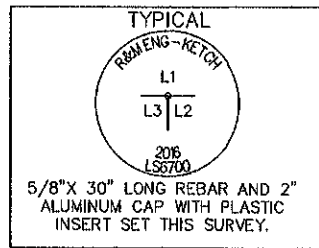
DRAWN BY: JLS / MGH
CHECKED BY: CGP
DATE PLATTED: 09/22/2015
DATE SURVEYED: 05/28/2015
SCALE: 1"=40'
SURVEYOR: CGP
PROJ NO.: 152706

SURVEYOR'S CERTIFICATE

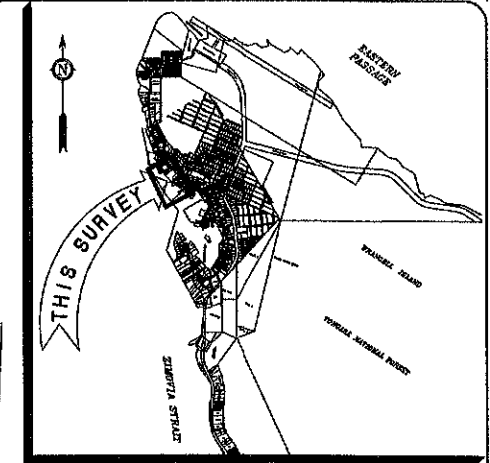
I HEREBY CERTIFY THAT I AM A REGISTERED SURVEYOR, LICENSED IN THE STATE OF ALASKA, AND THAT IN 2016 _____ A SURVEY OF THE HEREIN DESCRIBED LANDS WAS CONDUCTED UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT IS A TRUE AND ACCURATE REPRESENTATION OF THE FIELD NOTES OF SAID SURVEY, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT ACCORDING TO SAID FIELD NOTES.

DATE _____ CHRISTOPHER G. PIBURN LS 107552

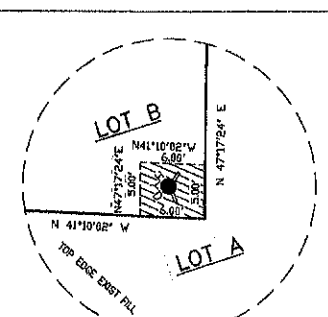
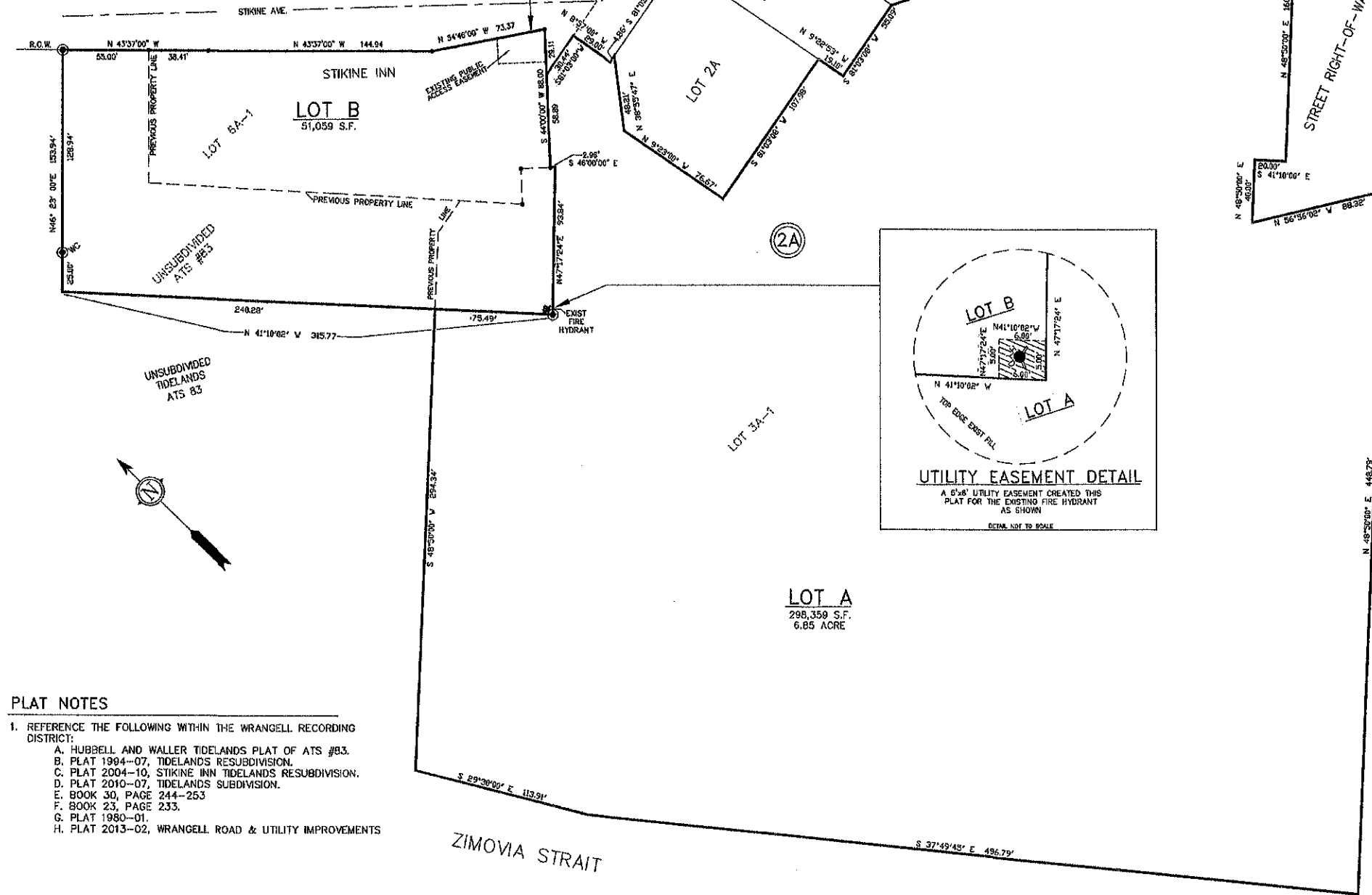
MR. GREG SCHEFF (LS 6700) WAS THE CORPORATE SURVEYOR FOR R&M DURING THIS SURVEY AND NOW MR. PIBURN (LS 107552) IS THE CORPORATE SURVEYOR FOR R&M, AS SUCH, I AM ACCEPTING THE MONUMENTS AS SHOWN AND PLACED THIS SURVEY.

