



City and Borough of Wrangell
Economic Development Board Work Session
AGENDA

Thursday, November 16, 2023
5:30 PM

Location: Borough Assembly Chambers

Alder Top Village Subdivision Land Sale Planning Work Session

AGENDA

1. Introduction
2. Review of public survey
3. Information Summary
 - a. Type of Sale
 - b. Eligibility Criteria
 - c. Procedures of Sale
4. Review and discussion of methods of sale proposal

ATTACHMENTS

1. Staff summary of information
2. Alder Top Village public survey summary results
3. Preliminary plat for Phase I and II
4. Sample declaration of protective covenants

1. SUMMARY OF PROPERTY

Known locally as the former Institute Property, Alder Top Village is located along Zimovia Highway five miles from Wrangell's downtown area near Shoemaker Bay Recreation area consisting of a park, marina, beach access points, RV Park, tent camping and a trail connecting to the east side of the island. The property is comprised of approximately 134 acres of land.

The adjacent parcel of land to the north (Lot 25, USS 3403) is owned by the City and Borough of Wrangell and is used strictly for recreational purposes. Rainbow Falls Trail, a USFS maintained trail, crosses directly through the Borough's Lot 25 property, and even enters into the subject property along the northern mutual property line with Lot 25. The USFS has a recorded easement for the trail through Lot 25 and the subject property, as well as through adjacent Mental Health Trust Authority property until it enters the Tongass National Forest.

Mental Health Trust Authority owns a tract of land (Lot 3, USS 3709) surrounding the subject property on the eastern property line and portions of the northern and southern property lines. Mental Health Trust Authority land consists of almost 100 acres or more. They are currently under contract with Alcan Forest Products for timber harvest south of the Tyee electrical lines. On the southern property line adjacent to Zimovia Highway, privately owned residential land abuts the subject property.

Abutting the property line on the west is Zimovia Highway. Across the highway is beach access (borough tidelands) and Shoemaker Bay Park. The park consists of a tennis court, playground area, picnic tables, covered shelter and tent camping area.

2. BACKGROUND

The property was the former site of the Wrangell Institute, a Bureau of Indian Affairs Native school from 1932 until 1972. The school was located on the 12 acres of the Shoemaker Bay Subdivision. In the 1980's, the entire 134-acre property was acquired by the Cook Inlet Regional Corporation (CIRI) and used for the Youth Conservation Corps in Wrangell. It was abandoned in the late 1980's and the primary building, residence halls, and other supporting structures fell into a state of disrepair. In 1996, the City of Wrangell acquired the parcel with the intent to develop the site for economic opportunity for the community. Over the next 10 years, the City commissioned several studies, including one detailing the extent of hazardous materials on the 12 acre portion that had previously been developed. Asbestos and soil contamination from underground fuel storage tanks required clean-up of the property. The buildings, having been ignored for 15 years, were demolished, the asbestos disposed of in an off-site inert landfill, and the contaminated oil was removed or treated on-site. The 12-acre site area was given a clean bill of health in 2010 by the Alaska Department of Environmental Conservation.

3. SUMMARY OF CONSTRUCTION

After a decade's worth of planning the City and Borough of Wrangell proposed to invest local funds into a project to begin construction of roads and utilities, along with other planning measures to expedite the development and sale of land to address the regional and statewide housing crisis affecting Wrangell.

Current construction is what is considered a pioneering road under the initial "site work" project. Phase I road (formal) and utilities are currently in design and permitting phase, expected to be complete soon after the beginning of the new year. Once complete, the project will be competitively bid for the construction phase, which staff anticipate a timeline of approximately nine months to complete.

There are 22 lots, zoned Single-Family Medium Density in Phase 1.

4. ECONOMIC BENEFIT

Disposal of personal property for economic development purposes. (WMC 5.10.062).

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 personal property, 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), by sale, lease or otherwise, 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:

- 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; and
- Actual and potential enhancement of tax and other revenues to the borough related to the project.

5. TYPES OF SALE

NOTE: The City and Borough of Wrangell Municipal Code defines the terms of sale for a public auction and/or surplus sale. A non-codified ordinance is required if another form of land disposal/sale is identified for this purpose.

