

Tuesday, November 22, 2022 6:00 PM

Location: Borough Assembly Chambers

1. CALL TO ORDER

- a. PLEDGE OF ALLEGIANCE led by Assembly Member Jim DeBord
- b. CEREMONIAL MATTERS None.

2. ROLL CALL

3. PERSONS TO BE HEARD

- a. CORRESPONDENCE: Letter from Muddy Water Adventures (re: IFA Letter received from Petersburg Borough)
- <u>b.</u> CORRESPONDENCE: Bruce McQueen (re: IFA Letter received from Petersburg)

4. AMENDMENTS TO THE AGENDA

5. CONFLICT OF INTEREST

6. CONSENT AGENDA

Matters listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. there will be no separate discussion of these items. If the borough mayor, assembly member, manager, or clerk requests discussion on any item, that item will be removed from the consent agenda and will be considered under unfinished business (no motion is necessary to move an item from the consent agenda).

MOTION ONLY: Move to Approve the Consent Agenda, as submitted.

- **a. RESOLUTION No. 11-22-1730** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE ASSESSMENT VALUE FOR TAX YEAR 2021 FOR PRESBYTERIAN CHURCH LOT A PRESBYTERIAN RESERVE REPLAT SUBDIVISION, DUE TO A MANIFEST CLERICAL ERROR
- <u>b.</u> Minutes of the November 8, 2022 Regular Assembly Meeting
- <u>c.</u> Final plat approval of Trust Land Survey 2019-03, aka Woodbury Subdivision, a subdivision of Lot 2 of Trust Land Survey 2018-11, aka W-4 Subdivision, creating Lots 2A and 2B, zoned Timber Management, requested by Brett Woodbury, owned by the Alaska Mental Health Land Trust

7. BOROUGH MANAGER'S REPORT

- a. ECONOMIC DEVELOPMENT REPORT / UPDATES
- b. INFRASTRUCTURE REPORTS / UPDATES
- c. FINANCIAL REPORT / UPDATES

8. BOROUGH CLERK'S REPORT

a. Borough Clerk's Report

9. MAYOR AND ASSEMBLY BUSINESS

10. MAYOR AND ASSEMBLY APPOINTMENTS

<u>a.</u> Board, Committee, and Commission Appointments

11. PUBLIC HEARING

12. UNFINISHED BUSINESS

a. RESOLUTION No. 11-22-1729 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE CONVEYANCE OF LOT 36, LOT 37, AND LOT 38, WRANGELL TOWNSITE, LOCATED ON A STREET AND CASSIAR, TO FRANK WARFEL, IR. FOR A TOTAL COMBINED FAIR MARKET COST OF \$33,000

13. NEW BUSINESS

- **a. ORDINANCE No. 1033** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE SALE OF PUBLIC LAND IN CONFORMANCE WITH WRANGELL MUNICIPAL CODE CHAPTER 16.12, SPECIFICALLY, LOT A, BLOCK 54, WMC REPLAT, PLAT 2016-6, WRANGELL MEDICAL CENTER, WRANGELL RECORDING DISTRICT, AND REPEALING RESOLUTION NO. 04-22-1690
- **b. RESOLUTION NO 11-22-1728** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ACCEPTING A GRANT IN THE AMOUNT OF \$427,804 FROM THE STATE OF ALASKA HOMELAND SECURITY AND EMERGENCY MANAGEMENT GRANT PROGRAM FOR THE PORTS AND HARBORS SURVEILLANCE SYSTEM PROJECT
- c. Approval of the City & Borough of Wrangell Employee Handbook (formally Personnel Regulations)
- d. Approval of State Lobbyist Professional Services Agreement
- e. Approval of a Contract Award to AWC Water Solutions LTD for the Packaged Water Treatment Plant Equipment Preselection and Shop Drawing Procurement in the Amount of \$125,000
- f. Approval of an Amendment to the Professional Services Agreement with DOWL for the Water Treatment Plant Improvements Design in the amount of \$140,000
- **14. ATTORNEY'S FILE** Available for Assembly review in the Borough Clerk's office
- 15. EXECUTIVE SESSION
- 16. ADJOURNMENT



7 November 2022

Mayor Gilbert and Wrangell Assembly members,

I recently read an article in the Wrangell Sentinel about a letter that the Assembly received from the Petersburg Assembly, in which they expressed their desire to partner with Wrangell in restoring the Inter-Island Ferry Service. I appreciated Mayor Gilbert's statement that she didn't want to "ace out our own private enterprises in town" and that is the basis for me writing this letter to you today.

My new vessel, the *Island Cat*, is a 38-foot-long Catamaran. It features twin offshore outboards, a landing craft bow for ease of loading and unloading, an onboard bathroom, and a catamaran hull for a smooth, stable, and safe ride. It is USCG inspected and certified to carry maximum of 21 people and gear, and can safely operate in all but the most extreme weather conditions in our surrounding waters. It cannot haul vehicles, aside from single-person ATVs.

If Wrangell and Petersburg are interested in subsidizing an inter-island ferry system, then Muddy Water Adventures is up to the task! My vessel operates at approximately a 1/3 of the proposed cost of the existing inter-island ferry, requires no additional infrastructure to load and unload passengers, and can accomplish the same route in a fraction of the time. I can provide timely and reliable transportation services year-round to Coffman Cove, Whale Pass, Wrangell, and Petersburg (either Banana Point or North Harbor), on a bi-weekly, weekly, bi-monthly, or monthly schedule; whatever the Assemblies feel is necessary for their constituent's needs.

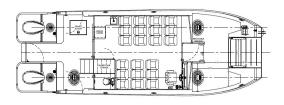
The following is more detailed specs on the vessel. It meets or exceeds all current USCG safety requirements for its class.

The Island Cat is currently in Wrangell and is in service as a water taxi and tour vessel. It is a high-speed catamaran, built specifically for SE Alaska's rapidly changing sea conditions and the current need for passenger transportation.

Side View

Overhead Cutaway





Front View-Hull



Construction Features:

- Dual-hull catamaran
 - -2 Deep-V hulls connected by a central superstructure and cabin
 - -Superior ride and performance in rough water
- Landing Craft Bow
 - -Hydraulic ramp on the bow, for easily walking in and out of the vessel during beach landings
- Fully enclosed, heated cabin with seating for 21 passengers
- Dual 425hp offshore outboard engines
- Searchlights
 - -Dual 1000watt sodium searchlights for night or poor-weather visibility
- Built-in Generator
 - -Power for searchlights and other power requirements on board
- Bathroom on board with hot hand-washing water
- Galley with sink, microwave, coffee pot, and running hot water
- Partially covered back deck and spacious cabin, for dry luggage storage

Safety Features:

- 6 separate flotation chambers, 3 in each hull
- 25 passenger life raft
- PFDs for all passengers
 - -Passengers are given a safety briefing before departure, explaining the location of all emergency gear, and evacuation procedures
- EPIRB on board (automatic rescue beacon)
- Dual VHF radios

- -1 with marine channels, 1 with Wrangell Fire Department channels
- InReach satellite communicator
 - -Tracking pings sent to home-base whenever vessel is in operation
 - -2-way text communications worldwide
 - -Pre-programmed SOS message to all officers of the Wrangell Volunteer Fire Department. Includes SOS message, and GPS location in real-time
- Fully stocked emergency medical kit
- Crew is all CPR and/or EMT certified
- Captain has 25+ years local boating experience, 11 years commercial captain experience

Capabilities:

The Island Cat will be available for year-round water taxis out of Wrangell, in all but the most extreme weather conditions, and is certified for night operations. This vessel one-of-a-kind in the local charter fleet, and will offer a far smoother, stable, faster, and overall superior ride than any other vessel currently available.

I am the captain/owner of Muddy Water Adventures, was born and raised in Wrangell, and have spent my life on the water as a private boat owner, commercial fisherman, and commercial operator; both at my own and several other charter companies in town. I am an EMT-2 and Lieutenant on the Wrangell Volunteer Fire Department, and hold a 100-Ton Master USCG license, Reference #3217735. I am also the manager and head driver of Taylor Transportation, the local school bus company. I am the "son" in John Taylor & Sons; who serviced Wrangell and Petersburg's automatic fire sprinklers for many years. I am a combat veteran of the US Army, after a 6-year enlistment from 2004-2010.

If you have any additional questions about the vessel or crew, or would like to discuss a contract for full-time service, please do not hesitate to contact me by phone or email!

Thank you for your consideration,

Zach Taylor Owner/Operator Muddy Water Adventures 907-305-0206 muddywaterak@gmail.com Just wanted to provide some constituent input to the Interisland Ferry Authority topic.

I am completely opposed to any borough support for the return of the IFA: I don't believe there are any reasons to believe that a system that wasn't self-sustaining while the economy was good has any potential to survive when the economy is poor. No reason to flush borough money down a toilet that has already failed once.

If the borough feels like they need to support inter island transportation, focus on the locals who have stepped up and run transportation services to places like Coffman Cove and Petersburg over the last several years.

Despite a former Governor backing the project, please don't spend any effort thinking about it. Just my thoughts.

thanks

Bruce McQueen

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

			DATE:	11-22-2022		
	<u>AGENDA ITEM TITLE:</u>		<u>Agenda</u>	6		
			<u>Section</u>	U		
RESOLUTI	ON No. 11-22-1730 OF THE ASSEMB	LY OF THE	CITY AND BO	ROUGH OF WRANGELL,		
	MENDING THE ASSESSMENT VALUE F			•		
LOT A PRE	SBYTERIAN RESERVE REPLAT SUBDIV	ISION, DUE	TO A MANIFE	ST CLERICAL ERROR		
SUBMITT	ED BY:	FISCAL NOTE:				
		Expenditure Required:				
N. (17:11	Ti. Di.	FY 20:	FY 22:	FY23:		
Mason Villa	arma, Finance Director			_		
		Amount Budgeted:				
			\$			
Dovrigues	/Annuarala/Dagammandations	Account	Number(s):			
Reviews/Approvals/Recommendations						
	Commission, Board or Committee	Account	Name(s):			
Name(s)						
Name(s)		Unencur	nhered Ralan	nce(s) (prior to		

ATTACHMENTS: 1. Resolution No. 11-22-1730

This item is being considered under the Consent Agenda. Matters listed under the consent agenda are considered to be routine and will be enacted by one motion and vote. There will be no separate discussion on these items. If the Mayor, and Assembly Member, the Manager or Clerk requests discussion and/or consideration on an item under the Consent Agenda, that item will be removed from the Consent Agenda and will be considered under Unfinished Business.

expenditure):

\$XXXXXXX

RECOMMENDATION MOTION (Consent Agenda Item):

Move to approve RES 11-22-1730.

Attorney

Insurance

SUMMARY STATEMENT:

The City and Borough of Wrangell contracts with the Appraisal Company of Alaska to complete our annual real property assessments and updates our tax tables. Our Finance Department also assists with this process. There are times when errors do occur.

Most simple errors are found and resolved before assessments are printed and mailed, and otherwise property owners also have a chance to appeal to the board of equalization to resolve errors they believe might have been made on their assessments.

For Calendar Year 2021 (FY22 Property Taxes), the board of equalization met on May 10, 2021 and property taxes were due on Friday October 15, 2021. The Presbyterian Church brought to the attention of the staff in the Finance Department that they should have received no taxable value for a nonprofit religious organizations' real property. After internally auditing property tax revenue for the FY22 audit, the Finance Department determined that the Presbyterian Church should have been exempt from real property tax. Such an amendment to the property tax roll is allowable as the books and records are not closed for FY22 until final approval and issuance of the audit. The approval of this Resolution will correct the error.

This type of mistake is considered a "manifest clerical error," meaning the error is both significant in misstating the intended value as well as clerical, meaning a typographical error entering the data. Alaska Statutes Chapter 29.45 on Municipal Taxation provides for assemblies to be able to correct manifest clerical errors at any time.

It should be noted that other types of errors, such as a valuation made on incomplete or incorrect information regarding, say, the condition of a property, would not constitute a manifest clerical error and thus would not be reversible beyond the normal appeal process to the board of equalization.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION No. 11-21-1730

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE ASSESSMENT VALUE FOR TAX YEAR 2021 FOR PRESBYTERIAN CHURCH LOT A PRESBYTERIAN RESERVE REPLAT SUBDIVISION DUE TO A MANIFEST CLERICAL ERROR

WHEREAS, The Presbyterian Church is the owner of record for Lot A Presbyterian Reserve Replat Subdivision Wrangell, Alaska; and

WHEREAS, the 2021 Assessed Value was placed incorrectly when a subdivision occurred in 2020 and the exemption was removed altogether; and

WHEREAS, The Presbyterian Church did not receive the Nonprofit Exemption for tax year 2021, and should have; and

WHEREAS, the assessed value for tax year 2021 was \$277,600; and

WHEREAS, the correct assessed value for tax year 2021 should have been \$0; and

WHEREAS, the Borough Assembly approved Resolution No. 06-21-1589 on June 8, 2021 to levy general tax for school and municipal purposes upon all taxable property for the 2021 tax year, and

WHEREAS, the General Tax Revenue Fund for Fiscal Year 2022 is reduced by \$3,964.12 to correct the error; and

WHEREAS, Alaska Statute 29.45.500 (c) allows a governing body to correct manifest clerical errors to the assessment roll at any time; and

WHEREAS, this is a proactive measure prior to the FY22 audit to ensure that property tax revenue is correctly stated prior to the books and records being closed and the audit being issued.

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

- Section 1. That the manifest clerical error be corrected so that the real property, owned by The Presbyterian Church, Lot A Presbyterian Reserve Replat Subdivision, to reflect the correct assessment value of _____\$0___.
 - Section 2. This resolution shall become effective upon its passage and adoption.

Item a.

ADOPTED: November 22, 2022	
	Patricia Gilbert, Borough Mayor
ATTEST:	
Kim Lane, Borough Clerk	

Minutes of Regular Assembly Meeting Held on November 08, 2022

Mayor Patricia Gilbert called the Regular Assembly meeting to order at 7:00 p.m., November 8, 2022, in the Borough Assembly Chambers. Assembly Member Howe led the pledge of allegiance, and the roll was called.

PRESENT - DALRYMPLE, GILBERT, HOWE, DEBORD, POWELL, MORRISON

ABSENT - ROBBINS

Borough Manager Jeff Good and Clerk Lane were also present.

Sylvia Ettefagh submitted emailed correspondence on the Channel Construction short-term lease at the Mill Site location.

Sage Smiley, resident spoke regarding the emergency action planning; requested that the borough assembly and staff integrate and formalize the local public radio station into the emergency action planning; local public radio station needs to be an integral part in emergency planning.

AMENDMENTS TO THE AGENDA

Dalrymple requested to move Item 6a (Res 11-22-1727 Economic Development Director job description) from the Consent Agenda to the Unfinished Business. There were no objections from the Assembly.

Good requested that Item 13a (Ord 1033 on the sale of the WMC) be removed from the agenda. There were no objections from the Assembly.

CONFLICT OF INTEREST

Gilbert stated that she may have a perceived conflict of interest to Item 11a (Warfel request to purchase property) since she had dinner with Mr. Warfel's sister, no discussions regarding this item or about Mr. Warfel. Vice-Mayor Powell stated that he did not see that Gilbert had a conflict. There were no objections from the Assembly.

CONSENT AGENDA

- **6a RESOLUTION No. 11-22-1727** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE ECONOMIC DEVELOPMENT AND PLANNING AND ZONING DIRECTOR JOB DESCRIPTION (this item was removed from the Consent Agenda and placed under Unfinished Business for consideration)
- 6b Minutes from the October 25, 2022 Regular Assembly Meeting
- 6c Renewal Notice for City Market Liquor Package Store License #237
- 6d Renewal Application for Rayme's Bar (Beverage Dispensary)
- 6e Renewal Application for Rayme's Liquor Store (Package Store)
- 6f CORRESPONDENCE: School Board Minutes from the August 15, 2022 Regular Meeting
- 6g CORRESPONDENCE: School Board Minutes from the September 19, 2022 Regular Meeting

M/S: Morrison/Powell to approve the Consent Agenda, as amended. Motion approved unanimously by polled vote.

BOROUGH MANAGER'S REPORT

Manager Good's report was provided along with the following report updates.

- ECOMOMIC DEVELOPMENT REPORT / UPDATES
- INFRASTRUCTURE REPORTS / UPDATES
- FINANCIAL REPORT / UPDATES

BOROUGH CLERK'S REPORT

Clerk Lane's Report was provided.

MAYOR AND ASSEMBLY BUSINESS

Dalrymple reported on the Cabin EA (Environmental Assessment) project that the Forest Service has put out a public comment document; commenting will continue until the end of November; Dalrymple stated that the Forest Service has come up with proposed action, identified a total of nine cabins.

DeBord stated that he would like to add an agenda item to discuss the borough investments; DeBord recognized Finance Director Villarma and his forethought in investing borough funds.

Gilbert reported on the partnership with WCA; moving forward to benefit the community.

MAYOR AND ASSEMBLY APPOINTMENTS

10a SEAPA Board Appointments for CY 2023 (1 voting member & 1 alternate member)

Mayor Gilbert appointed Jeff Good to fill the voting member roll and Mark Walker to fill the alternate member role on the SEAPA Board. There were no objections from the Assembly.

10b Board, Committee, and Commission Appointments

Mayor Gilbert appointed Marc Lutz to fill the Parks & Recreation Board Seat. There were no objections from the Assembly.

PUBLIC HEARING

11a Request by Frank Warfel Jr. to purchase Lots 36-38, Block 13, Wrangell Townsite

Vice-Mayor Gilbert called to order the Public Hearing on this item and asked for an administrative report.

Good explained that this was for three lots behind Mr. Wrafel's property; currently no public access; there are questions on getting access to the additional lots; concerns on possible engineering landslide issues.

Gilbert asked Ms. Sargent to speak on this item since she signed up to be heard on this item.

Joan Sargent, resident spoke in opposition to the direct sale of these properties and asked that they instead be listed for sale to the public; stated that there was a public easement between the proposed lots and Mr. Warfel's lots and therefore were not adjacent to Mr. Warfel's existing property.

Mr. Warfel, resident stated that yes, there is an easement between the lots and his existing property; the area however is rock and extremely steep; recognizes that there is a housing shortage; want to invest in these lots for future development for family; not opposed to a public bid.

Gilbert asked if there were any other persons who wished to speak on this item; hearing none, Gilbert closed the Public Hearing and asked for a motion on this item.

M/S: Howe/DeBord to approve contracting with an engineering firm to provide development options for access, storm water, and utility service to all 14 lots on Cassiar Street.

Dalrymple stated that he was confused on the motion since it did not directly address Mr. Warfel's request.

Good explained that the engineering was being requested to see if it was even possible to gain access; would look at the possibility of building a road to access all 14 of the lots.

Powell stated that these lots had been sitting for several years without any city interest in putting a road in for access; city needs to focus on the other properties that have been identified for development; we cannot even afford to put in a road at the Institute Property so why would we take on putting a road in at this location; Mr. Warfel did everything right; no protests were received by the Clerk; anyone can come to the city and request to purchase city land.

Motion failed with Powell and Morrison voting yes; Dalrymple, DeBord, Howe, and Gilbert voted no.

M/S: Powell/Howe to sell the three lots to Frank Warfel Jr.

DeBord stated that he was concerned with not puttying these lots out for public auction.

Approved with Dalrymple, Powell, Morrison, Howe, and Gilbert voting yes; DeBord voted no.

UNFINISHED BUSINESS

6a RESOLUTION No. 11-22-1727 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE ECONOMIC DEVELOPMENT AND PLANNING AND ZONING DIRECTOR JOB DESCRIPTION (this item was removed from the Consent Agenda and placed under Unfinished Business for consideration)

M/S: Powell/Morrison to approve Resolution No. 11-22-1727. Motion approved unanimously by polled vote.

NEW BUSINESS

13a This item was removed from the Agenda under Amendments to the Agenda.

ORDINANCE No. 1033 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE SALE OF PUBLIC LAND IN CONFORMANCE WITH WRANGELL MUNICIPAL CODE CHAPTER 16.12, SPECIFICALLY, LOT A, BLOCK 54, WMC REPLAT, PLAT 2016-6, WRANGELL RECORDING DISTRICT, AND REPEALING RESOLUTION NO. 04-22-1690

13b RESOLUTION No. 11-22-1726 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2023 BUDGET BY TRANSFERRING \$220,000 FROM THE INDUSTRIAL CONSTRUCTION FUND RESERVES TO THE INDUSTRIAL CONSTRUCTION CIP FUND FOR THE 5^{TH} AND 6^{TH} AVENUES ROADWAY CONSTRUCTION PROJECT AND AUTHORIZING ITS EXPENDITURE

M/S: Powell/Morrison to approve Resolution No. 11-22-1726. Motion approved unanimously by polled vote.

13c Approval to allow Brough Manager to finalize a short-term lease of Borough-Owned property to Channel Construction Inc., on a portion of the 6-Mile-Deep Water Industrial site for continued scrap metal recycling and barge dismantling

M/S: Powell/Howe to Approve allowing Brough Manager to finalize a short term lease of Borough-Owned property to Channel Construction Inc., on a portion of the 6-Mile-Deep Water Industrial site for continued scrap metal recycling and barge dismantling.

Good explained that this would be a short-term four-month term; worked with the borough attorney on the lease.

Motion approved unanimously by polled vote.

13d Approval to Reschedule the Regularly Scheduled Assembly Meeting from December 13, 2022 to December 20, 2022

M/S: Powell/Morrison to approve rescheduling the regular meeting of December 13, 2022, to December 20, 2022. Motion approved unanimously by polled vote.

13e Approval of a Memorandum of Agreement between City and Borough of Wrangell and the Wrangell Public School District

M/S: Powell/Morrison to approve the Memorandum of Agreement between the City and Borough of Wrangell and the Wrangell Public School District. Motion approved unanimously by polled vote.

13f Approval of a Memorandum of Understanding between Wrangell Cooperative Association and City and Borough of Wrangell

M/S: Powell/Howe to approve the Memorandum of Agreement between the City and Borough of Wrangell and the Wrangell Cooperative Association.

Esther Ashton, Tribal Administrator with Wrangell Cooperative Association stated that they were looking to renewing the MOA with the City with just a couple of amendments.

Motion approved unanimously by polled vote.

ATTORNEY'S FILE - Available for Assembly review in the Borough Clerk's office.

EXECUTIVE SESSION - None.

	meetii				

	Patricia Gilbert, Borough Mayor
ATTEST: Kim Lane, MMC, Borough Clerk	

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

	<u>DATE:</u>	November 22, 2022		
<u>AGENDA ITEM TITLE:</u>	<u>Agenda</u> <u>Section</u>	6		

Final plat approval of Trust Land Survey 2019-03, aka Woodbury Subdivision, a subdivision of Lot 2 of Trust Land Survey 2018-11, aka W-4 Subdivision, creating Lots 2A and 2B, zoned Timber Management, requested by Brett Woodbury, owned by the Alaska Mental Health Land Trust

SUBMITTED BY: Carol Rushmore, Economic Development Director

Reviews/Approvals/Recommendations							
Commission, Board or Committee							
Name(s)	Planning and Zoning Commission						
Name(s)							
	Attorney						
	Insurance						

FISCAL NOTE:									
Expenditu	re Required: \$XX	XX Total							
FY 22: \$	FY 23: \$	FY24: \$							
Amount E	udgeted:								
F	FY23 \$XXX								
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XX	XXXX XXX XXXX								
Account N	ame(s):								
Enter Text Here									
Unencumbered Balance(s) (prior to expenditure):									
\$>	\$XXX								

ATTACHMENTS: 1) Woodbury Subdivision 2) aerial

This item is being considered under the Consent Agenda. Matters listed under the consent agenda are considered to be routine and will be enacted by one motion and vote. There will be no separate discussion on these items. If the Mayor, and Assembly Member, the Manager or Clerk requests discussion and/or consideration on an item under the Consent Agenda, that item will be removed from the Consent Agenda and will be considered under Unfinished Business.

RECOMMENDATION MOTION (Consent Agenda Item):

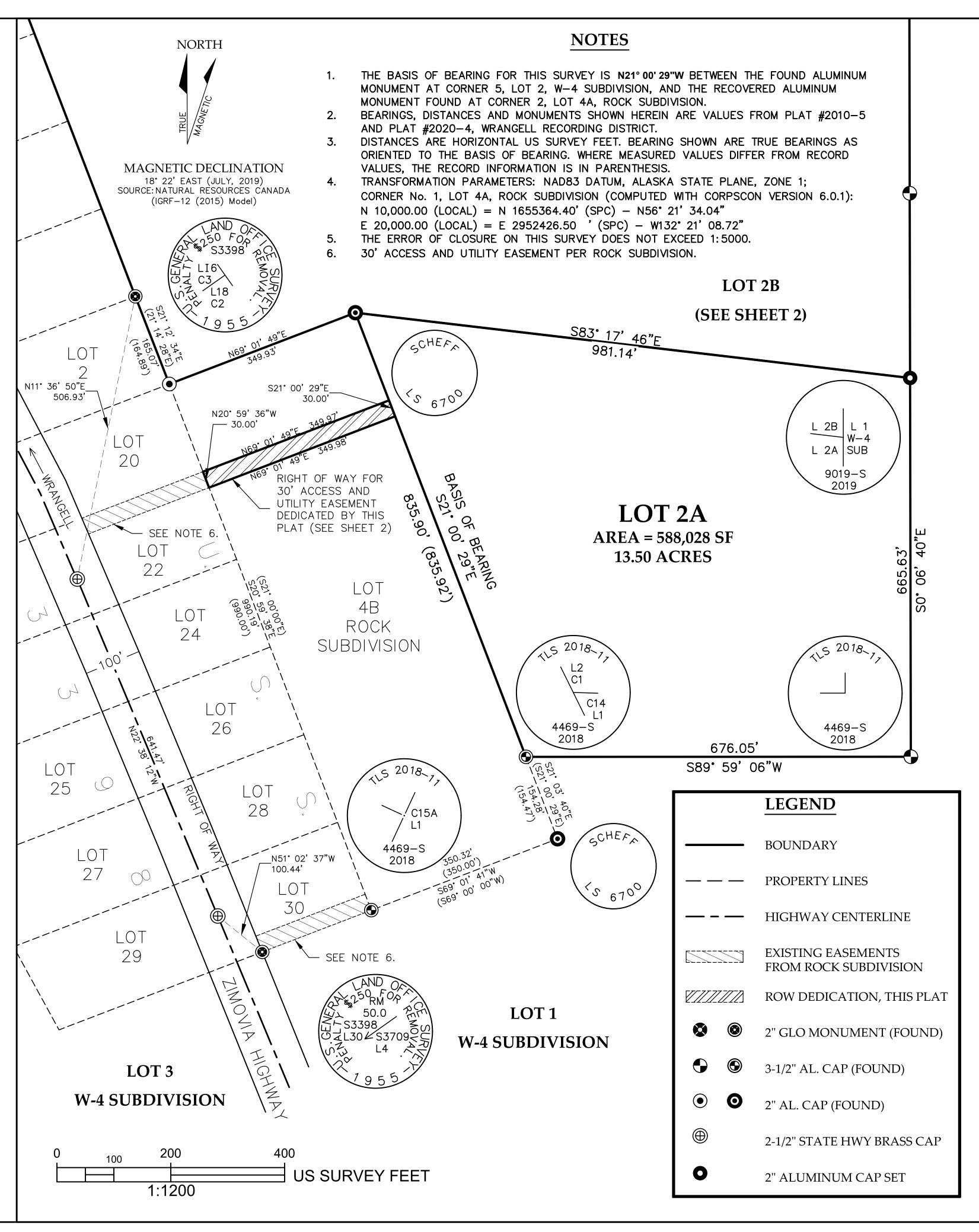
Move to Approve the Woodbury Subdivision

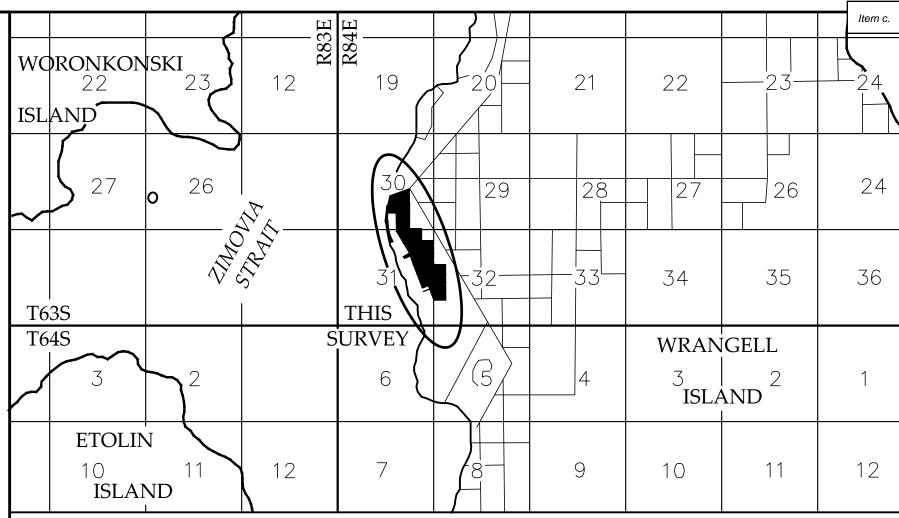
Summary Statement:

Mr. Woodbury is seeking to purchase additional land from the Alaska Mental Health Trust for the purpose of expanding his area of operations for his pit. He has a conditional use permit for the pit operation. This plat began in 2019 and has taken a while to be finalized. There were numerous reiterations back and forth between the Borough, MHT and the surveyor to address the conditions of preliminary plat approval correctly.

ASSESSOR'S CERTIFICATE
STATE OF ALASKA)
)ss FIRST JUDICIAL DISTRICT)
THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED, AND AN ACTING ASSESSOR FOR THE CITY AND BOROUGH OF WRANGELL, ALASKA, HEREBY CERTIFY, THAT ACCORDING TO THE RECORDS IN MY POSSESSION, THE FOLLOWING DESCRIBED PROPERTY IS CARRIED ON THE TAX RECORDS OF THE CITY OF WRANGELL, IN THE NAME OF AND THAT ACCORDING TO THE RECORDS IN MY POSSESSION, ALL TAXES ASSESSED AGAINST SAID LANDS ARE PAID IN FULL; THAT CURRENT TAXES FOR THE YEAR WILL BE DUE ON OR BEFORE AUGUST 15, DATED THIS DAY OF
ASSESSOR, CITY AND BOROUGH OF WRANGELL
CERTIFICATE OF APPROVAL BY THE PLANNING COMMISSION
I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF WRANGELL PLANNING COMMISSION, AND THAT SAID PLAT HAS BEEN APPROVED BY THE COMMISSION DATED, AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT MAGISTRATE, EX-OFFICIO RECORDER, WRANGELL, ALASKA.
DATE
CHAIRMAN, PLANNING COMMISSION
SECRETARY
CERTIFICATE OF APPROVAL BY THE BOROUGH ASSEMBLY I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY AND BOROUGH OF WRANGELL AS RECORDED IN MINUTE BOOK PAGE DATED, AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX-OFFICIO RECORDER, WRANGELL, ALASKA.
WRANGELL, ALASKA.
DATE
MAYOR, CITY AND BOROUGH OF WRANGELL
ATTEST: CITY CLERK
SURVEYOR'S CERTIFICATE
I, GARRITH MCLEAN, IN MY CAPACITY AS A PROFESSIONAL LAND SURVEYOR REGISTERED IN THE STATE OF ALASKA, CERTIFY THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION, THAT THE MONUMENTS SHOWN HEREON EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.
OF ALAS
DATE: * 49 <u>TH</u>

GARRITH D. MCLEAN
#LS 9019





VICINITY MAP

SOURCE - DEPARTMENT OF THE INTERIOR BLM - SPATIAL DATA MANAGEMENT SYSTEM SCALE: 1" = 1 MILE

CERTIFICATE OF OWNERSHIP AND DEDICATION

I, JUSDI WARNER, THE UNDERSIGNED, DO HEREBY CERTIFY THAT I AM THE EXECUTIVE DIRECTOR OF THE ALASKA MENTAL HEALTH TRUST LAND OFFICE, AND ACTING BY AND THROUGH THE STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES, ALASKA MENTAL HEALTH TRUST LAND OFFICE, PURSUANT TO AS 37.14.009, AS 38.05.801, AND 11 AAC 99, AS AGENT TO THE OWNER OF LOT 2 OF TRUST LAND SURVEY 2018-11, W-4 SUBDIVISION, THE ALASKA MENTAL HEALTH TRUST AUTHORITY, A PUBLIC CORPORATION WITHIN THE ALASKA DEPARTMENT OF REVENUE (AS 47.30.011 ET SEQ.). I HEREBY APPROVE TRUST LAND SURVEY NO. 2019-03 FOR THE ALASKA MENTAL HEALTH TRUST AUTHORITY, AND DEDICATE FOR PUBLIC OR PRIVATE USE AS NOTED, ALL EASEMENTS, PUBLIC UTILITY AREAS, AND RIGHTS OF WAY AS SHOWN AND DESCRIBED HEREON. ALASKA MENTAL HEALTH TRUST LAND OFFICE

JUSDI WARNER	DATE
EXECUTIVE DIRECTOR	
ALASKA MENTAL HEALTH TRUST LAND OFFICE	
2600 CORDOVA STREET, SUITE 201	
ANCHORAGE, AK 99503	

NOTARY'S ACKNOWLEDGEMENT

SUBSCRIBED	AND	SWORN	ТО	ME	THIS	DAY	OF	, 2022	
BY									

PERSONALLY APPEARING BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC, AND KNOWN TO ME TO BE THE PERSONS WHOSE NAME ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED THAT THEY EXECUTED THE SAME FOR THE PURPOSES THEREIN CONTAINED.

