

City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - DRAFT

Thursday, April 13, 2023

7:00 PM

Regular Meeting (Note date change due to BOE hearing)

Council Chambers

Economic Diversification Commission

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

Chair Colleen Stephens called the meeting to order at 6:59 PM in Council Chambers

II. ROLL CALL

Present 4 - Chair Colleen Stephens
Chair Pro Tempore Jim Shirrell
Commission Member Will Stark
Commission Member Anna Bateman
Absent 1 - Commission Member Jamie "Kal" Berg

III. APPROVAL OF MINUTES

1. Approval of Economic Diversification Commission Minutes - February 15, 2023

MOTION: Commission Member Stark moved, seconded by Commission Member Bateman, to the motion carried by the following vote.

Yays: 4 - Chair Pro Tempore Shirrell, Commission Member Bateman, Commission Member Stark, and Chair Stephens

IV. PUBLIC BUSINESS FROM THE FLOOR

No public business from the floor at this time.

V. NEW BUSINESS

1. Discussion Item on the Negotiated Sale of Lot 120-142 Egan Dr

The current RFP was rejected by Council and brought it back to the EDC for other options and recommendations. Mark Detter, City Manager, reported that Council would rather have a brick-and-mortar structure. He also reported that the price that was provided was not the assessed value. He stated that the only way to test for assessed value is to put the property up for auction with an expectation of development.

Chair Stephens reported the back history of the process up to this point and that Council had asked the EDC to create an RFP and the EDC received one proposal to which was recommended to Council for their final decision. She then opened to comments from the commission.

Commissioner Jim Shirrell reported his concern on using the option of an auction and it not being for the betterment of the community. He stated that Council did not and needs to hear what the whole community thinks of the usage for the property.

Mr. Detter stated that Council's understanding of the proposal was clear but agreed that suggestions for other parameters from Council would have been helpful. He further stated that Council seemed dedicated to the brick-and-mortar structure. Commissioner Shirrell stated that he did not feel that the Council fully understood the proposal and what was included in the proposal.

Chair Stephens asked for comments from the rest of the commission at this time.

Commissioner Anna Bateman stated that she agrees with Commissioner Shirrell and Council's decision is a missed opportunity. She further stated that waiting for a brick-and-mortar building is a delay in opportunity and potential revenue.

Dr. Kate Foster, owner of Valdez Veterinary Services, was invited to speak at this time. Dr. Foster reported that she missed the opportunity to submit a proposal for the land as her business is in need of a new space. She presented her goal for the land that would be for a veterinary clinic that would include a space for a groomer, as the groomer in town is about to lose her space. She reported that she also plans to provide cat boarding, as well as housing for staff and a relief veterinarian, and potentially other housing for others in the community.

Dr. Foster stated that an auction would be difficult as building a building would require a loan and holding an auction would make a concrete number to a bank for a loan impossible. Chair Stephens stated that at this time the EDC is in the process of redeveloping options. These options would then go to Council for approval first and, as such, decisions cannot be made at this meeting. Dr. Foster stated her understanding and further reported that she wanted to provide other possibilities for the land and wanted to state that if the land is to go to auction that small businesses in town would not necessarily be able to supply those funds. She stated that those that would have those funds would most likely be companies that are not local to Valdez. Chair Stephens stated that when a process is in place, that Dr. Foster will be on the list to communicate the start of it.

Ms. Barberio asked Planning Director, Kate Huber, to approach the podium to discuss the planning process would be if the land goes out for auction or negotiated land sale. Ms. Huber stated that the process for initiating the sale would be similar regardless of which route. She stated that Council must pass a resolution to establish which type of land sale is chosen for a parcel and that the default is by public auction, which is usually for the minimum of the appraised value of the property. She reported that, with a vote of six (6), Council can also decide to sell by negotiation with one party. She stated that the other option is to put it up for RFP, which happens with Council decides that auction is not the best option, and the property is a special type of property that should have a certain type of development. This process is also approved via resolution from Council.

Ms. Huber stated that the Planning department would get an appraisal for Council to decide on what they would like to do with the property. She reported that, because this property was already up for RFP, an appraisal was not done. She stated that an appraisal can be done if needed. Once the approval of the negotiations is made to the

Planning department, the City Manager would handle the negotiations and Planning would work with the City Attorney and a title company to execute the sale.

Mr. Detter asked if an auction could include development conditions. Ms. Huber stated that the code allows for that. Chair Stephens further asked if the conditions could be included if the RFP option was chosen again. Ms. Huber stated these would also be allowed.