**LEGEND**

- 2" PRIMARY BRASS CAP RECOVERED
- SECONDARY MONUMENT RECOVERED
- 5/8" REBAR AND 2" ALUM CAP SET THIS SURVEY
- (S 30°08'27" W 3553.92) DATA OF RECORD
- S 30°08'27" W 1373.51 DATA MEASURED OR CALCULATED



VICINITY MAP
NOT TO SCALE



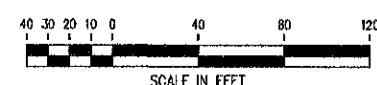
UTILITY EASEMENT DETAIL
A 6"X8" UTILITY EASEMENT CREATED THIS PLAT FOR THE EXISTING FIRE HYDRANT AS SHOWN
DETAIL NOT TO SCALE

SQ. FOOTAGE CHANGE TABULATION

LOT 6A-1 -	EXISTING SQ. FT. =	23,608
PROPOSED PORTION SQ. FT. =	27,480	
NEW STIKINE LOT A SQ. FT. =	51,059	
TOTAL FROM CITY PROPERTIES TO BE ADDED TO NEW STIKINE LOT A = 27,450		
TAKE FROM ATS #83	TO NEW STIKINE LOT A =	21,800
TAKE FROM LOT 3A-1	TO NEW STIKINE LOT A =	5,550

PLAT NOTES

1. REFERENCE THE FOLLOWING WITHIN THE WRANGELL RECORDING DISTRICT:
 - A. HUBBELL AND WALLER TIDELANDS PLAT OF ATS #83.
 - B. PLAT 1994-07, TIDELANDS RESUBDIVISION.
 - C. PLAT 2004-10, STIKINE INN TIDELANDS RESUBDIVISION.
 - D. PLAT 2010-07, TIDELANDS SUBDIVISION.
 - E. BOOK 30, PAGE 244-253
 - F. BOOK 23, PAGE 233.
 - G. PLAT 1980-01.
 - H. PLAT 2013-02, WRANGELL ROAD & UTILITY IMPROVEMENTS

