

**Minutes of Economic Development Board Special Meeting
Held on June 19, 2024**

1. CALL TO ORDER: Call to order at 5:30 PM

2. ROLL CALL

PRESENT: Chair Bob Dalrymple, Austin O'Brien, John DeRuyter, Brian Ashton

ABSENT: Jillian Privett

STAFF: Kate Thomas, Matt Henson

3. AMENDMENTS TO THE AGENDA None.

4. CONFLICT OF INTEREST None.

~~**5. APPROVAL OF MINUTES**~~ Not included in agenda.

~~**6. CORRESPONDENCE**~~ Not included in agenda.

7. PERSONS TO BE HEARD None.

~~**8. BOARD MEMBER REPORTS**~~ Not included in agenda.

~~**9. DIRECTOR REPORT**~~ Not included in agenda.

~~**10. UNFINISHED BUSINESS**~~ Not included in agenda.

11. NEW BUSINESS

Request from Mr. Wayne Johnson to purchase Borough Owned Real Property within the Wrangell Townsite, Lot 2, 3, 4, 5, 8 and 9, of the Subdivision Plat Block 54, according to Plat No. 68-81, zoned Open Space for less than fair market value, for the purposes of economic development.

M/S- JD/ AO move to recommend approval of Mr. Wayne Johnson request to purchase Borough Owned Real Property within the Wrangell Townsite, Lot 2, 3, 4, 5, 8 and 9, of the Subdivision Plat Block 54, according to Plat No. 68-81, zoned Open Space under the terms of the Purchase and Sales Agreement, and subsequent First Amendment to the Purchase and Sales Agreement.

Administrative report. Kate Thomas provided the Board with a review of the process to date and a summary of information in the Agenda Statement. The Agenda Statement was read into the record in full. *See Agenda Statement in Meeting Packet, June 19th, 2024, for exact language.*

The initial discussion regarding the purchase of the hospital began in early January 2024. A letter requesting consideration of sale of the adjacent six lots was submitted January 26th, 2024, along with expressed interest to purchase the Wrangell Medical Center (old hospital). Subsequently, the Planning and Zoning Commission (PZ) and Economic Development Board (EDB) reviewed the request to purchase the hospital at less than fair market value for the purposes of economic development. Both the PZ and EDB approved a recommendation to the Assembly to sell the hospital for \$200,000, whereas it was valued at \$800,000. The request to purchase the adjacent six lots was reviewed by the Planning and Zoning Commission (PZ), however the Economic Development Board (EDB) did not review that aspect of the issue, because the lots were suggested to be sold at market value, thus the EDBs review was not required by municipal code.

The Borough Assembly passed (2) Resolution 04-24-1853 and 04-24-1850 approving the sale of the old hospital for \$200,000, and the adjacent six lots for \$316,800 combined on April 9th, 2024. The sale agreement was subject to be executed on May 31, 2024. Prior to the execution of sale, a term in agreement allowed for further negotiation on the adjacent six lots. Mr. Johnson is requesting to purchase the lots at no cost for the purposes of economic development. An amendment to the original Purchase and Sales Agreement reads that conveyance of the lots will not take place until the purchaser demolishes the old hospital to the satisfaction of the seller. In this instance, the Borough relinquishes itself of the old hospital as a liability, gains \$200,000 for that parcel of land, divests itself of the interest in the adjacent six lots and conveys the land following the completion of demolition. The Borough received an estimate of \$2,000,000 to conduct the demolition. The value of the sale less than market value is in the cost savings of labor, maintenance, energy expenses, and the prospective costs of demolition.

Discussion was focused on the criteria of the Wrangell Municipal Code Chapter 16.12.012 in determining the best interest of the public/borough for sale of Borough owned-real property for economic development purposes.

In determining the best interests of the borough under this section, the assembly may consider any relevant factors, which may include:

- The desirability of the economic development project;
- The actual or potential economic benefits to the borough, its economy and other businesses within the borough;
- The contribution of the proponent to the economic development project in terms of money, labor, innovation, expertise, experience and otherwise;
- The business needs of the proponent of the project in terms of integration into existing facilities and operations, stability in business planning, business commitments, and marketing;
- Actual or potential local employment due to the economic development project;
- Actual and potential enhancement of tax and other revenues to the borough related to the project; and
- Existing and reasonably foreseeable land use patterns and ownership.

Bob Dalrymple stated that much of the value (based on criteria) is speculation with the information provided. Bob stated that he can make his own assumptions on the value and economic benefit but would like to hear more information from the developer, Mr. Johnson. Bob reminded the group of the main objectives; demolish the hospital and develop housing.

John DeRuyter commented on the property tax value of housing versus storage being more lucrative in terms of tax generation for the Borough. Staff agreed that may be the case, however there are no plans for the Borough to rezone that area for housing and sell the lots to the public under an auction/open bidding form of sale.

Additional discussion covered the existing zoning of the properties, future development plans, and the housing needs of the community.

Brian Ashton stated that he would like to see this plan presented to the people in an open work

session to further discuss the value of this development and whether it is in the best interest of the people. Brian also commented on a lack of understanding or information on the professional work history and project successes of Mr. Johnson. He stated that slowing the process down and requiring a public work session to get more information would allow him to vote on the matter.

Austin O'Brien stated that there is no performance bond requiring the construction of the housing development, therefore the only basis of value is in the demolition. Austin spoke to the fact that while there is value in the demolition, there is nothing that binds the Borough to funding the demolition or completing such a project at this time.

Staff stated that the public has been encouraged to participate throughout the review process. This includes mailed notices to nearby property owners, public meetings of the Economic Development Board, Planning and Zoning Commission, and the Borough Assembly. Additionally, the developer has engaged with the media through written articles and interviews on KSTK radio and in the Wrangell Sentinel. Staff noted that Mr. Johnson has not yet formally presented his position to any official body of the City and Borough of Wrangell.

Amendment.

M/S AO/BA move to amend the original motion to include a condition that prospective buyer provide further information on the economic development criteria as per the Wrangell Municipal Code Chapter 16.12.012 and hold a work session of the Assembly to discuss the proposal with Mr. Johnson.

Discussion. Poll vote. All in favor.

Withdrawal vote.

By consensus of the board, the vote was withdrawn to include a second amendment.

Second Amendment.

M/S JD/AO move to amend the first amendment and original motion striking both, replacing it with a recommendation to the Borough Assembly to deny the sale and request more information from Mr. Johnson as per Wrangell Municipal Code Chapter 16.12.012 and hold a work session of the Assembly to discuss the proposal with Mr. Johnson in person.

Discussion. Poll vote. All in favor.

Vote on first amendment as amended. Poll vote. All in favor.

Vote on original motion as amended. Poll vote. All in favor.

12. NEXT AGENDA ITEMS

Meeting scheduled for Tuesday, September 3rd, 2024. Agenda to be determined.

13. ADJOURN 7:15PM

ATTEST: _____
Secretary

Chair