NOTARY PUBLIC FOR THE STATE OF ALASKA

TRUST LAND SURVEY 2019-03 WOODBURY SUBDIVISION AND DEDICATION OF RIGHT OF WAY

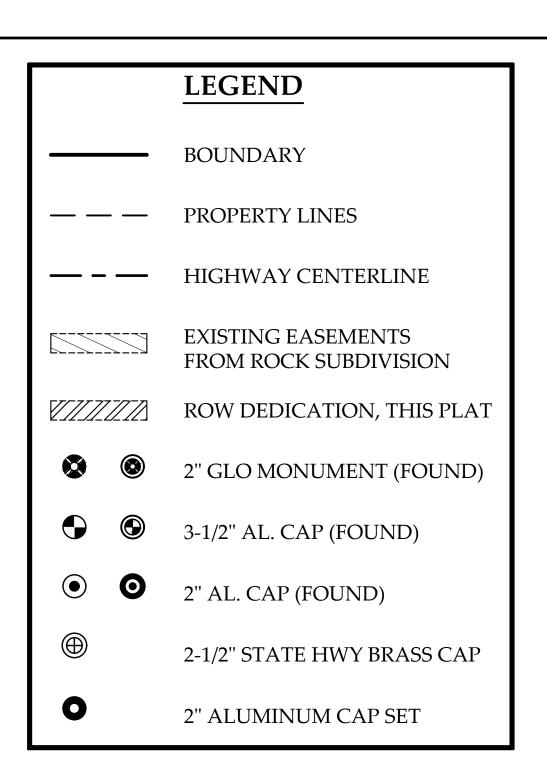
A SUBDIVISION OF LOT 2 OF TRUST LAND SURVEY 2018-11, W-4 SUBDIVISION, WITHIN PROTRACTED SECTIONS 30, 31, AND 32 IN TOWNSHIP 63 SOUTH, RANGE 84 EAST, COPPER RIVER MERIDIAN, ALASKA, CREATING LOT 2A AND LOT 2B, CONTAINING 173.06 ACRES, MORE OR LESS;

AND

A DEDICATION OF A RIGHT OF WAY IN LOT 4B OF TRUST LAND SUVEY 2010-02, ROCK SUBDIVISION, WITHIN PROTRACTED SECTIONS 31 AND 32, TOWNSHIP 63 SOUTH, RANGE 84 EAST, COPPER RIVER MERIDIAN, ALASKA, CONTAINING 0.24 ACRES, MORE OR LESS.

WRANGELL RECORDING DISTRICT, ALASKA.

SHEET 1 OF 2



CERTIFICATE OF OWNERSHIP AND DEDICATION

ACCESS AND UTILITY EASEMENT

I, BRETT WOODBURY, OWNER OF LOT 4B OF TRUST LAND SURVEY 2010-02, ROCK SUBDIVISION, HEREBY DEDICATE A 30.00' WIDE RIGHT OF WAY EASEMENT, AS SHOWN AND DESCRIBED HEREIN, FOR THE PURPOSE OF PROVIDING ACCESS AND UTILITIES TO LOT 2A OF TRUST LAND SURVEY 2019-03, FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH WEST CORNER OF LOT 2A, WOODBURY SUBDIVISION, THE SAME POINT AS THE NORTH EAST CORNER OF LOT 4B, ROCK SUBDIVISION, THENCE PROCEEDING SOUTH 21° 00' 29" EAST, A DISTANCE OF 164.93 FEET ALONG THE BOUNDARY OF SAID SUBDIVISIONS, TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING 30.00 FEET, SOUTH 21° 00' 29" EAST, TO A POINT ON THE BOUNDARY BETWEEN LOT 2A, WOODBURY SUBDIVISION AND LOT 4B, ROCK SUBDIVISION; THENCE PROCEEDING SOUTH 69° 01' 49" WEST, 349.98 FEET TO A POINT COINCIDENT WITH THE EXISTING 30.00 FOOT EASEMENT AT LOT 22, U.S.S No. 3398; THENCE 30.00 FEET, NORTH 20° 59' 36" WEST, TO A POINT COINCIDENT WITH THE EXISTING 30.00 FOOT EASEMENT ON THE BOUNDARY OF LOT 4B, ROCK SUBDIVISION AND LOT 20, U.S.S No. 3398; THENCE NORTH 69° 01' 49" EAST: 349.97' TO THE TRUE POINT OF BEGINNING: SAID EASEMENT CONTAINING 10,499 SQUARE FEET EQUAL TO 0.24

BRETT WOODBURY, OWNER LOT 4B, ROCK SUBDIVISION

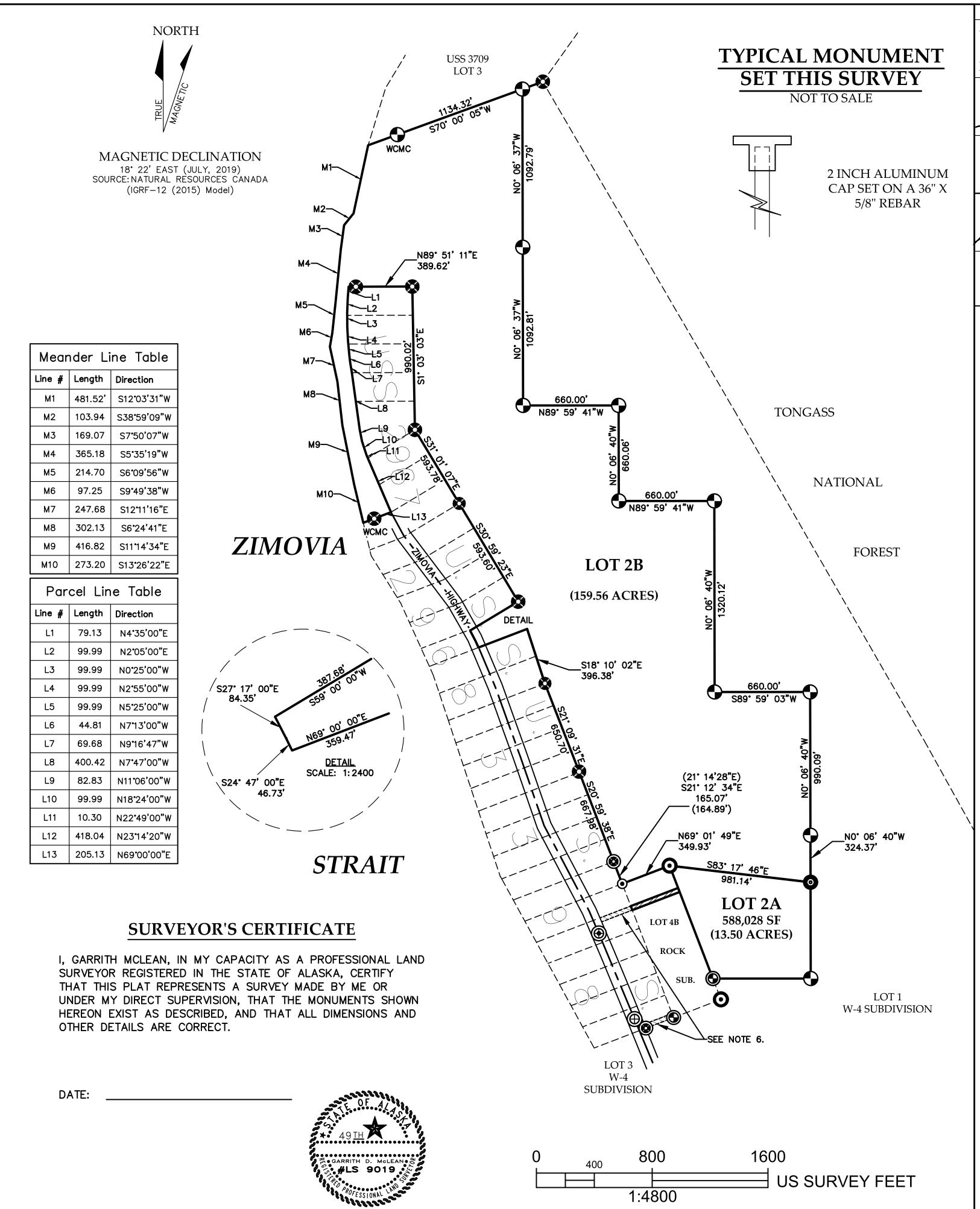
DATE:

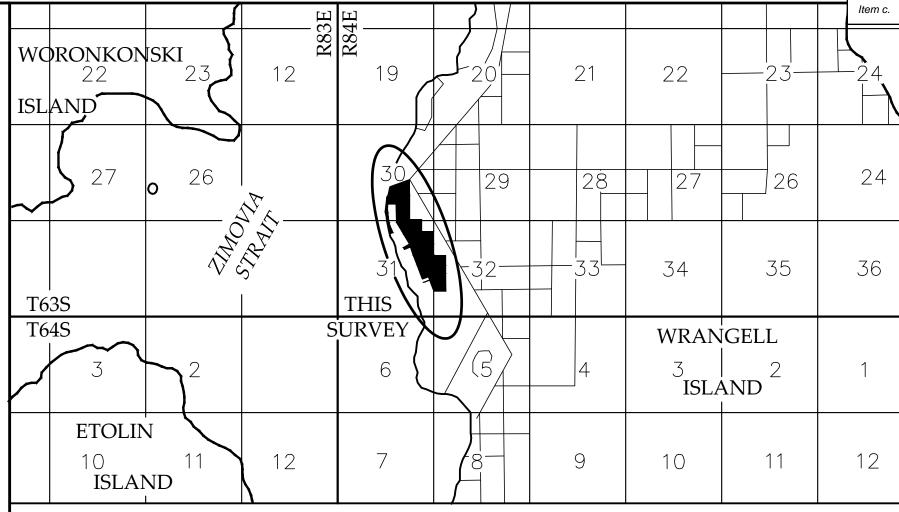
NOTARY'S ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN TO ME THIS __ DAY OF _____

PERSONALLY APPEARING BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC, AND KNOWN TO ME TO BE THE PERSONS WHOSE NAME ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED THAT THEY EXECUTED THE SAME FOR THE PURPOSES THEREIN CONTAINED.

NOTARY PUBLIC FOR THE STATE OF ALASKA





VICINITY MAP

SOURCE - DEPARTMENT OF THE INTERIOR BLM - SPATIAL DATA MANAGEMENT SYSTEM SCALE: 1" = 1 MILE

NOTES

- THE BASIS OF BEARING FOR THIS SURVEY IS N21°00'29"W BETWEEN THE FOUND ALUMINUM MONUMENT AT CORNER 5, LOT 2, W-4 SUBDIVISION, AND THE RECOVERED ALUMINUM MONUMENT FOUND AT CORNER 2, LOT 4A, ROCK SUBDIVISION.
- 2. BEARINGS, DISTANCES AND MONUMENTS SHOWN HEREIN ARE VALUES FROM PLAT #2010-5 AND PLAT #2020-4, WRANGELL RECORDING DISTRICT.
- DISTANCES ARE HORIZONTAL US SURVEY FEET. BEARING SHOWN ARE TRUE BEARINGS AS ORIENTED TO THE BASIS OF BEARING. WHERE MEASURED VALUES DIFFER FROM RECORD VALUES, THE RECORD INFORMATION IS IN PARENTHESIS.
- 4. TRANSFORMATION PARAMETERS: NAD83 DATUM, ALASKA STATE PLANE, ZONE 1;

CORNER No. 1, LOT 4A, ROCK SUBDIVISION.

(COMPUTED WITH CORPSCON VERSION 6.0.1): N 10,000.00 (LOCAL) = N 1655364.40'(SPC)

N = 10,000.00 (LOCAL) = N = 1655364.40 (SPC N = 10,000.00 (SPC

E 20,000.00 (LOCAL) = E 2952426.50' (SPC) W132' 21' 08.72"

- 5. THE ERROR OF CLOSURE ON THIS SURVEY DOES NOT EXCEED
- 6. 30' ACCESS AND UTILITY EASEMENT PER ROCK SUBDIVISION.

TRUST LAND SURVEY 2019-03 WOODBURY SUBDIVISION AND DEDICATION OF RIGHT OF WAY

A SUBDIVISION OF LOT 2 OF TRUST LAND SURVEY 2018-11, W-4 SUBDIVISION, WITHIN PROTRACTED SECTIONS 30, 31, AND 32 IN TOWNSHIP 63 SOUTH, RANGE 84 EAST, COPPER RIVER MERIDIAN, ALASKA, CREATING LOT 2A AND LOT 2B, CONTAINING 173.06 ACRES, MORE OR LESS;

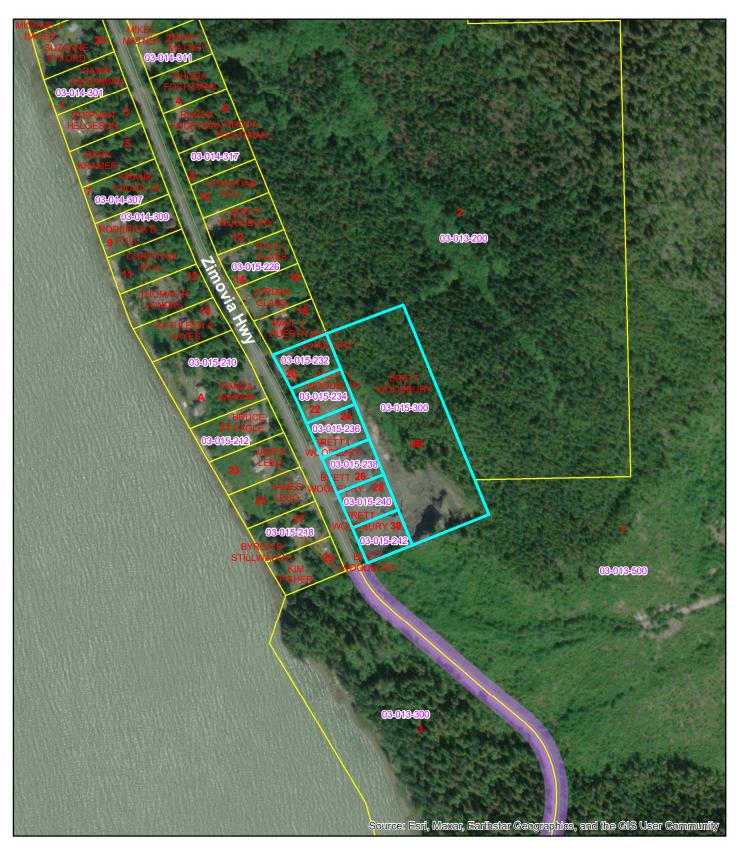
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A DEDICATION OF A RIGHT OF WAY IN LOT 4B OF TRUST LAND SUVEY 2010-02, ROCK SUBDIVISION, WITHIN PROTRACTED SECTIONS 31 AND 32, TOWNSHIP 63 SOUTH, RANGE 84 EAST, COPPER RIVER MERIDIAN, ALASKA, CONTAINING 0.24 ACRES, MORE OR LESS.

WRANGELL RECORDING DISTRICT, ALASKA.

__

CITY AND BOROUGH OF WRANGELL, ALASKA





1, inch = 416.666667 feet 19 | e: 11/14/2022 Public Map



MEMORANDUM

TO: JEFF GOOD, BOROUGH MANAGER

FROM: MS. CAROL RUSHMORE

ECONOMIC DEVELOPMENT DIRECTOR

SUBJECT: ECONOMIC DEVELOPMENT DEPARTMENT REPORT

DATE: NOVEMBER 22, 2022

Updates to the 11/8/22 Report

6 Mile Zimovia Highway Deep Water industrial site: Staff has also been in contact with Chris Mertyl, with Corvus Designs to provide facilitation at the forum regarding future use of the property. The date for the forum is set for Wednesday December 14, 2022. Staff is developing a website to consolidate all information regarding the 6 Mile industrial site. Staff is also preparing an application under a USDOT/HUD Thriving Community grant to assist with the preplanning development aspects of the property, which includes off-site sewer and water upgrades. Staff is also having a discussion with Spruce Roots as another option to provide overall project master planning services.

Old Hospital site: There were some interested individuals that walked the site and were to be in touch with the Borough Manager.

Economic Condition Report: The final economic conditions report of the economy through 2021 is available online at

https://www.wrangell.com/economicdevelopment/economic-conditions-report-2022. This report will allow us to look at the impacts from the pandemic and compare it to prepandemic conditions. A Visitor Industry by the Numbers will be completed next spring once all 2022 numbers have been received.

Below issues/projects are on-going with no additional updates

Alder Top Village Subdivision: (WCA provided historical place name for the area) The Corps of Engineers (COE) finally received the letter of concurrence from the State Historic Preservation Office (SHPO). They are requiring monitoring of the utility and road construction which we were anticipating after our meeting several months ago. The Borough is working with the contractor to develop the "inadvertent discovery plan and monitoring plan". Until more information is provided we don't know if a budget amendment is necessary or not. Once the plan is approved by the COE, the COE will move forward with finalizing the permit, likely by end of winter. At that time, we will also know the cost of the mitigation requirement. A final budget for development will be prepared once the permit is completed, mitigation is known, and needs for final engineering and updated construction costs are in hand.

Alaska DOT Community Transportation Projects/Transportation Alternative Projects (CTP/TAP): Staff completed the Notice of Intent to Apply (NOIA) for six projects:

- Alder Top Village Subdivision Phase I Road Development \$1.5M
- Sidewalk Rehabilitation (Case Avenue and McKinnon Street) \$650K
- Sidewalk Construction (Second Avenue) \$250K
- Commercial Business Road Resurfacing and Improvements (McKinnon, St Michaels, Campbell, Stikine Ave) \$15M
- Residential Roads Resurfacing and Improvements (Third Street, First Avenue, Mission, Second Avenue with sidewalks) \$15M
- Non-Motorized Transportation System, Phase II (Mt Dewey Spur to Evergreen Avenue)
 \$1.2M

This is a two-phase program with the NOIA being the first phase. DOT will determine eligibility of the proposed project. The second phase will require a full project application and identification of the required matching funds (9.03%). Staff have proposed using the latest ARPA grant funds, just under \$300,000, which would serve to match fund up to \$3,000,000 worth of projects. As we start to hear back from DOT next month, a conversation of match for eligible projects will need to start. Final applications and match commitment must be completed by January 2023.

Comprehensive Plan: Staff has been working with various committees on individual chapters of the 2010 Comp Plan to outline issues that need to be addressed in an update. The EDC suggested that with all the economic opportunity the Borough has with the former mill site, the old hospital site and the former Institute Property, that a strong proposal should be submitted to the Assembly to fund a comprehensive plan update. The document serves multiple purposes as a direction for community development, investment, and critical for grant applications as well.

Planning and Zoning Commission: Several new zoning codes have been submitted to the attorney for review prior to moving into a public hearing process. They have also started work on an Accessory Detached Dwelling code that could help with the housing problem. They have plans to complete the remote zoning codes for entitlement lands and update the subdivision code as well.

Wrangell Convention and Visitor Bureau: Has begun work on a Tourism Plan that can identify organizational structure for a staff person and/or department, infrastructure needs for improving tourism opportunities and marketing elements to promote the community.

City and Borough of Wrangell Capital Facilities Department Report November 17, 2022

Capital Improvement Projects - Capital Facilities provides management of capital improvement projects and major maintenance to City and Borough of Wrangell facilities and infrastructure. A total funding in the amount of \$24,677,572 has been received and allocated for capital improvement projects. This includes \$18,733,247 in grant/loan funds and \$5,944,325 in local funding. Significate project updates on certain projects, since the November 1st full project report, are provided below.

Port and Harbor Security System; \$836,910

 The 65% design documents were received in late October. 95% design drawings are expected this week.

Water Treatment Plant Improvements: \$15,186,232

- The 65% cost estimate was received last week. The construction cost, estimated at \$15,323,043, is similar to that estimated at the earlier 35% design level. The cost plus contingency and escalation is estimated at \$19,777,823. Adding the contingency and cost escalation, this estimate reflects about \$1,000,000 less than the 35% estimate. This is due to a standard in estimating whereby as we move forward there is a higher level of confidence in the design so estimating contingency drops, in this project from 20% to 15%. As well, the escalation for inflation dropped by 1% from 9% to 8%. After adding costs for engineering and inspection assistance through the construction phase and considering the approximate \$14,000,000 we have secured to date for the construction phase, we require approximately another \$6,000,000 to make project funding whole.
- EDA has approved the Borough considering the sole bidder in response to our competitive solicitation for the packaged water treatment equipment preselection. The Borough and DOWL have met with the bidder, AWC Water Solutions, and have recommended to the Borough Assembly an award for the shop drawings procurement and of the future equipment supply to AWC. The shop drawings are required to move engineering design forward to the 95% level design and maintain DOWLs schedule.

High School Fire Alarm System Upgrades; \$675,484

• Sitka Electric was unable to submit the required Sam.gov active registration status documentation in a reasonable time. The Borough's legal counsel advised that submission of the document was material to deem Sitka Electric responsive under the terms of the contract. Therefore, the Borough Manager, on November 4th, rejected all bids based on the following. First, Sitka Electric's bid is non-responsive to the material requirement that bidders have a current SAM.gov registration status at the time of the bid opening. This material variance from the bid specifications requires rejection of the bid. Second, the Borough wishes to avoid the appearance of impropriety. The Borough, as well as its officials and employees, have acted in good faith with respect to the bid review for the Project. However, Borough employees have engaged in ex-parte communications with Sitka Electric, the State of Alaska CDBG, and other third parties with respect to Sitka Electric's bid before the contract was formally awarded. The Borough desires to avoid the appearance of impropriety and favoritism toward a bidder that may result if it awards the

contract to Sitka Electric despite its non-responsiveness to the material requirement of a current SAM.gov registration.

For these reasons, the Borough Manager exercised his discretion to reject all bids submitted for the Project. The Borough intends to issue a new invitation to bid for the Project as soon as is practicable, anticipated to be before Thanksgiving.

Recreation Center & Pool HVAC and DDC Upgrades; \$806,712

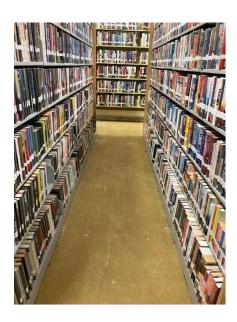
• Engineering design is nearing completion and the bid documents are being compiled for release for construction bidding.

Swimming Pool Exterior Siding Improvements; \$175,000

Staff worked with the architect to revise the scope to fit the \$175,000 grant funding available for
this project. We have reached a satisfactory fee proposal, by eliminating the school portion of
the earlier scope, as well as revising certain pool building related tasks earlier assumed by the
architect. Those include eliminating one section of EPDM flat roof replacement, metal gutter
work, and a modified siding replacement/painting schedule/scope. Further discussions with
Northwind confirm they can complete this work by the end of winter for spring 2023 construction
bidding.

Library Carpet Replacement; \$46,500

Demolition of the carpet began this week and installation of the new flooring materials will begin
as the area is prepared to receive them. Capital Facilities' maintenance staff has primary provided
for the demolition. Smitty's Carpet will be providing the install. Below are a few photos of the
on-going demolition work:





Upper Dam Stability and Repairs Alternative Analysis; \$150,212

• Last week staff met with the engineer to review initial sample data results. With the testing results in hand, they can now complete their data analysis and summary of findings. Once this is complete, the report will receive an internal QC review before it is submitted to the Borough, anticipated in the next couple of weeks.

Projects in Planning/Funding Sourcing Phase

A formal Notice of Intent to Apply was submitted to the Alaska Department of Transportation's
Community Transportation Program (CTP) and Transportation Alternative Program (TAP) and a
couple of meetings with the DOT staff have identified which projects would receive the better
ratings considering the criteria to be used in scoring projects for award. Projects submitted
require a minimum 9.03% match and as well the applicant will be required to provide a 50%
contingency amount of the design and construction costs.

Brief notes on DOT's comments toward each proposed project, along with staff's rough order of magnitude (ROM) costs with associated required match level, are provided below:

Community Transportation Program (CTP)

- Alder Top Village Subdivision Phase I Road Development ROM Cost \$1,800,000, requiring a \$163,000 match (Notes from DOT: new roads do not score as well because they do not have the safety concerns from which to gain additional points)
- Commercial Roads Resurfacing and Improvements (McKinnon, St Michaels, Campbell, Stikine Ave) ROM Cost \$16,000,000, requiring a \$1,450,000 match (Notes from DOT: Commercial district roads with curb and sidewalk may score higher due to safety concerns with mixed transportation modes; ferry terminal connection beneficial)
- Residential Roads Resurfacing and Improvements (Third Street, First Avenue, Mission, Second Avenue with sidewalks) ROM Cost \$16,000,000, requiring a \$1,450,000 match (Notes from DOT: No sidewalks, so likely poor scoring for safety and intermodal connections)

Transportation Alternative Program (TAP)

- Non-Motorized Transportation System, Phase II (Mt Dewey Spur to Evergreen Avenue)
 ROM Cost \$1,300,000, requiring a \$117,000 match (Notes from DOT: This project should score well. It appears to meet ADA with compacted gravel surface; meets the transportation connection and serves to close a gap in pedestrian transportation. Scored the highest. Interpretive signs and cultural signs would be beneficial.)
- Sidewalk Rehabilitation (Case Avenue and McKinnon Street) ROM Cost \$700,000, requiring a \$63,000 match (Notes from DOT: Case Avenue does not have the width, as replaced in kind, to meet ADA requirements; therefore it would not be eligible. The existing sidewalk is at the edge of the right of way; therefore, widening it would require right of way acquisition, a length process, which would like place the project beyond the term of this grant program)
- Second Avenue Sidewalk (New) Construction (Second Avenue) ROM Cost \$255,000, requiring a \$23,000 match (Notes from DOT: School connection is meritorious. New facilities do better under the TAP program as opposed to new facilities under the CTP program)



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

Office of the Finance Director

P.O. Box 531 Wrangell, AK 99929 907-874-2381 907-660-7414

FINANCE DIRECTOR'S REPORT

TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY CITY AND BOROUGH OF WRANGELL, ALASKA

FROM: MASON VILLARMA, FINANCE DIRECTOR

SUBJECT: FINANCE DEPARTMENT UPDATE

DATE: NOVEMBER 22, 2022

FY 2021 AUDIT STATUS:

- Joy Merriner, BDO Audit Partner, delivered the FY21 audit results to the Assembly at the 11/15/22 work session. At the meeting, Mrs. Merriner highlighted the Borough's FY21 audit findings and reviewed key components of the financial statements. The following summarizes significant talking points from the meeting:
 - The FY21 audit was a time-consuming effort that encompassed a comprehensive review of the Borough's financial statements that amended many errors from FY21 as well as prior fiscal years. The effort was a demonstration of a strong partnership between the Finance Department and BDO to tackle complex accounting errors that have plagued the Borough for years. The books and records are now at par with the auditors and the Borough can move forward to confidently rely on the financials for decision making.
 - Findings related to internal control deficiencies will not be resolved without comprehensive and robust review by a controller or an equally competent professional.
 - o ADEC loans are the best source of financing to build or perform major maintenance on water and sewer infrastructure.

- Depreciation and cash flows are two key factors in reassessing user fees, enterprise fund rates, and taxes. Many enterprise funds have completely depreciated most of their assets. This means a couple things:
 - The Borough has not historically charged sufficient user fees to absorb the cost of replacing assets vital to enterprise fund operations as there is simply not enough in reserves to replace assets that have reached or surpassed their useful life.
 - That said, the Borough must commit to the following in order to keep the enterprise funds financially sustainable:
 - Comprehensive rate revaluation and reserve modeling should be conducted in a robust fashion on an annual basis.
 - Construction and acquisition of replacement assets must be conducted timely in order to maximize returns on reserve investment.
 - The costs of addressing infrastructure failure would far outweigh the cost of replacement. Said differently, replacement of assets needs to be executed strategically and needs to be prioritized based on the most pressing needs.

FY 2022 AUDIT STATUS:

- BDO staff members travelled to the Borough on Monday, November 15th and audited the Borough's FY22 books and records. The week was a tremendous success and the Borough plans to maintain the following schedule in order to file the audit timely:
 - o November 18th: All audit support provided to auditors
 - December 12th 14th: Finance Director works out of BDO office to answer remaining questions and book GASB 87 entries (related to leases)
 - o <u>December 23rd:</u> First Draft of Financials by Christmas
 - o <u>January 31st:</u> File audit no later than end of January

INVESTMENT COMMITTEE AND TREASURY:

- The Investment Committee had their first meeting on November 16th. The Committee covered their goals and talked about the following items:
 - o Setting a floor on the WF checking of \$1M and a ceiling of \$3M. Excess reserves are to be invested in U.S treasury notes or AMLIP.

- o Move CDs that were previously restricted to AMLIP.
- Borough could finance properties for those wishing to purchase property from the Borough.
- o Premiums should be charged to individuals or organizations that are approved to purchase Borough owned property.
- Undeveloped property could potentially be charged a higher mill rate to incentivize development.
- o Properties with a tax bill less than \$100 could be rounded up to a floor tax bill set at \$100.
- Transfers from the WF checking and unrestricted CDs to AMLIP is estimated to bring in an additional \$112,500 on an annual basis. This combined with last month's purchase of \$10M in treasury notes will generate approximately \$562,500 in investment income (on an annual basis) that otherwise wouldn't have been earned. This estimate is conservative and could be materially higher if treasury yields continue to rise as a result of Chairman Powell's persistence in hiking rates to combat inflation. Treasury yields as of 11/17/2022 are shown below:

Treasury Yields

NAME	COUPON	PRICE	YIELD	1 MONTH	1 YEAR
GB3:GOV 3 Month	0.00	4.08	4.17%	+46	+418
GB6:GOV 6 Month	0.00	4.38	4.54%	+25	+453
GB12:GOV 12 Month	0.00	4.41	4.61%	+19	+451
GT2:GOV 2 Year	4.38	99.86	4.45%	+1	+395
GT5:GOV 5 Year	4.13	100.85	3.93%	-29	+271
GT10:GOV 10 Year	4.13	102.97	3.77%	-24	+218
GT30:GOV 30 Year	4.00	102.28	3.87%	-15	+190

• ITEMS UPCOMING:

- Next report will include all our capital assets for enterprise funds and the book value of those assets.
- o December 20th Issuance of FY 2021 Audit
- o December 20th Controller job description and corresponding budget amendment
- December 20th Property and Sales Tax Clerk job description amended to include administrative assistance to the Economic Development Director
- December 20th AMLIP resolution to transfer treasury note earnings to AMLIP automatically.

	Item c.
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o December 20 th – Port Interfund Loan Repayment Resolution	
28	

CITY & BOROUGH OF WRANGELL, ALASKA

BOROUGH CLERK'S REPORT

SUBMITTED BY: Kim Lane, Borough Clerk

Upcoming Meetings & Other Informational dates:

Other City Boards/Commissions:

December 7 – Parks & Recreation Board mtg. at 5:30 pm in the Assembly Chambers **December 8** – Planning & Zoning Commission mtg. at 5:30 pm in the Assembly Chambers

Community Events:

Nov 28 - Jan 8 - Annual Winter Pool Maintenance Closure (Swimming Pool Closed)

Meetings and Other events of the Borough Assembly:

November 28 - Special Borough Assembly Meeting at 12:00 PM in the Assembly Chambers

December 20 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

January 10 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

January 24 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

February 14 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

February 28 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

March 14 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

March 28 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

May 9 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

May 9 - Regular Borough Assembly Meeting at 6:00 PM in the Assembly Chambers

Upcoming Meetings

Please note that the Assembly has a Special Assembly meeting scheduled for Monday, November 28th at NOON. There is only one agenda item on that meeting.

Also, please remember that the December meeting was rescheduled from December 13th to December 20th.

