City and Borough of Wrangell, Alaska

WRANGELL PLANNING AND ZONING COMMISSION February 9, 2017 7:00 pm Agenda

- A. CALL TO ORDER/ROLL CALL
- B. AMENDMENTS TO THE AGENDA
- C. APPROVAL OF MINUTES: December 8, 2016 DEFER
- D. PERSONS TO BE HEARD
- E. CORRESPONDENCE
- F. OLD BUSINESS
 - 1) Nontraditional Housing issues: Cottages, tiny Homes, Yurts, stick built trailer type houses (DEFER)

G. NEW BUSINESS

- Final Plat Review of the Fennimore/Roland Replat, a replat of Lot 20A, Oliver Subdivision, a portion of Lot 8, Wrangell Townsite, creating Lot 20AA and Lot 8A Fennimore/Roland resubdivision, zoned Single Family Residential, requested by Elaine Fennimore.
- Request from Southeast Properties (dba Stikine Inn and Restaurant) to purchase tidelands below appraised value under the Economic Development code, WMC 16.12.012
- Pub hrg 3. Preliminary Plat review of Larsson-Buhler Replat, the replat of Lots 7B and 8B of Mitchell-Buhler Replat, creating Lots 7BB, 8AA, and 8BB, zoned Waterfront Development, requested by Diane Larsson, owned by DB AK Enterprises LLC.
- Pub hrg 4. Request to vacate a 10 foot utility easement centered on the lot line between Lots 7B and 8B, Mitchell-Buhler Replat, zoned Waterfront Development, requested by Diane Larsson, owned by DB AK Enterprises LLC.
- Pub hrg 5. Conditional Use Permit application on Lot B, Martin/Campbell Replat, 111 Mt.

 Dewey Lane, for a short term or long term rental as Mt. Dewey Extended Stay, zoned Single Family Residential, requested by Linda Nore and Steve Thomassen.
- Pub hrg 6. Conditional Use Permit application on Lot 18, Block 13, Campbell Subdivision, 123 Third Street, for a short term or long term rental zoned Single Family Residential, requested by Karl and Dorothy Gladsjo.

- Pub hrg 7. Variance application requesting a variance to the sign ordinance on Lot C,
 Torgramsen-Glasner Subdivision, Contract Zone for Light Industrial Use, owned
 by Don Glasner. (WITHDRAWN)
- H. PUBLIC COMMENT
- I. COMMISSIONERS' REPORTS AND ANNOUNCEMENTS
- J. ADJOURNMENT

City and Borough of Wrangell Item G1

Date: February 3, 2017

To: Planning and Zoning Commission

From: Carol Rushmore, Economic Development Director

Re: Final Plat Review of the Fennimore/Roland Replat, a replat of Lot 20A, Oliver Subdivision, a portion of Lot 8, Wrangell Townsite, creating Lot 20AA and Lot 8A Fennimore/Roland resubdivision, zoned Single Family Residential, requested by Elaine Fennimore.

Background: The final plat includes the requested square footage of the area to be sold and notes the 3' easement as being inconsistent.

Recommendation:

Staff recommends approval of the final plat.

City and Borough of Wrangell, Alaska

Item G-2

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 partime 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 appraisle 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 tidelands 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.

MEMORANDUM

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 city 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 like 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 cease 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. 3 SHARE 11 ME.

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;

- 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.]

MEMORANDUM

TO:

Planning & Zoning Commission

FROM:

Kim Lane, MMC

Borough Clerk

SUBJECT: Approval to sell City Owned Tidelands, Lot B of the Stikine Inn Tidelands Reconfiguration

DATE:

January 24, 2017

At your next meeting in February, please place an item on your agenda for consideration to:

Approve the sale of City owned Tidelands, Lot B of the 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 for economic development purposes, as allowed in WMC 16.12.012, to Bill and Cheryl Goodale.

Attachments:

- 1. Offer Letter from Bill Goodale
- 2. July 2015 Appraisal

January 23, 2017

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

JAN 24 2017

RECEIVED

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,

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

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

- 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 tacking 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 applied 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

3

a. Plumbing/Mechanical - 2-3 jobs 2

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

Bed tax

\$138,407.72

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.

50 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.

