



May 26, 2017

To: Mayor Knight & Valdez City Council Members
From: Lisa Von Bargen, Community Development Director
Re: Aleutian Village – Next Steps

Over the past six months the City has been accomplishing the tasks necessary to acquire the property from the State upon which Aleutian Village Trailer Park is located. The reason for going through this process began because in August of 2015 the Aleut Corporation gave park tenants a 270-day eviction notice. Interim City Manager Bob Jean committed to the Aleutian Village residents the City would help find a solution to the problem. Up to this point the Council, as a whole, has been supportive of moving through the process to find a potential solution. The City is swiftly approaching some critical decision points where significant financial and staff resources will be required.

As requested by the State, the City has surveyed the property ADOT is willing to sell at this time. The preliminary plat was completed last fall. The final plat will be completed following a review by the State. Just a few weeks ago the City received the final, written report of the Environmental Assessment completed last fall. The appraisal is in progress. Once the value is established the Council must pass a resolution authorizing the purchase of the land from ADOT. As a reminder, there is a small triangular parcel near the end of the landing zone that is owned by the City. The FAA has asked ADOT to acquire that property as part of this transaction. The appraisal of the triangular parcel was completed in late April. It is approximately 5.23 acres in size and was valued at \$110,000 or \$21,033 per acre. Using this per-acre value and multiplying it by the number of acres (34.678) of Aleutian Village land proposed for acquisition, the appraised value of the land could be as high as \$731,275. Larger parcels typically have a smaller per-acre value than smaller parcels. Please remember this number is only an estimate based on the size of the Aleutian Village land and the per-acre value of the adjacent City land. This should not be construed as a known value. When the official appraisal is finished the Council will need to determine if the City will purchase the land. If the answer is yes, many more decisions remain to be made and it will be best to have clear direction from the Council.

- If the City purchases the property from ADOT, the existing lease between ADOT and the Aleut Corporation will transfer with the property. The City will become the Lessor and Landlord. In addition to enforcing provisions of the lease, the City also may, under certain circumstances, amend the lease or require the Aleut Corporation to enter into a new lease.

- As the Council is aware, in 2016, the Aleut Corporation rescinded the park closure eviction notice. However, they have indicated it is still their intent to close the park. Park closure eviction requires a 270-day notice where eviction may not happen between October 15th and May 1st. It is unknown if or when the Aleut Corporation will issue a new eviction notice.
- If the Aleut Corporation moves to close the park, the City had discussed subdividing the land into individual parcels for purchase by the existing mobile home owners. This solution allows for the existing tenants to remain in place if the park closes, but may require significant financial and staff time investment by the City. Things to consider:
 - Some mobile homes may still have to be relocated within the park due to spacing violations. An initial review of the Record of Improvements Survey indicates spacing violations between 6-10 mobile homes.
 - An evaluation of the “new” water system recommended it be abandoned and not used. The evaluation recommended the old, existing water system be hooked into the public water system and be disconnected from the well. The well must be appropriately abandoned. Best case scenario – a totally new water line and connection.
 - The existing sewer system is 40+ years old.
 - If the property is subdivided into individual lots, the City will need to take over operation and maintenance of the water and sewer systems. They do not meet City standards and specifications. Solutions for this need to be explored. Full replacement of the utilities is estimated at approximately \$2 million.
 - If new utility systems are installed the City can apply for up to \$800,000 in matching grant funds through the Community Development Block Grant program because Aleutian Village has been pre-qualified to meet Low to Moderate Income (LMI) grant standards – if the program is not eliminated in the current federal budget.
 - The “new” electrical system needs to be hooked up.
 - If the City subdivides and sells lots to the mobile home owners, some may not be able to qualify for traditional bank financing. Is the City willing to finance the sale of the parcels to those who cannot obtain a loan?
 - If the park closes and the City subdivides the land, some type of transition plan will need to be put in place as the Aleut Corporation leaves as the Lessee and Park Operator while the land is being prepped for sale to the individual mobile home owners.
- As an alternative to subdividing the property into individual parcels, a new park operator could be sought. This requires the new operator to purchase the park infrastructure from the Aleut Corporation. At least one interested party has attempted to work through this process with the Aleut Corporation and the amount of money being asked to purchase the “park” was beyond what made financial sense to the potential new operator.

This memo is designed to guide the conversation so Council can provide Administration clear direction on moving forward.