**WRANGELL RECORDING DISTRICT**

Revisions		
No.	Date	Description
R&M R&M ENGINEERING-KETCHIKAN, INC. Phone: (907) 225-7917 365 Carlanna Lake Road Fax: (907) 225-3441 Ketchikan, AK 99901 CERTIFICATE OF AUTHORIZATION #: C576 WRANGELL OFFICE Phone: (907) 874-2177 P.O. BOX 701 Fax: (907) 874-2187 Wrangell, AK 99929		

**PROJECT:
STIKINE INN TIDELANDS RECONFIGURATION**

THE SUBDIVISION OF UNSUBDIVIDED A.T.S. #83 AND LOTS 3A-1 AND 6A-1 WITHIN BLOCK 2A, ATS # 83. THIS SUBDIVISION WILL CREATE LOT A AND LOT B, BLOCK 2A, ATS #83

MEMORANDUM

DATE: January 25, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY
CITY AND BOROUGH OF WRANGELL

FROM: JEFF JABUSCH, BOROUGH MANAGER

SUBJECT: SALE OF TIDELANDS TO THE STIKINE INN

History and Background:

I am providing the following information for each board to consider as they deliberate on the merits of granting the sale of the tidelands without public bid and at less than the fair market value.

Bill Goodale, the owner of the Stikine Inn, approached the Borough Assembly some time ago to update them with an expansion plan he would like to do with the Stikine Inn. This involves purchasing the tidelands from the Borough to accomplish this task. The Borough assembly endorsed the concept in principal and this gave Mr. Goodale the green light to continue the process.

Recently, Mr. Goodale brought in a letter outlining his plans on what he has planned to do concerning the expansion project. Mr. Goodale has asked that he be allowed to purchase the tidelands at a price of \$64,507.50 rather than the value our assessor put on the land which was \$101,200.

Under Wrangell Municipal Code (WMC) 16.12.012 (A), the borough may dispose of borough owned land, including tidelands if the value is under \$1,000,000 without requests or sealed bid and for less than the fair market value if the borough feels it is in the best interest of the borough when considering the relevant factors described in WMC 16.12.012 (B).

The borough is required to present the plan to the Planning and Zoning Commission, the Port Commission and the Economic Development Committee for comments. After that the assembly must have a public hearing and then can act on the proposal after considering testimony from the boards and the public hearing in determining if the economic benefits from the sale meet the criteria in the code which is shown below.

Granting Mr. Goodale's request for this land meets most of the criteria described in WMC 16.12.012 (B). In addition, the land likely does not have another use other than to the Stikine Inn. Once the plan is completed, Mr. Goodale's expansion project would provide an additional \$20,000 plus to property taxes annually. During construction it would create jobs and economics to the community. After construction it would provide additional rooms which would create

more bed and sales taxes. It would also provide more rooms in town to accommodate larger conventions. In the past we have lost opportunities for conventions because of the rooms available in town. Now that the Sourdough Lodge is moving in a direction to convert the lodge to another use, it becomes even more needed to expand the rooms in town. Wrangell has struggled in building its tax base by new construction in town and this would give our tax base a substantial boost. The difference in the price that Mr. Goodale is proposing and the amount the assessor has established as the value would likely be made up in the first year after opening between the employment factor and the sales, property and bed taxes paid by Mr. Goodale. Since Mr. Goodale has taken over the Stikine he has already put in a huge investment in renovating all portions of the hotel and restaurant. This has shown his commitment to Wrangell and I believe his proposed project will also be first class and an asset to the community.

The borough has made other economic deals to promote expansion and economic development. One of the largest was the incentives to bring Silver Bay Logging in to town to purchase and run the saw mill after it had been closed down. That provided jobs in town for a long period of time which provided a lift when the community needed it. With the state's economic crisis, it is important for Wrangell to seize every opportunity it can to continue to grow in a way that provides more taxes to offset some of the cut backs we are seeing from the state.

Mr. Goodale also has promised to the assembly that he is going to renovate the existing shelter currently owned by the borough. He is doing this with his own money. It is estimated the designing and permitting will take several years and during that time he wanted to upgrade the shelter until which time his construction would begin and then it would be removed.

The following is the actual Wrangell Municipal Code pertaining to his proposal.

16.12.012 Disposition of real property for economic development purposes.

A. In the exercise of the borough's economic development powers, the assembly may determine, in its sole discretion, that it is in the best interest of the borough to dispose of borough-owned real property, including tidelands, or any interest therein, which interest has a value of \$1,000,000 or less (as determined by the borough assessor or a qualified appraiser), without requests for proposals or sealed bid procedures and at less than fair market value.