William C Goodale Hirofale

Managing Partner

Southeast Properties, LLC

RESTRICTED APPRAISAL OF LOT B STIKINE INN TIDELANDS RECONFIGURATION CITY AND BOROUGH OF WRANGELL WRANGELL, ALASKA

FOR
KIM LANE
BOROUGH CLERK
CITY AND BOROUGH OF WRANGELL
P.O. BOX 531
WRANGELL, ALASKA 99929

VALUATION DATE JULY 1, 2015

FILE 15-3357

BY MICHAEL C. RENFRO PARTNER

APPRAISAL COMPANY OF ALASKA 3940 ARCTIC BOULEVARD - SUITE 103 ANCHORAGE, ALASKA 99503 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

Reconfirguration

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

RESTRICTED APPRAISAL

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents only summary discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's work file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Furthermore, in accordance with prior agreements between the client and the appraiser, this report is the result of a limited appraisal process in that certain allowable departures from specific guidelines of the Uniform Standards of Professional Appraisal Practice were invoked. The intended user of this report is warned that the reliability of the value conclusion provided may be impacted to the degree there is departure from specific guidelines of USPAP.

CLIENT:

Kim Lane, Borough Clerk City and Borough of Wrangell

P.O. Box 531

Wrangell, Alaska 99929

APPRAISER:

Michael C. Renfro, Partner

Appraisal Company of Alaska, LLC 3940 Arctic Boulevard, Suite 103

Anchorage, Alaska 99503

Contract Assessor for the City and Borough of Wrangell

SUBJECT:

Vacant Land

2000 Square Feet Uplands

25,450 Square Feet Submerged Tidelands

Lot B Stikine Inn Tidelands Reconfiguration Wrangell

Tidelands

Wrangell, Alaska 99929

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to estimate the market value of the subject property. *Market value* is defined by the federal financial institutions regulatory agencies as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) buyer and seller are typically motivated:

(2) both parties are well informed or well advised, and acting in what they consider their own best interests;

(3) a reasonable time is allowed for exposure in the open market;

(4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

INTENDED USE OF REPORT: This appraisal is intended to assist the client in determining the subject's value for sale purposes.

INTEREST VALUED: Fee Simple estate which is defined as "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."

EFFECTIVE DATE OF VALUE: July 1, 2015

DATE OF REPORT: July 1, 2015

SALES HISTORY: No sales of the subject property have occurred within the past three years.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraisers:

- Inspected the subject property prior to this report.
- Reviewed available records.
- Applied the market approach to arrive at an indication of value.

The appraiser believes the primary approach to value is the market approach. The appraisal process therefore involved no departures from Standards Rule 1-4(b)i,ii,iv,v, and vi.

This restricted appraisal report is a brief recapitulation of the available data, analyses, and conclusions.

SUMMARY OF PROPERTY APPRAISED: The property that is the subject of this report is situated at the northwest corner of Front Street and Stikine Avenue, Wrangell, Alaska and can be briefly summarized as follows:

<u>Legal Description</u>: Lot B, Stikine Inn Tidelands Reconfiguration, Wrangell Recording District within the City and Borough of Wrangell, State of Alaska.

Address: NHN Front Street, Wrangell, Alaska 99929

<u>Land</u>: The reader is referred to the preliminary Plat Map on the facing page. The subject parcel is irregular in shape with a total land area of 27,450 square feet. An estimated 2000 square feet are uplands and 25,450 square feet are submerged tidelands.

Utilities are available through the adjoining uplands.

Improvements: The subject is valued as if vacant

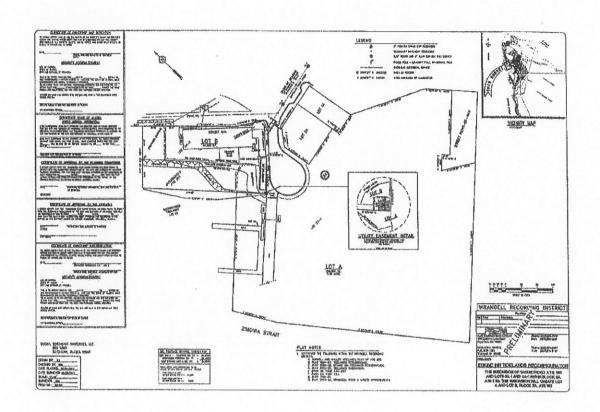
<u>Environmental Condition</u>: No warranties as to environmental issues have been addressed by the appraiser. A visual inspection showed no evidence of contamination. If this is a concern of the seller or purchaser, it should be inspected by a qualified inspector.

