

CITY OF VALDEZ, ALASKA CITY COUNCIL AGENDA STATEMENT

MEETING DATE: 11/25/2014

ITEM TITLE:

SUBMITTED BY: Lisa Von Barga
CEDD

**Discussion Item: Proposed Purchase of Lot
1, Block 29, Mineral Creek Subdivision ~
137 Egan Drive (Former Three Bears
Property)**

CITY MANAGER: 

FISCAL NOTES: Expenditure
Required:

Unencumbered
Balance:

Funding Source:
N/A

EXHIBITS ATTACHED:

Resolution Ordinance Other: Appraisal; Title Report

SUMMARY STATEMENT:

Since being vacated by Three Bears, 137 Egan Drive, has been in less than a desirable, or even passable condition. Following the collapse and subsequent demolition of the building, the condition of the property has been intolerable, and certainly in violation of code. Administration has received countless complaints about this eyesore in our core downtown district.

While in the initial phases of beginning abatement proceedings, former Mayor Dave Cobb was approached by the owner indicating an interest in selling the property to the City. The City has committed significant resources to the Egan Drive Beautification project. Improving the public infrastructure only goes so far toward beautification of the area. Private property must also be improved. When it was discovered the Three Bears property was available for purchase, Administration shifted gears to explore the potential acquisition of the property, as this could have a much higher probability of success than trying to force the issue with abatement proceedings. This property has the potential "set the bar" for Egan Drive if developed appropriately in a manner that fits with proposed beautification and economic diversification goals.

In larger communities local land trusts exist for this very purpose. Land trusts can acquire property and then oversee desired development with the ultimate goal of returning the property back to private ownership. Despite having been identified as an important need during Strategic Planning, we have not had the time or resources to develop such a land trust for Valdez. Therefore, Administration is recommending that the City step in under this unique situation to act like a land trust and purchase the property. The City could then manage the clean-up of the property and then put it back

CITY OF VALDEZ, ALASKA

CITY COUNCIL AGENDA STATEMENT

out on the market for sale with whatever development conditions that may be approved by the Council. There are of course many details yet to be work out regarding how, and under what conditions, the property may be offered for sale. But the first step would be to acquire the property to gain control.

There has been a persistent rumor that the City was planning to purchase this property and then turn it into a park. There is no truth to this rumor. It is the Council's purview to make any and all decisions about the use of this property if it is purchased; but Administration would definitely recommend re-development for private commercial use.

In late summer (August) the City ordered an appraisal of the property and a title report. Both documents are attached for review. The appraised value of the property is \$241,000. The assessed value of the property is only \$148,000.

The title report identified two "anomalies." The first is back taxes owed on the property. The amount currently owned is different than when the title report was completed. The current payoff balance owed on the property with penalties and interest as of November 15, 2014 is \$23,783.48. This represents unpaid taxes for the past five years 2010-2014.

The property owner has agreed to sell the property for the appraised value, less the back taxes owed. So if the transaction were to take place today, the purchase price would be \$217,216.52.

The second item of issue with the property is a deed of trust signed by the Reynolds to a Dr. Marcus Alexandre encumbering the property in the amount of \$350,000. Dr. Alexandre has just signed a Deed of Reconveyance to the Reynolds releasing the property of this encumbrance.

The City has had the property information reviewed by both a land attorney (Tom Meacham) who works through Bill Walker's office and the title company. The title company will be preparing a letter "clearing" the property of any encumbrance (except the taxes) once they receive a copy of the Deed of Reconveyance. This should clear the property for sale.

Now we come to THE FISH. The owners are also willing to divest themselves of the large mounted fish on the property, which has become something of a City icon. The City's interest in this fish would be to relocate it to a more appropriate location, likely the Harbor area, and preserve it as a piece of art.

In exchange for the fish, Mr. Reynolds has asked for the value of the back taxes owed on his home in Robe Lake Subdivision, as well as unpaid landfill tipping fees for the disposal of material associated with the demolition of the old Three Bears building. As of 11/15/2014 the total payoff for back taxes was \$11,755.93 and the amount of tipping fees was just over \$10,000. The tipping fee debt has already been written off by the City and sent to collections.

CITY OF VALDEZ, ALASKA CITY COUNCIL AGENDA STATEMENT

City staff has put forth significant effort to determine what the real value of the fish might be. The current owner claims a new fish of that type would be in the \$50,000 range. Much is yet to be learned before Administration could have a recommendation on this, but here is what we know and have done so far. The taxidermist who created the fish has been contacted asking him to provide a replacement value if a new fish were to be commissioned. He has not yet responded. We will also be asking him to provide us with detailed information regarding the interior construction of the fish. It is difficult to gage the integrity of the fish (and potential longevity) without understanding its internal construction. Greg Gudgell, a local fiberglass master, evaluated the fish from the exterior. His recommendation is that the entire fish be re-glassed. The ballpark estimate is \$5,000-\$8,000. Once the fish has a new fiberglass coating an artist could be hired to repaint the fish. This cost has not yet been established. The relocation site and cost to relocate the fish has also not yet been determined. As indicated above, there is still much left to learn before a decision can be made about this component of the sale, but we wanted to put it out there for discussion purposes.

This is the background information from which the Council and staff can begin to have a discussion about the merits of this proposed land purchase and redevelopment idea.