



City and Borough of Wrangell  
Special Borough Assembly Meeting  
AGENDA



NIXLE Registration

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Monday, July 01, 2024  
5:30 PM

Location: Borough Assembly Chambers

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**1. CALL TO ORDER**

**2. PERSONS TO BE HEARD**

**3. AMENDMENTS TO THE AGENDA**

**4. CONFLICT OF INTEREST**

**5. PUBLIC HEARING**

- a.** **RESOLUTION No. 07-24-1872** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, REPEALING AND REPLACING RESOLUTION NO 04-24-1853 TO PROVIDE FOR THE AMENDED TERMS FOR THE CONVEYANCE OF BOROUGH-OWNED REAL PROPERTY WITHIN WRANGELL TOWNSITE (LOTS 2, 3, 4, 5, 8, AND 9) OF SUBDIVISION PLAT BLOCK 54, ACCORDING TO PLAT NO. 68-81, ZONED OPEN SPACE, TO WRANGELL HERITAGE HOUSE DEVELOPMENT, LLC., AND TO APPROVE THE FIRST AMENDMENT TO REAL ESTATE PURCHASE AND SALE AGREEMENT REGARDING THE CONVEYANCE

**6. NEW BUSINESS**

- a.** **RESOLUTION No. 07-24-1874** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY2025 BUDGET IN THE INDUSTRIAL CONSTRUCTION FUND FOR THE 5TH AND 6TH AVENUE ROAD CONSTRUCTION PROJECT
- b.** Approval of a contract award to Ketchikan Ready Mix & Quarry, Inc. in the amount of \$233,000 for the 5<sup>th</sup> and 6<sup>th</sup> Avenues Road Construction Project
- c.** Approval of a contract award to BW Enterprises, LLC in the amount of \$340,252 for the Solid Waste Transfer Station Loading Dock Project

**7. ADJOURNMENT**

**CITY & BOROUGH OF WRANGELL, ALASKA  
BOROUGH ASSEMBLY AGENDA STATEMENT**

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	July 1, 2024
	<u>Agenda Section</u>	<b>5</b>

**RESOLUTION No. 07-24-1872** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, REPEALING AND REPLACING RESOLUTION NO 04-24-1853 TO PROVIDE FOR THE AMENDED TERMS FOR THE CONVEYANCE OF BOROUGH-OWNED REAL PROPERTY WITHIN WRANGELL TOWNSITE (LOTS 2, 3, 4, 5, 8, AND 9) OF SUBDIVISION PLAT BLOCK 54, ACCORDING TO PLAT NO. 68-81, ZONED OPEN SPACE, TO WRANGELL HERITAGE HOUSE DEVELOPMENT, LLC., AND TO APPROVE THE FIRST AMENDMENT TO REAL ESTATE PURCHASE AND SALE AGREEMENT REGARDING THE CONVEYANCE

SUBMITTED BY:

Mason Villarma, Borough Manager

FISCAL NOTE:

<b>Expenditure Required:</b>		
FY 24: \$	FY 25:	26: \$
<b>Amount Budgeted:</b>		
	24	
<b>Account Number(s):</b>		
	Detail provided below	
<b>Account Name(s):</b>		
	Detail provided below	
<b>Unencumbered Balance(s) (prior to expenditure):</b>		
	Detail provided below	

Reviews/Approvals/Recommendations

<input checked="" type="checkbox"/>	Commission, Board or Committee
Name(s)	Economic Development Board
Name(s)	
<input checked="" type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. RES 07-24-1872 2. EDB Submittals 3. Amendment 1 to PSA

**MAYOR PROCEDURE:** Declare the Public Hearing open. The Mayor shall ask if there is any administrative report on the Public Hearing Item. Persons who signed up to talk on this item shall be called to the podium.

Once all persons have been heard, declare the Public Hearing closed and entertain a motion.

**RECOMMENDATION MOTION:**  
**Move to Approve Resolution No. 07-24-1872.**

## SUMMARY STATEMENT:

The original request from Mr. Johnson to have the six lots (Lots 2, 3, 4, 5, 8, and 9) that were previously approved by the Assembly to convey at fair market value did not have to go before the Economic Development Board. However, because Mr. Johnson is asking that the six lots be conveyed to him at no cost after successfully demolishing the old Wrangell Medical Center, WMC 16.12.012 (Disposition of real property for economic development purposes) applies.

Economic Development Director Thomas provided the memo, aerial map, agenda statement, and the meeting minutes from that meeting.