Zoning: The subject is zoned waterfront development by the City and Borough of Wrangell.

HIGHEST AND BEST USE: In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimated is based.

As vacant, the subject's highest and best use would be the hold for future speculation.

Lot B Stikine Inn Tidelands Reconfiguration



Analysis of Comparable Land Sales

<u>Time:</u> With a restricted amount of sales it is difficult to obtain paired sales for analysis to arrive at the adjustments needed to bring the available sales and leases in to conformity with the subject.

Although restricted, available market data indicates a relatively stable market with approximately three per cent per year increase in value which corresponds to the Alaska CPI.

<u>Terms:</u> None of the sales and leases used in the analysis is believed to require consideration for special financing or other sale conditions.

<u>Size/Topography:</u> Larger parcels generally sell for less per unit of comparison than smaller parcels, all other factors being equal. In relation to the subject all of the comparables are adjusted downward for size.

<u>Location and Access:</u> Location and access is somewhat subjective on the part of the appraiser in relation to the comparable data utilized. However, analysis of other sales contained in our separate report on the summary of Wrangell lease transactions indicates that location and access can account for 10% to 40% difference between superior and inferior locations. The subject is considered to be in a superior location to all the comparables.

<u>Utilities:</u> All of the comparables have similar utilities and no adjustment is required.

Summary of Comparable Sales:

Sale No.	Legal	Sale Date	Sale Price	Size	\$/SF
1	14/1A WTS	5/01	\$58,700	7,719.3	\$7.60
2	2/1A WTS	8/01	\$58,400	7,681	\$7.60
3	3/1A WTS	8/01	\$82,500	11,000	\$7.50
4	2A/2A WTS	12/04	\$26,200	11,190	\$7.70

Adjustment Grid: The following grid shows the estimated adjustments for each sale bringing it into conformity with the subject.

Sale No.	1	2	3	4
Price/Sq.Ft.	\$7.60	\$7.60	\$7.50	\$7.70
Time	+ 42%	+ 42%	+ 42%	+33%
Net After Time	\$10.79	\$10.79	\$10.65	\$10.24
Terms	0	0	0	0
Size/Topography	-10%	-10%	-10	-10%
Location/Access	+10%	+10	+10	+5%
Utilities	0	_0_	_0_	0
Net Adjustment	0	0	0	-5%
Indicated Value/Sq. Ft.	\$10.79	\$10.79	\$10.65	\$9.73

Conclusion:

After adjustments for property differences the available transactions indicate a range of value for the subject site uplands value from \$9.73 to \$10.79 per square foot.

After analysis of the property differences, including the subject's size and location, the market value of the subject's 2000 square foot of uplands is concluded to be \$10.50 per square foot. Submerged tidelands sell at between 20 to 30 percent of the adjoining uplands. The 25,450 square feet of submerged tidelands is concluded to be \$3.15 per square foot.

\$10.50 X 2000 SF = \$21,000 \$3.15 X 25,450 SF= \$80,167.50

Estimated Market Value \$101,200

ASSUMPTIONS AND LIMITING CONDITIONS:

- 1. As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.
- This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
- 3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
- 4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
- 5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- 6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 7. All engineering is assumed to be correct. Any maps, sketches, plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

- 9. It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws unless otherwise stated in this report.
- 10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no encroachments or trespass unless otherwise stated in this report.
- 11. The valuation assumes the appraised property (site and improvements) is free and clear of hazardous contaminants, unless specifically noted. If the appraised property is suspected of contamination, then the client is urged to retain an engineers report. The appraiser(s) reserve the right to review value conclusions if documentation, including cost-to-cure estimates, is provided.
- 12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
- 13. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

CERTIFICATE OF APPRAISAL

I certify that, to the best of my belief, ...

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are restricted only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this report.
- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6. My compensation for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal..
- 7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have (or have not) made a personal inspection of the property that is subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did not make a personal inspection of the appraised property.)
- No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions the name of each individual providing significant real property appraisal assistance must be stated.

Michael C. Renfro, Partner

City and Borough of Wrangell

Date: February 3, 2017

To: Planning and Zoning Commission

From: Carol Rushmore, Economic Development Director

Re: Preliminary Plat review of Larsson-Buhler Replat, the replat of Lots 7B and 8B of Mitchell-Buhler Replat, creating Lots 7BB, 8AA, and 8BB, zoned Waterfront Development, requested by Diane Larsson, owned by DB AK Enterprises LLC.