Auction/Public Surplus- A municipal land auction is a public process through which a local government or municipality sells parcels of land to the highest bidder. These auctions are typically held to generate revenue for the municipality, promote land development and ensure that unused or surplus land is put to productive use.

Auction procedures include: announcement, pre-auction due diligence, auction day or period, bidding, payment and closing, title transfer and legal process.

Lottery-A municipal land lottery, also known as a land lotter or land allocation lottery is a process used by some local governments or municipalities to distribute parcels of land to individuals or entities within the community. The lottery system is typically employed when there is high demand for a limited number of available land lots and the goal is to ensure fair and equitable distribution of these lots among interested parties.

Lottery procedures include: announcement, eligibility, application, random selection, notification, acceptance and obligation, transfer and legal process.

Over The Counter (OTC)- OTC municipal land sale refer to the process by which a municipality or local government sells parcels of land directly to interested buyers without conducting a competitive auction or public bidding process. This method is typically used for properties that have not been sold through

previous auctions, remain unsold, or have specific conditions that make them less suitable for public bidding.

OTC procedures include: Land selection, announcement, application process, negotiation and sale, due diligence, transfer of ownership, payment and compliance and development.

Sealed Bid- A sealed bid municipal land sale is a method used by municipalities to sell parcels of land to interested buyers through a competitive and confidential bidding process. This process allows potential buyers to submit sealed bids, often with specific terms and conditions for the purchase of a particular property. This method allows the municipality to obtain the best possible value for the property while giving interested buyers an equal opportunity to acquire the land.

Sealed bid procedures include: Land selection, announcement, bid submission, confidential process, bid review, selection and winning, notification, completion of sale and public disclosure.

6. PROTECTIVE COVENANTS

Protective covenants refer to legally binding restrictions and conditions imposed on the use and development of property that is being sold by a municipality. These covenants are designed to ensure that the property is used in a manner that aligns with the municipality's goals, zoning regulations and community interests.

Protective covenants serve various purposes including preserving the character of a neighborhood or area, protecting natural resources, maintaining property values, and addressing specific community concerns. They can cover a wide range of issues such as land use, architectural guidelines, environmental protections, maintenance obligations and more. Covenants often require the property owner to adhere to existing zoning regulations or any future changes to code and ordinances. Furthermore, covenants may require specific standards of maintenance and upkeep on a property.

Protective covenants may have varying durations, some lasting indefinitely and others under a timeline. The municipality is responsible for enforcing the protective covenants. Violations can result in penalties, fines, or legal action.

7. ASSESSOR'S OPINION OF LOT VALUE

While the City and Borough has not obtained a final appraisal for each lot within Phase 1, and Assessor's opinion has been provided. An appraiser holds specific qualifications and expertise to provide formal appraisals of real property, which typically involve in-depth analysis and formal reports that adhere to stringent industry standards. The role of a property assessor does not require the same level of expertise and formal processes as that of an appraiser. Instead, assessments are made for the purpose of taxation and adhere to the guidelines and regulations set forth by the relevant taxing authority.

The opinion of the value for Alder Top Village is based on the expertise of a property assessor, and they are intended to assist in the determination of assessed values for taxation purposes. Assessments are not formal appraisals and should not be considered as such.

Based on comparable property sales – the estimated value per SF for the front row (highway lots) is around \$3 per SF. And back lots "Chum Street" is \$2.5 per SF. (reference the preliminary plat to understand the valuation of lots in each "row").

From the baseline of "Fair Market Value" assuming the above assessed value is true the City and Borough stands to recover an estimated \$1.3M in revenue from the sale of 20 lots.

8. PROPOSED METHOD OF SALE, PROCEDURES AND ELIGIBILITY CRITERIA

City and Borough staff have engaged in multiple meetings to thoroughly assess the historical context, planning and development of the Alder Top Village subdivision. They have also meticulously analyzed the expenses linked to both online and upcoming design and construction projects. In anticipation of the lot sales planning, staff have undertaken extensive research spanning the region and state, with the aim of identifying exemplary models and procedures for the chosen sales method.