As per WMC 16.12.012, the Economic Development Board did hold a Special Meeting and considered this request on June 19, 2024, and voted “to deny the sale and requested more information from Mr. Johnson as per WMC 16.12.012 and to hold a Work Session of the Assembly to discuss the proposal with Mr. Johnson, in person”. Also, as per WMC 16.12.012, the 300-ft surrounding property owners were notified of this Public Hearing and the 14 days were given.

***If Mr. Johnson provides sufficient information to the Assembly, as requested by the EDB, Administration recommends the Amendment be approved through the Assembly. The Borough received a quote in 2020 for more than \$2M to demolish the old Wrangell Medical Center. \$200,000 plus a demolition value of above \$2M, plus the cost savings from relinquishing maintenance and insurance coverage far outweighs the cost of the six adjacent lots. While there is no direct consideration being provided for the 6 lots, the demolition value is the indirect consideration being provided. Said differently, the Borough is far from giving something for nothing.***

## CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO: 07-24-1872

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, REPEALING AND REPLACING RESOLUTION NO 04-24-1853 TO PROVIDE FOR THE AMENDED TERMS FOR THE CONVEYANCE OF BOROUGH-OWNED REAL PROPERTY WITHIN WRANGELL TOWNSITE (LOTS 2, 3, 4, 5, 8, AND 9) OF SUBDIVISION PLAT BLOCK 54, ACCORDING TO PLAT NO. 68-81, ZONED OPEN SPACE, TO WRANGELL HERITAGE HOUSE DEVELOPMENT, LLC., AND TO APPROVE THE FIRST AMENDMENT TO REAL ESTATE PURCHASE AND SALE AGREEMENT REGARDING THE CONVEYANCE

WHEREAS, Wayne Johnson, member of Wrangell Heritage House Development, LLC, herein named the “BUYER” approached the borough, herein named the “SELLER”, with an offer to purchase Lots 2, 3, 4, 5, 8 and 9), of Subdivision Plat Block 54, According to Plat No. 68-81, Zoned Open Space; and

WHEREAS, the borough assembly held a public hearing on the proposal to purchase Lots 2, 3, 4, 5, 8 and 9, Block 54, on March 12, 2024; and

WHEREAS, as per WMC 16.12.040, surrounding property owners within 300 feet of the proposed lots were sent public hearing notices directly; and

WHEREAS, an appraisal was completed on March 22, 2024, for Lots 2, 3, 4, 5, 8 and 9, Block 54 and the total fair market value was determined to be \$316,800; and

WHEREAS, at the March 12, 2024, meeting, the assembly approved selling Lots 2, 3, 4, 5, 8 and 9, Block 54, to the Buyer for the appraised value of the parcels; and

WHEREAS, the BUYER now requests that the borough convey to the BUYER Lots 2, 3, 4, 5, 8, and 9 at no cost, in exchange for BUYER’s agreement to demolish the Old Wrangell Medical Center; and

WHEREAS, because the proposed conveyance of Lots 2, 3, 4, 5, 8, and 9 Wrangell Municipal Code is being considered under WMC 16.12.012, which allows for the disposition of borough-owned real property for economic development purposes, the Economic Development Board considered this request on June 19, 2024, and voted to deny the sale and requested more information from Mr. Johnson as per WMC 16.12.012 and to hold a Work Session of the Assembly to discuss the proposal with Mr. Johnson, in person; and

WHEREAS, Section 4(a)(ii) of the Purchase and Sale Agreement makes BUYER’S agreement and obligation to purchase the real property contingent upon BUYER and SELLER reaching an agreement with regard to the conveyance of Lots 2, 3, 4, 5, 8, and 9 to BUYER; and

WHEREAS, Wrangell Municipal Code section 16.12.012 provides that in the exercise of the borough’s economic development powers, the assembly may determine that it is in the borough’s best interest to dispose of real property without requests for proposals or sealed bid procedures and at less than fair market value; and

WHEREAS, in the proposed First Amendment to Real Estate Purchase and Sale Agreement, BUYER would agree to safely and professionally demolish the former Wrangell Medical Center on or before June 30, 2026, and bear all costs for the demolition and removal of all debris from the real property; and

WHEREAS, the proposed First Amendment to Real Estate Purchase and Sale Agreement states that BUYER and SELLER recognize that BUYER’S agreement to take possession of and demolish the former Wrangell Medical Center will create an important benefit to SELLER that justifies conveyance of the six adjacent parcels to BUYER at no cost; and

WHEREAS, this Resolution will approve the First Amendment to the Real Estate Purchase and Sale Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA THAT:

SEC. 1. The Assembly of the City & Borough of Wrangell, Alaska, pursuant to Wrangell Municipal Code 16.12.012, authorizes the conveyance of the Borough-owned real property more particularly known as: Lots 2,3,4,5,8, and 9, Block 54, zoned Open Space to Wrangell Heritage House Development, LLC pursuant to the terms and conditions outlined in the First Amendment to Real Estate Purchase and Sale Agreement.

