



Agenda Statement

File #: 17-0095 **Version:** 1
Type: New Business **Status:** Passed
File created: 2/13/2017 **In control:** City Council
On agenda: 2/21/2017 **Final action:** 2/21/2017
Title: Approval to Submit Application to the Alaska Department of Transportation & Public Facilities to Vacate & Acquire Portions of Dayville Road Right-of-Way

Sponsors:

Indexes:

Code sections:

Attachments: 1. SGH Right of Way.pdf, 2. VFDA ROW Survey.PDF

Date	Ver.	Action By	Action	Result
2/21/2017	1	City Council	approved	Pass

ITEM TITLE:

Approval to Submit Application to the Alaska Department of Transportation & Public Facilities to Vacate & Acquire Portions of Dayville Road Right-of-Way

SUBMITTED BY: Lisa Von Bergen, CED Director

FISCAL NOTES:

Expenditure Required: \$400

Unencumbered Balance: \$601,820

Funding Source: 350-8000-55000.582 (Reserve Fund - Land Development)

RECOMMENDATION:

Approve Submittal of Application to the Alaska Department of Transportation & Public Facilities to Vacate & Acquire Portions of Dayville Road Right-of-Way.

SUMMARY STATEMENT:

Portions of the hatchery facilities owned by Valdez Fisheries Development Association (VFDA) adjacent to Dayville Road are located within the Right-of-Way (ROW) owned by the Alaska Department of Transportation (ADOT). This requires VFDA to obtain and regularly renew an air space permit for this ROW encroachment. ADOT has expressed an interest in vacating this portion of the Dayville Road ROW. However, when ROW is vacated, it is the adjoining landowner that must request the vacation. The City of Valdez is the land owner of the vast majority of the existing property. This land is leased by the City to VFDA. There is also a small footprint of land in this area owned by the Alaska Department of Natural Resources (DNR). VFDA leases this land from DNR and has submitted a request to purchase it.

VFDA has submitted a formal request to the City of Valdez to request this ROW vacation by ADOT.

The process is as follows:

- The City submits an application for ROW vacation and acquisition
- ADOT puts together a proposal and circulates it for internal review
- The property is surveyed - the City hires the surveyor and covers this cost (the property may come with some utility and drainage easements)
- The property is appraised - the City hires the appraiser and covers this cost
- ADOT reviews and gets to approve the appraisal. If ADOT owns the ROW in fee the sales price is the full appraised value. If the ROW is an easement interest only the sales price is 90% of the appraised value. This is not negotiable.

If the City is successful in purchasing the property we would then enter into a long term lease with VFDA for the property. This would allow the City to recoup the purchase price over time through annual rental fees. By code, the City leases property at 10% of the fair market appraised value, annually. In the attached letter from VFDA they have expressed a preference in purchasing the property from the City, if the City is able to acquire it. Currently it is the policy of the City that uplands adjacent to tidelands are to be leased only, and not sold. However, that is the Council's decision to make. There are many other upland lessees that would like to acquire land currently leased to them by the City; like Peter Pan and Silver Bay Seafoods. This issue can be sorted out if and when ADOT agrees to vacate the ROW and if the City agrees to purchase it.

The City can treat this the same way we treat a request to lease property. The lessee is responsible for the survey and appraisal costs. If the City decides, these costs can be passed on to VFDA.

At this time, Administration is requesting permission to submit an application for this area of ROW to be vacated. Council will be asked to take action on any further work moving forward, such as a survey and appraisal.

While inquiring about this ROW section, staff inquired with ADOT if they might be willing to vacate that portion of the Dayville Road ROW in which a portion of Allison Point Campground is located. ADOT responded they might be willing to consider it. In addition to the ROW adjacent to VFDA, Administration is requesting permission to apply for vacation of the ROW surrounding Allison Point. Each application is \$200, so the expenditure for this effort is \$400.

ADOT has agreed to grant VFDA the airspace permit in the ROW they need for their current expansion, so there is no time rush for this effort. However, Administration will be in Juneau February 27-March 2. This is an excellent opportunity to meet with the administrative staff of ADOT to discuss this issue. Staff wanted approval from Council to begin this process prior to the Juneau trip.