Request to vacate a 10 foot utility easement centered on the lot line between Lots 7B and 8B, Mitchell-Buhler Replat, zoned Waterfront Development, requested by Diane Larsson, owned by DB AK Enterprises LLC.

Background: In 2015, a contract for sale was recorded by Richard Buhler of DB AK Enterprises with Diane Larsson for a portion of Lots 7B and Lot 8B of the Mitchell-Buhler Replat. Staff notified both Diane Larsson and Mr. Buhler, that the contract deed for sale was not legal per the WMC 19.04.020 requiring a surveyed subdivision and would not be recognized by the City and Borough of Wrangell. In order for the subdivision and contract deed for sale to be recognized, a recorded survey needed to be approved by the Borough.

As part of this subdivision, the applicants are requesting a vacation of a utility easement that was put in during the Mitchell Buhler replat to guarantee access and utilities to the lower lots without Highway access. The Commission makes a recommendation to the Assembly to vacate easements.

Review Criteria:

Subdivisions: Chapter 19 Standards: Chapter 20.52

Findings of Fact:

The purchasers have come forward with a proposed subdivision of property of Lots 7B and 8B of the Mitchel-Buhler replat.

The proposed vacation of the utility easement is a valid request as it does go directly over the existing structure. That information was not provided during the preliminary review. The utility easement on the north and south portions of the proposed new lots should suffice for electrical and sewer/water extensions according to Public Works Director Amber Al-Haddad and Electrical Superintendent Clay Hammer.

The existing and proposed lots are zoned Waterfront Development. Diane Larsson was conditionally approved for a day care facility, subject to the approval of the State to issue a day care license. The Larsson's have been operating a day care facility, prior to the approval of the State.

Their proposed subdivision divides an existing single structure in half. While the division may be through a breezeway, a single roof with extended rafters connects the structural facilities thus

creating a single structure. Public Works Director Amber Al-Haddad made a site visit on my behalf to look at what she was able to view. A subdivision must put an entire structure on one lot.

There are lots around town, where a structure might straddle a property line either because an owner owned both lots and built over both, or because a landowner didn't survey prior to construction. Where a structure straddles a property line, those lots are considered as one lot. Here, the lots are being created and the Borough needs to subdivide appropriately ---either the line is moved north of the building, or there is only one new lot being created, or the Larssons legally separate the structures by modifying the roof prior to the subdivision. However, as part of the building permit review, there would be a Fire Marshal review and there could be special fire wall requirements with two structures so close. While there is no setback in the Waterfront Development district, there are Fire Marshall requirements for structures.

Another suggestion by utility staff was to widen the 30 foot access easement on the south through Lot 8BB. This is actually a very good idea in case proposed future uses need larger access widths (ie container vans from barge companies). However, the future use of the property and ownership is still up in question and this is something that could be done at a later date -- as long as no more of the land along the highway is sold to individual private parties. The Commission could consider that as a requirement to the plat to protect a variety of future industrial uses at the site and to create enough width for a future right-of-way (minimum width of a ROW is 60 feet).

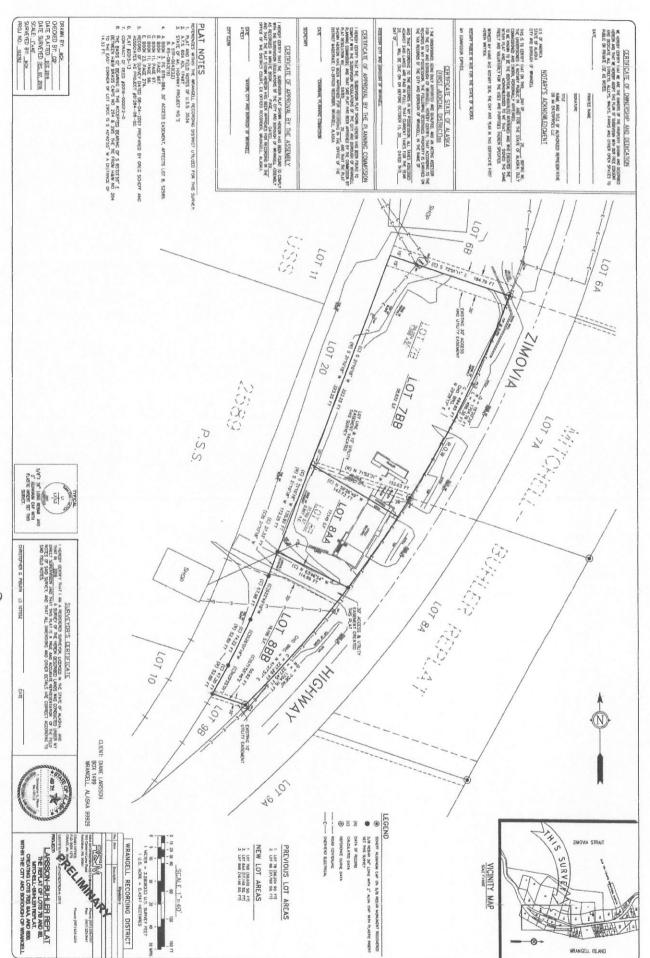
Recommendation:

<u>Utility Easement vacation:</u> Staff recommends the Commission recommend to the Assembly to vacate the 10' utility easement centered on the current property line between Lots 7B and 8B.

<u>Preliminary Plat:</u> Staff recommends denial of the proposed subdivision as presented. Applicants should either move the lot line to the north of the structure so that it is located in its entirety on Lot 8AA; combine Lot 7B and the portion of 8B being purchased into a single lot; or separate the two structures by modifying the roof.

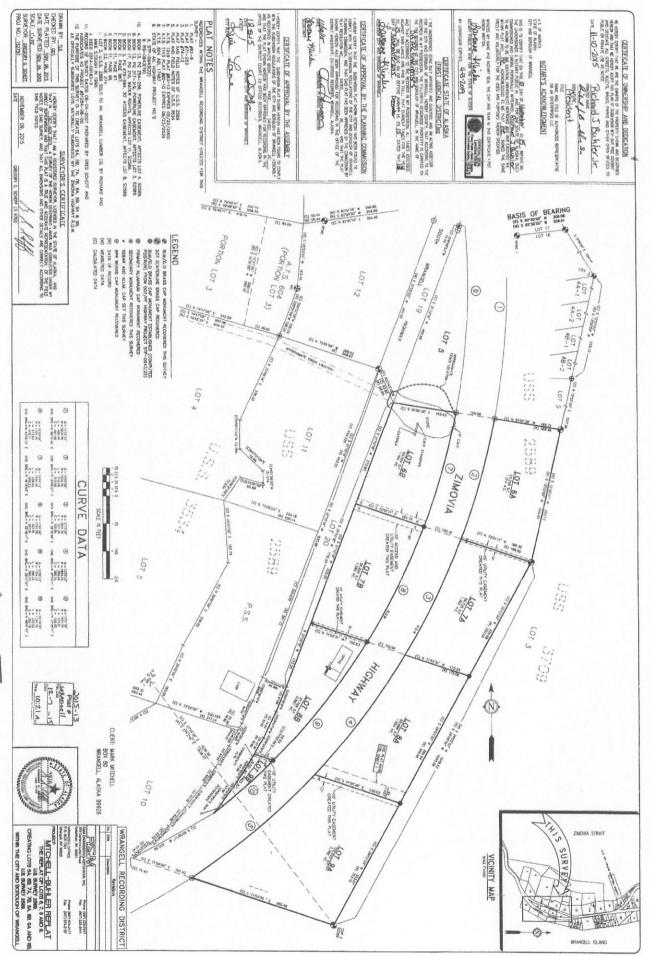
Staff recommends approval if the lot line is moved north so the entire structure is located on Lot 8AA, or if only one lot is created. Staff recommends widening the access easement through Lot 8BB to 60' wide.

Should the Commission have additional questions, please defer a decision until the next meeting and Staff will obtain answers to your questions.



PROPOSED

Cuereni



CITY AND BOROUGH OF WRANGELL, ALASKA



1 inch = 416.666667 feet Date: 1/30/2017 Public Map

DISCLAIMER: THESE MAPS ARE FOR PLANNING PURPOSES ONLY. PROPERTY LINES ARE APPROXIMATE.