SEC. 2. The Borough Mayor and Clerk are authorized to execute a quit claim deed to Wrangell Heritage House Development, LLC when all conditions stated in the First Amendment to Real Estate Purchase and Sale Agreement have been satisfied.

SEC. 3. The Borough Mayor and Borough Manager are authorized to execute the First Amendment to Real Estate Purchase and Sale Agreement.

SEC. 4. Resolution No. 04-24-1853 is hereby repealed and replaced as stated herein.

SEC. 5. This resolution takes effect upon approval.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 1st DAY OF JULY, 2024.

CITY & BOROUGH OF WRANGELL

\_\_\_\_\_  
Patricia Gilbert, Borough Mayor

ATTEST: \_\_\_\_\_  
Kim Lane, MMC, Borough Clerk



**CITY & BOROUGH OF WRANGELL**  
INCORPORATED MAY 30, 2008

**Economic Development Department**

PO Box 531, Wrangell, AK 99929  
Phone (907)-874-3902

Date: June 26<sup>th</sup>, 2024

To: Mason Villarma, Interim Borough Manager  
Kim Lane, Borough Clerk  
Assembly of the City and Borough of Wrangell

From: Kate Thomas, Economic Development Director

Subject: 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.

**Recommendation: The Economic Development Board's recommendation to the Borough Assembly is 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.**

Attachments: 1.) Public Map of Property, 2.) Economic Development Board (EDB) meeting minutes from June 19<sup>th</sup>, 2024, 3.) EDB Agenda Statement

On June 19<sup>th</sup>, 2024, the Economic Development Board reviewed Mr. Wayne Johnson's request to purchase Borough-owned real property referenced in the subject. Six lots are being requested in addition to Mr. Johnson's intent to purchase the Wrangell Medical Center (old hospital) property.

Following review of staff's report and recommendation to approve the sale of the property, the Economic Development Board voted to recommend 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.

The minutes reflect that the Economic Development Board believes the Assembly should have more information directly provided by Mr. Johnson on the economic value of his proposal to develop the land to ensure that their decision is in the best interest of the Borough.

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.



# CITY AND BOROUGH OF WRANGELL, ALASKA

Item a.



1 inch = 88.640382 feet

Date: 2/12/2024

Public Map



**DISCLAIMER: THESE MAPS ARE FOR PLANNING PURPOSES ONLY.  
PROPERTY LINES ARE APPROXIMATE. AERIAL 2002.**

**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 19<sup>th</sup>, 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 26<sup>th</sup>, 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 9<sup>th</sup>, 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 3<sup>rd</sup>, 2024. Agenda to be determined.

## **13. ADJOURN 7:15PM**

ATTEST: \_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chair



**City and Borough of Wrangell, Alaska**  
**Economic Development Board**  
**Regular Meeting June 19<sup>th</sup>, 2024**  
**Agenda Statement**

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**Agenda Item:** New Business, Item 11 A

**From:** Kate Thomas, Economic Development Director

**Subject:** 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.

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**INFORMATION**

The City and Borough of Wrangell (Borough) has been marketing the Wrangell Medical Center property (WMC) for sale since 2022. The Borough desires to divest of the WMC and sees its redevelopment as an economic development opportunity.

Mr. Wayne Johnson began discussions with the Borough in January 2024 regarding the prospective sale of the Wrangell Medical Center. Following those discussions, the Borough received a letter of interest from Mr. Wayne Johnson requesting consideration of a property sale, specifically the six lots adjacent to the WMC. A Purchase and Sale Agreement was drafted in February through the Borough Attorney's office regarding the sale of the Wrangell Medical Center, as well as terms for the sale of the adjacent six lots.

Section 4 ii of the Purchase and Sale Agreement states "Buyer's agreement and obligation to complete this purchase as set forth in this Agreement is contingent upon Seller and Buyer reaching a mutually agreeable understanding on the six adjacent properties (lots) which Buyer has requested to purchase in addition to the property described in this Agreement. This mutually agreeable understanding, once it is reached, shall be evidenced in writing signed by both parties to this Agreement."