B. In determining the best interests of the borough under this section, the assembly may consider any relevant factors, which may include:

1. The desirability of the economic development project;
2. The actual or potential economic benefits to the borough, its economy and other businesses within the borough;

Memo

To: Kim Lane, City Clerk
From: Lavonne Klinke, Planning & Zoning Secretary
CC: Assembly Members
Date: 2/10/2017
RE: Request from Southeast Properties (dba Stikine Inn and Restaurant) to purchase tidelands below appraised value under the Economic Development code, WMC 16.12.012

The Planning and Zoning Commission at their regular meeting of February 9, 2017 unanimously recommend to the Assembly to approve the request from Southeast Properties (dba Stikine Inn and Restaurant) to purchase tidelands below appraised value under the Economic Development code, WMC 16.12.012

3. The contribution of the proponent to the economic development project in terms of money, labor, innovation, expertise, experience and otherwise;
4. The business needs of the proponent of the project in terms of integration into existing facilities and operations, stability in business planning, business commitments, and marketing;
5. Actual or potential local employment due to the economic development project;
6. Actual and potential enhancement of tax and other revenues to the borough related to the project; and
7. Existing and reasonably foreseeable land use patterns and ownership.

C. Prior to disposal under subsection (A) of this section, the assembly shall hold a public hearing. The borough clerk shall publish notice of the public hearing in a newspaper of general circulation in the borough at least 14 days prior to the hearing. The notice shall include the date, time and place of the hearing, and general or legal description of the real property or interest, and the proposed disposition and its purpose.

D. Following the hearing, and with comments/recommendations from the port commission, the planning and zoning commission, and the economic development committee, the assembly may authorize disposition of the real property or interest therein by resolution.

E. Where the acquisition of the real property or any interest therein or the construction of a permanent improvement has been approved by the voters at an election, the disposition of such property, interest or improvement under this section by sale, trade or lease for a term exceeding five years shall be made only by authority of an ordinance ratified by a majority of the qualified voters of the borough who vote upon the question. For purposes of this subsection, the term of any such lease shall include the terms of all options to extend or renew the lease. The requirements of this subsection do not apply where the voter approval involved was in the form of authorizing the issuance of bonds to finance the acquisition of the real property or any interest therein or the construction of a permanent improvement. [Ord. 781 §§ 1, 2, 2006; Ord. 756 § 1, 2004.]

Wrangell Port Commission

MEMO

TO: THE HONORABLE MAYOR AND ASSEMBLY
CITY AND BOROUGH OF WRANGELL

FROM: SHERRI COWAN, PORT RECORDING SECRETARY

SUBJECT: Request from Bill Goodale to purchase City owned Tidelands, Lot B of the
Proposed Stikine Inn Tidelands Reconfiguration

DATE: February 3, 2017

At their February 2, 2017 Regular Meeting, the Port Commission approved the request from Bill Goodale to Approve the sale of City owned Tidelands, Lot B of the Proposed Stikine Inn Tidelands Reconfiguration for the purchase price of \$64,507.50 which is lower than the appraised value from July 2015 of \$101,200.00 for economic development purposes, as allowed in WMC 16-12-012, Bill and Cheryl Goodale.

MEMORANDUM

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY
CITY AND BOROUGH OF WRANGELL**

**FROM: MS. CAROL RUSHMORE
ECONOMIC DEVELOPMENT DIRECTOR**

**SUBJECT: Request from Southeast Properties (dba Stikine Inn and Restaurant) to
purchase tidelands below appraised value under the Economic Development
code, WMC 16.12.012**

DATE: February 14, 2017

RECOMMENDATION:

The Economic Development Committee at their meeting on February 13, 2017 reviewed the above request and unanimously voted to recommend to the Assembly to approve the request from Southeast Properties to purchase tidelands below appraised value per the request.

They found that the request would facilitate tremendous economic and social benefits for the community and spur future development.