Post-Election Training

Our Borough Attorney, Max Holmquist, JDO Law came to Wrangell for the purpose of meeting with the Assembly and doing the annual OMA training for all City boards, commissions, committee, and the assembly. If anyone wants the PowerPoint handout, please let me know!

Clerk Traveling

I will be out of town from November 28th through December 10th for vacation. My vacation will not impact the upcoming assembly meeting in any way. We do have a Special Assembly meeting at noon on that day however, I will be on the afternoon jet so I will be there.

Website

Carol Rushmore, Cyni Crary, and I have been working with CivicPlus (current website provider) on a new Website! We are very excited to get this going. It's not a quick process but we are making progress. A couple of items to note is to make the website more user friendly and make it more aesthetically pleasing to the user.

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

		DATE:	November 22, 2022	
AGENDA ITEM TITLE:		Agenda Section	10	
oard, Committee, and Commission Appointmen	its			
UBMITTED BY:				
Kim Lane, Borough Clerk				
ppointments are to be made by the Ma or the following vacancies: Board/Committee/Commission	yoi, with		interest Received from:	
Planning & Zoning Commission (1 vacancy) Until October 2024		1. Joan Sargent		
Economic Development Committee (1 vacancy) Until October 2023		1. None.		
Investment Committee (1 avail Community Member)		4		
		1. None.		

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If there are seats that are left vacant (no letters received), the Borough Clerk will advertise for the vacancies.

Appointments to be filled by the Mayor with the consent of the assembly for the various seats.

Recomm	nended	Acti	ion if not d	approved with the consent of the Assembly:	
Motion:	Move	to	appoint	to fill the vacancy on th for the term up until October	е

Joan Sargent Item a.

Dear Kim,

As per our conversation last night, I am applying for the position on the Planning and Zoning Commission. I have been attending the meetings over the past few months and the process and work of the commission has sparked an interest and desire to be a part.

Because of other time consuming community commitments on the Parks and Rec Advisory Board, the Wrangell representative on the Women in Safe Home and animal safety and control, I am resigning my position on the Economic Development Advisory Board.

Thank you for all you do for our community, Joan Sargent

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

	<u>DATE:</u>	November 22, 2022
AGENDA ITEM TITLE:	Agenda Section	12

RESOLUTION No. 11-22-1729 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE CONVEYANCE OF LOT 36, LOT 37, AND LOT 38, WRANGELL TOWNSITE, LOCATED ON A STREET AND CASSIAR, TO FRANK WARFEL, JR. FOR A TOTAL COMBINED FAIR MARKET COST OF \$33,000

COMBINE	FAIR MARKET COST OF \$33,000			
SUBMITTED BY:		FISCAL NO		yy m . 1
Jeff Good, I	Borough Manager and staff	FY 20: \$	FY 21: \$	FY22: \$
		Amount Budgeted: FY20 \$XXX Account Number(s):		
Reviews/Approvals/Recommendations		XXXXX XXX XXXX		
	Commission, Board or Committee	Account Na	ıme(s):	
Name(s)	Planning and Zoning Commission	Enter Text Here		
Name(s)		Unencumb	ered Balance(s)) (prior to
	Attorney	expenditure):		
	Insurance	\$XX	X	

ATTACHMENTS: 1. Resolution No. 11-22-1729. 2. Appraisal 3. Map of Area

RECOMMENDATION MOTION:

Move to approve Resolution No. 11-22-1729.

SUMMARY STATEMENT:

At the November 8, 2022 Assembly Meeting, the Borough Assembly held a Public Hearing on the Request to purchase Lots 36-38, located on A Street and Cassiar by Frank Warfel Jr.

The Assembly, at that same meeting, approved moving forward with the sale of the three lots to Mr. Warfel.

WMC 16.12.040 requires a Public Hearing and also to publish the request to purchase the property in the newspaper three times. All requirements were met and there were no protests received.

The resolution reflects the fair market value of the three lots combined at \$33,000 and approves the conveyance of the three lots to Mr. Warfel.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION No. <u>11-22-1729</u>

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE CONVEYANCE OF LOT 36, LOT 37, AND LOT 38, WRANGELL TOWNSITE, LOCATED ON A STREET AND CASSIAR, TO FRANK WARFEL, JR. FOR A TOTAL COMBINED FAIR MARKET COST OF \$33,000

WHEREAS, at the meeting held November 8, 2022, the Borough Assembly held a Public Hearing; 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, at the November 8, 2022 meeting, the Assembly approved selling Lots 36 – 38 to Frank Warfel Jr.; and

WHEREAS, an appraisal was completed on November 2022 for Lot 36 (7000 sq. ft), Lot 37 (7000 sq. ft.), and Lot 38 (9931.7 sq. ft) and the total fair market value was determined to be \$33,000; and

WHEREAS, the Borough Assembly is approving the sale of the above described parcels to Frank Warfel Jr., P.O. Box 1512, Wrangell, Alaska 99929, for the total amount of \$33,000 plus fees; and

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

Section 1. The Mayor and Borough Clerk are authorized to execute a quit claim deed to Frank Warfel Jr. to convey the following public lands when payment in full of \$33,000 plus fees are received:

Lot 36 (7000 square feet), Lot 37 (7000 square feet), and Lot 38 (9931.7 square feet), Block 13, Wrangell Townsite, Wrangell Recording District.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 22nd DAY OF NOVEMBER 2022.

& BOROUGH OF WRANGELL
cia Gilbert, Borough Mayor

Kim Lane, MMC, Borough Clerk

Eilo No :	Main F	ile No.	<u> </u>	Item a.
File No.: ate: Ak	Zip Cod	a. 000		
site	Zip Gou	ь. <u>99</u> 5	129	
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Special Ass				
Census Tra	ici. 00	03.00)	
Tenant		year		per month bitable
Retrospec	tive	Pr	ospec	tive
K 99503 and Use	Cha	nge in	Land	Hee
	Not Li	nige in kelv	Lanu	USE
	Likely		In	Process *
% *	To: sin	gle fa	mily	
	Resider	ntial D	evel	opment_
30 %				
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Good Avera	ge <u>Fai</u>	r	Poor	N/A
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ne south. F	iomes	n the	area	avary

LAND APPRAISAL REPORT	L	AND	APPR	AISAL	REPO	ORT
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	Property Address: NHN Cassiar Street City: Wrangell State: Ak Zip Code: 99929
	County: City and Borough of Wrangell Legal Description: lots 36,37 and 38 Block 13 Wrangell Townsite
	Only and Boroagn of Wildingon Post Technology To Wildingon Townside
l۲	Assessor's Parcel #: 02-003-319,321,323
띮	Market Area Name: City of Wrangell, Alaska Map Reference: Plat 39-3 Census Tract: 0003.00
똅	Current Owner of Record: City and Borough of Wrangell Borrower (if applicable): N/A
SUBJECT	Project Type (if applicable): PUD De Minimis PUD Other (describe) HOA: \$ per year per month
	Are there any existing improvements to the property? No Yes If Yes, indicate current occupancy: Owner Tenant Vacant Not habitable
	If Yes, give a brief description:
Н	The purpose of this appraisal is to develop an opinion of: Market Value (as defined), or other type of value (describe)
l.	Property Rights Appraised: Fee Simple Leasehold Leased Fee Other (describe)
ΙZ	Intended Use: To assist the Borough in a possible sale.
ᄬ	
١Ž	
١ŝ	Intended User(s) (by name or type): City and Borough of Wrangell
ASSIGNMENT	Oity and Bollough of vyrangen
ا∢	
	Client: City and Borough of Wrangell Address: P.O. Box 531 Wrangell, Alaska 99929
	Appraiser: Michael C. Renfro Address: 341 W Tudor Rd Ste 202, Anchorage, AK 99503
	Characteristics Predominant One-Unit Housing Present Land Use Change in Land Use
	Location: Urban Suburban Rural Occupancy PRICE AGE One-Unit 70 % Not Likely
	Built up: ☐ Over 75% ☐ 25-75% ☐ Under 25% ☐ Owner ☐ \$(000) (yrs) ☐ 2-4 Unit ☐ Likely * ☐ In Process
	Property values: Increasing Stable Declining Vacant (0-5%) 500 High 75+ Comm'l Residential Developmen
	Demand/supply: Shortage In Balance Over Supply Vacant (>5%) 175 Pred 50 vacant 30 %
	Marketing time: ☐ Under 3 Mos. ☐ 3-6 Mos. ☐ Over 6 Mos. ☐ Warketing time: ☐ Under 3 Mos. ☐ 3-6 Mos. ☐ Over 6 Mos. ☐ Ver 6
	Factors Affecting Marketability
	l <u>Item</u> Good Average Fair Poor N/A <u>Item</u> Good Average Fair Poor N/A
	Employment Stability Adequacy of Utilities Scotland
	Convenience to Employment Property Compatibility
	Convenience to Shopping
lح	Convenience to Schools Police and Fire Protection
<u>N</u>	Adequacy of Public Transportation
	Recreational Facilities Appeal to Market
	Market Area Comments: The subject neighborhood is located to the north of the central business district of downtown Wrangell along
AREA DESCRIP	Evergreen Avenue. This area is developed with single family dwellings on various sized lots, with and without good views of Zimovia Strait.
삠	The State Airport is located north of the subject and the State Ferry Terminal is located a short distance to the south. Homes in the area vary
⋖	in age from will over 50 years to newer homes on the waterfront below Evergreen Avenue.
	The subject lots are located on the dedicated, but undeveloped Cassiar Street. The closest access would be from Evergreen Avenue,
I₹	
MARKET	however, that access is also undeveloped and would require substantial excavation as the terrain is steep and the dedicated access is
之	narrow.
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AND APPRAISAL REPORT

Main File No.	14	// // 4-4
		Item a.

L	<u>AND APP</u>	<u>'RAISAL I</u>	<u>KEPOKI</u>			F	ile No.:	
		lots 36 & 37 140 x 7		8		Site Area:	23,93	Sq.Ft.
	Zoning Classification:	single family resident	tial .		Description: Single	Family Resid	ential	
			D				□ V □ N- □ N	I. I
	Uses allowed under current	t zoning: Cinalo fa	•	iprovements comply	with existing zoning requir	ements?	Yes No No	lo Improvements
	OSES allowed under current	Single is	amily development					
	Are CC&Rs applicable?	Yes No 🖂 U	nknown Have the doc	uments been review	red? Yes No	Ground Rent (if applicable) \$	/
	Comments:					,	,	
	Highest & Best Use as imp	roved: 🔀 Present use	e, or Other use (ex	plain)				
	Actual Use as of Effective [Us	se as appraised in this repo	t: vacant		
	Summary of Highest & Bes	st Use: The subject	t as vacant, the high	nest and best u	se is to hold for futur	e speculation	or sale.	
Z O	Utilities Public O	ther Provider/Descripti	on Off site Impresses	manta Tuno	Public Priva	oto Frontogo		
	Utilities Public Of Electricity	_ '	<u> </u>			te Frontage Topography	no frontage, on ur	naevelopea st
쿲	Gas	On Evergreen A	<u>ve</u> Street <u>und</u> Width	developed		Size	steep hillside 23932 sq ft	
DESCRIPT	Water 🖂	On Evergreen A				Shape	rectangular	
	Sanitary Sewer	On Evergreen A		ne		Drainage	appears adequate	<u> </u>
SITE	Storm Sewer	none	Sidewalk no			View	good	
တ	Telephone 🖂	On Evergreen A				j 		
	Multimedia 🖂 [On Evergreen A		ne				
	Other site elements:	Inside Lot Corner		Underground Util	ities Other (describe	e)		
	FEMA Spec'l Flood Hazard		FEMA Flood Zone C		1A Map # 0200980008			15/1982
		site is three contiguo						
		d. Utilities are all loca				et away fro the	closest lot. Terrain	for all of
	the lots is steep with	mature tree cover.	No value is assigne	d to the standir	ng trees.			
	FEATURE	SUBJECT PROPERTY	COMPARABL	E NO. 1	COMPARABLE	NO. 2	COMPARABL	E NO. 3
	Address NHN Cassiar		111 Graves St		NHN Evergreen Ave		909A Evergreen Av	
	Wrangell, AK	99929	Wrangell, AK 9992	9	Wrangell, AK 99929)	Wrangell, AK 9992	9
	Proximity to Subject		3.16 miles SE		0.10 miles NE		0.44 miles NE	
	Sale Price	\$	\$	40,000		175,000		75,000
돐	Price/ Sq.Ft. Data Source(s)	\$	\$ 2.66		\$ 2.32		\$ 7.23	
APPROACH	Verification Source(s)		AKMLS195969		AKMLS2013557		AKMLS2017144	
2	VALUE ADJUSTMENT	DESCRIPTION	Recorders office DESCRIPTION	. () C Adjust	City Records DESCRIPTION	. () © Adiust	City Records DESCRIPTION	. () © Adjust
퉏	Sales or Financing	DESCRIPTION		+ (-) \$ Adjust		+ (-) \$ Adjust		+ (-) \$ Adjust
	Concessions		Cash none		active listing none		active listing none	
<u>8</u>	Date of Sale/Time		01/22/2021	+4 000	listing 661 DOM	-52 500	listing 729 DOM	-22,500
Ă	Rights Appraised	Fee Simple	Fee Simple	1,000	Fee Simple	02,000	Fee Simple	22,000
Ĕ	Location	good	average		good		Local	
COMPARISON	Site Area (in Sq.Ft.)	23,932	15,010	+8,400	75,291	-85,800		+11,000
ES	access	undeveloped street	1 '		undeveloped street		good	-30,000
SALES	utilities	none to site	none to site		none to site		adjacent to site	adj above
(C)	view	good	average +		local		local	
		<u> </u>						
	Net Adjustment (Total, in \$)	+ - \$	-3,600		-138,300		-41,500
	Adjusted Oals Division (% 6)		Net 9.0 %	00.400	Net 79.0 %	00.700	Net 55.3 %	00 500
	usted Sale Price (in \$)		Gross 71.0 %\$	36,400	Gross 79.0 %\$	36,700	Gross 84.7 %\$	33,500

	Main File No. F	" O -f 1
AND APPRAISAL REPORT	Fil. M.	Item a.

_	AND ALLIVAIDAL			File No.:
	Summary of Sales Comparison Approach T	here are no sales of sites simila	r to the subject, that is without actua	l improved access and all utilities.
I	There are several listing with similar top		•	•
၁	Comparables 3 and 4 have been on the	<u> </u>	comparable 2 has frontage on Everg	roop Avenue and all utilities to the
õ	-	-	<u> </u>	
PR	site. Comparable 4 only has platted ac			
APPROA	adjustment for the lack of improved acc	ess and utilities is approximate	ly a negative 40%. Adjustment for e	ktra long listing time is estimated
Ž	at minus 40% of the list price. Other ad	iustments for time are 2% per v	ear prior to 2022 and 1/2 percent pe	month for 2022. The adjustment
SOI	for size is estimated at a percent of the			
SIS	loi size is estimated at a percent of the	difference in the list of sale pric	e.	
COMPARI				
AP.				
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ES	-			
SALI				
ŝ				
	My research did did not reveal any prior	sales or transfers of the subject property	for the three years prior to the effective date of t	nis appraisal.
	Data Source(s):		•	
ORY		actuals of calc/transfer history and/or any	surrent agreement of calciliating:	
	-	nalysis of sale/transfer history and/or any c	current agreement or sale/listing.	
ISI	Date:			
王	Price:			
ER	Source(s):			
	2nd Prior Subject Sale/Transfer			
NSI				
RA	Date:			
F	Price:			
	Source(s):			
	PROJECT INFORMATION FOR PUDs (if applicable	e) The Subject is part of a P	lanned Unit Development.	
	Legal Name of Project:	<u> </u>		
Ω				
2	Describe common elements and recreational facilities	ð:		
	Indicated Value by: Sales Comparison Approach	ı \$		
			n final analysis, comparable five sets	the very upper limit to value and
_		agir lour a giveri equal weigiit ii	i ililai aliaiysis, comparable live sets	the very upper limit to value and
<u>0</u>	is weighted the least.			
ΑT				
CILIA	This appraisal is made 🖂 "as is", or 🗌 su	bject to the following conditions:	s inspected prior to November 14, 2	022
\overline{c}				
Š				
EC	This report is also subject to other Hypoth	netical Conditions and/or Extraordinary	Assumptions as specified in the attached a	uddenda.
2	Based upon an inspection of the subject	-		
	my (our) Opinion of the Market Value (o	r other enecified value type) as	defined herein of the real property t	hat is the subject of this report is:
		as of: Novem	ber 14,2022 , which	ch is the effective date of this appraisal.
	If indicated above, this Opinion of Value is		and/or Extraordinary Assumptions includ	ed in this report. See attached addenda.
-	A true and complete copy of this report cont			
픗				
Ä	properly understood without reference to the in			· · · · · · · · · · · · · · · · · · ·
ATT	Limiting condo./Certifications 🔲 Narrativ	ve Addendum 🔀 Location I	Map(s)	Additional Sales
4	☐ Photo Addenda ☐ Parcel	Map Hypotheti	cal Conditions Extraordinary Assu	mptions
	Client Contact: Kim Lane, Borough Clerk		ent Name: City and Borough of Wr	
	E-Mail: clerk@wrangell.com	Address:	P.O. Box 531 Wrangell, Alaska 99	••
	,	Addiess.		
	APPRAISER ()(/)(/)		SUPERVISORY APPRAISER (if re-	quired)
	1 mily	. ~	or CO-APPRAISER (if applicable)	
		~		
) ()			
S	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		Supervisory or	
٦E	Appraiser Name: Michael C. Renfro		Co-Appraiser Name:	
5	Company: Appraisal Company of Alaska	a II C	Company:	
A	l		Phone:	Fax:
S		ax: <u>907-563-1368</u>		
S	E-Mail: office@appraisalalaska.com		E-Mail:	
	Date of Report (Signature): <u>11/15/2022</u>		Date of Report (Signature):	
	License or Certification #: 114	State: AK	License or Certification #:	State:
	Designation:		Designation:	
	l* 	2/30/2023	Expiration Date of License or Certification:	
		6/30/2023	l '	I Did Net Income
		Did Not Inspect (Desktop)	Inspection of Subject: Did Inspec	t Did Not Inspect
	Date of Inspection: November 14 2022		Date of Inspection:	

Α	ADDITIONAL COMPARABLE SALES File No.:											
	FEATURE	SUBJECT PROPERTY	COMPARABLE NO. 4			COMPARABLE NO. 5					MPARABLE N	10. 6
	Address NHN Cassiar	St			Near Dump	NHN Etc						
	Wrangell, AK		Wrangell,		•	Wrangel		929				
	Proximity to Subject		0.51 miles			0.98 mile						
	Sale Price	\$		5	20,000			\$	67,000		\$	
	Price/ Sq.Ft.	\$	\$	4.00		\$	3.44			\$		
	Data Source(s)		AKMLS20			Recorde						
	Verification Source(s)		City Reco			City Rec						
	VALUE ADJUSTMENT	DESCRIPTION	DESCR		+(-) \$ Adjust		CRIPTION	+(-) \$ Adjust	DESCRIF	PTION	+(-) \$ Adjust
	Sales or Financing		active listi	na		contract			, . ,			
	Concessions		none	J		none						
	Date of Sale/Time		listing 729	DOM	-6.000	01/2021			+4,700			
	Rights Appraised	Fee Simple	Fee Simpl			Fee Sim	ple		•			
	Location	good	Average			good						
	Site Area (in Sq.Ft.)	23,932	5,000		+11,200	19,456			+8,000			
	access	undeveloped street		ed stre		good			-26,800			
	utilities	none to site	none to si			adjacent	to site	а	ıdj above			
	view	good	local			local						
	Net Adjustment (Total, in \$)	⊠ +	<u> </u>	5,200)	⊠ -	\$	-14,100	_ + [\$	•
			Net	26.0 %		Net	21.0 %			Net	%	
	Adjusted Sale Price (in \$)		Gross	86.0 %	25,200	Gross	59.0 %	\$	52,900	Gross	% \$	
	Summary of Sales Compar	ison Approach										
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COMPARISON APPROACH												
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Main File No.

Assumptions	&	Limiting	Conditions

Main File No.	_ F	# F -£ 44
		Item a.

File No :

	<u> </u>		
Property Address: NHN Cassiar Street	City: Wrangell	State: Ak	Zip Code: 99929
Client: City and Borough of Wrangell	Address:		
Appraiser: Michael C. Renfro	Address:		

STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser may have provided a plat and/or parcel map in the appraisal report to assist the reader in visualizing the lot size, shape, and/or orientation. The appraiser has not made a survey of the subject property.
- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.
- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements

applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.

- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database. Possession of this report or any copy thereof does not carry with it the right of publication.
- Forecasts of effective demand for the highest and best use or the best fitting and most appropriate use were based on the best available data concerning the market and are subject to conditions of economic uncertainty about the future.

efinitions	& Sc	ope	of	Work
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Main File No.	F	" C -f 11
		Item a.

File No.:

Property Address: NHN Cassiar Street	City: WrangeII	State: Ak	Zip Code: 99929
Client: City and Borough of Wrangell	Address:		
Appraiser: Michael C. Renfro	Address:		

DEFINITION OF MARKET VALUE *:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. Buyer and seller are typically motivated;
- 2. Both parties are well informed or well advised and acting in what they consider their own best interests;
- 3. A reasonable time is allowed for exposure in the open market;
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- * This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

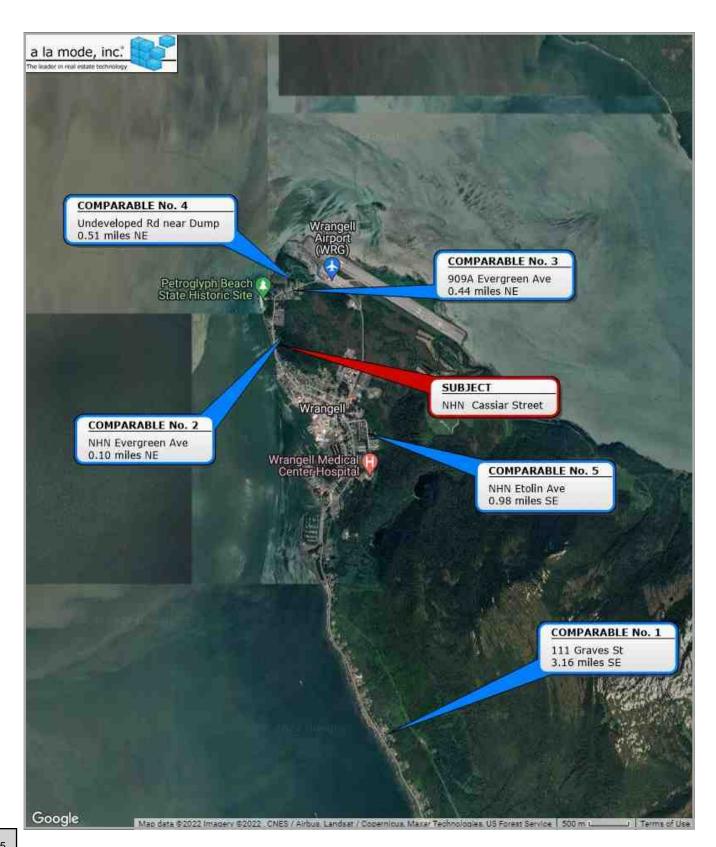
Additional Comments (Scope of Work, Extraordinary Assumptions, Hypothetical Conditions, etc.):

Item a.



Location Map

Borrower	N/A					
Property Address	NHN Cassiar Street					
City	Wrangell	County City and Borough of Wrangell	State Ak	Zip Code	99929	
Lender/Client						



Item a.





LIA Administrators & Insurance Services

APPRAISAL, VALUATION AND PROPERTY SERVICES PROFESSIONAL LIABILITY INSURANCE POLICY

DECLARATIONS

Aspen Specialty Insurance Company

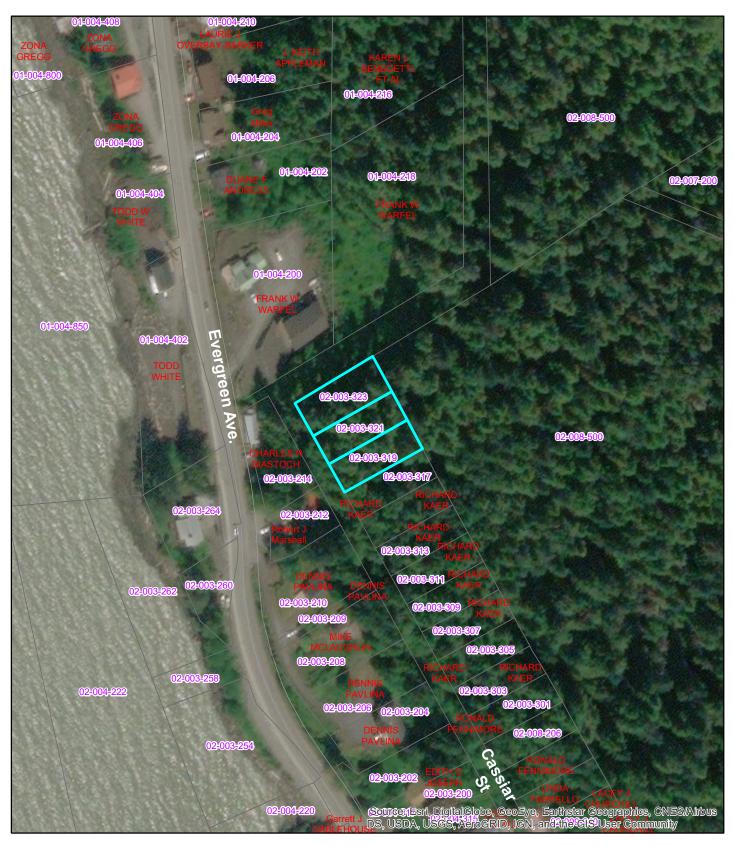
(Referred to below as the "Company") 590 Madison Avenue, 7th Floor New York, NY 10022 877-245-3510

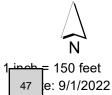
8/22/2022	ASI001654-08	ASI001654-07
C LAIMS THAT ARE FIRST MADE TO THE COMPANY IN WRITING THIS POLICY, OR DURING THI	S NO LATER THAN SIXTY (60) DAY E extended reporting perioi HE retroactive date and be	O LIABILITY FOR ONLY THOSE THE POLICY PERIOD AND THEN REPORTED AS AFTER EXPIRATION OR TERMINATION OF D, IF APPLICABLE, FOR A WRONGFUL ACT FORE THE END OF THE POLICY PERIOD.
 Customer ID: 147453 Named Insured: APPRAISAL COMPANY OF A Michael C. Renfro 341 W. Tudor Rd. Ste. 202 Anchorage, AK 99503 	LASKA, LLC T	ALASKA SURPLUS LINES NOTICE THIS IS EVIDENCE OF INSURANCE PROCURED AND DEVELOPED UNDER THE ALASKA URPLUS LINES LAW, AS 21.34. IT IS NOT COVERED BY THE ALASKA INSURANCE SUARANTY ASSOCIATION ACT, AS 21.80.
 Policy Period: From: 08/17, 12:01 A.M. Standard Time at the 	address stated in 1 above	Robert C. Wiley .icense No.0005345 .O. Box 1319 Santa Barbara, CA 93102
3. Deductible: \$1000	•	'el: (800) 334-0652
4. Retroactive Date: 08/17/1	999	
5. Inception Date: 08/17/2	015	
•	,000,000 Each Claim ,000,000 Aggregate	
Pre-Claim Assistance: \$3 Disciplinary Proceeding: \$3	,000 Supplemental Payment Coverage ,000 Supplemental Payment Coverage ,500 Supplemental Payment Coverage rr day Supplemental Payment Coverage	
7. Covered Professional Services	(as defined in the Policy and/or by Endorser	nent):
Real Estate Appraisal and V Residential Property: Commercial Property	Y : Y	es X No Ces
During Appraisal Ins Right of Way Agent and Rel Machinery and Equipment V Personal Property Appraisal	ocation: Y 'aluation: Y Y	es X No (If "yes", added by endorsement) es No X es No X If "yes", added by endorsement)
Real Estate Sales/Brokerage	Y	es No X (If "yes", added by endorsement)

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CITY AND BOROUGH OF WRANGELL, ALASKA

Item a.





Public Map



CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

	DATE:	November 22, 2022
AGENDA ITEM TITLE:	Agenda Section	13

ORDINANCE No. 1033 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE SALE OF PUBLIC LAND IN CONFORMANCE WITH WRANGELL MUNICIPAL CODE CHAPTER 16.12, SPECIFICALLY, LOT A, BLOCK 54, WMC REPLAT, PLAT 2016-6, WRANGELL MEDICAL CENTER, WRANGELL RECORDING DISTRICT, AND REPEALING RESOLUTION NO. 04-22-1690

<u>SUBMITT</u>	ED BY:	FISCAL NOTE:				
			Expenditure Required: \$XXX Total			
		FY 20): \$	FY 21: \$	FY22: \$	
Jeff Good, B	orough Manager and staff					
		Amo	Amount Budgeted:			
			FY20 S	XXX		
Reviews/Approvals/Recommendations		Acco	Account Number(s):			
			XXXXX XXX XXXX			
		Account Name(s):				
Name(s)		Enter Text Here				
Name(s)		Unencumbered Balance(s) (prior to expenditure):				
\boxtimes	Attorney					
	Insurance		\$XXX			

ATTACHMENTS: 1. ORD 1033

RECOMMENDATION MOTION:

Move to approve first reading of Ordinance No. 1033 and move to a Second Reading with a Public Hearing to be held on December 20, 2022.

SUMMARY STATEMENT:

In conjunction with JDO Law, the Borough has created the attached non-codified ordinance in order to evidence that we have followed our public process for the sale of the old Wrangell Medical Center (WMC) as well as to list the property with a Realtor for the value of the land.

The Assembly approved Resolution No. 04-22-1690 in April 2022 to follow the surplus process to sell the land and structure for the full appraised value of \$830,000. The listing was advertised on the Public Surplus site for well over 30 days. After the 30-days, the property and structure were listed over-the-counter where the eligible bidder of \$830,000 would be the perspective buyer. We have received no inquiries or offers as of the original date of the listing on Public Surplus.

This Non-codified Ordinance will repeal Resolution No. 04-22-1690 and enact the procedures and processes that are outlined in the Non-codified Ordinance. The Borough shall issue an RFP for commercial realty firms who are interested in being engaged to list the Old WMC property.

In addition, the property will be listed for the property's appraised land value of \$470,000. The Borough in its discretion may entertain offers less than the listing price, but such an offer shall be justified for the purposes of economic development. We believe that listing for the land-value of the WMC will elicit serious buyers for the property.

CITY AND BOROUGH OF WRANGELL, ALASKA

ORDINANCE NO. 1033

A NON-CODE ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE SALE OF PUBLIC LAND IN CONFORMANCE WITH WRANGELL MUNICIPAL CODE CHAPTER 16.12, SPECIFICALLY, LOT A, BLOCK 54, WMC REPLAT, PLAT 2016-6, WRANGELL RECORDING DISTRICT, AND REPEALING RESOLUTION NO. 04-22-1690

WHEREAS, the Borough is the owner of the following described real property: Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District and Wrangell Medical Center building (WMC), 310 Bennett Street, Wrangell, AK 99929; and

WHEREAS, the real property on which the WMC sits is approximately 84,988 square feet (1.95 acres); and

WHEREAS, the Borough Assembly has determined it is in the public interest for the Borough to divest itself of the property and the WMC building; and

WHEREAS, the appropriate pre-sale work including a Hazardous Materials Assessment and an Appraisal have been completed; and

WHEREAS, pursuant to Resolution 04-22-1690, the Borough Assembly approved listing the WMC on the Public Surplus site for the Borough; and

WHEREAS, the WMC has been listed on the Public Surplus site for well over the 30-day period required by Resolution 04-22-1690 and has since remained for sale, over-the-counter under Wrangell Municipal Code 16.12.105 and the Borough has not received any inquires or offers: and

WHEREAS, in order to generate interest among prospective purchasers of the WMC property, the Borough Assembly desires to lower its listing price to \$470,000, which is the appraised value of the land only; and

WHEREAS, the Borough has incurred significant costs to maintain and provide utilities to the WMC and the Borough Assembly has determined that lowering the listing price accords with the public's interest to sell the WMC property quickly to avoid incurring further maintenance and utility costs; and

WHEREAS, the Borough Assembly desires to sell said property by advertising with a commercial reality firm that will be selected through a Request for Proposals ("RFP") selection process.