The Planning and Zoning Commission, along with the Economic Development Board reviewed the request to purchase the Wrangell Medical Center, both approving a recommendation to the Borough Assembly to proceed with the sale of the WMC for less than fair market value. The market value was established to be \$800,000, whereas the Borough agreed to sell the property for \$200,000 as per Resolution No. 04-24-1850 which was passed on April 9<sup>th</sup>, 2024 at the regular Assembly Meeting.

The Planning and Zoning Commission also reviewed the sale of the adjacent six lots for market value. The request did not go before the Economic Development Board at that time because the proposed sale price was for fair market value. The Economic Development Board is tasked with review of land sales solely when the prospective purchaser/developer wishes to purchase the property for less than fair market value for the purposes of Economic Development.

The Planning and Zoning Commission reviewed and recommended approval of the sale of the adjacent six lots to the Borough Assembly in February 2024. On April 9<sup>th</sup>, 2024, Resolution No. 04-24-1853 was brought before the Borough Assembly, approving the sale of the adjacent six lots at fair market value, which was determined to be \$316,800.

Prior to executing the original sale agreement, which was subject to take place on May 31, 2024, Mr. Wayne Johnson requested further negotiations on the sale price to further his initiative for the benefit of the community as stated in his correspondence with the Borough Manager. Mr. Wayne Johnson has been informed that his request requires additional review from the Economic Development Board since he is requesting to purchase the properties at no cost.

If the Borough were to proceed with demolition of the Wrangell Medical Center, construction is estimated to be over \$2,000,000. Currently the Borough does not have the funding capacity to prioritize demolition. To date it has been the Borough's desire to divest itself of the property. More specifically the Borough wishes to see the property re-developed for other valued purposes that benefit the community.

Staff see the value of the sale at less than fair market value in the completion of demolition. While Mr. Wayne Johnson has expressed his plans to develop the property into a modern Planned Unit Development or Condominium Complex, there are no terms within the Purchase and Sale Agreement that are binding. The terms of the sale of the six adjacent lots are contingent upon satisfactory completion of the demolition of the building.

### **THE AMENDMENT TO THE PURCHASE AND SALES AGREEMENT TERMS**

- Amend section 8 by adjusting the closing date of the sale, beyond June 30<sup>th</sup>, 2024
- Add section 23 to include:
  - Scope/definition of demolition
  - liability clause
  - completion deadline
  - inspection and approval by seller
- Add section 24 to include:
  - conveyance of lots contingent on satisfactory demolition
  - lots sold at no cost
  - allowance for buyer to purchase lots at 60k if desired prior to demolition
  - full refund 60k upon demolition

### **WRANGELL MUNICIPAL CODE REVIEW CRITERIA**

As per Chapter 16.12.012 of the Wrangell Municipal Code, "In the exercise of the borough's economic development powers, the assembly may determine, in its sole discretion, that it is in the best interest of the borough to dispose of borough-owned real property, including tidelands, or any interest therein, which interest has a value of \$1,000,000 or less (as determined by the borough assessor or a qualified appraiser), without requests for proposals or sealed bid procedures and at less than fair market value.

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

1. The desirability of the economic development project;
2. The actual or potential economic benefits to the borough, its economy and other businesses within the borough;
3. The contribution of the proponent to the economic development project in terms of money, labor, innovation, expertise, experience and otherwise;
4. 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;
5. Actual or potential local employment due to the economic development project;
6. Actual and potential enhancement of tax and other revenues to the borough related to the project; and
7. Existing and reasonably foreseeable land use patterns and ownership.

Prior to disposal under subsection (A) of this section, the assembly shall hold a public hearing. The borough clerk shall publish notice of the public hearing in a newspaper of general circulation in the borough at least 14 days prior to the hearing. The notice shall include the date, time and place of the hearing, and general or legal description of the real property or interest, and the proposed disposition and its purpose.

Following the hearing, and with comments/recommendations from the port commission, the planning and zoning commission, and the economic development committee, the assembly may authorize disposition of the real property or interest therein by resolution.

**ATTACHMENTS:**

- 1.) Letter of Interest, 2.) Aerial Map of Properties, 3.) Original Sale and Purchase Agreement, 4.) Amendment One to the Sale and Purchase Agreement, 5.) [Wrangell Municipal Code Chapter 16.12- Disposition of Public Lands and Tidelands](#)

**STAFF RECOMMENDATION:**

Staff recommend that the Economic Development Board approve a recommendation to the Borough Assembly to approve the sale of 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, requested by Mr. Wayne Johnson.

