



## Legislation Text

---

File #: 16-0074, Version: 1

---

### **ITEM TITLE:**

Approval to Purchase Lots 10 & 11, Block 2, Alpine Woods Subdivision from Rosalee Bekins in the amount of \$90,000 (Postponed from September 6, 2016 Regular Meeting)

**SUBMITTED BY:** Lisa Von Barga, CED Director

### **FISCAL NOTES:**

Expenditure Required: \$90,000-\$250,000

Unencumbered Balance: \$586,803

Funding Source: 350-8000-55000.582 (Miscellaneous Lands)

### **RECOMMENDATION:**

Approve purchase of Lots 10 & 11, Block 2, Alpine Woods Subdivision from Rosalee Bekins in the amount of \$90,000. (Postponed from September 6, 2016 Regular Meeting)

### **SUMMARY STATEMENT:**

*This agenda item was postponed pending staff providing answers to four areas of concern by the Council. New attachments address the following subject areas:*

- 1) *Confirmation of the location of septic system installations adjacent to Lot 11 in relation to the well on that property;*
- 2) *A list of properties purchased by the City of Valdez in the past 10 years, and the cost per acre paid by the City in each of those transactions;*
- 3) *Official opinions by the Public Works and Capital Facilities Directors regarding operation value of the land being acquired by the City; and*
- 4) *A legal opinion from the City Attorney regarding any responsibility the City may have in acquiring this land.*

This agenda statement has been amended to reflect a change to the recommendation. In accordance with Robert's Rules of Order, a motion for expenditure of funds requires a specific amount. As the appraised value of this property is \$90,000, the determination was made to begin the discussion on this item at that value. Additionally, Council Member Fleming requested more detailed information. That data has been provided in the appropriate location in this agenda statement and in the attachments (map).

In May, on behalf of Rosalee Bekins, Allen Crume submitted a proposal to the City to purchase Ms. Bekins property (Lots 10 & 11, Block 2, Alpine Woods Subdivision) for \$250,000. Ms. Bekins has approximately 5 acres of land between the two parcels, one of which includes a home (Lot 11). Ms.

Bekins has requested \$35,000 per acre of land for a total of \$175,000 and \$75,000 for the improvements (house). Council directed Administration to have the properties appraised and to bring the purchase back for consideration. Administration has put together a summary of the pertinent information for this agenda item so the Council can make a value determination if the decision is made to purchase the properties.

The appraisals of the two properties were completed on June 22, 2016. The appraisals were submitted to the City on July 25, 2016. Lot 10 (vacant land) was appraised at \$30,000. Lot 11, with the land and the home was appraised at \$60,000. Total appraised value of the lots and improvements is \$90,000.

The 2016 assessed value of the properties (for property tax valuation purposes only) is \$9,000 for Lot 10 and \$34,700 for Lot 11. That value includes \$9,000 for the land and \$25,700 for the improvements.

Lot 11 is approved for the Alpine Woods Septic Replacement Program because there is an existing septic system on the property. Lot 10 is not eligible because it is vacant property. Reimbursement under the program for private septic installation is \$36,140. The City will be saving this amount if the decision is made to purchase the properties. At Ms. Bekins proposed purchase value the net purchase cost would be \$213,860. At the appraised value the net purchase cost would be \$53,860.

There are valid points to consider in determining the purchase price of this property. First, the City Manager has indicated, in his experience, it is typical for municipalities to pay an amount above the appraised value of property when buying land from property owners for public purpose. Second, there is some precedent where the Council has agreed to pay more for property than the appraised value. In 2010 the City purchased property from Steve McCann in the amount of \$140,000. The appraised value of the property was \$131,000. Third, the City has identified nine parcels in Alpine Woods for potential purchase for flood mitigation. Paying one property owner more than appraised value opens the doors for the other property owners to request more than appraised value for their lots. Fourth, if the City pays considerably more for the property than the appraised value, the market in the area can be artificially inflated. Meaning, the next time an appraisal is conducted, one of the comparable sales could be significantly higher than others because more than appraised value was paid for the property.

Of the nine parcels the City has identified for potential purchase for flood mitigation, two belong to Ms. Bekins and four others are directly adjacent to her properties. These six properties are in the specific area impacted by emergency flood work along the Lowe River in 2015 and 2016. These lots have also been appraised and the values are:

LT 6 BK 2 = \$50,000  
LT 7 BK 2 = \$40,000  
LT 8 BK 2 = \$32,000  
LT 9 BK 2 = \$45,000  
LT 10 BK 2 = \$30,000 (*Bekins property*)  
LT 11, BK 2 = \$60,000 (*Bekins property*)

Emergency flood mitigation work on the Lowe River in 2015 and 2016 YTD is as follows:

2015: \$104,662  
2016 YTD: \$237,179  
Total: \$341,841

As stated earlier, the City has identified nine parcels for potential purchase. Only six have been discussed thus far. The remaining three are in the northern portion of the subdivision and have been included due to flooding and other extenuating circumstances, such as inclusion in the Alpine Woods Septic Replacement Program. The appraised value of those parcels is:

LT 8 BK 1 = \$60,000  
LT 7 BK 1 = \$35,000  
LT 1 BK 6 = \$55,200

Ms. Bekins property is of value to the City specifically because it is located in a low-lying area of the subdivision subject to flooding. The City can purchase this property for flood mitigation. The property can be deed restricted against further development. This helps the City earn points under the Community Rating System (CRS) which helps determine the City's standing within the NFIP (Flood Insurance Rate Program). This can have a direct result on the amount homeowners in flood zones pay for flood insurance.

Ms. Bekins has been interested in selling her property to the City for many years. To this point the parties have been unable to reach an agreement. This transaction needs to stand on the merits of current circumstances, so historical background may, or may not, be of value. The historical information is not outlined in this agenda statement. However, if it is of interest to the Council a table showing previous actions related to this property is attached for reference.

Supporting documentation attached to this agenda statement includes:

- Purchase Proposal from Ms. Bekins
- Appraisals of Lots 10 & 11, Block 2, Alpine Woods Subdivision
- Area Map
- Historical Background Action Timeline

Administration is requesting the Council determine if they would like to purchase the property from Ms. Bekins and at what price.