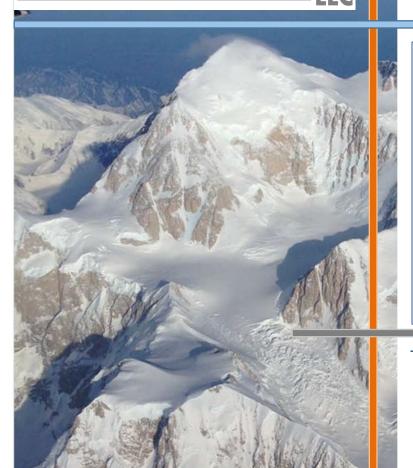
NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

- <u>Section 1.</u> **AUTHORIZATION.** This is a non-code temporary ordinance allowed by Section 2-13(A) of the Home Rule Charter of the City and Borough of Wrangell, Alaska.
- <u>Section 2.</u> **REPEAL.** Resolution No. 04-22-1690 is hereby repealed as the property failed to sell under the public auction or over the counter, and as such, all terms or conditions of the sale of the Old Wrangell Medical Center shall be in accord with Sections 3 through 5 below.
- <u>Section 3.</u> **AUTHORIZATION TO SELL PROPERTY.** The Borough Assembly authorizes the Borough Manager to sell Borough-owned real property Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District using the procedures described in Sections 3-4 below.
- <u>SALE PROCEDURES</u>. The Borough Assembly establishes the following procedure for the sale of the Borough-owned real property Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District, and the WMC Building, more commonly known as the "Old Wrangell Medical Center."
 - 1. **Advertising**. The Borough shall issue an RFP for commercial realty firms interested in being engaged to list the WMC property. The selected firm shall list and advertise the WMC property in the way that it determines would generate the maximum interest among prospective purchasers.
 - 2. **Eligibility and Exclusions**. No persons less than eighteen (18) years of age may purchase the property. No person or entity who is delinquent in any property tax, sales tax, utility payment, or other financial obligation with the Borough may purchase the property. The Borough Manager, Borough Clerk, and Economic Development Director are prohibited from purchasing the property in their own name, or in the name of their spouse, dependent child, or solely-owned or family-owned business.
 - 3. **Listing Price**. The listing price for the WMC property shall be set at the property's appraised land value of \$470,000. The Borough in its discretion may entertain offers less than the listing price, but such an offer shall be justified for the purposes of economic development.
 - 4. **Sale Terms**. Terms of the sale shall be negotiated by the Borough Manager. The sale shall be approved by a resolution the Borough Assembly.
 - 5. **Borough Manager Authorized to Administer.** The Borough Manager is authorized to develop whatever administrative procedures, forms and policies are necessary to implement this ordinance.
- <u>Section 5.</u> **PUBLIC NOTICE REQUIRED**. In conformance with Wrangell Municipal Code Section 16.12.040(b) the Borough Clerk shall give notice of the sale by publication of notice in a newspaper of general circulation in the Borough at least 30 days before the date of the sale, and the notice shall be posted within that time in at least three public places in the Borough.
- <u>Section 6.</u> **EFFECTIVE DATES**. This ordinance shall be effective upon adoption and shall sunset on the date the Borough Assembly approves the sale of the WMC property.

Item a.

PASSED IN FIRST READING:	<u>,</u> 2022
PASSED IN SECOND READING:	<u>,</u> 2022
	Patricia Gilbert, Borough Mayor
ATTEST: Kim Lane MMC. Borough Clerk	

RELIANT





Appraisal Assignment of:

Wrangell Medical Center

310 Bennett St. Wrangell, AK 99929

Latitude: 56.471796, Longitude: -132.375866

Reliant Reference Number: 22-0325b

As of: March 26, 2022

Prepared for:

City and Borough of Wrangell



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Email: admin@reliantadvisory.com

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Reliant's goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant's experience positions us for success in each market served.

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- Over \$2.5 billion in valuations performed
- Alaska expertise with national experience
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- 100+ years of combined experience

Quality of Work

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
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- Litigation and arbitration support
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- Property tax consulting and appeals
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Geographic Expertise



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9330 Vanguard Drive, Suite 201 Anchorage, Alaska 99507 Phone: (907) 929-2226 Fax: (907) 929-2260

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Letter of Transmittal

April 21, 2022

Mr. Jeff Good Borough Manager City and Borough of Wrangell PO Box 531 Wrangell, AK 99929

RE: Wrangell Medical Center

310 Bennett St. Wrangell, AK 99929

Dear Mr. Good:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate in its current As Is condition. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is City and Borough of Wrangell. The intended user(s) of the report is the Client, for the intended use of prospective sale purposes. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, as well as the bylaws of the Appraisal Institute.

The property is a 22-bed critical access hospital and long-term care facility that was originally constructed in 1967. There have been subsequent additions and remodeling over the years. The facility is currently closed and will likely remain closed until remodeling or demolition takes place. A complete interior and exterior walk-through of the subject has been made, and photographs taken by Mr. Greg Bucklin, MAI, on March 26, 2022. Mr. Wold did not conduct a walk-through of the property for purposes of this appraisal; however, he is familiar with the property and the neighborhood. Market information and data regarding other similar real estate has been obtained. This data has been analyzed using appropriate techniques and methodologies necessary to develop a credible and reliable estimate of market value.



RE: Wrangell Medical Center

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE

Wrangell Medical Center	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	March 26, 2022
Final Market Value Estimate	\$830,000

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

Kim Wold

Senior Appraiser

Alaska Certified General – No. 52

Kum M. Well

kim@reliantadvisory.com

Certification

The undersigned certify that, to the best of their knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are their personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3. They have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 4. They have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
- 6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this assignment.
- 7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 10. A personal walk-through of the subject property has not been made by Mr. Wold.
- 11. No one provided significant real property appraisal assistance to the persons signing this certification and they are competent and qualified to perform the appraisal assignment.
- 12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
- 13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.

Kim Wold

Alaska Certified General - No. 52

Kum M. Wolk



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Wrangell Medical Center

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Item a.

Assignment-Specific Premises & Special Risk Factors

Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. It is assumed that the subject would be rezoned to Commercial when / if the property is transferred to a private party.

Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

Special Risk Factors

A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset classes of real estate, including the subject.

No special risk factors are present.



Item a.

Assignment Overview

Identity of Property

Name Wrangell Medical Center

The property is a 22-bed critical access hospital and long-term care facility **Brief Description**

> that was originally constructed in 1967. There have been subsequent additions and remodeling over the years. The facility is currently closed and

will likely remain closed until remodeling or demolition takes place.

Address 310 Bennett St.

Wrangell, AK 99929

Geo Coordinates Latitude: 56.471796, Longitude: -132.375866

The subject is located on the easterly side of Bennett St, between First Ave **Physical Location**

and Reid St.

Assessor's Tax Parcel Number(s)¹ 02-131-351

Abbreviated Legal

Description

Lot A, Block 54, WMC Replat, Plat 2018-6, Wrangell Townsite

Survey. (Per Department of Natural Resources Records)

Current Use Commercial Development / Former Hospital

Appraised Use Commercial Development / Former Hospital

Highest and Best

Use

AS VACANT May include development as medical-office, healthcare facility or other

unidentified use once feasibility has been ascertained.

AS IMPROVED Highest and best use as improved is remodeling of the existing

improvements to permit medical related use.

Scope of Assignment

Value Definition(s) The following definition(s) of value is/are utilized in this report:

> MARKET VALUE The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller

(OCC)²

² Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].



¹ Per Tax Assessor Records.



each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby:

- a. the buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and acting in what they consider their own best interests:
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- e. and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other Definitions

Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.

Purpose

To estimate the market value of the real estate in its current As Is condition.

Intended Use

The intended use of the assignment is for prospective sale purposes. It should not be relied upon for any other uses.

Client(s)

City and Borough of Wrangell

Intended User(s)

City and Borough of Wrangell (the Client)

Property Interest Appraised`

This is an appraisal of the real property. Any intangible and personal property is specifically excluded from this valuation.

Property Rights Appraised Fee Simple

Report Presentation

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).

Walk-Through Date March 26, 2022

Effective Date³ March 26, 2022

³ The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date.



Report Date

April 21, 2022

Scope of Work

Overview

Current USPAP requires the appraiser(s) to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem, intended user(s) and intended use.

Limitations to Scope of Work

USPAP permits limitations to the scope of work consistent with the appraisal problem, intended user and intended use. The scope of work has been limited by the General Assumptions & Limiting Conditions, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

Compliance

The analysis and reporting of this assignment are compliant with the following:

- Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The bylaws of the Appraisal Institute.

Special Client Instructions

None

Subject Walk Through

A complete interior and exterior walk-through of the subject has been made, and photographs taken by Mr. Greg Bucklin, MAI, on March 26, 2022. Mr. Wold did not conduct a walk-through of the property for purposes of this appraisal; however, he is familiar with the property and the neighborhood. The scope of this walk-through is presented on the following table.

SCOPE OF WALK THROUGH

Item	Viewed?
Neighborhood	Yes
Subject Exterior	Yes
Subject Interior	Yes
Subject Restrooms	Partial
Subject Roof	No
Subject Mechanical Rooms	Partial
Subject Crawl Spaces or Attics	No
Subject Ceiling Spaces	No

Information Provided to Appraiser for Consideration Primary data was obtained by the appraiser during the property walk-through. Secondary sources of property data include client, borrower, and public records. The scope of work is specific to the information on the subject provided to the appraiser by the client or property contact. A partial list of items provided follows:

- Building sketch
- Plat map
- Environmental study
- Engineering study
- Demolition costs

The following information was not available to the appraiser:

- Three years of historic operating data
- Tax returns
- Architectural plans
- As built
- Building area study
- Title report
- Preliminary commitment for title insurance
- dy
- Construction costs
- Renovation costs
- Recent capital improvements
- Feasibility study
- Market study
- A prior appraisal
- Purchase and sale agreement
- Listing agreement
- Closing documents / settlement statements

Market Analysis

Extensive research on macro and micro economic conditions within the subject's market has been conducted. Extensive research on current market conditions within the subject's sector of the real estate market has been conducted. The Appraisal Institute recognizes two categories of market analysis: inferred and fundamental. Inferred analyses (Level A and B) are basic methods by which future supply and demand conditions are inferred by current and general market conditions (secondary data). In fundamental analyses (Level C and D), general information is supplemented by detailed data to forecast supply and demand, as well as subject-specific absorption and capture (primary data). The market analysis performed in this assignment is based on inferred demand.

Approaches to Value



LAND VALUATION

This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client.

COST APPROACH This approach was developed because it is not typically utilized by buyers and sellers in this market for this type and age of property.

SALES COMPARISON APPROACH

This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client.

INCOME CAPITALIZATION APPROACH This approach was not developed because the subject is not an income producing property and this approach does not reflect typical market behavior for this property type.

Valuation Process

The valuation process may include research and analysis performed as part of a prior assignment, as well as new research performed specifically for this assignment, and included but was not limited to the following:

- 1. The problem or nature of assignment was identified.
- 2. A scope of work was created that lead to credible results that are appropriate for the appraisal problem, intended user and intended use.
- 3. Information necessary to complete the assignment was requested and obtained from the client / property contact.
- 4. An area, city and neighborhood analysis has been performed.
- 5. An analysis of the subject's physical and economic characteristics has been performed.
- 6. Interviews have been performed with property representatives (owners, property managers or leasing agents), tenants, planners, assessors, brokers, investors, developers and other individuals with useful knowledge and insight on the subject.
- 7. Knowledgeable market participants have been interviewed on the market conditions for properties like the subject.
- 8. An examination of current zoning codes affecting the property has been performed.
- 9. The functional utility of the site and/or improvements has been determined.
- 10. A detailed examination of the subject's economic characteristics has been made to determine the property's risk profile and economic potential.
- 11. A highest and best use analysis for the property was performed.



- 12. Extensive research to identify transactions involving similar properties was performed.
- 13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
- 14. The quantity and quality of available data was considered along with the applicability of the methodology used, and a reconciliation was performed to arrive at the final value estimate(s).

Ownership and Sales Information

Current Owner of Record

According to Owner, the appraised interest in the subject is presently owned by City and Borough of Wrangell.

Three Year Transaction History

Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) within the prior three years is required by USPAP and, if applicable, is presented below.

NO RECENT ACTIVITY

No transactions involving the subject within the prior three years are known or have been disclosed. A search of State of Alaska Department of Natural Resource records indicates that the subject has not changed ownership within the last three years.

Competency of Appraiser

The appraisers have previously performed similar assignments and meet the Competency Rule of USPAP. Please refer to the Experience Data presented in the Addendum for further information on the appraiser's background and experience.

Item a.

Area Data

COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage were largely cancelled. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). Through various legislative acts, total COVID-19 stimulus is estimated at \$5.335 trillion dollars.⁴ There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Most market participants believe that the COVID-19 pandemic has ended. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data indicates that there was largely a "V" shaped recession and recovery. At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta and COVID-19 Omicron variants are two such examples, with the first causing additional lockdowns and the second posing a limited health risk without additional lockdowns. That said, the continued expectation is that 2022 will be the year that the economy approaches full recovery.

Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska's economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a "resource" state and contains some of the most abundant reserves of oil, natural gas, coal, gold, silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being "rich". Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska's location, which although

⁴ Peter G. Peterson Foundation, March 15, 2021, https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far





central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, government spending (with State spending being largely dependent on oil), and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the weight continues to be on oil.

While oil production has significantly decreased from their peak in the late 1980s, the price has been volatile, ranging from above \$100/bbl at the beginning of 2014 to a low of \$10/bbl in 2020 at the start of the COVID-19 pandemic. Currently prices are in the range of \$100/bbl, which is well above the average price for the last several years. On another positive note, reserves have recently been increasing. After a 40-year battle, in 2017, the Republican-controlled House and Senate included in tax legislation a provision that would open the 1002 area of ANWR to oil and gas drilling. Since that time up to 10 billion barrels of additional reserves have been identified at three different fields, which could yield several hundred thousand barrels per day. At the same time, political resistance to oil is increasing. Due to global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields. President Joe Biden has unilaterally suspended all oil and gas leases in the ANWR, which is being challenged in court.

The decline in the price of oil in recent years resulted in a decline in State revenues and significant budget shortfalls.⁵ Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts⁶ (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.⁷ Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State has over \$82 billion within the Permanent Fund, nearly \$17 billion of which is within the ERA and so can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019, for example).

⁷ There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.



⁵ According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly \$42 million more, or less, to the state treasury.

⁶ As of December 31, 2021, the State had \$1.09 billion remaining in the CBRF, roughly 10% of the original balance.



The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which has just returned to positive economic growth after a mild three-year recession.

Also buttressing the Alaskan economy is the level of federal spending in the state. For example, in FY 2014, the U.S. government sent a total of \$11.3 billion to Alaska and its residents⁸. This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. While details have not yet been finalized, Alaska is also expected to see a healthy share of recent federal infrastructure dollars over the next few years.

Job gains in the health care industry have been consistent and strong for most of the last decade. In 2020 the health care industry initially lost 500 jobs during the COVID-19, but this loss was offset in 2021 when 900 jobs were added to aid in combating the outbreak.

Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. However, as a result of COVID-19, nearly all cruise ship trips to Alaska were cancelled. For the 2022 forecast, major cruise lines such as Holland America Line, Princess Cruises, Royal Caribbean, Celebrity, and Norwegian Cruise Line, have reported that they plan on returning to Alaska with sailings primarily from Whittier, Seward, Vancouver and Seattle. State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. On a positive note, lodging and car rentals performed at record levels during the pandemic, indicating significant strength in the independent traveler segment of the tourist market.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity. As a result, several processors have discontinued operations, while others have placed their portfolio of Alaska properties on the market for sale. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. In 2021, salmon counts, and pricing were favorable. As the result of more consumers cooking from home to combat the spread of the COVID-19 virus, the industry experienced recovery with rising demand and pricing levels.

Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the

http://www.pewtrusts.org/~/media/assets/2016/03/federal_spending_in_the_states_20052014.pdf, accessed Jan-2017





major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

In summary, the Alaska economy is best described as "mixed" at this time with some lingering softness in the oil industry largely being offset by strength in other areas of the economy.

The most recently available key economic indicators are summarized on the following chart.

Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020	2021
Resources								
Oil Price (Avg. \$/Barrel)	\$97.74	\$52.10	\$43.04	\$54.28	\$71.44	\$65.49	\$41.72	\$70.88
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	544.8	533.6
Oil Value (Billions)	\$19.5	\$9.9	\$8.3	\$10.7	\$14.3	\$13.1	\$8.3	\$13.8
Gold Price (Avg. \$/Ounce)	\$1,184	\$1,061	\$1,152	\$1,303	\$1,283	\$1,517	\$1,734	\$1,829
GDP: Mining (Millions)*	\$14,046	\$7,637	\$6,351	\$8,496	\$9,302	\$8,424	\$4,648	
GDP: Agriculture, Forestry & Fishing (Millions)	\$495	\$461	\$405	\$391	\$407	\$409	\$331	
Salmon & Herring Catch (000s Ibs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	538,383	
Salmon & Herring Exvessel Value (Millions)	\$631	\$502	\$492	\$796	\$592	\$715	\$399	
Tourism								
Cruise Ship Visitors (000s)	968	1,000	1,026	1,090	1,169	1,332	0	
Total Visitors (000s)	1,660	2,067	1,858	1,926	2,026	2,437	427	
Demographics								
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206	752,044
Avg. Household Income	\$85,010	\$88,585	\$91,524	\$93,039	\$96,273	\$96,534	\$97,941	\$99,657
Per Capita Income	\$31,800	\$33,111	\$34,264	\$34,879	\$35,888	\$35,589	\$36,233	\$37,030
Employment								
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%	6.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%	2.8%
Alaska Permanent Fund (PF)								
PF Distribution (\$/Person)	\$1,884	\$2,072	\$1,022	\$1,100	\$1,600	\$1,606	\$992	\$1,114
PF Value (Billions)	\$51.2	\$52.8	\$52.8	\$59.8	\$64.9	\$66.3	\$65.3	65.3
State Budget								
State Budget (Millions) [2014=FY14]								
Revenue	\$10,665	\$9,259	\$7,063	\$6,553	\$6,972	\$10,557	\$9,925	\$9,074
Operating	\$8,569	\$11,610	\$8,520	\$8,078	\$8,039	\$8,748	\$8,504	\$8,868
Capital Capital	\$1,972	\$1,943	\$1,478	\$1,551	\$1,414	\$1,447	\$1,276	\$1,167
Total Spending	\$10,540	\$13,553	\$9,998	\$9,629	\$9,453	\$10,195	\$9,780	\$10,035
Fiscal Gap	\$21,205	\$22,812	\$17,061	\$16,182	\$16,425	\$20,752	\$19,705	\$19,109
Other								
Mortgage Foreclosure & Delinquency Rates**	1.0%	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.4%
Alaska Building Permits (Residential 1-5 Units)	2718	2446	2198	2178	1897	1886	1669	160

Employment trends by industry are presented below on the following chart:





AK DOL Statewide Employment Forecast

					JOBS FORECAST		
	Monthly avg, 2020 ¹	Monthly avg, 2021 ¹	Change, 2020-21	Percent change	Monthly avg, 2022	Change, 2021-22	Percent change
Total Nonfarm Employment ²	302,600	309,700	7,100	2.3%	319,500	9,800	3.2%
Total Private	225,800	232,600	6,800	3.0%	241,700	9,100	3.9%
Mining and Logging	11,300	10,400	-900	-8.0%	11,000	600	5.8%
Oil and Gas	7,800	6,700	-1,100	-14.1%	7,100	400	6.0%
Construction	15,800	16,000	200	1.3%	16,400	400	2.5%
Manufacturing	11,900	12,200	300	2.5%	12,800	600	4.9%
Transportation, Trade, and Utilities	58,900	61,000	2,100	3.6%	63,200	2,200	3.6%
Wholesale Trade	6,200	6,100	-100	-1.6%	6,300	200	3.3%
Retail Trade	33,400	34,400	1,000	3.0%	34,900	500	1.5%
Transportation, Warehousing, and Utilities	19,300	20,500	1,200	6.2%	22,000	1,500	7.3%
Information	4,900	4,800	-100	-2.0%	4,800	0	0%
Financial Activities	10,800	10,800	0	0%	10,900	100	0.9%
Professional and Business Services	26,100	26,300	200	0.8%	26,600	300	1.1%
Educational (private) and Health Services	49,400	50,900	1,500	3.0%	51,500	600	1.2%
Health Care	38,200	39,100	900	2.4%	39,600	500	1.3%
Leisure and Hospitality	26,600	29,700	3,100	11.7%	33,700	4,000	13.5%
Other Services	10,100	10,500	400	4.0%	10,800	300	2.9%
Total Government	76,800	77,100	300	0.4%	77,800	700	0.9%
Federal, except military	15,400	15,100	-300	-1.9%	15,100	0	0%
State, incl. University of Alaska	22,400	22,600	200	0.9%	22,200	-400	-1.8%
Local and tribal, incl. public schools	39,000	39,400	400	1.0%	40,500	1,100	2.8%

¹Preliminary estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Due to COVID-19, unemployment spiked to 13.7% in April 2020. By 2021, this had decreased to 6.2%. AKDOL forecasts Alaska will attain 97% recovery in 2022 and forecasts employment growth of approximately 9,800 jobs, an increase of 2.8%. The January 2022 Alaska Economic Trends report showed an 8.3% loss in jobs in 2020, a 2.3% gain in 2021 and a forecasted gain of 3.2% in 2022 which would bring jobs to 96.8% of pre-pandemic levels. The implication is that Alaska is nearly fully recovered from the pandemic and high oil prices and State budgets in the black, positioned for a return to prevailing pre-pandemic levels, which – with the exception of the 2016-2018 recession – has historically reflected slow, steady growth. One economic concern is inflation and the Federal Reserve tightening monetary policy, which has resulted in mortgage rates increasing to roughly 4.75%. Higher interest rates in turn could have an adverse impact on all segments of the real estate market.

Wrangell Area Data

Overview

Wrangell is one of the oldest non-native settlements in Alaska. In 1811, the Russians began fur trading with area Tlingits and built a sotckade named Redoubt Saint Dionysius in 1834. The island was named for Ferdinand von Wrangel, manager of the Russian-American Company around 1830. The British of Hudson Bay Company leased the fort in 1840 and named the stockade Fort



Note: May not sum because of rounding



Stikine. A large Stikine village, known as Kotzlitzna, was located 13 miles touth of the fort. The Tlingits claimed their own ancient trade rights to the Stikine River and protested when the Hudson Bay Company began to use their trade routes, but two epidemics of smallpox, in 1836 and 1840, reduced the Tlingit population by half. The fort was abandoned in 1849 when furs were depleted. The fort remained under the British flag until Alaska's purchase by the United States in 1867. In 1868 a United States military post called Fort Wrangell was established and named for the island.

The community continued to growas an outfitter for gold prospectors, especially in 1861, 1874-1877, and 1897. Riotous activity filled gambling halls, dance halls, and the streets. Thousands of miners traveled up the Stikine River into the Cassiar District of British Columbia during 1874 and to the Klondike in 1897. Glacier Packing Company began operating in Wrangell in 1889. The Wilson & Sylvester Sawmill provided packing boxes for canneries and lumber for construction.

The city ws incorporated in 1903. By 116, fishing and forest products had become the primary industries – four canneries and a cold storage plant were constructed by the late 1920s. In the 1930s, cold packing of crab and shrimp was occurring. Abundant spruce and hemlock resources have helped to expand the lumber and wood products industry. The Alaska Pulp sawmill, Wrangell's largest employer, closed in1994, but was reopened on a smaller scale in 1998 by Silver Bay Logging, only to be permanently closed and subsequently dismantled by 2008.

Tourism, as well as growth in the seafood processing and marine services industries have become the economic backbone of the community. The city was dissolved and reincorporated as the City and Borough of Wrangell on June 1, 2008.

Wrangell is primarily a non-native community with a mixture of Tlingit, Russian, British, and American historical influences. Logging and fishing have supported the community.

Geography and Climate

The City and Borough of Wrangell is located on the northwest tip of Wrangell Island, 155 miles south of Juneau and 89 miles northwest of Ketchikan. It is near the mouth of the Stikine River, a historic trade route to the Canadian Interior.

Wrangell falls within the southeast maritime climate zone, characterized by cool summers, mild winters, and heavy rain throughout the year. Fog is common in Wrangell from September through December.

Demographics

The most recent census data (2010) shows Wrangell having a population of 2,369. The 2020 US Census population was 2,127. The Alaska Department of Labor population estimate was 2,096 as of July 2021.

The population mix is 67.5% White; 19.2% American Indian or Alaska Native; 9.3% Two or More Races; 3.5% Asian; with the remainder being "other race."



Transportation

The city is accessible by air and water. The state-owned, paved, lighted runway allows for jet service. A seaplane base is adjacent to the runway, with another airplane float located in the Inner Harbor. Charter air taxi services are also available. The marine facilities include a breakwater at each of the three harbors with 710 slips for recreational and commercial vessels, deep draft dock which recently completed upgrades and renovations, state ferry terminal, and three boat launches. Freight arrives by barge, ship, ferry, and cargo plane. Front Street was reconstructed as part of a larger downtown revitalization project three years ago. Several new trails have been developed, including a new loop on Volunteer Park Trail and the Paddle Craft Trail, a canoe/kayak portage.

Education

Wrangell has one elementary, one middle, and one high school. Many students across the state attend correspondence schools.

Economy

The median household income in Wrangell is \$52,986 and the median family income is \$62,188. There are 237 people below the poverty level with 364 being below 125% of the poverty level. The property tax mill rate in Wrangell is 12.75 and the sales tax rate is 7%.

The Alaska Department of Labor shows the current unemployment rate in Wrangell to be 7.7%, which is down slightly from the 8.4% unemployment rate for the year 2020. In 2019, the unemployment rate was 6.7%.

Major industries in Wrangell include fishing, marine services, timber, tourism, and seafood processing. Local government is also a major employer in Wrangell.

Conclusion

The COVID-19 virus had a major negative impact on the job market, with historical unemployment numbers being recorded. By year end 2020, employment trends were once again positive. Nonetheless, 2021 forecast employment is well below 2019 levels suggesting that the economic recovery, should it continue, will extend well into 2022 and perhaps beyond. In the meantime, the outlook is for stability as the ongoing structural recovery from COVID-19 progresses.



Immediate Neighborhood Aerial Photograph



Item a.

Market Analysis

Medical-Related

Classification

Given the subject's suitability for medical-related development, this market analysis considers conditions within the medical office and healthcare market.

Overview of Market Survey

The market analysis has been compiled from a variety of sources including an extensive survey of landlords, tenants, investors, users, property managers, real estate agents, appraisers, city assessor's and other market participants. Other sources of data include property tax records, newspaper articles and the Multiple Listing Service (MLS). The available data has been carefully analyzed on a qualitative and quantitative basis.

Wrangell is a small, remote community without a particularly active real estate market. It comes as no surprise that there are no real estate market studies, surveys, inventories, or other published documents on current conditions available for review.

Market Supply

Existing product constitutes the supply in Wrangell. The subject has been replaced by a new facility rendering the existing improvements obsolete.

Market Demand

The health services industry has been the fastest growing and one of the larger sectors of Alaska's economy. It is a billion-dollar plus industry and it employs roughly 47,730 people throughout Alaska as of September 2021. In Southeast specifically, educational (private) and health services employ 4,100 people, of which the large majority is healthcare employment.

Equilibrium Status (Current Conditions)

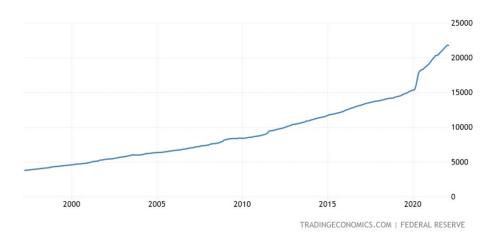
Vacancy rates are virtually non-existent, as is the case for major communities in Southeast Alaska.

Near Term Market Outlook (Forecast Conditions)

The outlook over the next few years would be low vacancy rates and slowly increasing rental rates and property values.

Inflationary Trends

Construction cost inflation results from two primary sources: short-term supply chain disruptions due to COVID-19 and mid-to-longer-term inflation resulting from a combination of government spending levels and Federal Reserve monetary policy. Due to COVID-19 a shortage of labor and subcontractors is reported, which has led to increases in sub costs and delays in project delivery. The US M2 Money Supply is critical in understanding and forecasting inflation and interest rates in the U.S. and is shown on the following table.



Since 2004, the money supply has gone up nearly 500%. As shown, however, it sharply increased during COVID-19 and increased from \$15,000 billion to nearly \$22,000 billion in roughly two years. Most market participants, including the Federal Reserve itself, are now anticipating a period of inflation and higher interest rates to combat it.

Regardless of the causes, inflation has had a significant influence on replacement costs and general contractors and subcontractors are carefully factoring in anticipated cost increases into their bids. Due to market inefficiencies, it is not possible to say for certain what recent construction specific inflation trends have been, but it has been reported by market participants that projects have experienced increasing costs ranging from as little as 10% to as much as 50%.

Inflation trends will increase the competitive position of existing product, reduce the feasibility of new construction and, to the extent that they impact interest rates, make borrowing more expensive. Given that much of the private real estate market is leveraged, it may become more difficult to obtain new loans and, given unchanged equity returns, result in downward pressure on asset prices. As to the degree to which interest rates increase and whether other factors will offset their influence remains to be seen but market participants are watching the issue closely.

COVID-19

Transaction Data

Below, properties are ranked from least to most affected by COVID-19:

- Medical-Related Facilities
- Distribution Warehouse
- Industrial
- Office
- Multifamily
- Retail
- Public Gathering Places (Universities, Churches, etc.)
- Lodging



- Retail Restaurant
- Retail Tourist / Cruise Ship Dependent

Property types least impacted by COVID-19 have continued to transact throughout the pandemic at prices similar to pre-pandemic levels. For those property types that are most impacted, there is limited transaction data available at this time that reflects the impact of the COVID-19. Local market participants report that a relatively small number of sales and new leases were finalized during the worst part of the virus situation in Alaska, but these were generally deals that were initiated prior to the virus taking hold. A number of other deals that were in progress when the state closure began were temporarily put-on hold as participants took a "wait and see" approach, but as the state has reopened most of these deals have begun moving again (or have already completed). The general consensus is that the pricing and terms of these latter deals did not change materially as a result of the virus or temporarily lower oil prices. For example, of a price change, however, a local hotel sale known to have closed this year was adjusted down by approximately 3% in recognition of the COVID situation, although at that point the pandemic had only been going a few months.

On a national level, a recent CoStar article (*Commercial Property Prices Hold Steady Amid Slower Trading*) reported that their U.S. Composite Index, which reflects secondary and smaller markets, was down 1.8% from its April peak. However, the article also acknowledged that transaction volume remains depressed, and it is widely agreed that most sellers are better off waiting for the market to improve rather than selling today – provided they are not in a distressed or unusually motivated situation.

Limited transactional activity – particularly for certain property types and asset classes – is anticipated to continue for the time being, which can complicate the appraisal problem and require the use of a combination of other appraisal techniques and data sources. Speaking broadly, property owners in the softest segments are not selling at this time unless under duress (as they are instead waiting until the market recovers), while those in the stronger segments remain willing to sell but typically not at a discount.

Interviews with Market Participants

The views of market participants are widely divergent, and no broad consensus can be extracted with respect to changes in market value. However, reading between the lines, some more narrow areas of consensus can be established. For leased credit assets, the market participants report that the impacts may range from no impact to a discount of up to 10%, with the most common responses indicating a value discount between 0% and 3-5%. For most type of fee simple assets, while there are widely divergent perspectives on the degree, in the short-term (meaning currently and for the next three to six months) downward pressure on market values are implied followed by a longer-term (meaning within the marketing time) recovery and stabilization. In general, market participants tend to indicate that medical office, multifamily and industrial will be the least impacted and retail (in particular cruise ship dependent retail), restaurant and lodging will be the

most impacted.

Influence of Inflation

While there is disagreement as to the severity, as the result of the significant COVID-19 related stimulus, market participants are anticipating increased inflationary pressures moving forward. At the same time, treasury yields remain very low and do not yet fully reflect inflationary pressures. In combination, this in turn, has increased demand for tangible assets, including real estate. Thus, for certain asset classes, post peak COVID-19 demand for real estate has arguably increased.

Subject's Competitive Position

Competitive Strengths / Downward Risk Influences

- Limited medical facilities in Wrangell
- Interest rates remain near all-time lows.
- Likelihood of new remodeling entitlements
- Building shell
- Utility services
- There are limited other property specific downward influences on risk.

Competitive Weaknesses / Upward Risk Influences

- COVID-19 continues to add uncertainty to the market.
- Limited financially capable buyers in the market
- Absorption uncertainty
- Presence of asbestos containing materials and lead based paint
- There are limited other property specific upward influences on risk.

Application to **Subject**

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The subject is unencumbered by tenants and current market conditions have a direct impact on the property. Overall, current market conditions have a neutral influence on the market value of the subject.

Item a.

Description of Site

Wrangell Medical Center

Name Wrangell Medical Center

Address 310 Bennett St.