This recommendation is based on the facts presented in the Agenda Statement, specifically noting the value of the demolition which is subject to be more than 2 million dollars.



**RECOMMENDED MOTION:**

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.

## FIRST AMENDMENT TO REAL ESTATE PURCHASE AND SALE AGREEMENT

This First Amendment (“**Amendment**”) is made effective as of \_\_\_\_\_, 2024 (“**Effective Date**”) to the Real Estate Purchase and Sale Agreement (the “**Agreement**”) by and between the City and Borough of Wrangell, whose address is PO Box 531, Wrangell, AK 99929 (“**Seller**”), and Wrangell Heritage House Development, LLC, an Alaska limited liability company, whose address is 5228 Forsyth Road, Macon, GA 31210 (“**Buyer**”) (collectively, the “**Parties**”).

### RECITALS

WHEREAS, the Parties entered into the Agreement for the sale of certain real property that is the site of the former Wrangell Medical Center, described in more detail in the Agreement;

WHEREAS, Section 4(a)(ii) of the Agreement makes Buyer’s agreement and obligation to purchase the real property contingent upon Buyer and Seller reaching an agreement with regard to the conveyance of six adjacent parcels to Buyer, which real property is described in more detail herein;

WHEREAS, Wrangell Municipal Code section 16.12.012 provides that in the exercise of Seller’s economic development powers, the Borough Assembly may determine that it is in the best interest of Seller to dispose of real property without requests for proposals or sealed bid procedures and at less than fair market value;

WHEREAS, the Parties have agreed that Buyer will safely and professionally demolish the former Wrangell Medical Center on or before June 30, 2026, and the Parties acknowledge that Buyer will bear all costs for the demolition and removal of all debris from the real property; and

WHEREAS, the Parties recognize that Seller’s agreement to take possession of and demolish the former Wrangell Medical Center will create an important benefit to Seller that justifies conveyance of the six adjacent parcels to Buyer at no cost;

NOW, THEREFORE, in consideration of the mutual promises, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

### AGREEMENT

The Parties incorporate by reference and agree to the accuracy of the above Recitals and further agree as follows:

Section 8 is amended as follows:

Section 8. Time and Place for Closing. The closing of the transaction contemplated by this Agreement (the “**Closing**”) will occur on or before July 15, 2024, or at such other date as agreed by the Parties in writing. The actual date on which the Closing occurs is referred to herein as the “**Closing Date.**”

A new Section 23 is added as follows:

Section 23. Demolition of Former Wrangell Medical Center

- a. Buyer agrees to demolish the former Wrangell Medical Center structure and to abate, remove, and dispose of all debris remaining after the demolition. Buyer agrees to furnish all labor, material, and equipment necessary to complete the demolition and removal of all debris, and further agrees to bear all costs and expenses for these activities. Buyer’s obligation to dispose of demolition debris includes an obligation to transport any hazardous debris outside of the City and Borough of Wrangell. Buyer agrees to conduct demolition, removal, and disposal activities in compliance with local, state, and federal laws, regulations, and ordinances.
- b. In order for the six lots to transfer to Buyer at no cost, or for any purchase price of any lots to be refunded to Buyer, then the demolition, removal, and disposal of all debris must be complete on or before June 30, 2026.
- c. Within 30 days following the completion of demolition, as well as the removal and disposal of demolition debris, Seller and Buyer will jointly inspect the property to determine if demolition and debris removal from the site has been successfully accomplished. If there is disagreement with regard to this having been done, then Seller shall within 15 days detail in writing to the Buyer any unresolved issues and Buyer shall be provided a reasonable period of time to satisfy the listed items.
- d. Once demolition and debris removal has occurred in conformance with section 23.C of this Amendment, then Seller and Buyer will jointly sign an Affidavit of Completion acknowledging such; and at which time the transfer of the Six Adjacent Parcels shall be eligible to be conveyed from Seller to Buyer, or to Buyer’s designee(s).