After thorough consideration and individual research, staff recommend the following to the Economic Development Board for their consideration and for the establishment of a recommendation to the Borough Assembly.

1. Two Method Approach to the Sale of Lots within Phase 1
 - a. Public Auction/Surplus Lots 2-9, and 21 and 22. These lots hold the highest value and are coveted due to their unobstructed water view along the highway.
 - i. Lots sold under auction will be scheduled first with no additional eligibility or criteria to the sale. Lots will be listed in a starting bid for Fair Market Value. Notice of the sale shall be 30 prior to opening bids.
 - b. Lottery Lots 11-20. These lots are directly behind lots 2-9 creating a limited view of the water. These lots are smaller than the lots proposed under Phase 2 development.
 - i. Lots sold under auction will be scheduled some time following the initial auction/surplus sale. Lots are to be sold at Fair Market Value. Notice of the sale shall be at least 30 days prior to the open application period. Participants are limited to 10 applications and are only eligible to purchase one lot in the lottery of Phase 1. All applications will be compiled into one group for drawing. Drawings for land will be pulled one by one. Participants will have the opportunity to select their lot of choice in the order in which their application is pulled.
2. Protective Covenants (reference SAMPLE Protective Covenants)
 - a. Protective covenants are subject to include the regulations laid out by the single-family medium density zoning district code and ordinances. Additional covenants may include terms for size and quality of a dwelling, mobile homes, factory dwelling, easements, storm water management, nuisance, temporary residence terms, and garbage and refuse disposal.

While staff have explored the idea of introducing eligibility criteria for the lottery, such as Alaska residency, absence of current land ownership, or a commitment to the use the lot as a primary residence, these stipulations raise concerns about accessibility and fairness, potentially increasing liability for the Borough. Moreover, the proposed has inherent limitations addressing certain public concerns, including part time residency, competitive bidding, and preventing concentration of land ownership in the hands of a single individual.

Alder Top Village Survey

170
Responses

08:58
Average time to complete

Active
Status

1. Are you interested in purchasing land in the Alder Top Village subdivision?

● Yes	63
● No	23
● Maybe	84



2. Are you an Alaska resident?

● Yes	159
● No	11



3. Are you a Wrangell resident?

● Yes	156
● No	14



4. Are you a first-time landowner or home buyer?

● Yes	44
● No	126



5. How many lots are you interested in purchasing?

● Undetermined	63
● 1	91
● 2	7
● 3	0
● More than 3	5

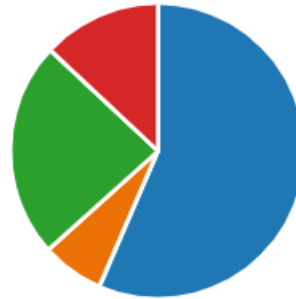


Item a.

6. What is the purpose of your interest?

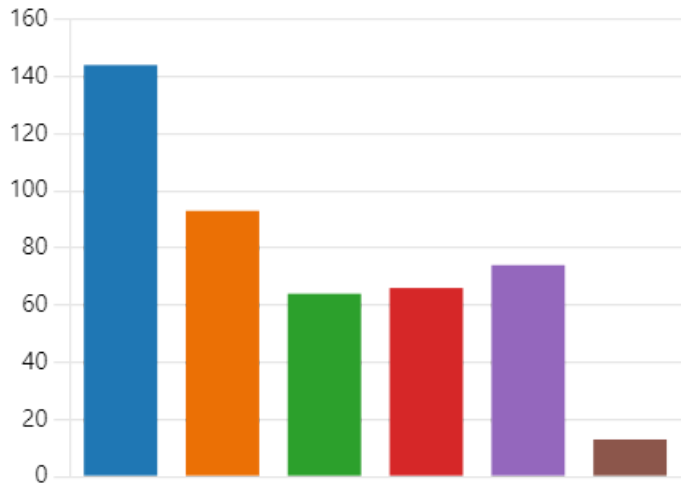
If other, please describe the purpose of your interest in acquiring property.

