

September 29, 2016

To: Mayor Knight & Valdez City Council Members
From: Lisa Von Bargen, CED Director
Re: Aleutian Village Trailer Park Update

From this point forward there will be an Aleutian Village Trailer Park Update report on each Council agenda. The report is designed to provide Council with activity that has occurred since the last meeting.

It was previously reported to Council the State had made arrangements for an appraisal of the Aleutian Village property, ostensibly so a value and sale price can be determined. This is incorrect. Staff made the assumption Aleutian Village was being appraised when an appraiser called to ask if the City had any appraisal work that needed to be done because he was coming down to “appraise the mobile home park by the airport.” In fact that appraiser was coming down to appraise Valdez Mobile Home Park. Staff apologizes for the misinformation.

Below is the most up to date information:

- The RFP for the Record of Improvements Survey of Aleutian Village was issued on September 29th. Proposals are due back within a week. Staff hopes to have residents notified and a surveyor on site within two weeks to begin the work.
- On September 26 staff spoke with a representative of ADOT Right-of-Way, who is tasked with working through the sale of the property to the City.
- ADOT is working with the FAA to approve the sale/use of the property.
- ADOT has a draft deed under review from DNR to transfer the property.
- ADOT does not want to move forward with the transfer until there is an MOU in place with the City agreeing to purchase the land, or at a minimum, cover certain costs.
- Staff advised ADOT it is the City’s intention to purchase the land, but not without knowing, at the very least, two vital pieces of information: 1) the environmental status of the property; and 2) the purchase price.
- ADOT needs to ensure the City is willing to cover the costs associated with obtaining this information. The City will be financially responsible for the appraisal.
- Staff confirmed ADOT will enforce the lease requirement with the Aleut Corporation to provide an environmental assessment of the property. The ADOT ROW representative is going to speak with the leasing agent to determine if this will happen.
- Staff was asked if the City would pay for the environmental assessment if necessary. Staff indicated we have been trying to do just that and have not been granted access to the property for that purpose by either the Aleut Corporation or the State.

- Staff confirmed the City absolutely would not move forward without the results of an environmental assessment. The ADOT representative said she would confirm under what circumstances the assessment could be completed.
- From City Staff's point of view, the following is necessary with ADOT to continue moving forward:
 - Approval of completion of an environmental assessment before the first snow fall of the season. IMMEDIATE ACTION REQUIRED.
 - Negotiation of a MOU/Agreement in which the City agrees to pay the appraisal costs, and environmental assessment costs if necessary. It would be best to get the appraisal done this fall, if possible. That requires determination of purchase area boundaries.
 - Determination of final boundaries of land to be purchased.
 - Appraisal should include the valuation of the small triangle parcel of land owned by the City to the west of Aleutian Village Trailer Park that is within the approach to the runway. FAA would like ADOT to acquire this property. The value of this land can be used in negotiations regarding the property purchase with ADOT.

Once the environmental assessment is complete, and the purchase price of the land is known, the City Council can fully consider the purchase of the property. ADOT has said the lease with the Aleut Corporation will transfer with the property when sold. At that point the City will become the landlord to the Aleut Corporation – unless some other type of arrangement is reached first, or another third party operator enters the picture.

As previously reported, the Aleut Corporation intends to give notice of park closure again soon. At the time this memo was written, no such notice had been issued.

The purchase of the property is just one piece of the puzzle. Making a determination regarding a long term solution for the residents is far more complex. If the City will take on responsibility of the utility systems under one or more solution scenarios, a decision needs to be made quickly. The applications for the Community Development Block Grant, from which the City could request up to \$850,000 in 1:1 matching grant funds, are due late this fall. Significant time and background work will be necessary to prepare the grant package in time to submit it for possible funding next July.