A new Section 24 is added as follows:

Section 24. Conveyance of Six Adjacent Parcels

- a. Within 15 days after Seller issues a written notice that the demolition, removal, and disposal discussed in Section 23 is complete, Seller will convey Seller's rights, title, and interest in and to the following described real property, and all improvements thereon and all rights and privileges appurtenant thereto, to Buyer (the "**Six Adjacent Parcels**"):

LOTS 2, 3, 4, 5, 8, AND 9 WITHIN WRANGELL TOWNSITE,  
SUBDIVISION PLAT BLOCK 54, ACCORDING TO PLAT NO. 68-81.

- b. The Parties agree that Seller will convey these parcels to Buyer at no cost. The Parties further agree that the demolition, removal, and disposal of the old Wrangell Medical Center constitutes sufficient valuable consideration for the conveyance of the Six Adjacent Parcels to Buyer.
- c. Notwithstanding the above as to the conveyance of the Six Adjacent Parcels, then following the conveyance of the real property that is the site of the old Wrangell Medical Center, as described in the Agreement, Buyer may exercise an option to purchase any or all of the Six Adjacent Parcels prior to completion of the demolition, removal, and disposal work as described in Section 23. If Buyer exercises this option, the purchase price for each lot shall be \$60,000. Seller will refund the purchase price for any of the Six Adjacent Lots purchased pursuant to this option within 30 days after the Affidavit of Completion has been entered into.
- d. The Parties agree that this Amendment satisfies the requirement for a "mutually agreeable understanding" regarding the Six Adjacent Parcels discussed in Section 4(a)(ii) of the Agreement.

### **Further Amendments**

Except as expressly modified herein, the provisions of the Agreement shall remain in full force and effect. In case of any conflict between the Agreement and this Amendment, the provisions of this Amendment control. Neither the Agreement nor this Amendment may be further amended excepts as provided in the Agreement. This Amendment, together with the non-conflicting provisions of the Agreement, constitutes the entire agreement between the Parties, superseding all previous and contemporaneous written and oral understandings, between the Parties with respect to this matter.

### **Execution in Counterparts**

This Amendment may be executed in counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same Amendment.

The Parties, intending to be legally bound, have executed this Amendment as of the effective date.

The parties Agree at all times to work in good faith and to operate within reasonable commercial standards. Any disputes related to this Agreement will first be attempted to be resolved thru reasonable discussion between the parties, with the Seller being represented by the Mayor and City Manager, and Buyer being represented by its Managing Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first set forth above.

**SELLER:** **CITY & BOROUGH OF WRANGELL**

\_\_\_\_\_  
By: Mason Villarma  
Its: Borough Manager

\_\_\_\_\_  
By: Patricia Gilbert  
Its: Mayor

**BUYER:** **WRANGELL HERITAGE HOUSE DEVELOPMENT, LLC**

\_\_\_\_\_  
By: Arthur Wayne Johnson  
Its: Member

**CITY & BOROUGH OF WRANGELL, ALASKA  
BOROUGH ASSEMBLY AGENDA STATEMENT**

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	July 1, 2024
	<u>Agenda Section</u>	<b>13</b>

**RESOLUTION No. 07-24-1874** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY2025 BUDGET IN THE INDUSTRIAL CONSTRUCTION FUND FOR THE 5TH AND 6TH AVENUE ROAD CONSTRUCTION PROJECT

SUBMITTED BY:  
  
Amber Al-Haddad, Capital Facilities Director

<u>FISCAL NOTE:</u>		
<b>Expenditure Required:</b> \$58,800		
FY 21: \$	FY 22: \$58,800	FY23: \$
<b>Amount Budgeted:</b>		
	\$200,000	
<b>Account Number(s):</b>		
<b>Account Name(s):</b>		
	5 <sup>th</sup> and 6 <sup>th</sup> Avenues Road Construction	
<b>Unencumbered Balance(s) (prior to expenditure):</b>		

<u>Reviews/Approvals/Recommendations</u>	
<input checked="" type="checkbox"/>	Commission, Board or Committee
Name(s)	Planning and Zoning Commission
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Res 07-24-1874

**RECOMMENDATION MOTION (*Consent Agenda Item*):**  
Move to Approve Resolution No. 07-24-1874.

**SUMMARY STATEMENT:**

With Wrangell community input suggesting that commercial and industrial growth has created a substantial and immediate need for making available new industrial lots, the Borough Assembly approved \$200,000 in the FY2025 capital budget for construction of 5th and 6th Avenues in the

Industrial Park Subdivision, providing for access to eight additional platted lots which could be made available for sale to the public.