- Construction of primary residence 91
- Construction of seasonal reside... 11
- Single Family Investment Property 38
- Other 21



7. What drives your land purchase decisions? (Select all that apply)

- Affordability 144
- Size of the lot 93
- Privacy 64
- Accessibility 66
- View 74
- Other 13



8. Is a 60-day notice period enough time for you to arrange financing? If other, please explain.

- Yes 57
- No 30
- Maybe 74
- Other 5



9. If you purchase a lot, when would you anticipate starting construction?

As soon as feasible	56
Within a year	36
1-2 years from purchase	53
Beyond 2 years from purchase	20



10. Would you be interested in seeing a portion of the available subdivision property, sold to a developer to develop and build single-family homes or duplexes?

Yes	63
No	55
Maybe	50



11. Would you be interested in buying a developed single-family home or duplex?

Yes	45
No	68
Maybe	56



Item a.

12. How would your decision change knowing that lots may not be accessible for development until all primary roads and commercial utilities have been constructed?

170
Responses

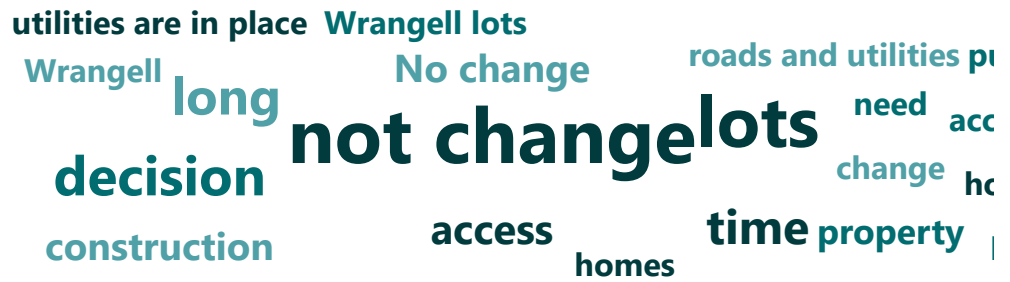
Latest Responses

"no problem."

"I do not think lots should be sold until all primary roads and al..."

"It wouldn't "

19 respondents (11%) answered **not change** for this question.



Item a.