City and Borough of Wrangell

Date: February 3, 2017

To: Planning and Zoning Commission

From: Carol Rushmore, Economic Development Director

Re: Conditional Use Permit application on Lot B, Martin/Campbell Replat, 111 Mt. Dewey Lane, for a short term or long term rental as Mt. Dewey Extended Stay, zoned Single Family Residential, requested by Linda Nore and Steve Thomassen.

Background: The applicants are seeking to operate either a transient short term rental (Mt. Dewey Extended Stay) or long term rental unit in the lower floor of their two story home.

Review Criteria:

Single Family Residential: Chapter 20.16

Standards: Chapter 20.52

Findings of Fact:

Conditions of Approval for conditional use applications include:

1) Minimal impacts on adjacent neighbors from noise, traffic, appearance, yards etc. The property is zoned Single Family Residential which allows two family dwellings as a permitted use. WMC 20.08.260 defines dwelling unit as one or more rooms and a single kitchen designed as a unit for occupancy by not more than one family for living or sleeping purposes.

Home Occupations (WMC 20.08.380) are allowed as an accessory uses within the home as long as there are no changes from the characteristics of the permitted use. Cottage Industry (WMC 20.08.200) requires a conditional use permit and is for uses that are compatible with the underlying zone but could potentially have impacts to the adjacent property owners. A Bed and Breakfast type facility of short term duration (under 30 days) could see an increase in traffic to the neighborhood of short duration as a visitor comes and goes from their overnight stay. Many visitors will not have a vehicle and will be on foot, but some will. The increase in traffic is likely to be minimal. A single long term rental is allowed as a permitted use based on the definition of dwelling unit (WMC 20.08.260)

- 2) Provisions of sewer and water: The property is connected to sewer and water.
- 3) Entrances and off-street parking available without safety issues:

 Access to the residence is on Mt. Dewey Lane, which is a dead end street. The short term or long term rental is required to have at least one off street parking place for the rental unit, and one off street parking place for the residence for a total of 2 off street parking places. Many visitors will not have a vehicle and will be on foot, but some will. The property has at least the two required spaces and more area is available.

Recommendation:

After review and evaluation of the facts listed above, Staff recommends approval of the conditional use request for the requested Cottage Industry for a short term transient rental unit subject to the following condition:

1) A minimum of two off-street parking places are dedicated onsite for the resident and the rental unit.

CITY OF WRANGELL, ALASKA CONDITIONAL USE APPLICATION

PLANNING AND ZONING COMMISSION P.O. BOX 531

	WRANGELL, ALASKA IONAL USE APPLICATION			
WRA	WRANGELL, ALASKA IONAL USE APPLICATION AND ZONING COMMISSION P.O. BOX 531 INGELL, ALASKA 99929 Application Fee: \$50 LUNCAL NORE			
I. Applicant's Name and Address:	Lynda Nore III MT. Dewey LN Wranger, AK 99929			
Applicant's Phone Number:	907-305-0029			
II. Owners's Name and Address:	III NIT. Dewen LN			
Lypda wore +	PO BOX 468			
Steve Thomassen	Wrangell AV 98925			
5k	Transfer Mr. 16.55			
Owner's Phone Number	907-305-0029			
^	7-13 05			
III. Legal Description: Lot	0 6 0 -111			
	SEP.			
IV. Zoning Classification:	Dewey Extended Stay			
V. Specific Request:	Deared Chienard Off			
Upen Lower	Level of two level shuare			
house for exte	nded Stay rental for select eilents			
Iwo bedrooms	One bath tull Kitchen			
living room.	Daily weekly or			
monthy cental				
· ·				
VI. Site Plan shall be submitted with t	he application. The plan shall show existing and proposed ing and proposed grading. Additional information shall			
be furnished upon request of the Zoni				
VII. Construction Schedule: BEGIN:	a land in			
A				
SIGNATURE OF OWNER DATE: 1-19-17				
SIGNATURE OF APPLICANT Jynda 702 DATE: 1/19/10				

If more than one owner or if more than one parcel is involved, attach all signatures on a separate piece of paper identifying which parcels are owned by which persons.

Written authorization of the property owner must be submitted with this application if the applicant is other than the owner.

CITY AND BOROUGH OF WRANGELL, ALASKA



1 inch = 125 feet Date: 1/30/2017

Public Map

DISCLAIMER: THESE MAPS ARE FOR PLANNING PURPOSES ONLY. PROPERTY LINES ARE APPROXIMATE.