Wrangell, AK 99929

Geo Coordinates Latitude: 56.471796, Longitude: -132.375866

Physical Location The subject is located on the easterly side of Bennett St, between First Ave

and Reid St.

Assessor's Tax Parcel Number(s)⁹ 02-131-351

Abbreviated Legal Description

Lot A, Block 54, WMC Replat, Plat 2018-6, Wrangell Townsite Survey. (Per Department of Natural Resources Records)

Gross Site Area

Summary of Site Area						
Parcel ID	Gross Land	Gross Land	Usable Land Area	Us able Land		
	Area (Acres)	Area (Sq Ft)	(Acres)	Area (Sq Ft)		
02-031-351	1.95	84,988	1.95	84,988		

SOURCE Tax Assessor Records

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include

any excess land.

Shape The subject has a flag-shaped configuration.

Street Frontage The subject has approximately 350' of frontage on Bennett St and 243' of

⁹ Per Tax Assessor Records.

frontage on First Ave and Reid St.

Access Access to and from the subject is considered good relative to competing

properties.

Exposure of the subject is considered good relative to competing properties. Exposure

The subject has generally level topography and is at grade with surrounding **Topography**

properties.

Soil Conditions Soils conditions in the subject's market are not uniform and can vary widely

from one site to another. No soils report was provided, however, the subject has been improved with a parking lot and building improvements for a number of years and there are no visible signs of settling. It is an ordinary assumption of this report that the soil conditions are sufficient quality to

support the existing improvements including parking lot.

Wetlands No surface water was noted during the walk-through and the subject does not

appear to contain any wetlands.

The adequacy of site drainage requires detailed information on rainfall, soil Drainage / Hydrology conditions, topography and wetlands and can only be fully ascertained by a

professional engineer that specializes on hydrology. A hydrology study was not available to the appraiser. In absence of a formal hydrology study, the adequacy of drainage can only be ascertained by site observation over an extended period of time. For this reason, many drainage issues are not identified until the time of actual development. Drainage issues will also most commonly manifest during peak spring break up, when the

combination of new moisture and snow melt maximize runoff. Absence of storm drain systems, low lying locations that are below grade the presence of water bodies and highways increase the risk of drainage issues. Any

statement with respect to the adequacy of drainage is based on the perspective of a "typical" market participant and is not a formal conclusion that hydrology issues are not present, rather that they would not be apparent to a typical market participant. No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would

most probably conclude that site drainage is typical of the market and

adequate.

Hazardous A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous

conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous

conditions be addressed by a qualified environmental specialist.

Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.

Conditions

Flood Zone The Flood Emergency Management Agency or FEMA has prepared flood

insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 0200980008B, issued by the Federal Emergency Management Agency and last updated June 15, 1982, the

subject is located within zone "C", described as follows:

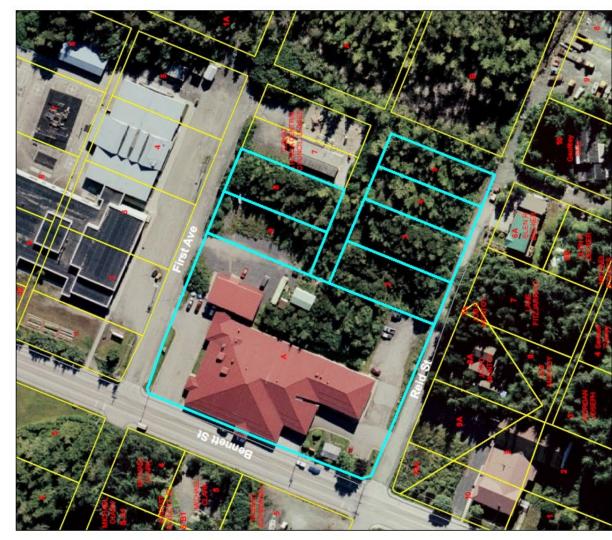
ZONE C / X Minimal risk areas outside the 1-percent and .2-percent-annual-chance (UNSHADED) floodplains. No BFEs or base flood depths are shown within these zone

floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Utilities The subject is improved and all available utilities are present at the site.

Aerial Photograph Exhibit

CITY AND BOROUGH OF WRANGELL, ALASKA



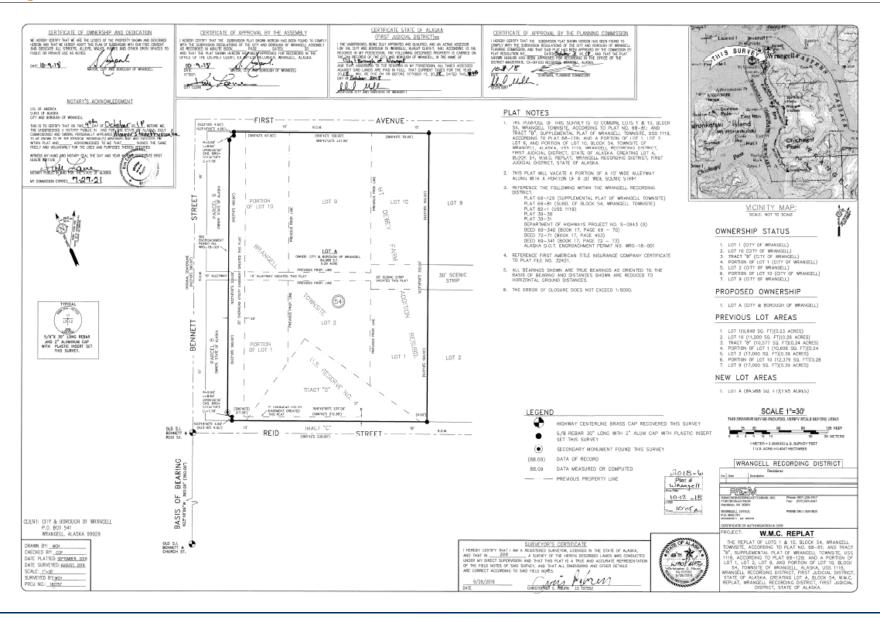


Public Map

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

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Plat Map Exhibit



Zoning

OS, Open Space/Public

OPEN SPACE/PUBLIC WRANGELL

<u>Intent:</u> The open space/public (OS) district is intended to provide for areas containing public facilities, existing and potential public recreation sites, areas subject to natural hazards, public watersheds and areas of critical wildlife habitat. The purpose of this district is to protect public safety, health and welfare, and to maintain the integrity of significant cultural, natural and recreational resources and provide for public uses consistent with the policies of the coastal management program.

<u>Permitted Uses:</u> Quarries, mineral extraction and processing; Airport related businesses, restaurants and support services; Aviation-related repair services; Aircraft hangars; Commercial airlines terminals; Air freight storage facilities; Hospital and medical service facilities; Schools; Docks, piers, seawalls and shoreline protection devices; Recreational facilities and sites; Recreational vehicle parks; Warehouses; Uses and structures which are customarily accessory and subordinate to the above uses; Animal establishments; Municipal facilities; Communication infrastructure.

The subject's zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.

Easements, Covenants, Encroachments & Restrictions A title report was not provided for the appraiser's review. Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property

Functional Utility

There are no known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide good functional utility.

Description of Improvements

Introduction

Building Occupancy/ Use

The property is a 22-bed critical access hospital and long-term care facility that was originally constructed in 1967. There have been subsequent additions and remodeling over the years. The facility is currently closed and will likely remain closed until remodeling or demolition takes place.

Building Area

SUMMARY OF AREA STATISTICS				
	(Sq Ft)			
Gross Building Area (GBA) (1)	30,596			
Finished Interior Space (office, retail)	100%			
Site Area	84,988			
Site Coverage	18%			
Land to Building Ratio	2.78			

(1) Source: Condition Survey by Design Southeast, May 1, 2018

No rentable or usable area figures were available to the appraiser, which is not unusual for properties of this type in similar locations. Of note, usable and rentable areas are essentially equal in cases of single-tenant buildings. Moreover, participants in smaller, less sophisticated markets such as this tend to use terms such as gross building area and rentable are somewhat interchangeably. While the definitions of these two terms are technically different, in practice the area figures would be within 5% of one anotherin most cases.

FAR (Floor Area Ratio)

0.36

Wrangell Medical Center

Building Overview

This is a 22-bed hospital with acute care and long-term care capability, including an emergency room, physical therapy area, administrative office, and support spaces. Details of the improvements' construction are located in the addenda.

Condition

Below average condition, based on the *Wrangell Medical Center Building Condition Survey Structural, Building Envelope and Interior Finishes* performed by Design Southeast as of May 1, 2018. This Condition Survey is contained in the report addenda.

Quality

Good construction quality, based on a review of competitive properties within the subject's market segment.



Age Characteristics

YEAR BUILT 1967

RENOVATED

YEAR The building has been renovated at various times over the years.

ACTUAL AGE 55 years

EFFECTIVE AGE The effective age of a property can be less than or more than its actual age,

> depending on renovations, upgrades, and the level of capital reinvestment. Based on the appraiser's walk-through of the subject, construction type, quality, current condition and economic performance, the effective age of the

subject is estimated at approximately 50 years.

ECONOMIC LIFE Marshall Valuation Service indicates properties similar to the subject's

> construction type and quality have economic lives between 45 and 50 years. In practice, with ongoing capital expenditures and reinvestment the economic life of a building can be extended well beyond the indicated range. Within the Alaska market, the economic lives of improvements have

typically been between 50 and 100 years. After careful consideration, an

economic life of 50 years has been estimated.

REMAINING **ECONOMIC LIFE**

Based on the subject's estimated effective age and economic life, the

remaining economic life is estimated at 0 years.

2 stories. Floors / Stories

The main, covered drop-off entrance is located at the southwest corner of the Layout

> building, while the emergency room entrance is located near the northeast corner. The upper level is divided into a 22-bed hospital (14 acute care and 8 long-term care use) with emergency room area and surgery unit, as well as the requisite support spaces such as administrative/office, exam rooms, sterilization, janitorial, reception, and nursing stations. The lower level has space for medical records, conference, laundry, and additional offices. The design is fairly typical of such uses throughout Alaska. Overall, the subject has an efficient design that provides good functional utility for the intended

use.

The following is based on the appraiser's walk-through, information Structural Systems

provided by the owner, and information contained within the public record. The appraiser is not an engineer and building plans, an architect or engineer

should be consulted for additional detail on structural systems.

FOUNDATION Poured concrete slab and footings

STRUCTURAL Wood frame (predominantly)

SYSTEM

ROOF / Gable roof. Metal covering.

DRAINAGE



The roof is reported to be in poor condition.

EXTERIOR

EIFS FINISH

Mechanical Systems The appraiser is not qualified to make a determination on the condition or

functionality of mechanical systems. It is understood that the current

mechanical systems are in poor working order.

HEATING Full HVAC

COOLING Full HVAC

PLUMBING There is an appropriate amount of plumbing, commensurate with the

building's intended use. This includes sinks in exam rooms, restrooms, and

a break area with kitchen, among other things.

ELECTRICAL & WIRING Three-phase

Electrical is assumed to be to code and typical for the subject's property

type, age and market classification / segment.

ELEVATORS

LIFE / SAFETY SYSTEMS The building is sprinklered. Fire alarms and extinguishers, as applicable, are

assumed to meet current fire safety codes.

Ceiling / Clear

Height

Approximately 9'-10'

Interior Finish The interior finish is typical of competitive properties within the market

> segment that the subject competes. Overall, the interior finish is good quality in average to worn condition. Please refer to the subject photographs presented in a following section for additional detail on the interior finish.

General Property Characteristics

ADA Compliance

A specific survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA) has not been conducted. The market value estimate assumes the property is in ADA compliance, if applicable.

Deferred Maintenance The detection of deferred maintenance in structural, roof, electrical, plumbing and other mechanical systems is beyond the scope of expertise of

the appraiser.

Please refer to the Condition Survey contained in the report addenda for

further information regarding deferred maintenance.

Description of Improvements

Landscaping, Minimal landscaping along building and site perimeters. Parking surface Surface Covering & covering is asphalt. Exterior lighting is typical for a property of this type. Lighting

Parking Overall, the subject appears to have adequate parking to meet any applicable

code requirements, and it is considered comparable to other properties within

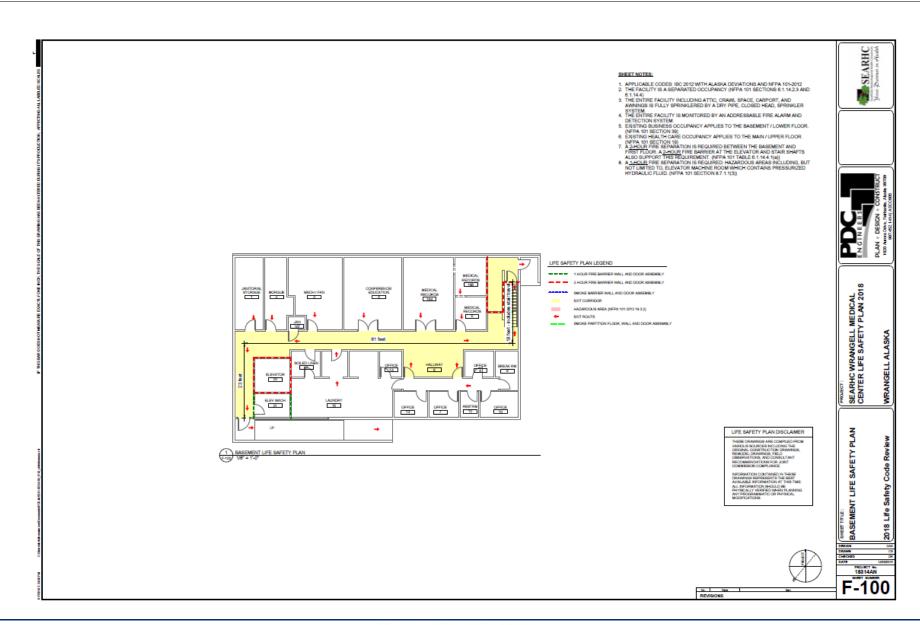
its market segment.

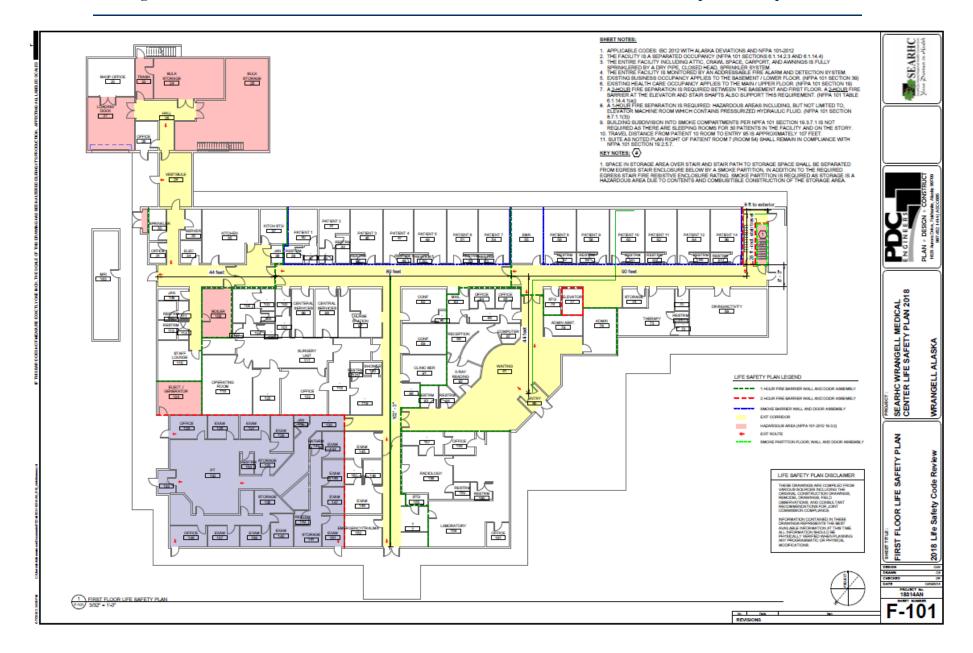
Functional Utility The roof, mechanical, electrical, and HVAC systems have reached the end of

their useful lives. Overall, the improvements are concluded to provide poor

functional utility for the intended use.

Building Drawings / Floorplan Exhibit





Item a.

Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% of market value. The millage rate (on which property taxes are based) is determined annually based on spending and assessment levels. Millage rates vary constantly and are influenced by state law and services provided in each individual district. The assessed value of all properties located within a district is divided by a particular year's budget requirements to arrive at a millage rate. Thus, actual spending determines the amount of tax, and assessment allocates the tax among property owners. Therefore, an increase or decrease in total assessment will not, by itself, result in a change in the total property tax collected.

The property's current assessment and taxes are shown on the table that follows. It should be noted that the property is currently exempt from assessment and taxation as a government-owned facility. When/if the property transfers to private ownership, it is assumed it will be assessed and taxed commensurate with other properties in the City and Borough of Wrangell.

Property Assessment & Tax Summary Exhibit

MOST RECENT PROPERTY ASSESSMENT & TAXES

		Assessment			
Tax Parcel Number	Land	Improvements	Total	Mill Rate	Taxes
Year					2021
02-131-351	\$170,000	\$0	\$170,000	1.275%	\$2,168
Type / Source	Actual	Actual	Actual	Calculated	Actual

Item a.

Subject Photographs



Subject property viewing east from Bennett Street



Front and side elevations



Rear and side elevations



Rear elevation



Parking area



Entry

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Interior view

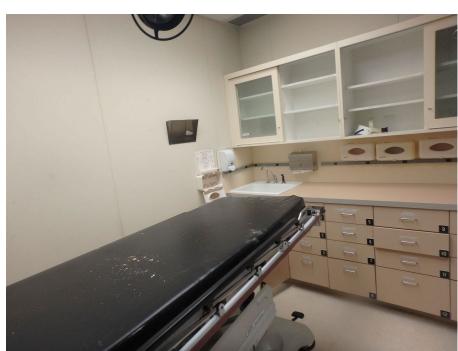


Interior view

Item a.



Interior view



Interior view



Interior view



Boiler room



Storage area



Interior view





Elevator



Generator



Interior view



Bennett St viewing east



Bennett St viewing west

Highest & Best Use

Definition & Methodology

"Highest & Best Use" is defined as:

"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity." ¹⁰

Scope of Highest & Best Use

A specific determination of highest and best use would require specific cost estimates, which were not available to the appraiser, and is beyond the scope of this assignment. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use "as is" or "as proposed" is implicit in the current value estimate.

As Vacant

Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

Physically Possible

Size, shape, area, terrain, accessibility and availability of utilities affect the uses under which a property can be developed.

Financially Feasible

Feasibility is indicated by construction trends in the vicinity and current market conditions. All uses that are expected to produce a positive return are regarded as financially feasible.

Maximally **Productive**

When development options are available, a determination must be made as to which feasible use is the maximally profitable use.

Within this market, the presence of developer's margin is highly specific to the individual project. That said, there are no obvious, identified uses that would attain a market developer's margin at this time. There has been very limited new construction in the local market in recent years. The new construction that has occurred sporadically has been undertaken by owner-users whose needs were not met by the existing inventory and who were thus

¹⁰ Source: The Dictionary of Real Estate Appraisal, 7th Edition. Chicago: Appraisal Institute, 2022.



forced to build, irrespective of financial feasibility. Based on a review of the subject's zoning, land use trends, neighborhood characteristics and trends, shape, size, functional utility as well as market vacancy rates, rental rates and other factors, the subject's highest and best use as vacant may include holding for future development or immediate development as medical-office, healthcare facility, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

As Improved

Demolition For older improvements near the end of their economic life, demolition and

replacement of the existing improvements with an alternative use may be the

highest and best use of a site as improved.

Conversion Conversion involves a change from one use to another.

Renovation Renovation involves a continuation of the existing use with upgrades or

changes to exterior and interior finishes or improvements to functional

utility.

Addition If sufficient land area and parking is available, addition is a possible

alternative for an improved property.

As Is Continued use of a property in its current "as is" condition, without major

changes, is a possible alternative for an improved property.

Maximally **Productive**

The existing improvements provide poor functional utility. After careful consideration, the maximally productive use of the subject as improved is remodeling of the existing improvements to permit medical related use.

Probable Buyer

The subject is currently owner-occupied and would be available for owner-occupancy by a theoretical buyer. Similar properties within the subject's market are typically owner-occupied and it is likely that an owner-user would pay the highest price for the subject. Therefore, the most probable buyer is an owner-user.



Land Valuation

Introduction

Methodology

Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed, generally level and at grade, with no site improvements (paving, landscaping, lighting, fencing, etc.).

Units of Comparison

Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per land unit.

Comparable Data

Sources of Data

The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Loopnet and Craigslist), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.

Availability of Data

The availability of comparable data is a function of the subject's location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Therefore, market research identified limited transactions involving properties that are directly similar to the subject, and all of the comparables required substantial upward or downward adjustment. Nonetheless, the comparable transactions bracket the subject physically and economically, and after adjustment (indicating the lower and upper value indications) provide a reasonable basis for estimating market value.

Presentation of Data

The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.



Summary of Comparable Land Sales Exhibit

No.	Name	Usable Land SF	Utilities		Current Use	Access / Exposure	Shape	Date	Actual Price	Price
No.	Legal Description	Acres		Zoning			Topography	Transaction		
								Type		
L-1	Trident Land - 9107	17,258	All Utilities		Industrial	Average	Irregular	Jun-17	\$138,000	\$138,000
	Lot 4BB-2, WSI Subdivision II, Plat 2003-9	0.40		I			Level	Closed Sale		\$8.00/SF
L-2	Breuger St Land - 9106	2,867	All Utilities		Vacant	Average	Irregular	Dec-17	\$27,500	\$27,500
	0	0.07		C			Level	Closed Sale		\$9.59/SF
L-3	NWC 3rd Ave & Bennett - 3812	7,222	Electric, Public		Vacant / Carwash	Average / Good	Rectangular	Jul-20	\$85,000	\$50,000
	Lot 5, Block 59B, Industrial Subd Plat 85-8, Wrangell	0.17	Water, Sewer	I, Industrial			Generally Level	Closed Sale		\$6.92 /SF
L-4	Lot 5, Industrial Subd - 10772	7,222	All Utilities		Vacant	Good	Rectangular	Jul-20	\$70,000	\$37,300
	Lot 5, Block 59-D, Industrial Subdivision, Plat 85-8	0.17		I			Level	Closed Sale		\$5.16/SF
L-5	Lot 8A, Massin/Industrial Replat - 10773	18,345	All Utilities		Industrial	Average	Irregular	Apr-21	\$195,000	\$86,800
	Lot 8A, Block 59B, Plat 2018-5	0.42		I			Level	Closed Sale		\$4.73 /SF
L-6	Lot 4A, Massin/Industrial Subd - 10774	5,273	All Utilities		Industrial	Average	Rectangular	Sep-21	\$56,500	\$23,800
6	Lot 4A, Block 59B, Massin/Industrial Subdivision, Plat	0.12		I			Level	Closed Sale		\$4.51 /SF
Subj.	Wrangell Medical Center	84,988	All Utilities	Average	Commercial	Good / Good	Flag Shaped	Appraisal		\$470,000
	Lot A, Block 54, WMC Replat, Plat 2018-6, Wrangell	1.95		OS, Open Space/Public			Level			\$5.53 /SF

^{(1) &}quot;Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.



Map of Comparable Land Sales Exhibit



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Description of Data

Sale No. L-1



This property was purchased by the lessee from the City of Wrangell. The site is improved with a belt freezer plant and the gross sales price was \$950,000. The allocation to the land was \$138,000. The property is located a half block off Shakes Street and is accessed via an easement. The site has some frontage on Wrangell Harbor.

Sale No. L-2



This is a lease of a commercial site that was valued at \$27,500 by appraisal. The site is a corner lot located one block off Front Street.

Sale No. L-3



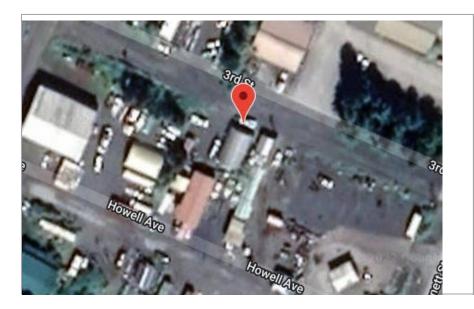
This is the sale of a small industrial/commercial lot along Bennett St, on the way to the airport. The lot has good soils and all public utilities. Although improved with older asphalt and a non-operational 720 sq ft car wash structure, the parcel was marketed as vacant land, listed in March 2019. The buyer thought the carwash could be reused - either as a conversion to a coffee shop or as a carwash with a coffee shop drive through kiosk elsewhere on the site. The structure and asphalt paving improvements have been allocated \$35,000 of the \$85,000 sale price.

Sale No. L-4



This is an industrial lot located between downtown Wrangell and the airport. The lot has asphalt surfacing. The sales price was adjusted downward by \$32,700 to account for the contribution value of the improvements.

Sale No. L-5



This is an industrial lot located between downtown Wrangell and the airport. The site is located on a spur road. Improvements on the site consist of a quonset hut, modular office building, and nine storage units.

Sale No. L-6



This is an industrial lot located between downtown Wrangell and the airport. The site is located on a secondary street. The site is improved with an industrial building that contributed \$32,700.

Overview of Adjustments

Nature of Adjustments Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is typically



the case in Alaskan markets due to data limitations – qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or supplementary information contained within the appraiser's files.

Note that qualitative adjustments – based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a strictly quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding comments for the individual comparables.

Usable Land Area

Non-usable areas due to topography, wetlands, overhead utilities or other issues are subtracted from gross site area.

Property Rights Conveyed

When real property rights are sold, the contract may include rights that are less than or more than all the real property rights. Examples include the inclusion of another property, personal property, or the sale of a property subject to a below market or above market lease. Therefore, the sale price of the comparable property must be adjusted to reflect the property rights that are similar to those being appraised. In this analysis, the comparables are adjusted to reflect the fee simple sale price of the real property. Adjustments to the comparables are required in cases where the property interest sold was less than or greater than the fee simple value.

Financing Terms

Seller-provided financing can play an important role in the sale of a project. Low down payments and terms that are significantly less stringent than those available in the market at the time of sale contribute to sale prices in excess of that obtainable by an all-cash or typically financed (by a disinterested third party) buyer. In order to analyze all properties on a comparable basis, those sales with financing not typically available for the property at the time of sale must be converted to typical terms and cash equivalency.

Conditions of Sale

Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of market value must be adjusted to reflect a fully marketed property with adequate exposure and an arms-length transaction where neither the buyer nor the seller is unduly motivated. Adjustments may be required to





properties where one party was unusually motivated, foreclosure sales, properties that were not fully exposed to the market, and active listings that have not closed.

Market Conditions

In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 3.0% annual adjustment is made through March 26, 2022.

Location

Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.

Size

If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited then they occasionally sell for a premium.

A review of data indicates that within the subject's market smaller parcels tend to sell for higher prices per sq ft than larger parcels. Larger parcels than the subject are adjusted upward while smaller parcels are adjusted downward.

Use / Zoning

Differences in the current use or the highest and best use of a potential comparable and the subject must be analyzed. Site development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

Soil Conditions

Soil conditions in the subject's market are not uniform and can vary widely from one site to another – or even on the same site. Soils can have a substantial influence on the functional utility and thus value of a given site. In some cases, unsuitable soils can be corrected or replaced (often at substantial cost), while in others they dictate that a non-traditional foundation system (such as driven or screw type pilings) must be used for vertical construction. Adjustment is required for comparables that differ materially from the subject.

Topography

Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases,

the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.

Other

The adjustments listed above are not inclusive of all the adjustments considered by the appraiser. Physical and economic differences where adjustments have not been explicitly made are implicitly considered in the appraiser's analysis of the comparable and value estimate.

Wrangell Medical Center Land Valuation

Adjustment Grid Exhibit

Land Analysis Grid		L-1		L-2		L-3		L-4		L-5		L-6	
Name	Wrangell Medical Center	Trident Land -	9107	Breuger St Lan	d - 9106	NWC 3rd A	ve &	Lot 5, Industri	al Subd -	Lot 8A	,	Lot 4A	,
City	Wrangell	Wrangell		Wrange	11	Wrange	:11	Wrange	ell	Wrange	:11	Wrangell	
Date	3/26/2022	6/21/2017		12/31/20	17	7/30/202	20	7/30/202	20	4/12/2021		9/13/2021	
Price	Appraisal	\$138,000		\$27,500	\$27,500 \$50,0		937,300)	\$86,800		\$23,800	
Usable Land SF	84,988	17,258		2,867		7,222		7,222		18,345		5,273	
\$/Sq Ft		\$8.00		\$9.59		\$6.92				\$4.73		\$4.51	
Transaction Adjustmen	ts												
Property Rights	Fee Simple	Fee Simple	0.0%	Leasehold	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Cash	0.0%	Cash	0.0%	Conventional	0.0%	Cash	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Arms Length	Arms Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%
Adjusted Usable Land S	F Unit Price	\$8.00		\$9.59		\$6.92		\$5.16		\$4.73		\$4.51	
Market Cond. Thru	3/26/22 3.0%	15.1%		13.3%		5.0%		5.0%		2.9%		1.6%	
Adjusted Usable Land S	F Unit Price	\$9.21		\$10.87	,	\$7.27		\$5.42		\$4.87		\$4.59	
Location	Good	Excellent		Excellen	ıt	Good		Good		Average	e	Averag	e
% Adjustment		-30%		-30%		0%		0%		30%		30%	
\$ Adjustment		-\$2.76		-\$3.26		\$0.00		\$0.00		\$1.46		\$1.38	
Usable Land SF (Size)	84,988	17,258		2,867		7,222		7,222		18,345		5,273	
% Adjustment		-4%		-29%		-11%		-11%		-4%		-15%	
\$ Adjustment		-\$0.36		-\$3.11		-\$0.78 -\$0.58		-\$0.18		-\$0.69			
Topography	Level	Level		Level		Generally Level		Level		Level		Level	
% Adjustment		0%		0%		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Shape	Flag Shaped	Irregular		Irregula	r	Rectangu	lar	Rectangu	ılar	Irregula	ır	Rectangu	ılar
% Adjustment		0%		0%		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Utilities	All utilities	All Utilities	S	All Utiliti	es	Electric, Public	Water,	All Utilit	ies	All Utiliti	es	All Utiliti	ies
% Adjustment		0%		0%		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Zoning	OS, Open Space/Public	I		C		I, Indust	rial	I	I		I		
% Adjustment		0%		0%		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Adjusted Usable Land S	F Unit Price	\$6.08		\$4.50		\$6.49		\$4.84		\$6.15		\$5.27	
Net Adjustments		-23.9%		-53.1%		-6.3%		-6.3%		30.0%		16.7%	
Gross Adjustments	54.2%		79.8%		16.3%		16.3%		37.5%		47.4%		





Discussion & Analysis After Adjustment

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Prior to adjustments, the sale prices fall within a wide range. After adjustments this range is narrowed substantially, supporting the overall reasonableness of the adjustments made. A review of the gross adjustments made to the comparables indicates large physical differences between many of the comparables and the subject. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

Prior to adjustment, the comparables range from \$4.51 to \$9.59/sq ft, with an average of \$6.49/sq ft. After adjustment, they range from \$4.50 to \$6.49/sq ft, with an average of \$5.55/sq ft. Thus, the range before adjustment is \$5.08/sq ft, and this decreases to \$1.99/sq ft after adjustment.

Considering the degree of gross adjustments, the most meaningful data overall (L-1, L-4, L-5, L-6) range from \$4.84 to \$6.15/sq ft with an average of \$5.58/sq ft. The remaining transactions are considered supportive.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file the market value of the subject is estimated at \$5.50/sq ft.

Land Value Calculation

LAND VAL	UE CAL	CULATION	ON
----------	--------	----------	----

Usable Land Area		84988 Sq Ft
Land Value / Sq Ft	X	\$5.50
Estimated Land Value		\$467,434
Rounded		\$470,000



Cost Approach

Introduction

Methodology

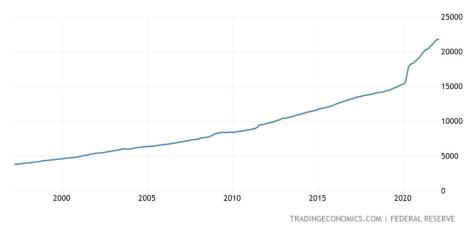
The Cost Approach is an appraisal method of arriving at a value indication for the subject by estimating the cost to replace the improvements with current materials and labor, less accrued depreciation from all causes. The estimated land value, as detailed in the previous section, is then added to the depreciated value of the improvements to reflect a total value by the cost approach.