ATTACHMENTS:

1. Memo from Carol Rushmore to the Planning and Zoning Commission and Economic Development Committee

City and Borough of Wrangell, Alaska

Date: February 3, 2017

To: Planning and Zoning Commission and Economic Development Committee

From: Carol Rushmore, Economic Development Director

Re: Request from Southeast Properties (dba Stikine Inn and Restaurant) to purchase tidelands below appraised value under the Economic Development code, WMC 16.12.012

Background:

Southeast Properties approached the Borough Assembly last year requesting to purchase the tidelands adjacent to the Stikine Inn. The Assembly endorsed the concept of the Hotel expansion and gave Southeast Properties approval to move forward. This has included obtaining a conditional use permit from the Planning and Zoning Commission, a subdivision plat of the City owned tidelands and an appraisal. A final plat has been approved by the Planning and Zoning Commission in November 2017, but has not yet been before the Assembly due to a new proposal by Mr. Goodale regarding the purchase price. As part of the initial discussions, Mr. Goodale also committed to an improvement to the existing Vendor Shelter.

Attached is a letter from Mr. Goodale regarding the reasons for his modified request of the purchase price and a memo from Borough Manager Jeff Jabusch identifying additional information regarding an appraisal that was conducted and the Code requirement for the Borough to sell the property. The Commission needs to review certain factors when making their recommendation to the Assembly whether to sell the City tidelands at less than the appraised value.

The following page summarizes the points that the Planning and Zoning Commission, along with the Economic Development Committee and Port Commission should consider in their findings and recommendation to the Assembly.

WMC 16.12.012 B. In determining the best interests of the borough under this section, the assembly may consider any relevant factors, which may include:

1. The desirability of the economic development project: Southeast Properties has made huge investments within the City of Wrangell through the upgrades made to the Stikine Inn Hotel and restaurant. Their proposal to expand the hotel was met with community wide support and now with the loss the Diamond C hotel and Sourdough Lodge, the expansion need is not only more economical for the company, but much more of a critical service and need for the community in order to meet demand of room nights during high use time periods. The project will expand a successful use, and improve on the value of the adjacent tidelands increasing revenue stream to the City and Borough.
2. The actual or potential economic benefits to the borough, its economy and other businesses within the borough: While the purchase price may be less, it provides a development incentive for Southeast Properties to begin construction sooner than later. Approval of the reduced sale price makes the hotel expansion project financially feasible

and will benefit local businesses during a statewide reduced spending economy through local hire and purchases.

3. The contribution of the proponent to the economic development project in terms of money, labor, innovation, expertise, experience and otherwise: Mr. Goodale has outlined his proposed cost of construction, the estimated number of employees, estimated economic benefits to the community from added sales tax, transient tax and property taxes after completion of the project. The reduced sale cost will be recouped easily within 2 years of completion and annual revenues will continue beyond.
4. The business needs of the proponent of the project in terms of integration into existing facilities and operations, stability in business planning, business commitments, and marketing: The reduced sale price encourages immediate investment by Southeast Properties which will benefit local businesses and Borough revenue. The expanded hotel enables more investment and opportunity for conferences. Southeast Properties will be able to plan for their design, permitting and development knowing there is not only community support but financial commitment to their plans.
5. Actual or potential local employment due to the economic development project: Mr. Goodale outlined his expected employee hires and construction jobs. Exactly how many actually go to local persons is unknown, but it is expected there will be local hires for construction. Full time and part time employees will be from Wrangell or will result in residency in Wrangell. The investment will also support other local businesses due to product purchase or service hire.
6. Actual and potential enhancement of tax and other revenues to the borough related to the project: Based on their existing payments to the City and Borough of Wrangell, the payments to the Borough are a considerable contribution. Their annual transient tax payment (bed tax collected at 6% per room per night) is approximately \$27,000 annually which is more than half collected annually City-wide. While the appraisal of the tidelands was over \$100,000 with no fill, the property taxes should increase considerably once filled and developed. Mr. Goodale is not seeking a reduction in property tax, but of the initial sale price;
7. Existing and reasonably foreseeable land use patterns and ownership: The City owns the tidelands in front of the Stikine Inn. The GAO, (Post Office Property) owns a sliver of tide lands to the north of the Stikine Inn in front of the Post Office. Years ago we had investigated the potential of acquiring that land in order to allow former owners of the Stikine Inn to expand slightly to the north along Stikine Avenue. The process is very long very arduous and was met with considerable resistance. It could be a future option, but expanding in front of the existing hotel makes business and development sense and increases the value of the tidelands. Mr. Goodale has also indicated his interest in expanding the Waterfront Master Plan concepts in front of the hotel in the tidelands so public benefits to waterfront walks/views could be increased and will work with the City in the future to determine the best and safest way to make that happen.