13. Is there any other information you feel would be important for us to consider?

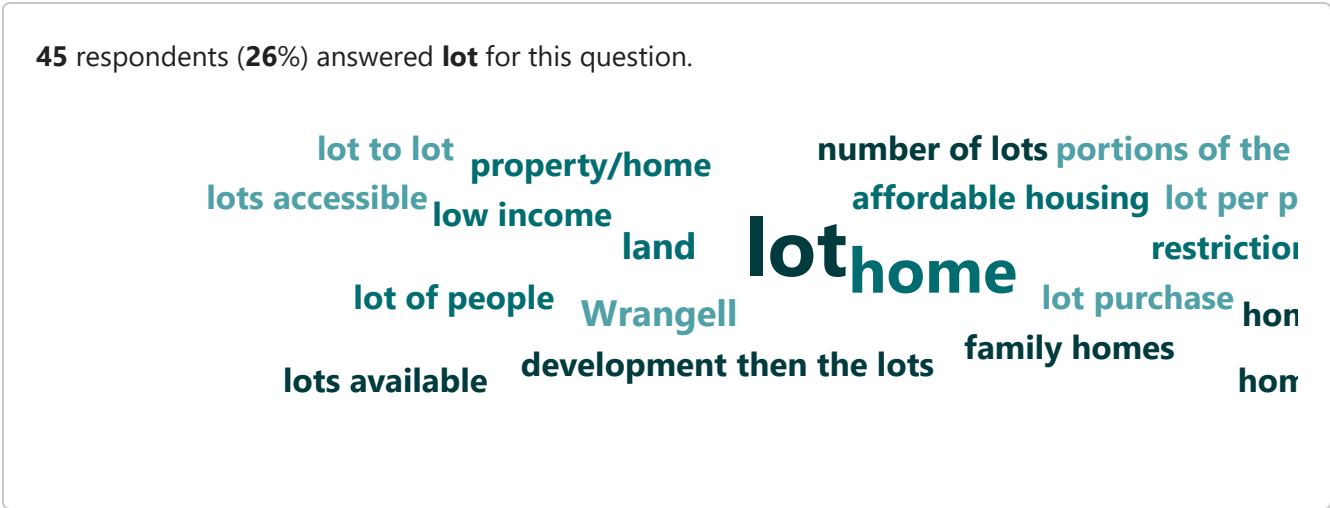
170
Responses

Latest Responses

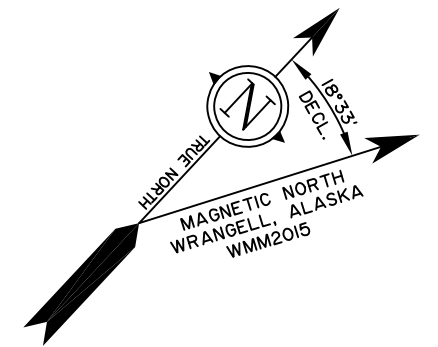
"affordability feels like the most important part of this project. if...

"I do not think lots should be sold until all utilities and roads to ...

"No"