This approach is based on the assumption that replacement costs provide a reasonable estimate of value, providing the improvements represent the highest and best use of the land, and depreciation from all causes is appropriately accounted for. Valuing the improvements separately from the land thus serves to satisfy the principle of substitution; that is, a buyer will tend to not pay more for the property than it would cost to replace.

Replacement Cost - Marshall Valuation Service

Inflationary Trends

Construction cost inflation results from two primary sources: short-term supply chain disruptions due to COVID-19 and mid-to-longer-term inflation resulting from a combination of government spending levels and Federal Reserve monetary policy. Due to COVID-19 a shortage of labor and subcontractors is reported, which has led to increases in sub costs and delays in project delivery. The US M2 Money Supply is critical in understanding and forecasting money supply, inflation, and interest rates in the U.S. and is shown on the following table.



Since 2004, the money supply has gone up nearly 500%. As shown, however, it sharply increased during COVID-19 and increased from \$15,000 billion to nearly \$22,000 billion in roughly two years. Most market participants, including the Federal Reserve itself, are now anticipating a

period of inflation and higher interest rates to combat it.

Regardless of the causes, inflation has had a significant influence on replacement costs and general contractors and subcontractors are carefully factoring in anticipated cost increases into their bids. Due to market inefficiencies, it is not possible to say for certain what recent construction specific inflation trends have been, but it has been reported by market participants that projects have experienced increasing costs ranging from as little as 10% to as much as 50%.

Inflation trends will increase the competitive position of existing product, reduce the feasibility of new construction and, to the extent that they impact interest rates, make borrowing more expensive. Given that much of the private real estate market is leveraged, it may become more difficult to obtain new loans and, given unchanged equity returns, result in downward pressure on asset prices. As to the degree to which interest rates increase and whether other factors will offset their influence remains to be seen but market participants are watching the issue closely.

Overview of Marshall Valuation Service The following cost estimate is based on a cost per sq ft method. This method estimates the replacement cost of the improvements, including contractor's profit and overhead, and indirect cost. The price per sq ft costs for the subject were obtained from the cost estimating service of Marshall Valuation Service (MVS) Commercial Estimator software, an appraiser's guide to current construction costs. The program automatically makes appropriate adjustments to reflect the current local costs for the area, building occupancy (type of building), class (type of construction), quality of construction, perimeter/shape, story height, mechanical equipment, elevators, and other factors. The adjusted base cost has been applied to the building area.

The MVS replacement cost estimates include architectural and engineering fees (including plans, plan check, building permits and survey to establish building lines and grades), normal interest on only the actual building funds during period of construction (including processing fee and service charges), local, state and federal sales taxes, GST taxes on material and labor costs, normal site preparation (including finish, grading and excavation for foundation and backfill for the structure only), utilities from the structure to the lot line for a typical setback, and contractors overhead and profit, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities and security.

The MVS replacement cost estimates exclude developer's margin or profit, cost premiums for pilings or hillside foundations, costs associated with land development and planning, real estate taxes and other holding costs during construction, discounts or bonuses paid for financing, yard improvements (including signs, landscaping, paving, walls and yard lighting), offsite costs (including roads, utilities, parking fees, jurisdictional hookup, tap-in, impact or entitlement fees, etc.), furnishings and fixtures (usually not found in the general contract) and absorption costs (including rent loss, marketing, tenant

improvements, leasing commissions, and other costs to bring the property to a stabilized condition).

The MVS Summary sheet(s) follow this analysis.

MARSHALL VALUATION SERVICE LOCATION MULTIPLIERS Marshall Valuation Service (MVS) reports cost multipliers by building class in Section 99 of its cost manual. The multipliers represent the cost adjustment relative to the average of all nationwide cost data. MVS cost multipliers for Alaska and various Alaska communities are presented below.

CLASS	Α	В	С	D	S
ALASKA	1.24	1.27	1.27	1.25	1.29
Anchorage	1.18	1.19	1.19	1.19	1.21
Fairbanks	1.18	1.19	1.20	1.20	1.21
Juneau	1.24	1.30	1.33	1.27	1.30
Kenai Peninsula	1.17	1.18	1.18	1.18	1.19
Ketchikan	1.26	1.31	1.29	1.25	1.31
Kodiak	1.32	1.34	1.31	1.28	1.34
Mat-Su Valley	1.13	1.15	1.15	1.13	1.16
Sitka	1.28	1.31	1.30	1.28	1.35

The MVS program automatically incorporates the applicable cost multiplier for Alaska, Anchorage, Fairbanks, Juneau, Kenai Peninsula, Ketchikan, Kodiak, Mat-Su Valley and Sitka. If the subject is not located in one of these communities, the default multiplier would be one the software would determine is the closest city for where the materials would come from. MVS has indicated to us that "If the city is not listed in the book you should use the nearest city where materials would come from to use as guides to interpolate the multiplier to use. It will be up to users to determine the between figure and multiplier. Our software will do this interpolation automatically but the book does not." Based on our review of prevailing construction costs, a factor of 1.30 is used for Wrangell.

Occupancy Type

Based on the subject's configuration and type of improvements the following MVS occupancies have been selected.

331 HOSPITAL

Designed as complete health care facilities, hospitals typically include a number of different health services within one building or groups of buildings. Typical areas found include diagnostic, surgery, patient care, delivery, nursery, emergency, administration, service areas, and pharmacies. The amount of actual area associated with all or some of these specific areas varies with the size of the building and the number of people served by the hospital. The types of facilities available in the hospital generally are commensurate with the overall quality of the structure. Lower quality hospitals have large ward area while higher quality ones have a large amount of private rooms. These quality variations result in the amount of area per bed ranging between 625 and 1,700 square feet. Exterior finishes vary with decorative marble, granite, concrete, and metal and glass panels in the better qualities, and brick, block, and masonry veneers with very little ornamentation at the lower quality. Plaster or drywall is found on the interiors with suspended acoustic tile ceilings. Floor finishes are commonly ceramic, vinyl, or some other type of resilient floor cover. Signal systems,





special oxygen piping and pneumatic conveyors are commonly found. They conform to the overall quality and design of the structure. Most hospitals have complete heating, ventilating, and air conditioning systems and emergency power equipment. The costs include Group I equipment that is installed in or attached to the building as a part of the general contract. Since hospitals have higher requirements for heating, cooling and ventilation, use component 617 (complete HVAC) for HVAC costs. The following are not includes in the costs: Canopies and balconies, Group II equipment that may be installed and becomes a part of the real property, but is typically not a part of the general contract (such as autoclaves, permanent surgical lights and other equipment) and Group III equipment that is movable personal property (such as furniture, fixtures, instruments, etc.)

Building Class

Based on the subject's construction type, the following MVS building class has been selected for the subject.

CLASS D: WOOD- OR STEEL-FRAMED EXTERIOR WALLS Class D buildings are characterized by combustible construction. The exterior walls may be made up of closely spaced wood or steel studs as in the case of a typical frame house. Exterior covers may be wood siding, shingles, stucco, brick or stone veneer or some other type of material. Floors and roofs are supported on wood or steel joists or trusses. The floor may be a concrete slab on the ground. Construction Type V (wood-frame) of the Uniform, Type IV Basic and Type VI Standard Building Code are included in this class, as are ISO Class 1 buildings. This class is also referred to as Unprotected-protected One-hour Construction.

Quality Rank

The cost rank, or quality of construction, determines the level of the calculated costs. MVS rank system considers exterior walls, interior finish, mechanicals and HVAC systems. A cost rank is estimated for each occupancy and can range from 0.5 up to 5.0. The four basic cost ranks are:

LOW (RANK 1)

These tend to be very plain buildings that conform to minimum building code requirements. Interiors are plain with little attention given to detail or finish. Typically, there are minimum mechanical and low-cost finishes throughout.

AVERAGE (RANK

These buildings are the most commonly found and meet building code requirements. There is some ornamentation on the exterior with interiors having some trim items. Lighting and plumbing are adequate to service the occupants of the building.

GOOD (RANK 3)

These are generally well-designed buildings. Exterior walls usually have a mix of ornamental finishes. Interior walls are nicely finished and there are good quality floor covers. Lighting and plumbing include better quality fixtures.

EXCELLENT (RANK 4 TO 5)

Usually, these buildings are specially designed, have high-cost materials and exhibit excellent workmanship. Both exteriors and interiors have custom and ornamental features. Lighting and plumbing include high-cost fixtures.

ADJUSTMENT TO QUALITY RANKING ALASKA

The quality ranking is an important input for MVS. Unfortunately, MVS does not receive large amounts of cost data directly from the Alaska market. A comparison of MVS estimated cost and actual cost indicates that MVS typically understates construction costs within Alaska by varying degrees depending on location and property type. For urban markets with road access an upward adjustment of "1" quality ranking is typically required to result in realistic cost estimates. For rural markets without road access, an upward adjustment of "2" to "3" ranks is needed.

Story Height

The story height is the average story height for each occupancy. In a one-story building, story height is measured from the floor surface to the roof eave. Parapets (extensions of the wall above the roof line) are not included in story height. For building with multiple stories, the average story height can be computed by dividing the total building height by the number of stories or by entering the story heights in separately for each floor.

Perimeter / Shape

The shape of a building also impacts its cost of construction and is best measured by the perimeter of the building. Perimeter is the total linear feet of wall that encloses the floor area, based on exterior dimensions. Where perimeter measurements are not available, the shape of the building can be indicated by a numerical reference where:

1=Square

2=Rectangular or Slightly Irregular

3=Irregular

4=Very Irregular

Base Cost

Based on the inputs into MVS, the cost comparisons contained in its database, and adjustment to the subject's specifications, the base costs for the subject improvements are indicated.

Other Costs

Unless otherwise indicated, other costs are also provided by MVS.

SITE IMPROVEMENTS

Normal site preparation under the building improvements (including finish, grading and excavation for foundation and backfill for the structure only) is included in MVS. Non building improvement related site improvements include grading, filling and soils work, sub base gravel, paving, lighting, fencing, gates and landscaping or other improvements to the site that are real property. Depending on a property's size, shape, type, amount of parking versus landscaping and other factors, site improvements are typically \$1.50/sq ft up to \$7.00/sq ft of total usable site area less the building footprint. Generally, site improvements for larger areas with gravel parking that require minimal landscaping are towards the low end of the range (an industrial building with a high land-to-building ratio for example), while site improvements for smaller areas with paved parking that require extensive landscaping are towards the high end of the range (a stand-alone bank, restaurant or other retail use with a low land-to-building ratio for example).

No contribution value for site improvements has been estimated due to the potential for future remodeling or demolition rendering them valueless.





MVS Summary Report Exhibit

4/10/22, 12:37 PM

CoreLogic | Commercial Estimator - Report

CoreLogic - SwiftEstimator Commercial Estimator - Summary Report

General Information

Estimate ID: 22-0325 Wrangell Medical Date Created: 4-10-2022

Center

Property Owner: City and Borough of Date Updated: Wrangell

Property Address: 310 Bennett St Date Calculated: 04-10-2022 Wrangell, AK 99929

Local Multiplier: 1.3 Cost Data As Of: 04-2022
Architects Fee: Report Date: using default

Section 1

Area 30596 Overall Depreciation %
Stories in Section 2 Physical Depreciation %
Stories in Building 2 Functional Depreciation %
Shape irregular External Depreciation %
Perimeter (auto-calc)

Perimeter Effective Age

Occupancy Details Occupancy 331 Hospital	% 100	Cla	ass D	Height	Quality 4.0
Occupancy Total Percentage	100				
System : Elevators		%/Units	Ovelite	D W	Other
651 Elevators : Passenger #		%/Units 1	Quality Occ.	Depr %	Other 2
System : HVAC (Heating)					
		%/Units	Quality	Depr %	Other
604 HVAC (Heating): Hot Water		100	Occ.		2
609 HVAC (Heating): Ventilation		100	Occ.		2
Total Percent for HVAC (He	ating):	200			
System : Sprinklers			_	_	
		%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers		100	Occ.		
Total Percent for Sprir	nklers:	100			

Calculation Information (All Sections)

·	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	30,596	\$448.82	\$13,732,097		\$13,732,097
Exterior Walls	30,596	\$61.26	\$1,874,311		\$1,874,311
Heating & Cooling	61,192	\$11.43	\$699,730		\$699,730
Elevators	1	\$158,275.00	\$158,275		\$158,275
Sprinklers	30,596	\$8.50	\$260,066		\$260,066
Basic Structure Cost	30,596	\$546.62	\$16,724,479	\$0	\$16,724,479

Cost data by CoreLogic, Inc.

https://www.swiftestimator.com/Main/CE/reports/PFV.asp

1/2

^{***}Except for items and costs listed under Addition Details, this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.***

Developer's Margin

Market Properties

For properties with numerous potential users developer's margin can be obtained through either speculative or build-to-suit construction. For investors a developer's margin must be achievable for construction to be financially feasible. While a developer's margin may be attained by users, its presence is not necessary for construction to occur since even though it is not financially feasible from a real estate perspective it may be financially feasible from a business perspective. The presence of developer's margin is highly specific to an individual property. For market properties similar to the subject developer's margins currently range from a low of 5% up to a high of 25%.

Limited Market or Special Purpose Properties¹¹

Special purpose properties generally have limited conversion potential and are constructed expressly for a particular user with a designated special use in mind. They are developed to fulfill a business need, not to attain a profit on the real estate and when profit is present it accrues to the business rather than the real estate.

Conclusion

Under its existing use as is, the subject has physical and economic characteristics consistent with a special purpose property. Therefore, we have not included a developer's profit margin.

Depreciation

Introduction

Depreciation is a loss in value from the reproduction (or replacement) cost of improvements due to any cause as of the date of appraisal. The value difference may emanate from physical deterioration, functional depreciation, external depreciation, or any combination of these sources. A description of the various sources of depreciation follows.

PHYSICAL DEPRECIATION

Physical deterioration is evidenced by wear and tear, decay, cracks, incrustations, or structural defects. Physical deterioration can be either curable or incurable. Incurable physical deterioration applies to both short-lived items (roof, plumbing, HVAC, etc.) and long-lived items (structural).

FUNCTIONAL DEPRECIATION

Functional depreciation can be either curable or incurable and is caused by a flaw in or a deficiency or super-adequacy in the structure, material or design.

EXTERNAL DEPRECIATION

External depreciation is incurable and caused by negative influences in property values outside of the owners control such as market conditions, property uses, zoning, financing, or legal influences.

Effective Age

Effective age is estimated by the appraiser by weighing the actual age of a property against its current condition. In certain cases, the effective age is equal to the actual age, while in other cases it may be more or less than the actual age. The concept of effective age acknowledges that properties rarely depreciate on a linear basis. Construction type and quality play important

¹¹ Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.



roles, as does ongoing maintenance and capital infusion. The subject's effective age was estimated in the Description of Improvements chapter.

Economic Life

As discussed in the Description of Improvements chapter, economic life is estimated using MVS information based on actual economic lives for properties of similar construction type, occupancy and quality.

Effective Age / **Economic Life** Method

The effective age and economic life expectancy of a structure are the primary concepts used by an appraiser in measuring depreciation with agelife relationships. Under this method, total depreciation is estimated by calculating the ratio of the effective age of a property to its economic life expectancy and applying this ratio to the property's total cost new. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Marshall Valuation Service **Depreciation Tables**

The MVS Cost Estimator software provides depreciation calculations to account for physical and functional depreciation. Depreciation is estimated based on a statistical compilation of actual depreciation present at similar properties of similar effective ages and economic lives. Economic life is determined by the software based on building class and quality. The software recognizes that depreciation does not typically occur on a linear basis but rather on a logarithmic basis. As a result, this method is fairly accurate for both older and newer properties. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Property Specific Depreciation

The analysis presented above assumes that the subject exhibits normal depreciation typical of similar properties in the market. Any property specific depreciation not typical of the market must be separately considered.

External **Depreciation**

The preceding methods do not fully account for external depreciation. External obsolescence was present due to potential demolition and remediation costs. The contribution value of the improvements can be viewed either as a cold shell available for remodeling or salvage value if demolished.

Reconciled **Depreciation** Estimate

The methods for estimating depreciation fall within a fairly narrow range. After careful consideration all methods of measuring depreciation are concluded to be reliable and given equal weight.

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Summary of Cost Approach Exhibit

Valuation Component		Wrangell Medical Center
		Hospital
Gross Building Area		30,596
Pro Rata Share		100%
110 Italia Share		10070
REPLACEMENT COST NEW		
MVS Commercial Estimator		
Base Cost		\$16,724,479
Site Improvements		\$(
Reconciled Replacement Cost (Excl. Profit)		\$16,724,479
Plus: Developer's Margin	0%	<u>\$0</u>
Replacement Cost New (Incl. Profit)		\$16,724,479
Per Sq Ft		\$547 /SF
LESS: DEPRECIATION		
Effective Age / Economic Life Method		
Year Built		1967
Actual Age		55 Yrs.
Effective Age / Actual Age Ratio		90.9%
Effective Age		50 Yrs.
Economic Life		50 Yrs.
Percent Depreciated (Eff. Age / Economic Life)		100.0%
Reconciled Physical & Functional Depreciation		90.0%
Property Specific Depreciation		0.0%
External Depreciation		<u>7.5%</u>
Total Percent Depreciation		97.5%
Total Depreciation		(\$16,306,367)
DEPRECIATED BUILDING VALUE		\$418,112
PLUS: LAND VALUE		<u>\$470,000</u>
MARKET VALUE ESTIMATE (ROUNDED)		\$890,000

Sales Comparison Approach

Introduction

Methodology

The Sales Comparison Approach is based on the premise that market value of the property is directly related to recent sale prices of competitive properties and the availability of substitute properties with similar utility and desirability. The most similar sales of properties are investigated and compared to the subject in this analysis.

Unit of Comparison

Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated that price per sq ft of gross building area (GBA), rentable area and usable area are all accepted units of comparison within this market. The BOMA definitions of rentable and usable building area have changed over time and the reported building area therefore is dependent on when a property owner last performed a building area study. Furthermore, usable building area can change based on type of occupancy and configuration. In the subject's market segment, the most common and reliable unit of comparison is the price per sq ft of GBA, and so this is the unit utilized in the Sales Comparison Approach.

Physical Comparison

Overview

This method explicitly considers physical dissimilarities between the comparables and the subject. Data are examined to establish the prices, real property rights conveyed, transaction dates, financing terms, motivations, locations, physical and functional conditions. Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject.

Sources of Data

The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Costar), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.

Availability of Data

The availability of comparable data is a function of the subject's location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Therefore, the sales search was expanded to include other areas of Alaska. Market research identified limited transactions involving properties that are directly similar to the subject, and all of the comparables required fairly large upward or downward adjustment. Nonetheless, the comparable transactions bracket the subject physically and economically, and after adjustment (indicating the lower and upper value indications) provide a reasonable basis for estimating market value.

Presentation of Data

The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Photographs and relevant discussion on each comparable are also presented. Additional documentation on the physical and economic characteristics of these transactions are presented on the detail sheets in the Addenda.

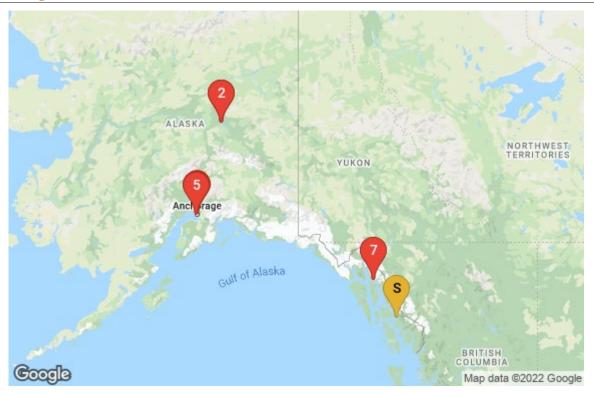
Summary of Improved Sale Comparable Exhibit

No.	Name	GBA	Date	Actual Price	Price Less Land				
	Address		Transaction Type	Property Rights	\$ / GBA				
I-1	Marriott Springhill Suites Site - 970	36,400	May-99	\$550,000	-\$99,773				
	553, 555 First Ave. & , 550, 552 Second		Closed Sale	Fee Simple	-\$2.74				
I-2	ACS Globe Bldg 1073	19,286	Dec-07	\$410,000	\$198,704				
	645 Fifth Ave.		Closed Sale	Fee Simple	\$10.30				
I-3	Matanuska Maid Dairy Bldg 650	54,445	Sep-08	\$1,525,000	-\$25,800				
	814 W. Northern Lights Blvd.		Closed Sale	Fee Simple	-\$0.47				
I-4	Lathrop Bldg 1075	37,412	Mar-11	\$575,000	\$322,500				
	519 1st Avenue		Listing	Leased Fee	\$8.62				
I-5	TDX Aviation Park Facility - 1813	29,700	Oct-12	\$4,500,000	-\$268,283				
	4902 Spenard Road		Closed Sale	Fee Simple	-\$9.03				
I-6	Elks/Rockwell Building - 7724	15,924	Dec-12	\$1,150,000	-\$131,940				
	109 Franklin Street		Closed Sale	Fee Simple	-\$8.29				
I-7	First National Bank Building - 7716	12,580	Mar-16	\$600,000	\$5,700				
	238 Front Street		Closed Sale	Fee Simple	\$0.45				
I-8	707 A Street - 3691	20,424	Jan-18	\$1,075,000	\$214,000				
8	707 A Street		Closed Sale	Fee Simple	\$10.48				
Subj.	Wrangell Medical Center	30,596	Appraisal		\$10				
	310 Bennett St.	#N/A							
(1)	elements. Estimated land value is then deducted for analysis purposes.								

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Item a.

Map of Improved Sale Comparables Exhibit



Description of Data

Sale No. I-1



This is the sale of land for the development of a Marriott Springhill Suites in downtown. The site was formerly known as the old bar block' and new development at the site required demolition of all the old improvements. In the late 1990s the city requested proposals for new development of the site, requiring that the entire block remain intact as one parcel. The city selected Town Square Properties' proposal. Demolition included minor asbestos removal and tipping fees at the landfill totaling approximately \$100,000. This cost was roughly offset by a total of \$100,000 in rebates the developers received for meeting specific development deadlines. Due to the city's motivation and the development process, this sale may be regarded as below market value.'

Sale No. I-2



This is the City of Fairbanks' sale of the Globe Building to Alaska Communications Systems (ACS). The building was marketed beginning in the fall of 2004 when the Fairbanks City Council determined the building



Sales Comparison Approach

was no longer required for municipal purposes and should be sold off. The building was advertised at the assessed value of \$766,000 to multiple potential buyers, during which time the city received three offers: \$300,000, \$250,000, and \$410,000. The city rejected the offers due to price, contingency, and liability concerns. The building's marketability was impeded for a couple of reasons. First, on-site parking is minimal. Second, a portion of the building was subject to a below market lease to ACS in which ACS pays a portion of utility and maintenance costs only. Lastly, the building had a multitude of maintenance issues as well as asbestos. The city received an offer from ACS for \$410,000 which it accepted. Overall, this was an arms-length transaction with typical financing, and was representative of market conditions at the time of sale.

Sale No. I-3



This is the former Matanuska Maid building in Midtown Anchorage located between Northern Lights and Benson in a very high traffic, high exposure location. Mat Maid sold the property in 2008 via a sealed bid auction that was widely publicized. The improvements were configured as a dairy and were in poor condition and some asbestos contamination. The winning bid was \$1,525,000. Costs to convert the improvements from dairy to pure distribution warehouse use and remove asbestos were \$1 million. Deferred maintenance was estimated at \$250,000. Due to poor truck access, maneuvering room and configuration the improvements provided limited functional utility and were not suitable for continued use as distribution warehouse. Post sale the buyer converted the property to mini storage space at substantial expense. This is an excellent example of the impact that poor truck access has on value. Overall, this is a arms length market transaction representative of a distribution warehouse property offering limited functional utility.

Sale No. I-4



This older building was foreclosed on by Wells Fargo in 2009. The listing was originally priced at \$1,200,000 but has been reduced to \$575,000. As an older building, the improvements are compromised with contained asbestos, estimates to cure range from \$106.92/sq ft. to \$160.38/sq ft.

Sale No. I-5



This is the sale of the former National Guard Armory located at the northwest corner of Spenard Road and West International Airport Road. The site is influenced by both the midtown and airport markets, and is just across Aviation Avenue from Spenard Lake. The site was improved with a 28,433 sq ft concrete block building originally built in 1962. The property was auctioned off by the MOA and the successful bid was \$4,500,000. There was prior known contamination on the property, however, a no further action letter had been issued and no impact on the sale was noted. Post sale expenditures include demolition of the existing building, which includes small amounts of asbestos, at an estimated cost of \$269,000 (based on the accepted bid). The property was sold with deed restrictions requiring an aviation theme, meeting space and gift shop that negatively impacted the sale

price. The buyer put a \$900,000 bond in place, which is payable to the seller, if the terms of the deed restrictions are not met. On the other hand, the buyer is the adjacent hotel owner, that wanted to secure ownership of the site to prevent development of a competing hotel.

Sale No. I-6



This building was originally the Elks Lodge until 2006 when it was converted to a restaurant/bar and event space. The 7,694 sq ft ground floor has the restaurant/bar and three restrooms. The second floor is 7,182 sq ft, mostly open ballroom with another commercial kitchen, bar and storage. The 1,048 sq ft third level is a 2-bedroom apartment. At sale the shell of the building was structurally fit, but the interior required significant renovation. Since the 2012 sale the first floor electric and plumbing was completely updated to code. As of spring 2020 the property is listed for sale for \$1.56 million, or \$97.97 per sq ft of GBA.

Sale No. I-7



Downtown Juneau historic building with frontage on both Front Street and N Franklin Street. The purchaser planned to renovate the building with new

Sales Comparison Approach

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retail storefronts and apartments above. The top floor was formerly used as a theater and requires repurposing. Since the sale the Franklin Street space has been renovated and leased to Devils Club Brewing.

Sale No. I-8



This was the arm's length sale of a downtown property that required significant updating and some deferred maintenance. The purchase price was \$1,075,000 however after upgrades, based on numbers provided by the broker, the analysis price is \$1,650,000. The property was purchased by several local investors and is currently being renovated including removal of asbestos, a new HVAC, upgraded elevator and remodeling of all restrooms.

Overview of Adjustments

Nature Adjustments & Adjustment Grid

Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is typically the case in Alaskan markets due to data limitations - qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or supplemental information contained within the appraiser's files.

Note that qualitative adjustments - based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are

not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding comments for the individual comparables.

The comparables reflect sales of improvements that are at or near the end of their economic lives, as is the subject.

Property Rights Conveyed

When real estate is sold, the contract may include rights that are less than or more than the market-typical "bundle of sticks" (property rights) for the real estate itself. Examples include the inclusion of another property, personal property, or the sale of a property subject to a below market or above market lease. Therefore, the sale price of the comparable property must be adjusted to reflect the property rights that are similar to those being appraised. In this analysis, the comparables are adjusted to reflect the fee simple sale price of the real property only.

Financing Terms

Seller-provided financing can play an important role in the sale of a project. Low down payments and terms that are significantly less stringent than those available in the market at the time of sale contribute to sale prices in excess of that obtainable by an all-cash or typically financed (by a disinterested third party) buyer. In order to analyze all properties on a comparable basis, those sales with financing not typically available for the property at the time of sale must be converted to typical terms and cash equivalency.

Conditions of Sale

Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of market value must be adjusted to reflect a fully marketed property with adequate exposure and an arms-length transaction where neither the buyer nor the seller is unduly motivated. Adjustments may be required to properties where one party was unusually motivated, foreclosure sales, properties that were not fully exposed to the market, and active listings that have not closed.

Market Conditions

In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants.

Based on the available data, market values have generally been stable in recent years as demand and competitive supply are in equilibrium, with neither a seller's nor buyer's market, resulting in stable asset values. Therefore, no market conditions adjustment is required. Any appreciation occurring over the years is considered to be offset by increases in remodeling and demolition costs.

Location

Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. The degree of adjustment is based on an analysis of underlying land values as indicated by comparable transactions and assessed valuation, market trends, discussions with market participants, a comparison of income levels, and other factors. Depending on the quality of the data, the resulting adjustment can be either quantitative or qualitative, but in either case involves a certain amount of subjectivity.

The comparables have been analyzed based on their price per sq ft excluding land. The contributory value of the underlying land has been subtracted from each comparables total sale price resulting in an indication of building value only. This adjustment explicitly accounts for differences in location and no additional adjustments are required.

It is important to note that any land value assigned to a comparable or the subject (unless a complete land valuation has been performed) does not constitute an appraisal (of the comparable or subject site), as the amount of adjustment is ultimately determined by the percentage difference between the subject and comparables and not the land allocations themselves.

Year Built / Renovated

While there is a correlation between age and a property's condition, it is not always direct. Renovations, remodels and aggressive upkeep can result in an "effective" age that is much less than actual age. Improvements with effective ages less than the subject will exhibit less depreciation and require a downward adjustment. Conversely, improvements with effective ages greater than the subject will exhibit more depreciation and require an upward adjustment. Note that this adjustment category allows for not only physical age, but also condition in the form of effective age.

Quality

The quality of the improvements has a direct influence on market value. The overall quality of a property is a function of exterior appeal, interior build-out, quality of mechanical systems and a variety of other factors.

Construction Type

The construction type of the structure may have a direct influence on market value. Properties with superior construction have increased economic lives and decreased operating costs.

Size

If an adequate supply of larger properties exists, then generally smaller properties tend to sell for higher prices per sq ft. If supply of larger properties is limited then they occasionally sell for a premium.

A review of data indicates that, within the subject's market, sale prices are fairly uniform for smaller and larger properties. No adjustment for size is required.

Other

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No adjustments have been made to the comparables because they reflect depreciation to such a high degree that any adjustment would be disregarded by market participants.



Summary of Adjustments Exhibit

Sales Analysis Grid		I-1		I-2		I-3		I-4		I-5		I-6		I-7		I-8	
Address	310 Bennett St.	553, 555 First A 550, 552 Secon		645 Fifth A	ve.	814 W. Nort Lights Blv		519 1st Ave	nue	4902 Spenard	Road	109 Franklin	Street	238 Front St	reet	707 A St	reet
City	Wrangell	rangell Fairbanks I		Fairbank	s	Anchorage		Fairbank	s	Anchorage		Juneau		Juneau		Anchorage	
Date	3/26/2022	5/26/1999	9	12/28/200)7	9/11/200	8	3/11/201	1	10/29/20	2	12/31/20	12	3/30/201	6	1/17/20	18
Price	Appraisal	\$550,000)	\$410,000)	\$1,525,00	0	\$575,000)	\$4,500,00	00	\$751,900)	\$600,000)	\$1,075,0	000
Less: Land		\$649,773	;	\$211,296	ó	\$1,550,80	0	\$252,500)	\$4,768,28	3	\$883,840)	\$594,300)	\$861,00	00
Improvements Only		-\$99,773		\$198,704		-\$25,800		\$322,500)	-\$268,28	3	-\$131,94	0	\$5,700		\$214,00)0
GBA	30,596	36,400		19,286		54,445		37,412		29,700		15,924		12,580		20,424	1
\$/SF GBA		-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.48	3
Transaction Adjustments																	
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Leased Fee	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arms Length	Motivated Seller	0.0%	Arms Length	0.0%	Arms Length	0.0%	Asking	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%
Adjusted GBA Unit Price		-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.4	8
Market Cond. Thru	3/26/22 0.0%	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
Adjusted GBA Unit Price		-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.4	8
Overall Comparison		Inferior		Similar		Similar		Similar		Inferior		Similar		Similar		Simila	r
Adjusted GBA Unit Price	•	-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.4	8
Net Adjustments		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
Gross Adjustments		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	

Discussion & Analysis - After Adjustment

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Prior to adjustments, the sale prices fall within a wide range.

After adjustment, the comparables range from -\$9.03 to \$10.48/ sq. ft. Weight is given to Sales I-2, I-4, I-7, and I-8, as they were remodeled and repurposed.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file, the market value of the subject is estimated at \$10.00/sq ft.

Value Calculation

As Is

Physical Comparison Methodology

PHYSICAL COMPARISON VALUE

	GBA		GBA Unit		Total
			Price		
Wrangell Medical Center	30,596	X	\$10	=	\$305,960
Improvements Value (Round)					\$305,960
Add: Land Value					\$470,000
Stabilized Market Value Estimate					\$775,960
Rounded					\$775,000

Reconciliation & Final Value Estimate

Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

VALUATION SUMMARY

Wrangell Medical Center	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	March 26, 2022
Land Valuation	\$470,000
Cost Approach	\$890,000
Sales Comparison Approach	\$775,000
Income Capitalization Approach	Not Developed
Final Market Value Estimate	\$830,000

Reconciliation

Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight.



Income Capitalization Approach

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

EXCLUSION

The Income Capitalization Approach was not performed for the following reasons.