This project anticipates two-lane gravel-surface roadways for a portion of 5th Avenue and for 6th Avenue. The designed construction method for this project is Flotation, where the fill is floated over the muskeg, where it is critical to ensure the peat mat is not broken. This method is generally cheapest in initial cost; however, loss of stability and severe differential settlement, with continued maintenance costs, are to be expected. A geotextile fabric is scheduled to be used between the peat and the fill material to eliminate the mixing of the materials, helping to reduce the strength loss.

Electrical distribution will be constructed overhead. No water or sewer is proposed in this project; therefore, the lots would be sold with the understanding that the CBW has no plans to provide water and sewer utilities in the future.

The project was released for construction bidding, and on June 25th the Borough received three bids. The lowest bid was from Ketchikan Ready Mix & Quarry, Inc. in the total contract sum of \$233,000, and it is recommended to award the construction contract to the low bidder.

The FY 2025 Budget includes \$200,000 for the construction phase of this project. Based on the low bid, a 5% construction contingency, and an amount set aside for as-needed engineering assistance through the construction phase, an additional \$58,800 is required to award the construction contract and move the project forward.

Resolution No. 07-24-1874 proposes amending the FY2025 capital budget by transferring \$58,800 from the Industrial Construction Fund Reserves to the Industrial Construction CIP Fund for the 5th and 6th Avenues Roadway Construction project and authorizing its expenditures.



CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 07-24-1874

A RESOLUTION OF THE ASSEMBLY OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY2025 BUDGET IN THE INDUSTRIAL CONSTRUCTION FUND FOR THE 5TH AND 6TH AVENUE ROAD CONSTRUCTION PROJECT

WHEREAS, the City and Borough of Wrangell community input suggests that commercial and industrial growth has created a substantial and immediate need for making available new industrial lots; and

WHEREAS, it is the desire of the City and Borough of Wrangell to develop a portion of the 5<sup>th</sup> Avenue and 6<sup>th</sup> Avenue in the Industrial Park Subdivision by constructing road access and electrical power distribution to the remaining lots available for sale.

WHEREAS, based on the competitive construction bids received and applying a contingency to the low bid cost, along with cost for engineering assistance through the construction phase, an additional \$58,800 in project funding is necessary to award the construction project; and

WHEREAS, an amount of \$58,800 is expected to be transferred from the Industrial Construction Fund Reserves to the Industrial Construction CIP Fund for the 5th and 6th Avenues Roadway Construction project.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, that:

Section 1: The FY 2025 Budget is amended to reflect a transfer of funds, in the amount of \$58,800, from Industrial Construction Fund Reserves to the Industrial Construction CIP Fund for the 5<sup>th</sup> and 6<sup>th</sup> Avenues Roadway Construction project and authorizing its expenditures.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA this 1ST DAY OF JULY, 2024.

CITY & BOROUGH OF WRANGELL, ALASKA

\_\_\_\_\_  
Patricia Gilbert, Borough Mayor

ATTEST: \_\_\_\_\_  
Kim Lane, MMC, Borough Clerk

**CITY & BOROUGH OF WRANGELL, ALASKA  
BOROUGH ASSEMBLY AGENDA STATEMENT**

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	July 1, 2024
	<u>Agenda Section</u>	<b>6</b>

Approval of a contract award to Ketchikan Ready Mix & Quarry, Inc. in the amount of \$233,000 for the 5<sup>th</sup> and 6<sup>th</sup> Avenues Road Construction Project

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director

FISCAL NOTE:

<b>Expenditure Required: \$233,000</b>		
FY 24:	FY 25: \$233,000	FY26:
<b>Amount Budgeted:</b>		
<b>Account Number(s):</b>		
<b>Account Name(s):</b>		
5 <sup>th</sup> and 6 <sup>th</sup> Ave Road Construction CIP Fund		

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Bid Opening Checklist and Tabulation Summary for the 5th and 6th Avenues Road Construction Project.

**RECOMMENDATION MOTION:**  
Move to approve a contract award to Ketchikan Ready Mix & Quarry, Inc. in the amount of \$233,000 for the 5th and 6th Avenues Road Construction Project.

**SUMMARY STATEMENT:**

With Wrangell community input suggesting that commercial and industrial growth has created a substantial and immediate need for making available new industrial lots, the Borough Assembly approved funding for construction of 5<sup>th</sup> and 6<sup>th</sup> Avenues in the Industrial Park Subdivision, providing for access to eight additional platted lots which could be made available for sale to the public.