U.S.S. No. 3403

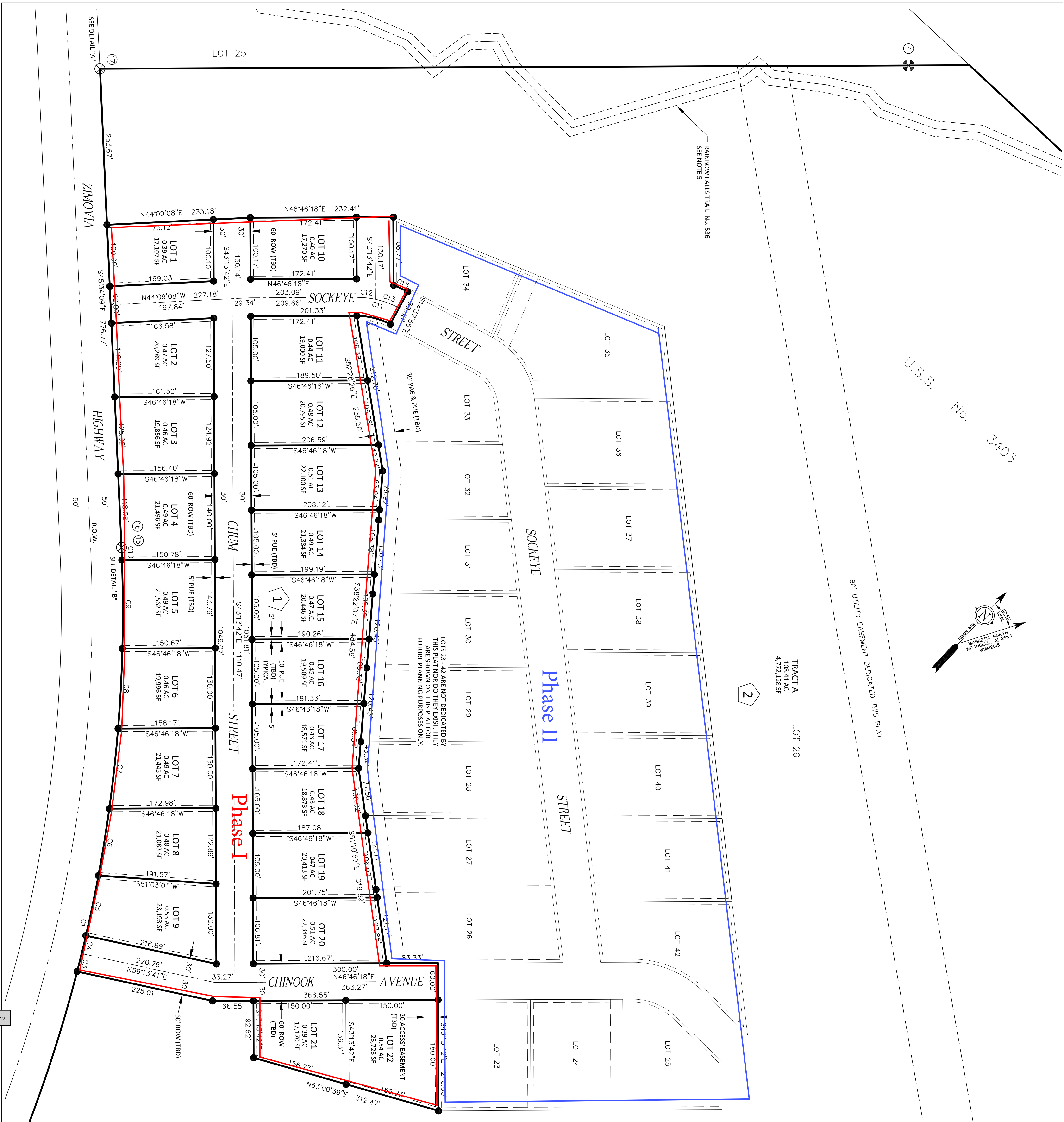


80' UTILITY EASEMENT DEDICATED THIS PLAT

TRACTA A
108.41 AC
4,772,128 SF

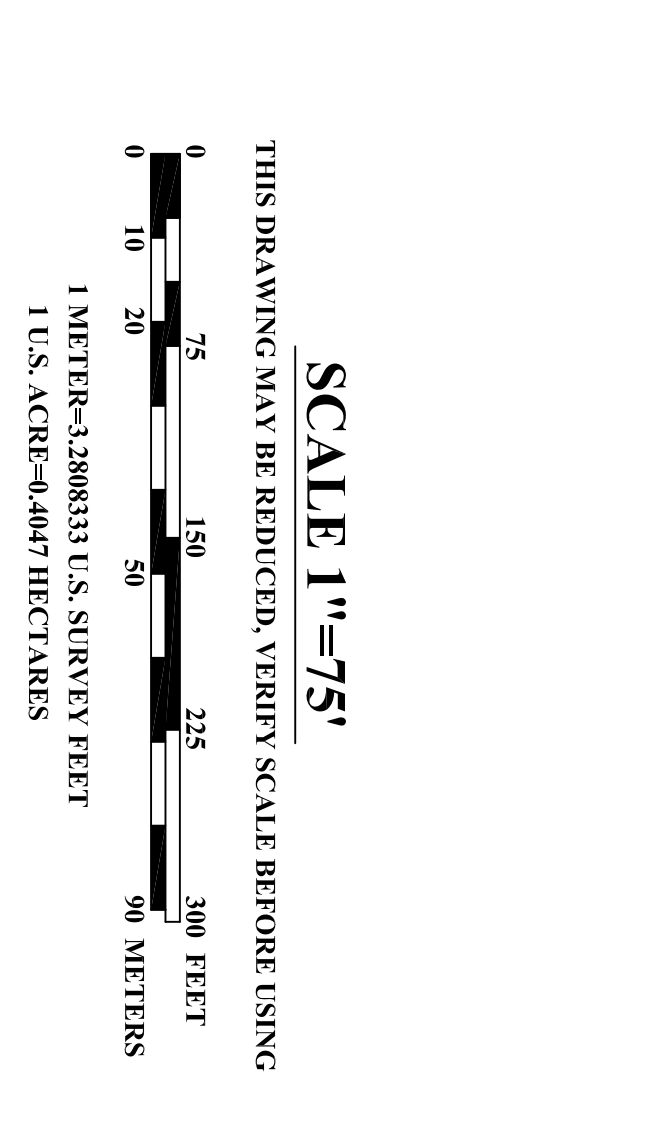
LOT 26

RAINBOW FALLS TRAIL, No. 536
SEE NOTE 5



LEGEND	
	BLOCK NUMBER
	PRIMARY MONUMENT REMOVED THIS SURVEY
	FOUND BLM/GLO MONUMENT
	SECONDARY MONUMENT SET THIS SURVEY
	SECONDARY MONUMENT RECOVERED
	MONUMENT NUMBER
	SET PRIMARY MONUMENT THIS SURVEY
	FOUND PRIMARY MONUMENT
	UNSURVEYED
	SURVEYED
	ROW CENTERLINE
	OVERHEAD ELECTRICAL LINE
(R1)	RECORD PER U.S. No. 3709 (PLAT 65-250)
(R2)	RECORD PER SHOEMAKER BAY SUBD. (PLAT 87-9)
(R3)	RECORD PER U.S. No. 3403 (SUBD. OF LOT 4, U.S.S. No. 3403)
(R4)	RECORD PER TRUST LAND SURVEY No. 2018-10 (PLAT 2020-5)
XX	MEASURED DATA
P/AE	PUBLIC ACCESS EASEMENT
P/E	PUBLIC UTILITY EASEMENT
(TBD)	TO BE DEDICATED TO THE PUBLIC BY THIS PLAT