Ms. Huber went on to answer the questions regarding zoning codes. She reported that the zoning code is currently being revised but that the possible development for current parcel fits within the existing code and will fit into the revised code. She also reported that a discussion has been had about the revised codes and apartments and multi-family dwellings in the downtown area without the primary use as a business as the current code requires to expand options. She confirmed that Dr. Foster's proposal of apartments above her business is already allowable under the current code.

Ms. Barberio asked if the RFP would have to go back to Council for approval if changes are made as the current RFP has already been approved by Council. Mr. Detter stated that the approval of the current RFP was never given as the proposals that came from the RFP would already need Council approval, and, as such, any changes to the RFP will similarly not need Council approval. He further stated that he would investigate this answer to provide an accurate process.

Mr. Detter reported that at least four Council members voted against the submitted proposal and that Dr. Foster's ideas for the property assists with the Comprehensive Plan and what it asks for in needing more housing in the community. He further reported that the current proposal was the only proposal submitted so the obligation was had to bring it forward to Council for approval. Mr. Stock, the owner of the current proposal, stated that he would approve of leaving his proposal submitted for the next round, should Council approve of opening the RFP back up to allow the opportunity for changes to the current RFP and allow for more proposals. Mr. Detter stated that the RFP will need to make clear that the buyer will be responsible for appraisal costs but was unsure if that would require six votes from Council.

Mr. Detter asked about the payment of the Phase One Environmental Study. Ms. Huber stated that the developer will be required to pay for those costs but was unsure if the study is required for commercial property and that she would need to review the codes to retrieve that answer.

Chair Stephens summarized all that was discussed and stated that that which needs to be added to the new RFP will need to be decided and taken back to Council.

Commissioner Shirrell stated his concern that this is being labeled as a negotiated sale when the process going forth is not a negotiated sale by definition. He also expressed concern with the process of an appraisal and environmental study costs being the developer's responsibility. He proposed a work session with Martha Barberio, Kate Huber, and Nathan Duval to gather ideas of what criteria is wanted in the RFP and then go back to market. Ms. Huber clarified, based on code, that the requirements for the

appraisals are if there is not already an existing, valid appraisal and the sale by negotiation through an RFP process requires the same approvals as any other negotiated land sale and would need an approval of six (6) votes. She was also able to provide information on the Phase One Environmental Study in that it is only required for industrial land and would not be a cost in this case.

Commissioner Shirrell asked for clarification on the need for six (6) votes by providing a scenario. Ms. Huber stated that it would still require the six (6) votes, but she would like to confer with the City Attorney to be sure she is interpreting the code correctly. She stated that once it becomes a negotiation with one party, it will require following those City codes.

Ms. Barberio asked the commission for thoughts on criteria for the RFP. Chair Stephens stated that doing the appraisals in advance would be more beneficial before accepting proposals and getting approval from Council to do it in advance. Commissioner Will Stark stated that putting in the requirement for brick-and-mortar will also require the developer to provide a larger sum of money, as a brick-and-mortar building would be a project that costs seven figures to develop, so they can show they can procure and develop the property. Adding a time limit for when to complete the project for people who need to find partnerships or loans or whatever means they need to gather that large sum would limit the people's financial ability to afford the property. So, a brick-and-mortar requirement would then raise the bar very high on who would be able to buy it and becomes very limiting. Commissioner Bateman stated she would like to see a scoring system and have a deadline for submitting applications and stick to it.

Mr. Detter asked Ms. Huber for how long the appraisal is valid. Ms. Huber could not confirm at this time but stated she believes it is a year. Commissioner Stark stated that an appraisal used for financing purposes usually lasts between 6 months to a year, but an appraisal purchased by the City cannot be used for financing because it must be purchased without bias by a party who is not interested in the value. So, any time an appraisal is bought for financing, it will be redone again. He further reported that anybody developing on the property will need a construction appraisal anyway and will need a new appraisal. Commissioner Shirrell wanted to remind the commission that any sale must represent market value, so a fee appraisal needs to be done to meet the Council's stipulations.

Chair Stephens requested if Ms. Barberio could gather a subgroup of City staff, a couple commissioners, and a Council member to provide and assemble some ideas for a new RFP to bring back to the commission. Ms. Barberio confirmed. Commissioner Shirrell stated that the commission should do a work session with EDC. Chair Stephens stated the subgroup would be to get a direction before taking it to a work session.

VI. COMMISSION BUSINESS FROM THE FLOOR

Commissioner Shirrell further voiced his concerns and further pressed the importance of community input and opinion.

VII. ADJOURNMENT

With no further discussion, Chair Stephens adjourned the meeting at 7:58 PM in Council Chambers.

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