- The subject is an owner-occupied property and exists within a
 primarily owner-user market. While certain buyers may consider
 the income capitalization approach, it is not given significant
 weight by the vast majority of owner-users.
- There has been limited leasing activity within the subject's market that is directly comparable to the subject.
- There is inadequate market data available in this case to credibly conclude an appropriate capitalization rate for the subject.
- Performance of the income capitalization approach does not increase the reliability of the current value estimate.
- The other approach(es) resulted in a reliable value estimate for the subject.

Final Value Estimate

The probable buyer of the subject is an owner-user. The value indications from the approaches performed have fallen within a narrow range suggesting adequate market data and reliable analysis of the data. All of the approaches provided reliable value indications and are highly applicable. In the end, the approaches performed are given equal weight. After careful consideration, the final value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE

Wrangell Medical Center	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	March 26, 2022
Final Market Value Estimate	\$830,000



Exposure Period / Time

DEFINITION¹²

1. The time a property remains on the market. 2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

Marketing Time

DEFINITION13

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19 Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods,

¹³ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



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¹² Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the COVID-19 will follow a similar pattern.

Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

General Assumptions & Limiting Conditions

General Assumptions & Limiting Conditions

- 1. **Applicable to All Assignments:** Unless explicitly stated to the contrary, the following General Assumptions & Limiting Conditions apply to all assignments:
- 2. Acceptance of Report/Limit of Liability: Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.
- 3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.
- 4. **Post Appraisal Services:** The contract for appraisal, consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing and will not participate in post appraisal services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.
- **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination either in whole or in part. The client may only disseminate complete final copies to third parties engaged in the course of underwriting and loan securitization, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. This report in whole or in part may not be distributed to the general public by use of advertising media, public relations, new outlets, etc. without the written consent of the signatories. Exemptions from this restriction include duplication for the client's internal use, dissemination to accountants, attorneys, or advisors of the client. The exemption also extends to any court, governmental authority, or regulatory agency that has jurisdiction or subpoena power over the individuals or parties for whom the appraisal has been prepared or for ethics enforcement, provided that the report will not be published in whole or in part in any public document or medium. This report shall not be advertised to the public to make a "sale" or any "security" as defined by the Securities Act of 1933.
- 6. **Appraisal Institute Use Restrictions:** Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the

firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.

- 7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other third party. Any authorized user of this document who provides a copy of this document to, or permits reliance thereon by, any person or entity not authorized by Reliant, LLC in writing to use or rely thereon, hereby agrees to indemnify and hold Reliant, LLC, its affiliates and their respective shareholders, directors, officers, and employee's harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the document by any such unauthorized person or entity. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.
- 8. **Reliability of Information Used:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with primary or secondary sources considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues.
- 9. **Right to Amend Report:** The appraiser(s) reserves the right to amend, modify, alter, or correct any and all statements, analyses, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of rooms, rent rolls, historical operating statements and budgets, sales data, etc.
- 10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.
- 11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the



opinion(s) of market value.

- 12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.
- 13. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value are made as of the report date and subject to fluctuations over time as a result of natural market forces.
- 14. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date. Changes in market conditions or purchasing power may warrant a new appraisal assignment. The appraiser(s) is available for consultations regarding changes in the economic conditions.
- 15. **Fixtures, Furniture, and Equipment (FF&E) and Business Concerns:** Personal property, FF&E, intangibles, going concerns, etc., unless specifically stated as a component of the real estate, are excluded from the market value estimates.
- 16. Walk Through May Not Include Non-Relevant Space(s): In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.
- 17. **Non-Viewed Units/Spaces:** In certain instances, due to current occupancy or lack of access, portions of the subject's units/spaces are not available to be viewed during the walk through. Unless otherwise stated in the report, in these cases the person accompanying the appraiser on the walk through has represented that the condition and quality of these units/spaces are similar to that of the property (viewed areas) as a whole. It is a general assumption of this assignment that the units/spaces that were not viewed are commensurate condition and quality with those viewed by the appraiser during the walk through.
- 18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed to be completed in a workman-like



- manner, and according to the detail, plans, and specifications supplied to the appraiser(s). The market value opinions for such construction, renovations, and repairs are subject to an onsite walk-through of the improvements to determine completion as per plans and specifications.
- 19. **Date of Completion Value:** The actual delivery date of proposed product may vary widely from the anticipated date of delivery due to weather and other variables. If proposed or under construction, it is an ordinary assumption of this assignment that the subject is completed as of the at completion date, which has been developed based on discussions with ownership, contractors, architects and typical market derived construction deliveries.
- 20. **Limitations of Competency:** The appraiser is competent in the valuation of real estate, which is a subset of the field of economics. The appraiser is not competent in the fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.
- 21. **Lease Verification / Validation:** Where applicable, the scope of lease verification was generally limited to their economic characteristics and legal aspects of the leases were not reviewed or analyzed. It is assumed that all of the leases are valid, legally binding documents.
- 22. **Divisions or Fractional Interests:** The opinions of market value apply to the entire property unless specifically identified and established within the conclusions and analyses of the report. Division of fractional interests by the client or third party will render this report invalid.
- 23. **Component Values:** The distribution of total valuation between the land and the building improvements in this report are applicable only under the existing program or utilization of the property. The component values between land and building are not intended, nor are they to be used in conjunction with any other appraisal assignment, and are rendered invalid if used.
- 24. **Survey:** Site plans, sketches, or other illustrations are not surveys unless specifically identified as an exhibit from a licensed survey. Surveys of the site boundaries were not completed, nor do the appraiser(s) claim such expertise. Dimensions and areas of the site were obtained from sources deemed reliable but not guaranteed. Additionally, it is further assumed that no encroachments exist.
- 25. **Exhibits:** Maps, plats, sketches, photographs, and other exhibits are intended for illustration, visualization, and assistance in describing and analyzing the property in full context. Such exhibits may not be removed, reproduced, or separately used beyond this report.
- 26. **Building Area:** Reliant, LLC makes no warranty or certification relating to building area. In instances when building area is not provided and is either partially or entirely unknown the appraiser may be required to measure the property to provide an indication of building area. Measurements by the appraiser may be made onsite or be made from property drawings, sketches, or actual architectural plans. The user(s) of this assignment are cautioned not to view the appraisers building area estimate as having the same degree of accuracy as a building area study performed by an appropriately qualified/certified individual such as an architect or engineer and are recommended to engage such individuals for this type of information.
- 27. **Clear Title:** It is specifically assumed, unless otherwise indicated, that the title to the property is clear and marketable, that there are no recorded, unrecorded, or potential liens, defaults, encumbrances, etc. that would adversely affect the marketability and transfer of ownership. Unless otherwise stated, all applicable property taxes are assumed to be paid current. The appraiser(s) does not imply expertise in determining defects in the title, nor has the appraiser(s) been informed of such



- adversities. Specific questions regarding the title, including title insurance should be directed to a well qualified real estate title company. The legal description provided by title report, surveyor, government records, etc. is assumed to be correct.
- 28. Subsurface Rights, Avigation Easements, and Transferable Development Rights (TDR's): The market value opinion(s) specifically assume that there are no mineral deposit rights or other subsurface rights, avigation easements, or transferable development rights associated with the property unless explicitly stated within the report.
- 29. **Private Deed Restrictions:** The appraiser(s) makes the explicit assumption that there are no private deed restrictions that in any way limit the use of the subject property.
- 30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.
- 31. Americans with Disabilities Act (ADA): The ADA became effective on January 26, 1992. The appraiser(s) does not imply expertise in the interpretation of the ADA, nor has a compliance survey been completed. The potential exists that if a compliance survey is completed combined with a detailed analysis of the ADA requirements, deficiencies may be revealed that could adversely impact the market value conclusion(s). No specific information regarding any non-compliance issues have been provided to the appraiser(s) and the possibility of non-compliance was not considered in the developing the opinions of value contained herein. Specific compliance questions should be directed to the appropriate governing jurisdictional agency.
- 32. **Zoning Ordinances:** It is assumed that no changes to the current zoning code/ordinances or other regulations regarding the use of the property, density of development, construction components and/or quality of components, etc. are imminent or under consideration by the jurisdictional governing body, unless otherwise noted in the report. The property is appraised under the assumption that the improvements are approved, that certificates of occupancy or permits have been or will be issued, and that all other applicable national, state, local, or other administrative requirements have successfully been, or will be obtained or renewed for any use considered in the opinion(s) of market value.
- 33. **Adverse Governmental Controls:** Unless otherwise stated, the appraiser(s) is unaware of any governmental controls on the property, public initiative issues, rent or price controls, or any other adverse governmental or public controls contemplated regarding the legal use of the property.
- 34. **Property Compliance:** The appraiser(s) expresses no opinions or warranties that may require legal expertise or specialized investigations beyond the methods and investigations typically employed by real estate appraisers. Market value opinion(s) and conclusions contained within the report assume that the property is compliant with all environmental and government regulations such as building permits, fire department approvals, occupancy permits, building codes, licenses, etc. If the appraiser(s) has not been supplied with expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. The appraiser(s) assumes no responsibility for costs incurred to obtain flood hazard determination, flood hazard insurance, or consequences arising for failure to obtain flood hazard insurance. Although the appraiser(s) has searched publicly available FEMA maps, a flood certification should be obtained



from a qualified agent for the Federal Flood Insurance Program.

- 35. Structural Integrity and System Components: No advice or warranty of any kind are expressed or implied regarding the condition or adequacy of the mechanical systems, structural integrity of the improvements, soils, settlements, drainage, or other factors regarding the integrity and adequacy of the component systems of the improvements. The appraiser(s) is not a qualified engineer, nor is expertise implied with respect to engineering matters. Client may desire to retain the services of a qualified licensed contractor, civil engineer, structural engineer, architect, or other expert in determining the quality, condition, and adequacy of the improvements prior to the disbursement of funds. It is assumed that the existing improvements are structurally sound and constructed to the applicable federal, state, and local building codes and ordinances. That assumption includes, but is not limited to: the superstructure, roofing, electrical, plumbing, mechanical, HVAC, elevator, etc. The opinion(s) of market value are based upon no hidden or unapparent adverse conditions of the improvements, the site, or the subsoil, which would cause a loss in value. No responsibility or liability is assumed for any adverse conditions or for the expertise and retention of experts in discovery, detection, and cost to cure. In the event that professional consultations or reports reveal negative factors that would create a loss in value, the appraiser(s) reserves the right to amend the opinion(s) of market value and other conclusions contained herein.
- 36. **Environmental Hazards:** Unless specifically stated, the appraiser(s) has no knowledge regarding the presence or absence of toxic materials including but not limited to: asbestos, urea-formaldehyde insulation, leaking underground storage tanks, contaminated groundwater, or other potentially hazardous materials and substances that would adversely affect the market value and marketability of the property. The appraiser(s) does not imply expertise and no liability is assumed for the detection or remediation of such materials or substances, whether above or below the ground surface. Although a perfunctory observation was made during the walk-through, the client is referred to an environmental expert for further details, if so desired. If environmental hazards are discovered, the market value opinion(s) may be negatively affected, requiring a re-appraisal of the property for an additional fee.
- 37. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) makes the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.
- 38. **Competent Property Management:** It is assumed that the subject property analyzed currently is, or will be under efficient and competent management and that said management is not, or will not be, inefficient or super-efficient.
- 39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.
- 40. **Financial Documentation:** Historic income and expenses may have been provided by ownership, a lender, property manager, real estate agent or other third party. The financial information is assumed to reflect actual income and expenses at the subject using Generally Accepted Accounting Principles (GAAP). This information is assumed to be accurate and it has not been audited in any way.
- 41. **Cash Flow Projections:** The cash flow projections presented in this report are forecasts of future performance characteristics based upon the macro and micro economic data detailed in the analysis. The income, vacancy, expenses, and general economic conditions presented are not to be construed as predictions of the future, but rather reasonable expectations of future performance based on market modeling practices. Unless otherwise stated, the cash flow modeling is intended to reflect the



opinions and practices of market participants and is not the analyst's forecast of what will actually occur. Actual results will vary, and are affected by fluctuating economic conditions and efficiency of management. The appraiser makes no warranty, express or implied, that the forecasts will occur as outlined. Additionally, future economic projections may be adversely affected by unforeseen circumstances and economic repercussions beyond the realm of knowledge or control, such as the events of September 11, 2001.

- 42. **Asset Recommendations and Consultations**: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended user should consider this document as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. The assignment is not intended to be either a positive or a negative indication, nor endorsement, of the soundness of an investment or underwriting decision.
- 43. **Agreement to Mediation and Binding Arbitration:** If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
- 44. **Property Specific Assumptions, Limiting Conditions and Hypothetical Conditions:** The user is directed to the Assignment Overview section of this report for a listing of Extraordinary Assumptions and Hypothetical Conditions specific to this assignment. The user is specifically cautioned to understand each of the items listed and their impact on the property and scope of this assignment.
- 45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.
- 46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or



- for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.
- 47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.
- 48. Advanced Notification Required of Regulatory or Statutory Requirements: In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.
- 49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.
- 50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.
- 51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services



- but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
- 52. Resolution of Violations & Deficiencies: Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.
- 53. Unauthorized Third Party Liability to Reliant LLC for False Accusation: The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.
- 54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.
- 55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are



local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

Terms & Definitions

As Is Market Value¹⁴

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Prospective Opinion of Value¹⁵

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion¹⁶

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."

At Completion Value¹⁷

The market value at the effective date construction is completed or the certificate of occupancy is issued.

At Stabilization Value¹⁸

The concept of value at stabilization is based on stabilized occupancy. Stabilized occupancy is defined as occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property.

Aggregate of Retail Values / Sum of Retail Values¹⁹ The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the

¹⁴ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

¹⁵ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

¹⁶ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

¹⁷ Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

¹⁸ Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

¹⁹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

Value in Use (Use Value)²⁰

The value of a specific property for a specific use.

Use Value²¹

The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.

Business Value²²

The market value of a going concern, including real estate, personal property, and the intangible assets of the business.

Market Value of the Going Concern²³

The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.

Client²⁴

The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.

Intended Use²⁵

The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User²⁶

The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.

Fee Simple Estate²⁷

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee Interest²⁸

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

²⁸ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



²⁰ Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

²¹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

²² Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

²³ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

²⁴ Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

²⁵ Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

²⁶ Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

²⁷ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

Leasehold Interest (or

Estate)29

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Real Estate³⁰

real estate. An identified parcel or tract of land, including improvements, if any. (USPAP, 2020-2021 ed.) See also real property.

Real Property³¹

1. An interest or interests in real estate. 2. The interests, benefits, and rights inherent in the ownership of real estate. (USPAP, 2020-2021 ed.)

FF&E³²

Business trade fixtures and personal property, exclusive of inventory.

Personal Property³³

1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property. See also trade fixtures. 2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being "personal," such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)

Fixture³⁴

An article that was once personal property but has since been installed or attached to the land or building in a rather permanent manner so that it is regarded in law as part of the real estate.

Trade Fixtures³⁵

Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.

Intangible Property³⁶

Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP,

³⁶ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



²⁹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³⁰ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³¹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³² Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³³ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³⁴ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

³⁵ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

2020-2021 ed.)

Extraordinary Assumption³⁷

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical Condition³⁸

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Gross Building Area (GBA)³⁹

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.

Rentable Area⁴⁰

For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Usable Area⁴¹

1. For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2. The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.

Gross Leasable Area⁴²

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

Tidelands

Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low

⁴² Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



³⁷ Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

³⁸ Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

³⁹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴⁰ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴¹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

watermark.

Upland⁴³

A piece of land that abuts a parcel with riparian rights; describes an owner once removed from a water right by a riparian owner.

Special Purpose Property⁴⁴ An improved property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built and may be costly to modify to another use; also called a special-design property.

Excess Land⁴⁵

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Surplus Land⁴⁶

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Depreciation⁴⁷

1. In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. See also external obsolescence; functional obsolescence; physical deterioration. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

Entrepreneurial Profit (Developer's Margin)⁴⁸ 1. A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. 2. In economics, the actual return on successful management practices, often identified as coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

⁴⁸ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



⁴³ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴⁴ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴⁵ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴⁶ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁴⁷ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

Market Rent⁴⁹

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated;

- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).

Exposure Time⁵⁰

1. The time a property remains on the market. 2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Marketing Time⁵¹

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)

⁵¹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



⁴⁹ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

⁵⁰ Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

Addendum: Letter of Engagement

Addendum: Letter of Engagement

Addendum: Letter of Engagement

CITY AND BOROUGH OF WRANGELL, ALASKA

AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES

THIS AGREEMENT is between the CITY AND BOROUGH OF WRANGELL, ALASKA, ("CBW") and RELIANT LLC ("Contractor"), effective on the 4th of March 2022.

THIS AGREEMENT is for professional appraisal services for the City and Borough of Wrangell.

ARTICLE 1. SUMMARY OF SERVICES

1.1 The scope of work to be performed hereunder is more completely described in Appendix A which is incorporated herein by reference.

ARTICLE 2. COMPENSATION

2.1. CBW shall pay Contractor \$22,500 for its services as described in their response for a quote for services which is incorporated herein by reference as Appendix B. Payment shall be made to Contractor upon presentation of an appropriate invoice and final report.

ARTICLE 3. PERIOD OF PERFORMANCE

- 3.1 The Contractor agrees to commence work under this agreement only as authorized by and in accordance with written notice to proceed and to complete the work in accordance with Scope of Work (Appendix A) by April 29, 2022.
- 3.2 This contract may be extended with the agreement of both parties.

ARTICLE 4. SUBCONTRACTORS

4.1 The Contractor shall perform all services required under this agreement except as may be performed by its subcontractors. Subcontractors may be retained only upon written consent from the City.



ARTICLE 5. INSURANCE

5.1 The following minimum limits of insurance coverage are required:

Limits of Liability

Type Insurance:	Each Occurrence	<u>Aggregate</u>
Workmen's Compensation	\$1,000,000	\$1,000,000
Employers General Liability	\$1,000,000	\$3,000,000
Comprehensive General Liability	\$1,000,000	\$3,000,000
Comprehensive Automobile Liability	\$1,000,000	\$3,000,000

ARTICLE 6. APPENDICES

Kim Lane, CMC, Borough Clerk

ATTEST:

6.1 The following appendices are attached to this agreement and incorporated herein:

Appendix A Scope of Wok Appendix B Quote for service

WHEREFORE the parties have entered into this agreement the date and year first above written.

OWNER:

City and Borough of Wrangell

Jeff Good, Borough Manager

CONTRACTOR: Reliant LLC

1.1

Principal and Date

LAND COMPARABLE L-1

Trident Land - 9107 641 Shakes St Wrangell

Location Description

Tax ID

Legal Description

Lot 4BB-2, WSI Subdivision II, Plat 2003-9



Sale	Informa	tion

Actual Price	\$138,000	Date	6/21/2017
Price	\$138,000	Transaction Type	Closed Sale
Price Per Land SF	\$8.00	Property Rights	Fee Simple
Price Per Usable Land SF	\$8.00	Financing	Cash
Price Per Acre	\$348,317.73	Conditions of Sale	Arms Length
6	C'. CTT 11		

Grantor City of Wrangell

Trident Seafoods Corporation Sale Verification Source Carol Rushmore Grantee

Site			
Acres	0.40	Zoning	I
Land S F	17,258	Topography	Level

Shape Irregular Utilities All utilities

Sale Comments

This property was purchased by the lessee from the City of Wrangell. The site is improved with a belt freezer plant and the gross sales price was \$950,000. The allocation to the land was \$138,000. The property is located a half block off Shakes Street and is accessed via an easement. The site has some frontage on Wrangell Harbor.



LAND COMPARABLE L-2

Breuger St Land - 9106 200 Brueger St Wrangell

Location Description

Tax ID

Legal Description



Transaction			
Actual Price	\$27,500	Date	12/31/2017
Price	\$27,500	Transaction Type	Closed Sale
Price Per Land SF	\$9.59	Property Rights	Leasehold
Price Per Usable Land SF	\$9.59	Financing	Cash
Price Per Acre	\$417,806.14	Conditions of Sale	Arms Length
Grantor	City of Wrangell		
Grantee	First Bank	Sale Verification Source	Mike Renfrow

Site				
Acres	0.07	Zoning	C	·
Land S F	2,867	Topography	Level	
Shape	irregular			
Utilities	All utilities			

Sale Comments

This is a lease of a commercial site that was valued at \$27,500 by appraisal. The site is a corner lot located one block off Front Street.

LAND COMPARABLE L-3

RELIANT COMP ID: 3812

NWC 3rd Ave & Bennett -NWC 3rd Ave & Bennett Wrangell

Location Description

NWC 3rd Ave (Howell) & Bennett

Tax ID

02-029-208

Legal Description

Lot 5, Block 59B, Industrial Subd Plat 85-8, Wrangell RD, State of Alaska



Transaction			
Actual Price	\$85,000	Date	7/30/2020
Price	\$50,000	Transaction Type	Closed Sale
Price Per Land SF	\$6.92	Property Rights	Fee Simple
Price Per Usable Land SF	\$6.92	Financing	Conventional
Price Per Acre	\$294,117.65	Conditions of Sale	Arm's Length
Grantor	Bernard Massin	Days on Market	365
Grantee	Sara Gadd	Sale Verification Source	Broker/Agent, Terri Wenger, 907-

Sale Verification Date

Sale Verification Date

Sale Verification Date

Sale Verification Date

Site			
Acres	0.17	Zoning	I, Industrial
Land SF	7,222	Topography	Generally Level
Road Frontage	75	Soil Conditions	Average
Shape	Rectangular	Encumbrance or Easement	None
Utilities	Electric, Public Water, Sewer	Environmental Issues	None Noted

Sale Comments

This is the sale of a small industrial/commercial lot along Bennett St, on the way to the airport. The lot has good soils and all public utilities. Although improved with older asphalt and a non-operational 720 sq ft car wash structure, the parcel was marketed as vacant land, listed in March 2019. The buyer thought the carwash could be reused - either as a conversion to a coffee shop or as a carwash with a coffee shop drive through kiosk elsewhere on the site. The structure and asphalt paving improvements have been allocated \$35,000 of the \$85,000 sale price.



LAND COMPARABLE L-4

RELIANT COMP ID: 10772

Lot 5, Industrial Subd -NHN Airport Rd Wrangell

Location Description

Tax ID 02-029-208

Legal Description

Lot 5, Block 59-D, Industrial Subdivision, Plat 85-8



Transaction			
Actual Price	\$70,000	Date	7/30/2020
Price	\$37,300	Transaction Type	Closed Sale
Price Per Land SF	\$5.16	Property Rights	Fee Simple
Price Per Usable Land SF	\$5.16	Financing	Cash
Price Per Acre	\$224,983.41	Conditions of Sale	Arm's Length
Grantor	Bernard Massin		
Grantee	Sara Gadd	Sale Verification Source	Mike Renfrow

0.17	Zoning	I
7,222	Topography	Level
Rectangular	Encumbrance or Easement	Typical
All utilities	Environmental Issues	None
	7,222 Rectangular	7,222 Topography Rectangular Encumbrance or Easement

Sale Comments

This is an industrial lot located between downtown Wrangell and the airport. The lot has asphalt surfacing. The sales price was adjusted downward by \$32,700 to account for the contribution value of the improvements.



LAND COMPARABLE L-5

RELIANT COMP ID: 10773

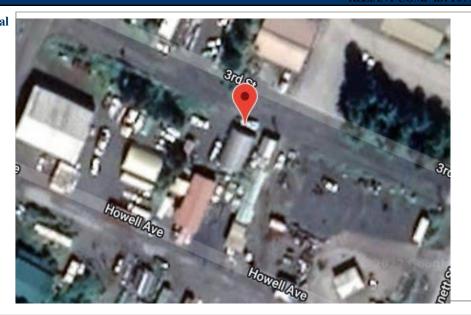
Lot 8A, Massin/Industrial NHN Third St Wrangell

Location Description

Tax ID 02-029-204

Legal Description

Lot 8A, Block 59B, Plat 2018-5



Transaction			
Actual Price	\$195,000	Date	4/12/2021
Price	\$86,800	Transaction Type	Closed Sale
Price Per Land SF	\$4.73	Property Rights	Fee Simple
Price Per Usable Land SF	\$4.73	Financing	Cash
Price Per Acre	\$206,107.23	Conditions of Sale	Arm's Length
Grantor	Bernard Massin		
Grantee	John & Brenda Schwartz-Yeager	Sale Verification Source	Mike Renfrow

Site			
Acres	0.42	Zoning	I
Land SF	18,345	Topography	Level
Shape	Irregular	Encumbrance or Easement	Typical
Utilities	All utilities	Environmental Issues	None

Sale Comments

This is an industrial lot located between downtown Wrangell and the airport. The site is located on a spur road. Improvements on the site consist of a quonset hut, modular office building, and nine storage units.



LAND COMPARABLE L-6

RELIANT COMP ID: 1077

Lot 4A, Massin/Industrial NHN Howell Ave Wrangell

Location Description

Tax ID 02-029-208

Legal Description

Lot 4A, Block 59B, Massin/Industrial Subdivision, Plat 2018-5.



Transaction			
Actual Price	\$56,500	Date	9/13/2021
Price	\$23,800	Transaction Type	Closed Sale
Price Per Land SF	\$4.51	Property Rights	Fee Simple
Price Per Usable Land SF	\$4.51	Financing	Cash
Price Per Acre	\$196,612.97	Conditions of Sale	Arm's Length
Grantor	Bernard Massin		
Grantee	John & Brenda Schwartz-Yeager	Sale Verification Source	Mike Renfrow

Site			
Acres	0.12	Zoning	I
Land S F	5,273	Topography	Level
Shape	Rectangular	Encumbrance or Easement	Typical
Utilities	All utilities	Environmental Issues	None

Sale Comment

This is an industrial lot located between downtown Wrangell and the airport. The site is located on a secondary street. The site is improved with an industrial building that contributed \$32,700.



IMPROVED COMPARABLE I-1

RELIANT COMP ID: 970

Marriott Springhill Suites Site - 970 553, 555 First Ave. & , 550, 552 Second Ave. Fairbanks, AK

Location Description

SEC Cushman St. & First Ave.

Tax ID 447021

Legal Description

Lot 1-A-1, Block 13, Fairbanks Townsite



Sale Information

Actual Price \$550,000

Price \$550,000

Grantor City of Fairbanks

Grantee Town Square Properties

Book/Page or Reference Doc 1999-013462-0

Date5/26/1999Transaction TypeClosed SaleProperty RightsFee SimpleFinancingConventionalConditions of SaleMotivated Seller

Site Description

Acres 1.3 Land S F 55,159

Access Excellent / Excellent

Zoning CBD, Central Business District

Topography Generally Level **Waterfront Access** No

Executive Executive

Improvements Description

GBA 36,400

Percent Office Efficiency Ratio Land to Building Ratio

1.515357143

Yard Storage

Sale Indices

NOI SF of Rentable

TOS Occupancy Vacancy Stabilized

Sale Comments

This is the sale of land for the development of a Marriott Springhill Suites in downtown. The site was formerly known as the old bar block" and new development at the site required demolition of all the old improvements. In the late1990s the city requested proposals for new development of the site, requiring that the entire block remain intact as one parcel. The city selected Town Square Properties' proposal. Demolition included minor asbestos removal and tipping fees at the landfill totaling approximately \$100,000. This cost was roughly offset by a total of \$100,000 in rebates the developers received for meeting specific development deadlines. Due to the city's motivation and the development process, this sale may be regarded as below market value."



IMPROVED COMPARABLE I-2

RELIANT COMP ID: 1073

ACS Globe Bldg. - 1073

645 Fifth Ave.

Fairbanks, AK

Location Description

SS Fifth Ave.; E of Barnette St.

Tax ID 37214

Legal Description

Lot 5, Block 86A, Fairbanks Townsite



Transaction

Actual Price \$410,000
Price \$410,000
Grantor City of Fairbanks
Grantee ACS of Fairbanks, Inc.
Buyer Type Owner-User
Book/Page or Reference Doc 2007-029683-0

 Date
 12/28/2007

 Transaction Type
 Closed Sale

 Property Rights
 Fee Simple

 Financing
 Conventional

Site Description

Acres 0.4 Land SF 17,608 Zoning Topography

Conditions of Sale

CBD, Central Business District Generally Level

Arms Length

Gene

Access Good / Good

Improvements Description

GBA 19,286 **Percent Office** 25%

Quality Average

Land to Building Ratio 0.912993882

Tenancy TypeSingle-TenantYear Built1950 / 1950ConstructionConcrete

Sale Indices

NOISF of Rentable

Risk Profile Average Risk

TOS Occupancy Vacancy Stabilized

Sale Comments

This is the City of Fairbanks' sale of the Globe Building to Alaska Communications Systems (ACS). The building was marketed beginning in the fall of 2004 when the Fairbanks City Council determined the building was no longer required for municipal purposes and should be sold off. The building was advertised at the assessed value of \$766,000 to multiple potential buyers, during which time the city received three offers: \$300,000, \$250,000, and \$410,000. The city rejected the offers due to price, contingency, and liability concerns. The building's marketability was impeded for a couple of reasons. First, on-site parking is minimal. Second, a portion of the building was subject to a below market lease to ACS in which ACS pays a portion of utility and maintenance costs only. Lastly, the building had a multitude of maintenance issues as well as asbestos. The city received an offer from ACS for \$410,000 which it accepted. Overall, this was an arms-length transaction with typical financing, and was representative of market conditions at the time of sale.



IMPROVED COMPARABLE I-3

Matanuska Maid Dairy Bldg. - 650

814 W. Northern Lights Blvd.

Anchorage, AK

Location Description

Btwn NL Blvd & Photo Ave /W 29th, E. of North Star St., W. of Alley

Tax ID 010-014-60

Legal Description

Lot 1-5, 7-10, Block 4, Frank Dickson SD, Plat 135-A



Transaction **Actual Price**

\$1,525,000 \$1,525,000 State of Alaska Matt Bobich

Date

Transaction Type **Property Rights** Financing Conditions of Sale

Price Grantor Grantee **Buyer Type** Investor Book/Page or Reference Doc 2008-051652-0

Site Description

Acres Land S F 62,032

Topography Waterfront Access

Zoning

B-3, General Business Generally Level

9/11/2008

Closed Sale

Fee Simple

Conventional

Arms Length

Access Below Average / Excellent

Improvements Description

Warehouse **Property Type** GBA 54,445 Percent Office 16%

Efficiency Ratio 100% Tenancy Type Single-Tenant Year Built 1963 / 2008 Construction Concrete

Quality Below Average

Land to Building Ratio 1.139351639 Ceiling Height Yard Storage **Overhead Doors** Yes **Dock High Doors** Yes

Sale Indices

-\$25,800,00 Improvement Value

NOISF of Rentable

Risk Profile Average Risk

TOS Occupancy Vacancy Stabilized

This is the former Matanuska Maid building in Midtown Anchorage located between Northern Lights and Benson in a very high traffic, high exposure location. Mat Maid sold the property in 2008 via a sealed bid auction that was widely publicized. The improvements were configured as a dairy and were in poor condition and some asbestos contamination. The winning bid was \$1,525,000. Costs to convert the improvements from dairy to pure distribution warehouse use and remove asbestos were \$1 million. Deferred maintenance was estimated at \$250,000. Due to poor truck access, maneuvering room and configuration the improvements provided limited functional utility and were not suitable for continued use as distribution warehouse. Post sale the buyer converted the property to mini storage space at substantial expense. This is an excellent example of the impact that poor truck access has on value. Overall, this is a arms length market transaction representative of a distribution warehouse property offering limited functional utility.



Average

IMPROVED COMPARABLE I-4

RELIANT COMP ID: 1075

Lathrop Bldg. - 1075

519 1st Avenue

Fairbanks, AK

Location Description

Between 1st and 2nd Avenues near Lacy St

Tax ID

30431

Legal Description

Lt 18, except S. 45' and Lts 19 & 20 BLK 13 Fairbanks Townsite



Transaction			
Actual Price	\$575,000	Date	3/11/2011
Price	\$575,000	Transaction Type	Listing
Grantor	Wells Fargo	Property Rights	Leased Fee
		Financing	Conventional
Buyer Type	Investor	Conditions of Sale	Asking
		Days On Market	210

Zoning

Quality

Site Description

Land SF 10,100 Topography Generally Level

Access Average / Good

Improvements Description

GBA 37,412

Percent Office 10% Land to Building Ratio 0.269966856

Efficiency Ratio 93% Ceiling Height 8

Tenancy Type 10220

Year Built 1939
Construction Concrete

Sale Indices

NOISF of Rentable

TOS Occupancy Vacancy Stabilized

Sale Comments

This older building was foreclosed on by Wells Fargo in 2009. The listing was originally priced at \$1,200,000 but has been reduced to \$575,000. As an older building, the improvements are compromised with contained asbestos, estimates to cure range from \$106.92/sq ft. to \$160.38/sq ft.



IMPROVED COMPARABLE 1-5

RELIANT COMP ID: 1813

TDX Aviation Park Facility - 1813

4902 Spenard Road

Anchorage, AK

Location Description

NWC of International Airport Rd. & Spenard Rd.