CURVE TABLE					
CURVE DELTA	RADIUS ARC CHORD	CH.	BEARING		
C1	30°09'57"	2343.15	1233.65	N80°29'13"W	
C2	13°07'45"	2343.15	536.93	S21°58'08"E	
C3	0°44'02"	2343.15	30.02	S28°54'01"E	
C4	0°44'01"	2343.15	30.01	S29°38'03"E	
C5	2°26'16"	2343.15	99.70	S31°13'12"E	
C6	2°41'32"	2343.15	110.10	S33°47'06"E	
C7	3°11'59"	2343.15	130.84	S36°43'52"E	
C8	3°11'04"	2343.15	130.22	S39°55'23"E	
C9	3°30'57"	2343.15	143.76	S43°16'24"E	
C10	0°32'19"	2343.15	22.03	N45°18'02"W	
C11	28°35'47"	143.49	71.62	70.88	S61°04'11"W
C12	12°04'04"	143.49	30.22	30.17	S52°48'20"W
C13	16°31'43"	143.49	41.39	41.25	S67°06'14"W
C14	28°35'47"	113.49	56.64	56.06	S67°04'11"W
C15	8°21'49"	173.49	25.33	25.30	S71°11'11"W
C16	0°00'02"	5614.08	0.06	0.06	N45°34'09"W
C17	0°02'27"	2343.15	1.67	1.67	S45°32'58"E



PRELIMINARY



SHEET 2 OF 4

RS&M
RANKINS SURVEYING & MAPPING, INC.
1000 W. BROADWAY, SUITE 300
ANCHORAGE, AK 99501
Phone: (907) 252-9917
Fax: (907) 252-9411
Phone: (907) 506-4830

CERTIFICATE OF AUTHORIZATION #: CS76

SHOEMAKER BAY SUBDIVISION II

A SUBDIVISION AND REPLAT OF
LOT 26, OF U.S.S. No. 3403;
BLOCKS 1, 3, & TRACT A, OF SHOEMAKER BAY SUBDIVISION (PLAT 87-5);
PUBLIC RIGHT-OF-WAY AND UTILITY EASEMENT VACATIONS
AND
CREATING
LOTS 1 - 22 WITHIN BLOCK 1, AND TRACT A WITHIN BLOCK 2,
SHOEMAKER BAY SUBDIVISION II
CONTAINING 121.86 ACRES MORE OR LESS

LOCATED WITHIN
SECTIONS 8 & 12, TOWNSHIP 63 SOUTH, RANGE 84 EAST
COPPER RIVER MERIDIAN, ALASKA
WHADELL RECORDING DISTRICT

DRAWN BY: MCH
DATE: AUGUST 2020

CHECKED: CGP
SCALE: 1"=75'
R&M PROJECT NO.: 202725

Sample Declaration of Protective Covenants

**DECLARATION OF PROTECTIVE COVENANTS
FOR
_____ SUBDIVISION**

The _____ BOROUGH, an Alaska municipal corporation, of _____ (City), Alaska, being the fee owner of all lots of that certain subdivision known as _____ SUBDIVISION, according to the plat thereof filed _____ as Plat NO. _____, Records of the _____ Recording District, State of Alaska, desiring to ensure the orderly development and use of lots in said subdivision, and desiring to prevent nuisances or impairments of the attractiveness or value of said lots, does hereby declare and adopt the following protective covenants as to limitations and restrictions upon the use of all lots in the _____ Subdivision.

I. PROTECTIVE COVENANTS

In cases where the following covenants conflict with the subdivision zoning, the most restrictive standard shall apply.