This project anticipates two-lane gravel-surface roadways for a portion of 5th Avenue and for 6th Avenue. The designed construction method for this project is Flotation, where the fill is floated over the muskeg, where it is critical to ensure the peat mat is not broken. This method is generally cheapest in initial cost; however, loss of stability and severe differential settlement, with continued maintenance costs, are to be expected. A geotextile fabric is scheduled to be used between the peat and the fill material to eliminate the mixing of the materials, helping to reduce the strength loss.

Electrical distribution will be constructed overhead. No water or sewer is proposed in this project; therefore, the lots would be sold with the understanding that the CBW has no plans to provide water and sewer utilities in the future.

The project was released for construction bidding, and on June 25<sup>th</sup> the Borough received three bids according to the attached bid opening summary. Staff recommend awarding the construction contract to the low bidder, Ketchikan Ready Mix & Quarry, Inc. for a total contract price of \$233,000.

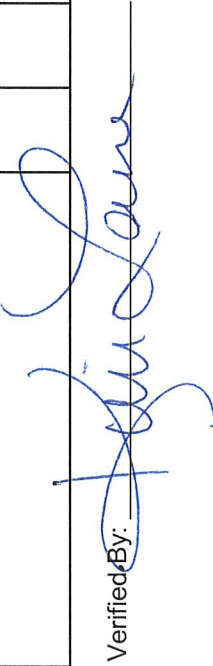
City and Borough of Wrangell, Alaska

5TH AND 6TH AVENUES ROAD CONSTRUCTION

Bid Opening Checklist and Tabulation Summary

Bid Opening Date: June 25, 2024 @ 2:00 p.m. - Assembly Chambers

Bidder's Name	Bid Form	Bid Schedule	Bid Security	Addenda		Bid	Bid Modification	Total Bid with Modification	Total Based on 5% Local Bidder Preference (if applicable)
				#1	#2				
BW Enterprises LLC	X	X	X	X	X	\$ 274,617.43		\$ 274,617.43	applied
Tideline Construction LLC	X	X	X	X	X	\$ 265,950.00	\$ 117,400.00	\$ 383,350.00	
Ketchikan Readymix & Quarry Inc	X	X	X	X	X	\$ 213,000.00	\$ 20,000.00	\$ 233,000.00	applied

Verified By: 

Witnessed By: 

Item b.

**CITY & BOROUGH OF WRANGELL, ALASKA  
BOROUGH ASSEMBLY AGENDA STATEMENT**

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	July 1, 2024
	<u>Agenda Section</u>	<b>6</b>

Approval of a contract award to BW Enterprises, LLC in the amount of \$340,252 for the Solid Waste Transfer Station Loading Dock Project

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director

FISCAL NOTE:

<b>Expenditure Required: \$340,252</b>		
FY 24:	FY 25: \$340,252	FY26:
<b>Amount Budgeted:</b>		
<b>Account Number(s):</b>		
<b>Account Name(s):</b>		
Solid Waste Transfer Station Loading Dock CIP Fund		

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Bid Opening Checklist and Tabulation Summary for the Solid Waste Transfer Station Loading Dock Project.

**RECOMMENDATION MOTION:**  
Move to approve a award to BW Enterprises, LLC in the amount of \$340,252 for the Solid Waste Transfer Station Loading Dock Project.

**SUMMARY STATEMENT:**

Since implementation of the baler in the winter of 2021, sanitation workers must load bales via a steel ramp and forklift into closed containers. The process is highly dangerous and inefficient. The purpose of this project is to construct a loading dock that alleviates health and safety concerns and bolsters fiscal sustainability via increased efficiency.

The project was released for construction bidding, and on June 27<sup>th</sup> the Borough received two bids according to the attached bid opening summary. Staff recommend awarding the construction contract to the low bidder, BW Enterprises, LLC for a total contract price of \$340,252.

City and Borough of Wrangell, Alaska

Solid Waste Transfer Station Loading Dock

Bid Opening Checklist and Tabulation Summary

Bid Opening Date: June 27, 2024 @ 2:00 p.m. - Assembly Chambers

Bidder's Name	Bid Form	Bid Schedule	Bid Security	Addenda			Bid	Bid Modification	Total Bid with Modification
				#1	#2	#3			
KETCHIKAN READY MIX & QUARRY INC	X	X	X	X	X	X	\$ 433,700.00	\$ (7,500.00)	\$ 426,200.00
BW ENTERPRISES	X	X	X	X	X	X	\$ 340,252.00		\$ 340,252.00
									\$ -

Verified By:  Witnessed By: 