City and Borough of Wrangell

Date: February 3, 2017

To: Planning and Zoning Commission

From: Carol Rushmore, Economic Development Director

Re: Conditional Use Permit application on Lot 18, Block 13, Campbell Subdivision, 123 Third Street, for a short term or long term rental zoned Single Family Residential, requested by Karl and Dorothy Gladsjo.

Background: The applicants are seeking to operate either a transient short term rental or long term rental unit in their lower floor of their two story home.

Review Criteria:

Single Family Residential: Chapter 20.16

Standards: Chapter 20.52

Findings of Fact:

Conditions of Approval for conditional use applications include:

1) Minimal impacts on adjacent neighbors from noise, traffic, appearance, yards etc. The property is zoned Single Family Residential which allows two family dwellings as a permitted use. WMC 20.08.260 defines dwelling unit as one or more rooms and a single kitchen designed as a unit for occupancy by not more than one family for living or sleeping purposes.

Home Occupations (WMC 20.08.380) are allowed as an accessory uses within the home as long as there are no changes from the characteristics of the permitted use. Cottage Industry (WMC 20.08.200) requires a conditional use permit and is for uses that are compatible with the underlying zone but could potentially have impacts to the adjacent property owners. A Bed and Breakfast type facility of short term duration (under 30 days) could see an increase in traffic to the neighborhood of short duration as a visitor comes and goes from their overnight stay. Many visitors will not have a vehicle and will be on foot, but some will. The increase in traffic is likely to be minimal. A single long term rental is allowed as a permitted use based on the definition of dwelling unit (WMC 20.08.260)

- 2) Provisions of sewer and water: The property is connected to sewer and water.
- 3) Entrances and off-street parking available without safety issues:

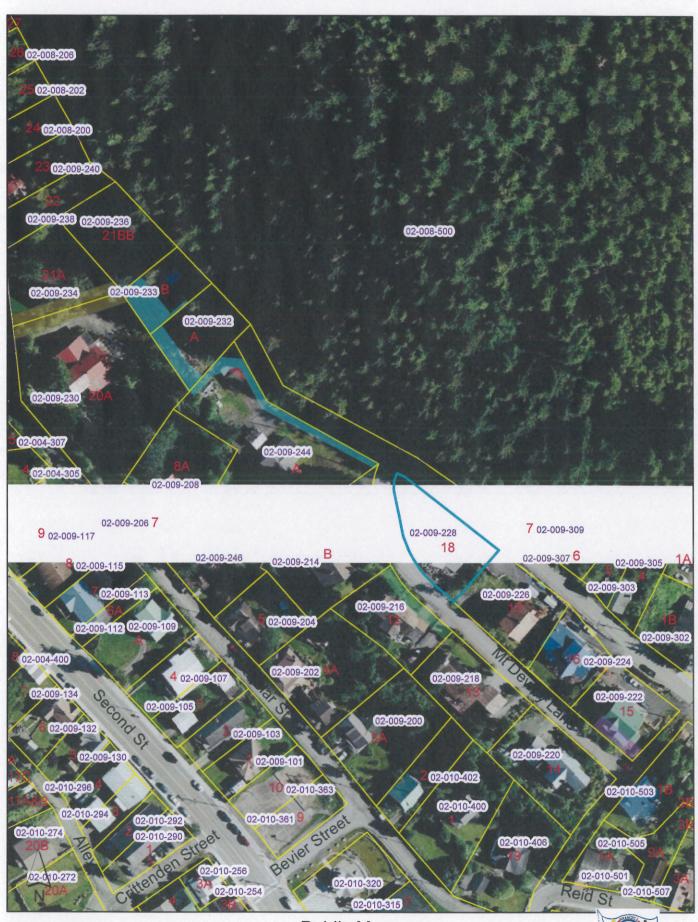
 Access to the residence is on Third Street. The short term or long term rental is required to have at least one off street parking place for the rental unit, and one off street parking place for the residence for a total of 2 off street parking places. Many visitors will not have a vehicle and will be on foot, but some will. The property has at least the two required spaces and could accommodate third.

Recommendation:

After review and evaluation of the facts listed above, Staff recommends approval of the conditional use request for the requested Cottage Industry for a short term transient rental unit subject to the following condition:

1) A minimum of two off-street parking places are dedicated onsite for the resident and the rental unit.

CITY AND BOROUGH OF WRANGELL, ALASKA



1 inch = 125 feet Date: 1/30/2017