LAND USE AND BUILDING TYPE. All lots shall be used only for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any lot containing more than two (2) DWELLINGS IN A SINGLE BUILDING (DUPLEX). No building shall exceed 35’ in height. Each lot shall have only one building containing dwellings. Accessory buildings, such as garages or other buildings customarily adjunctory to a place of residence, shall be of a permanent nature and of harmonious design and appearance with each other and with dwelling building.

1. **DWELLING SIZE AND QUALITY.** The minimum permitted dwelling size for this subdivision shall be 480 square feet, exclusive of basements, decks, garages, and open porches. Cabin lofts may be included in the minimum square footage calculations. The exterior of said dwelling shall be completed within three (3) years after the beginning of construction, and finished with an acceptable, recognized, permanent finish material. No exposed urethane insulating foam is allowed. Accessory buildings shall also be finished in the same manner as the exterior of the dwelling within three (3) years after the beginning of construction.
2. **MOBILE HOMES.** No mobile home, trailer or any type of temporary dwelling unit will be allowed in this subdivision as a permanent residence. All homes must have permanent foundations in conformance with the minimum standards of the Federal Housing Administration as of the year of construction. Absolutely no exception to this covenant will be allowed. The term “MOBILE HOME” means a dwelling unit which is designed for transportation as one or more units, after fabrication, on highways to a site where it is to be occupied and to which site it arrives complete and ready for occupancy except for incidental unpacking and assembly operations, location on jacks or foundations, and connections to utilities.

3. **FACTORY ASSEMBLED DWELLINGS.** Factory assembled dwellings are allowed under these covenants. “Factory assembled dwelling” means a dwelling that comprises at least two finished, transportable components which are combined on the site to form one complete dwelling attached to a permanent foundation.
4. **EASEMENTS.** Easement for the installation and maintenance of utilities are reserved as shown on the recorded plat. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities.
5. **NUISANCES.** No noxious or offensive activity, including, but not limited to, noise disturbances caused by motorized vehicles, shall be carried out on any lot or subdivision road, nor shall anything be done thereon which may become an annoyance or nuisance. Specifically, (a) the parking of commercial vehicles or the use of the lot for the storing of vehicles, machinery, surplus equipment, scrap, or any other items not directly connected with the use of a lot for residential purposes is specifically declared to be a nuisance within the meaning and intent hereof; (b) the collection or keeping of non-operational motor vehicles and other non-operational machinery of any other type is prohibited; (c) the parking of vehicles and the storage of coal, wood, or any other materials on subdivision roadways is prohibited; (d) the operation of any commercial business is strictly prohibited. No automotive or heavy equipment repair shops will be allowed.
6. **TEMPORARY RESIDENCE.** An individual may reside in a mobile home, trailer or temporary dwelling located on an undeveloped lot in the subdivision for a period not to exceed one (1) calendar year only for the purpose of residing in said mobile home, trailer or temporary dwelling while constructing a permanent residence on said lot.
7. **GARBAGE AND REFUSE DISPOSAL.** No lot, nor any part thereof, shall be used as a dumping or storage ground for refuse or rubbish of any kind. Trash, garbage and other waste shall be kept in sanitary containers; accumulated trash, garbage, and other waste shall be dispensed of regularly.

II. GENERAL PROVISIONS

1. **DURATION.** These covenants shall run with the land and shall be binding upon the within parties and those claiming, under the within parties though succession in interest to any lot or lots in said subdivision, to stand for the benefit and protection of present and future owners of lots in said subdivision. These covenants shall be enforceable at the insistence of the record owner of any lot in said subdivision. The successors in interest thereto shall ensure their benefit and protection by proceedings in equity to restrain violation and by proceedings at law to recover damages for the violation thereof. These protective covenants are to remain in effect for a period of twenty-five (25) years, commencing on the date of recordation hereof, but being subject to modification or renewal by written instrument executed by all the record owners of said lots, placed of record in said Fairbanks Recording district.
2. **FULLY PROTECTED RESIDENTIAL AREA.** The covenants contained herein in their entirety shall apply to the entire _____ SUBDIVISION.
3. **SEVERABILITY.** Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.