Tax ID

010-301-21

Legal Description

Lot 2, AIRPORT GATEWAY SUBDIVISION, according to Plat No. 2003-136



rai			

Actual Price	\$4,500,000	Date	10/29/2012
Price	\$4,500,000	Transaction Type	Closed Sale
Grantor	Alaska Master Park, LLC	Property Rights	Fee Simple
Grantee	Option Grantee	Financing	Conventional
Buyer Type	Investor	Conditions of Sale	Arms Length
Book/Page or Reference Doc	2013-017330-0	Days On Market	180

Site Description

Acres	5.6	Zoning	T, Transitional
Land S F	242,414	Topography	Level
		Waterfront Access	No

Access Average/ Excellent

Improvements Description

GBA	29,700	Parking Spaces	48
Percent Office		Land to Building Ratio	8.162087542
		Ceiling Height	16'

Construction Reinforced concrete

Sale Indices

CD A

Price Per RA \$105.51

Expense Ratio 8.0%

NOISF of Rentable

TOS Occupancy

Vacancy Stabilized Cap Rate 7.09%

Sale Comments

This is the sale of the former National Guard Armory located at the northwest corner of Spenard Road and West International Airport Road. The site is influenced by both the midtown and airport markets, and is just across Aviation Avenue from Spenard Lake. The site was improved with a 28,433 sq ft concrete block building originally built in 1962. The property was auctioned off by the MOA and the successful bid was \$4,500,000. There was prior known contamination on the property, however, a no further action letter had been issued and no impact on the sale was noted. Post sale expenditures include demolition of the existing building, which includes small amounts of asbestos, at an estimated cost of \$269,000 (based on the accepted bid). The property was sold with deed restrictions requiring an aviation theme, meeting



IMPROVED COMPARABLE 1-6

RELIANT COMP ID: 7724

Elks/Rockwell Building - 7724

109 Franklin Street

Juneau, AK

Location Description

Tax ID 1C070A130030

Legal Description

Fr. Lot 6, Lots 7 and 8, Block 13, Juneau Townsite



Trans action

Actual Price \$1,150,000 Date 12/31/2012 Price \$751,900 Transaction Type Closed Sale Grantor PEREYRA 2006 TRUST **Property Rights** Fee Simple FISHBONE RENTALS LLC Grantee Financing Conventional Conditions of Sale Arms Length

Book/Page or Reference Doc 2012-008422-0

Site Description

Property Type

Acres 0.3 Zoning MU

 $\textbf{Land SF} \hspace{1cm} \textbf{11,048} \hspace{1cm} \textbf{Topography} \hspace{1cm} \textbf{Sloping up to NE}$

Improvements Description

GBA 15,924 Parking Spaces 10

Mixed Use

Land to Building Ratio 0.693795529

Year Built 1908 Construction Masonry

Sale Indices

Price Per RA \$47.22

NOISF of Rentable

TOS Occupancy Vacancy Stabilized

Sale Comments

This building was originally the Elks Lodge until 2006 when it was converted to a restaurant/bar and event space. The 7,694 sq ft ground floor has the restaurant/bar and three restrooms. The second floor is 7,182 sq ft, mostly open ballroom with another commercial kitchen, bar and storage. The 1,048 sq ft third level is a 2-bedroom apartment. At sale the shell of the building was structurally fit, but the interior required significant renovation. Since the 2012 sale the first floor electric and plumbing was completely updated to code. As of spring 2020 the property is listed for sale for \$1.56 million, or \$97.97 per sq ft of GBA.



IMPROVED COMPARABLE 1-7

RELIANT COMP ID: 7716

First National Bank Building - 7716 238 Front Street

Juneau, AK

Location Description

Tax ID 1C070A030040

Legal Description

Lot 3 and Por Lot 2 Block G, and Lot 4 Block 3, Juneau Townsite



Transaction

Actual Price \$600,000 Date 3/30/2016 Price \$600,000 Transaction Type Closed Sale Grantor First National Bank Alaska **Property Rights** Fee Simple Grantee Spickett's Palace LLC Financing Conventional Conditions of Sale Arms Length

Book/Page or Reference Doc 2016-001398-0

Site Description

Acres 0.1 Land SF 5,943

Topography Benched

Improvements Description

Property Type Mixed Use Quality Average
GBA 12,580

Land to Building Ratio 0.472416534

Year Built 1916 Construction Masonry

Sale Indices

Price Per RA \$47.69

NOISF of Rentable

TOS Occupancy Vacancy Stabilized

Sale Comments

Downtown Juneau historic building with frontage on both Front Street and N Franklin Street. The purchaser planned to renovate the building with new retail storefronts and apartments above. The top floor was formerly used as a theater and requires repurposing. Since the sale the Franklin Street space has been renovated and leased to Devils Club Brewing.



Addendum: Improved Sale Comparables

IMPROVED COMPARABLE I-8

RELIANT COMP ID: 3691

707 A Street - 3691

707 A Street

Anchorage, AK

Location Description

SEC of 7th Avenue and A Street

Tax ID

002-142-62

Legal Description

Lots 4,5,and 6 Block 109 Original Townsite of Anchorage



\mathbf{I}	ra	ns	ac	ti	on
			,	•	

\$1,075,000 Date 1/17/2018 \$1,075,000 Transaction Type Closed Sale Price Grantor Board of Regents of the University of **Property Rights** Fee Simple A Street LLC (50%), M&M Living Grantee Financing Cash Conditions of Sale **Buyer Type** Investor Arms Length Book/Page or Reference Doc 2018-002075-0 Days On Market 210

Site Description

Acres0.5ZoningB-2B, CBD IntermediateLand SF21,000TopographyGenerally Level

Access Good / Good

Improvements Description

Property TypeOffice BuildingQualityAverageGBA20,424Land to Building Ratio1.028202115Percent OfficeCeiling Height12'

Tenancy Type Multi-Tenant Year Built 1973/2019 Construction Wood Frame

Sale Indices

Improvement Value \$214,000.00

NOISF of Rentable

TOS Occupancy Vacancy Stabilized

Comments

This was the arm's length sale of a downtown property that required significant updating and some deferred maintenance. The purchase price was \$1,075,000 however after upgrades, based on numbers provided by the broker, the analysis price is \$1,650,000. The property was purchased by several local investors and is currently being renovated including removal of asbestos, a new HVAC, upgraded elevator and remodeling of all restrooms.



Design Southeast

Ryan M. Wilson, PE, SE Structural Engineering (907) 747-5424

403 Lincoln St., Suite 240 Sitka, AK 99835

May 1, 2018



Wrangell Medical Center Building Condition Survey Structural, Building Envelope and Interior Finishes (15 Pages)



Narrative

Per the request of SEARHC facilities staff, Ryan M. Wilson, PE recently participated in a condition survey of the Wrangell Medical Center. The general scope of work included the following:

- 1. Document any non-code compliant construction.
- Document any major building maintenance deficiencies requiring immediate attention.
- Prepare recommendations to correct non-code compliant work in such a way as to meet the minimum standards of the 2012 International Building Code.
- Prepare recommendations to correct any major building maintenance deficiencies in such a way to make such construction new and serviceable.
- 5. Determine if a more thorough investigation is warranted.

This condition survey began during the afternoon of April 23 and ending late morning April, 25, 2018. Mr. Wilson's scope of work mainly included a brief visual condition assessment of the foundation, roof framing, roofing, siding, windows and basic interior finishes such as; flooring, suspended ceilings, etc. Only readily accessible areas were assessed. This condition assessment used noninvasive and nondestructive methods. Some of the recommendations in regards to finishes, listed as deficiencies, were based on the inspector's judgement. Structural analysis was outside the scope of work. Geotechnical and subsurface investigation were not performed. This report does not warrantee the building against settlement or subsidence of any kind. Environmental investigations such as for asbestos, lead paint, mold or carpenter ants were outside the scope of work. Brief visual assessments do not reveal all deficiencies, it is possible some may be found latter.



Wrangell Medical Center Building Description

310 Bennet Street, Wrangell, Alaska Property location: City and Borough of Wrangell Property owner:

Dates of inspection: April 23-25, 2018

One main level with a partial basement. There are at least three **Building Description:**

known additions. The front of the building faces Reid Street. -1967 original construction + 1974 Addition = 17,898 sf

> -1988 Addition = 9,928 sf -1994 Addition = 2,770 sf Total Building Area = 30,596 sf

Description of Elements and Components:

1967 Building: 1. Construction Type: V, with sprinklers.

2. Foundation: Creosote treated timber pilings with reinforced concrete

pile caps and grade beams.

3. Structural Framing: Conventional wood framing consisting of 2x floor joists, timber beams, 2x wood stud bearing walls, 2x roof rafters and

4. Roofing: Built-up multi-ply tar roof. Note: see 1988 addition for over-framed standing seam metal roofing.

Siding: Exterior Insulated Finished System (EIFS).

6. Windows: Wood casement or fixed windows.

1974 Addition: 1. Construction Type: V, with sprinklers.

- 2. Foundation: Unable to verify. The 1974 structural design drawings show a shallow foundation supported by reinforced concrete basement walls, spread footings and a concrete slab on grade. All bearing on a soil embankment.
- Structural Framing: Unable to verify. The 1974 structural design design drawings show 2x wood stud bearing walls, open web floor joists, structural steel floor beams, structural steel columns, open web joist roof rafters and glulam purlins.
- 4. Roofing: Built-up multi-ply tar roof. Note: see 1988 addition for over-framed standing seam metal roofing.
- 5. Siding: Exterior Insulated Finished System (EIFS).
- Windows: Wood casement or fixed windows.

- 1988 Addition: 1. Construction Type: V, with sprinklers.
 - 2. Foundation: Creosote treated timber pilings with reinforced concrete pile caps and grade beams.
 - 3. Structural Framing: Combination of conventional modular wood framing and stick framed construction. The 1988 addition on the west side of the building using modular construction is supported by timber pilings. A stick framed roof was constructed over the entire building; original 1967 construction, 1974 addition and 1988 additions. The new roof Over-framing consists of engineered I joist rafters, glulam beam; purlins, hip and ridge beams. Factory built trusses over-frame the 1974
 - 4. Lateral Force Resisting System: Plywood shear walls and plywood



- roof diaphragms.
 5. Roofing: Standing seam metal roofing.
 6. Siding: Exterior Insulated Finished System (EIFS).
- 7. Windows: Wood casement or fixed windows.

- 1994 Addition: 1. Construction Type: V, with sprinklers.
 - 2. Foundation: Creosote treated timber pilings with reinforced concrete
 - pile caps and grade beams.

 3. Floor Framing: Elevated structural concrete slab consisting of composite metal floor deck with concrete topping slab.
 - 3. Structural Framing: Pre-Engineered metal building. Primary steel consists of structural steel rigid frames. Secondary cold formed metal girts and purlins span between the rigid frames to support the wall and roof elements.
 - 4. Lateral Force Resisting System: Structural steel rigid frames and ordinary concentrically braces frames. Roof diaphragm consists of steel rod cross bracing.
 5. Roofing: Standing seam metal roofing.

 - 6. Siding: Metal siding panels oriented vertically.
 - 7. Windows: Aluminum casement or fixed windows.



Main Entry - Southwest Elevation



West Elevation



North Elevation



East Elevation



North Elevation – Shop Vestibule Shop to the Left 1994 Addition



East Elevation - Shop 1994 Addition

- Wrangell Medical Center Deficiency List

 1. Refer to appendix A photo log for photos of some of the deficiencies listed below.

 2. Refer to construction cost estimate prepared by Estimations Incorporated for item costs.

ITEM	TITLE	DESCRIPTION OF DEFICIENCY	PROPOSED CORRECTION	CODE / CRITERIA	NOTES
S01	Metal Roofing	There are (2) major roof leaks at the roof ventilation turrets and approximately (12) minor leaks throughout the metal roofing. The metal roofing was originally installed in 1988 (30 years old) and is at the end of it's useful life. The leaks at the ventilation turrets have resulted in approximately 120 sf of rotten plywood roof sheathing.	Like-kind replacement of the existing standing seam metal roofing. Replace approximately 120 sf of decayed plywood roof sheathing.	RECOMMENDATION	
S02	Seamless Metal Gutter System	Replacement is required during a reroof project.	Replace existing gutters with an new seamless metal gutter system	RECOMMENDATION	
S03	Air Handler Hoods	The existing air handler hoods are at the end of their life. The protective paint coating has failed allowing significant corrosion of the base metal to begin.	Like-kind replacement of air handler hoods.	RECOMMENDATION	
S04	Soffit sheathing	The roof eave soffit sheathing appears to consist of exterior gypsum or cementitious based sheathing. Approximately 800 sf has extensive water damage and needs replacement.	Like-kind replacement of approximately 800 sf of soffit sheathing.	RECOMMENDATION	
S05	EIFS Facia	Some sections of facia have fallen off the building and are missing.	Like-kind replacement of approximately 200 lin. ft of EIFS facia.	RECOMMENDATION	



ITEM	TITLE	DESCRIPTION OF DEFICIENCY	PROPOSED CORRECTION	CODE / CRITERIA	NOTES
S06	EIFS Siding	Some sections of the exterior insulated finish system (EIFS) has damage from water infiltration, freeze-thaw or impacts.	Like-kind replacement of approximately 1,000 sf of EIFS siding.	RECOMMENDATION	
S07	Exterior Paint	The existing exterior paint finish is in fair condition. The caulking is in poor condition with some joints failing.	Paint the exterior of the building including siding, facia and underside of soffit. Remove and replace any failed caulking sealant.	RECOMMENDATION	
S08	Windows	There are at least (6) windows with either failed seals (fogging) or broken panes. Approximately (46) casement windows have malfunctioning hardware.	Replace approximately (52) windows.	RECOMMENDATION	
S09	Skylights	The (2) skylights near the main entry are in poor condition. (1) skylight has a broken pane.	Replace (2) skylights.	RECOMMENDATION	
S10	Window Blinds	During the window replacement project item \$08, approximately half of the window blinds will need to be temporarily removed to facilitate replacement of the new windows. The existing blinds are worn and dated, it would be more efficient to replace with new instead of reinstalling the existing blinds.	Replace the existing window blinds.	RECOMMENDATION	
S11	Flooring	Most of the flooring in the facility is worn and nearing the end of its life. A large percentage of vinyl seams have failed. There are also several patches that have been installed with staples fastened through the face of the vinyl flooring.	Replace the existing flooring	RECOMMENDATION	

ITEM	TITLE	DESCRIPTION OF DEFICIENCY	PROPOSED CORRECTION	CODE / CRITERIA	NOTES
S12	Non-Compliant Suspended Ceiling System	Most of the existing suspended acoustic ceiling system is not constructed in such a way to meet the current seismic detailing requirements.	Replace the suspended ceilings in all rooms exceeding 144 sf.	2012 IBC, ASCE 7-10 13.5.6, ASTM E 580/E580M	
S13	Interior Paint	Interior paint finishes are in fair condition.	Paint interior walls, gypsum sheathed and adhesive tiled portions of ceiling.	RECOMMENDATION	
S14	Casework and Workstations	Casework and workstations are wom. The Formica seams and backsplash details create an infection control cleanliness issue.	Replace casework and work stations in patient care areas.	RECOMMENDATION	
S15	Elevated Exterior Deck	The deck is slightly uneven (possible settlement). The rim board is wavy when sited down. The guardrails do not meet current code. The spacing of the horizontal rails exceed 4". Connection of guardrail to deck not capable of resisting a 200 lb. load.	Rebuild and replace the existing deck framing, decking and guardrails	2012 IBC 1013.4	
S16	Activities Room Addition	The addition bump out was added over top of an existing elevated exterior timber deck and is poorly built. The foundation piers supporting the outer perimeter wall have settled. Water runs down the exterior wall, beneath the wall sole plate saturating the floor framing.	Demo the addition back to the original perimeter wall line and infill frame the opening.	RECOMMENDATION	

ITEM	TITLE	DESCRIPTION OF DEFICIENCY	PROPOSED CORRECTION	CODE / CRITERIA	NOTES
S17	Timber Piling	Inspected by sounding with a metal rod and probing with an ice pick. Generally the pilings appeared to be in good condition however (1) piling with severe decay was found. Water entered the	Repair decayed timber piling found during nondestructive visual inspection. Recommend a more thorough piling inspection using additional nondestructive testing such as ultrasound to check for additional bad pilings.	RECOMMENDATION	

Appendix A Photo Log



Deficiency Item S01. Decayed plywood roof sheathing typical at (2) roof ventilation turrets. Nontypical condition of framing.



Typical structural roof framing in good condition. 1988 roof over-framing addition.



Deficiency Item S01. Minor roof leak creating moist condition for mildew growth (white).



Deficiency Item S01. Example roof ventilation turret above major roof leak.



Deficiency Item S03. Air handler hood with corrosion.



Deficiency Item S04. Example water damaged roof soffit sheathing.



Deficiency Item S05. Missing EIFS facia.



Deficiency Items S06, S07 and S08. Example damaged EIFS (freeze-thaw), fogged window, caulking sealant failure, siding in need of exterior paint



Deficiency Item S09. Broken skylight glazing.



Deficiency Item S11. Example of existing vinyl flooring repair.



Deficiency Item S11. Example vinyl Flooring seam failure.



Deficiency Item S12. Rooms over 144 sf, metal grid runners are fastened to angle on all four sides of ceiling. Only one side shown in photo.



Deficiency Item \$15. Note dip in deck rim board. Guardrails non-code compliant. Space between horizontal rails exceeds 4". Connection to deck not capable or resisting a force of 200 pounds.



Deficiency Item \$17. Decayed creosote treated timber piling. Nontypical condition, not representative of average piling condition. Most pilings were found to be in good condition.



Deficiency Item \$16. Addition bump out to activities room. Water runs down beneath the wall sole plate and runs across the floor. Foundation piers have settled.



Typical creosote treated timber piling beneath 1988 addition, below emergency room. In good condition.



Typical creosote treated timber piling beneath 1968 Construction, beneath kitchen. In good condition. Reinforced concrete pile cap and grade beams in good condition.

Kim M. Wold

Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

Education

Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009



- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

Employment History

Reliant, LLC Appraiser, March 2019 to Present

Integra Realty Resources – Appraiser, April 2017 to March 2019

Seattle

Alaska Appraisal President and Chief Appraiser, October 1978 to April 2017

Associates, Inc.

Ketchikan Gateway Appraiser, January 1976 to October 1978

Borough

Designations, Certifications and Awards

State License's / Certifications

 State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).

Organization Affiliations, Offices & Memberships

- Senior Member National Association of Review Appraisers and Mortgage Underwriters
- Associate Member Appraisal Institute
- Fee Appraiser Federal Housing Authority (FHA/HUD #2218)

Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
- Testified in Internal Revenue Service tax appeal hearings



Partial List of Clients

Clients include:

Government Agencies (FDIC, State of Alaska, Federal, and Local) Financial Institutions Fisheries Forestry Native Corporations Tourism

A more detailed list of clients and professional references is available upon request.



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- Market & Feasibility Analysis
- Litigation & Arbitration Support
- Sale & Lease Negotiation
- **Property Tax Consulting**
- Estate Planning / Documentation
- **Settlement Trusts**

- Site Selection
- Due Diligence
- **Investment Analysis**
- Market Research
- **Eminent Domain**
- Partial Interest Valuations
- Forensic & Historic Valuations

Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- **Seafood Processing Plants**
- Right-of-Way / Condemnation
- Remote Properties

- Industrial
- **Ground Leases**
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- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily



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Fax: (907) 929-2260

Email: admin@reliantadvisory.com

www.reliantadvisory.com





CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO: <u>04-22-1690</u>

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE SALE OF PUBLIC LAND IN CONFORMANCE WITH WRANGELL MUNICIPAL CODE CHAPTER 16.12, SPECIFICALLY, LOT A, BLOCK 54, WMC REPLAT, PLAT 2016-6, WRANGELL RECORDING DISTRICT

WHEREAS, the Borough is the owner of the following described real property: Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District and Wrangell Medical Center building (WMC), 310 Bennett Street, Wrangell, AK 99929; and

WHEREAS, the land that the WMC sits on is approximately 84,988 square feet (1.95 acres); and

WHEREAS, the Borough Assembly it has determined it is in the public interest for the Borough to divest itself of the property and the WMC building; and

WHEREAS, the appropriate pre-sale work including a Hazardous Materials Assessment and an Appraisal have been completed; and

WHEREAS, the Borough Assembly desires to sell said property by advertising locally.

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

- Section 1. AUTHORIZATION. The Assembly of the City and Borough of Wrangell, Alaska authorizes the Borough Manager to sell Borough-owned real property Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District, and the WMC Building.
- Section 2. PROCEDURES FOR PUBLIC SALE. The Assembly of the City and Borough of Wrangell establishes the following procedure for the sale of the Borough-owned real property Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District, and the WMC Building, more commonly known as the "Old Wrangell Medical Center".
 - Local Advertising. The property shall be made available for not less than 30 days, starting on June 1, 2022.
 - Eligibility and Exclusions. Eligibility for participating in the public bid auction shall be persons eighteen (18) years of age or older with the following exceptions:
 - a. No person who is delinquent in any property tax, sales tax, utility payment, or other financial obligation with the Borough may participate in the auction.
 - b.
 - c. The Borough Manager, the Borough Clerk, and the Economic Development Director are prohibited from participating in the auction, either in their own name, in the name of their spouse, dependent child, or solely owned or family-owned business.

3. **Minimum Bid Established**. The minimum bid for this property shall be set at the properties' appraised value:

\$830,000.00

- 4. **Sale Terms**. The winning bidder shall sign a Purchase Agreement within ten (10) days of the closing of the auction. The property may be purchased with 20% of the winning bid amount as down payment, payable within five (5) business days from the signing of the Purchase Agreement, with the balance due to the Borough in sixty (60) days.
- 5. Property Not Sold at Auction. If the property is not sold in the initial timeframe in which the auction was listed, the property shall be made available Over the Counter as per WMC 16.12.105 starting 24 hours after the auction has closed. The property shall be listed at the full appraised values of Lot A, Block 54, WMC Replat, Plat 2016-6, Wrangell Recording District, and the WMC Building.
- 6. **Borough Manager Authorized to Administer**. The Borough Manager is authorized to develop whatever administrative procedures, forms and policies are necessary to implement this resolution.

Section 3. PUBLIC NOTICE REQUIRED. In conformance with Wrangell Municipal Code Section 16.12.040(b) the Borough Clerk shall give notice of the sale by publication of notice in a newspaper of general circulation in the Borough at least 30 days before the date of the sale, and the notice shall be posted within that time in at least three public places in the borough.

Section 4. AS Per WMC 5.10.035, when prior approval by the voters is required, if the final bid received is over \$1 million dollars, the approval to sell the property and building shall be added to the Ballot for the Regular Election on October 4, 2022 for approval by the voters of Wrangell.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA THIS 10th DAY OF MAY 2022.

Stephen Prysunka, Borough Mayor

ATTEST:

Kim Lane, MMC, Borough Cler

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

	DATE:	November 22, 2022
AGENDA ITEM TITLE:	Agenda Section	13

RESOLUTION NO 11-22-1728 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ACCEPTING A GRANT IN THE AMOUNT OF \$427,804 FROM THE STATE OF ALASKA HOMELAND SECURITY AND EMERGENCY MANAGEMENT GRANT PROGRAM FOR THE PORTS AND HARBORS SURVEILLANCE SYSTEM PROJECT

SUBMIT	ΓED BY:	FISCAL NOTE:				
		Revenue Re	ceived: \$427,80	4		
		FY 21:	FY 22:	FY23:		
Amber Al-	Haddad, Capital Facilities Director	\$149,637	\$259,468	\$427,804		
		Amount Bud	lgeted:			
Dovrigue	/Annayala/Dagammandations	Account Number(s):				
Reviews	/Approvals/Recommendations	74300 141-9999-43-74006				
	Commission, Board or Committee	Account Na	ne(s):			
Name(s)		Harl	oor Department	CIP Fund		
Name(s)						
	Attorney					
	Inguinance					

RECOMMENDATION MOTION:

Move to Approve Resolution No 11-22-1728.

ATTACHMENTS: 1. Resolution No 11-22-1728, with Exhibit A

SUMMARY STATEMENT:

In 2020 and 2021, the City and Borough of Wrangell (CBW) received State of Alaska Homeland Security and Emergency Management (SHSP) funding for the Ports and Harbors Surveillance System project.

The funding from this program is to support, build, and sustain the ability of states to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events. There is no requirement for a local cost share (match) for this grant program.

Based on the engineer's estimate for the project to provide surveillance to all ports and harbors facilities, additional funding was requested under the SHSP 2022 grant period in February 2022. On November 1, 2022, the SHSP notified us that additional grant funding, in the amount of \$427,804, was approved for award. For the SHSP to obligate the funds, the CBW is required to sign the Obligating Award Document (OAD) and Terms and Conditions within 30 days of receipt of the award letter.

For review by the Borough Assembly are SHSP's award letter, OAD, Program Requirements, Terms and Conditions, all provided attached hereto as Exhibit A to Resolution No. 11-22-1728.

By accepting the SHSP grant award in the amount of \$427,804, funds will be made available for the Ports and Harbors Surveillance System project expenditures.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO 11-22-1728

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ACCEPTING A GRANT IN THE AMOUNT OF \$427,804 FROM THE STATE OF ALASKA HOMELAND SECURITY AND EMERGENCY MANAGEMENT GRANT PROGRAM FOR THE PORTS AND HARBORS SURVEILLANCE SYSTEM PROJECT

WHEREAS, the City and Borough of Wrangell applied to the Alaska State Homeland Security Grant Program (SHSP) for funding assistance to support the Ports and Harbors Surveillance System project; and

WHEREAS, the funding from this program is to support, build, and sustain the ability of states to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events; and

WHEREAS, the funding will provide for a ports and harbors surveillance system with the capability of twenty-four-hour surveillance to support terrorism preparedness and meet the goal of this security project; and

WHEREAS, the Assembly of the City and Borough of Wrangell accepts the SHSP grant in the amount of \$427,804 for the Ports and Harbors Surveillance System project.

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

Section 1: The Assembly of the City and Borough of Wrangell has reviewed the State of Alaska Homeland Security and Emergency Management (SHSP) award letter, obligating award document, and all grant provisions, attached hereto as Exhibit A, and accepts the grant award in the amount of \$427,804 for the Ports and Harbors Surveillance System project into the Harbor CIP Fund and authorizes the Borough Manager to execute its administration and expenditures.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA this 22nd day of November 2022.

	CITY & BOROUGH OF WRANGELL, ALASKA
	Patricia Gilbert, Mayor
ATTEST: Kim Lane Borough Clerk	_





Department of Military Veterans Affairs

Division of Homeland Security and **Emergency Management**

> P.O. Box 5750 JBER, AK 99505-0800 Main: 907.428.7000 Fax: 907.428.7009 ready.alaska,gov

Resolution 11-22-1728 Exhibit A

October 31, 2022

Mr. Jeff Good, Borough Manager City and Borough of Wrangell PO Box 531 Wrangell, AK 99929

RE: 2022 State Homeland Security Grant Program, EMW-2022-SS-00034-S01

State Grant No.: 22SHSP-GY22

Mr. Good:

We received funds from the U.S. Department of Homeland Security under the 2022 State Homeland Security Grant Program. We are pleased to award the City and Borough of Wrangell the amount of \$427,804.00 under this grant. Funding from this program is provided to support, build, and sustain the ability of states, territories, and urban areas to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events.

Please review the Grant Requirements and Program Terms and Conditions as articles have changed to incorporate the provisions of 2 CFR Part 200. All changes to these items will be discussed at the 2022 Grant Kick-Off Meetings. Participation at a Kick-Off Meeting is required.

Please review the Project Budget Details for Environmental and Historical Preservation (EHP) requirements and approved project specifics. As a reminder, all procurement transactions must be conducted in a manner providing full and open competition. To ensure this, we require a Procurement Method Report with every expense (with the exception of local advertising, legal notices, and travel arrangements) submitted for reimbursement under this grant and preapprovals may be required at multiple steps in the procurement process. Please see the Procurement Method Report for additional details.

A pre-signed Obligating Award Document (OAD) is attached. Please print the document, sign the OAD, and send a scanned copy to mva.grants@alaska.gov within 30 days of subrecipient receipt. Keep the hard copy for your records.

If the OAD cannot be returned within 30 days due to local jurisdiction policies, a Notice of Intent to Accept Grant Award form must be submitted. The form and instructions are available for download on our Grants website, http://ready.alaska.gov/grants.htm.

Mr. Good October 31, 2022 Page 2 of 2

If signatory points of contact have changed since submittal of the application, please complete, and return a Signatory Authority Form with the signed OAD. The Signatory Authority Form is available for download on our Grants website. If needed, Electronic Payment enrollment forms are also available upon request.

If you have any questions, please contact the Division Project Manager for this grant, Tiffany Peltier, at (907) 428-7026 or by email at mva.grants@alaska.gov.

Sincerely,

William A. Dennis

Administrative Operations Manager

Enclosure(s): Obligating Award Document

Project Budget Details Report

EHP Form

Quarterly Activities Plan

cc: Amber Al-Haddad, Jurisdiction Project Manager Mason Villarma, Jurisdiction Chief Financial Officer

State of Alaska									Page	1 of 7	
Division of Homeland Security and Emergency Management									FEDERAL A	WARD DATE	
Under US Department of Homeland Security									September 6, 2022 FEDERAL GRANT PROGRAM 2022 State Homeland Security Gran		
Federal Emergency Management Agency Grant Programs Directorate											
				40000						ANT NUMBER	
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Program Requirements

- (A) Monies may not be obligated outside of the time period as stated on the grant document. An obligation occurs when funds are encumbered, as with a purchase order and/or commitment of salaries and benefits. All obligated and encumbered funds must be liquidated within 45 days of the end of the performance period (unless otherwise specified in the Program Terms and Conditions) when the *Final Performance Progress Reports* are due.
- **(B)** The signature of the signatory officials on this award certifies that all financial expenditures, including all supporting documentation submitted for reimbursement, have been incurred by the jurisdiction, and are eligible and allowable expenditures consistent with the grant guidelines for this project. The jurisdiction shall follow the financial management requirements imposed on them by the Division of Homeland Security and Emergency Management (DHS&EM).
- (C) The signature of the signatory officials on this award attests to the jurisdiction's understanding, acceptance, and compliance with Acknowledgement of Federal Funding; Lobbying; Debarment, Suspension, and other responsibility matters; Drug-free Workplace; Conflict of Interest, and Non-Supplanting certifications. Federal funds will not be used to supplant state or local funds. Federal funds may be used to supplement existing funds to augment program activities, and not replace those funds which have been appropriated in the budget for the same purpose. Potential supplanting may be the subject of application and pre-award, post-award monitoring, and audit. Any cost allocable to a particular Federal award or cost objectives under the principles provided for in 2 CFR Part 200, subpart E, may not be charged to other Federal awards to overcome fund deficiencies.
- (D) The jurisdiction shall ensure the accounting system used allows for separation of fund sources. These grant funds cannot be commingled with funds from other federal, state, or local agencies, and each award is accounted for separately.
- (E) The jurisdiction shall comply with the requirements under 2 CFR 25.110, to maintain and keep jurisdiction information current within the System of Award Management (SAM). Also, the jurisdiction has the requirement to be non-delinquent to the Federal government as required in OMB Circular A-129.
- (F) The jurisdiction shall comply with Federal Laws and Regulations: *Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, Age Discrimination Act of 1975, Americans with Disabilities Act of 1990.* Per Executive Order 13166, the jurisdiction will take reasonable steps to ensure Limited English Proficient (LEP) persons have meaningful access to its programs and activities. Executive Order 13347 Individuals with Disabilities in Emergency Preparedness requires government to support safety and security for individuals with disabilities in situations involving disasters, including earthquakes, tornadoes, fires, floods, hurricanes, and acts of terrorism. Executive Order 13224 prohibits transactions with and support to organizations associated with terrorism. Energy Policy and Conservation Act, National Environmental Policy Act (NEPA) of 1969 and the Coastal Wetlands Planning, Protection, and Restoration Act of 1990 (as applicable.) The USA PATRIOT Act of 2001, Trafficking Victims Protection Act of 2000, Hotel and Motel Fire Safety Act of 1990, and the Fly America Act of 1974. Subrecipients who collect Personally Identifiable Information (PII) are required to have a publicly available privacy policy that describes what PII they collect, how they use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate. All recipients must comply with statutory requirement for whistleblower protections (if applicable) at 10 U.S.C 2409, 41 U.S.C 4712, and 10 U.S.C 2324, 41 U.S.S 4304 and 4310. All recipients must comply with the equal treatment policies and requirements contained in 6 C.F.R Part 19 and other applicable statues, regulations, and guidance governing the participants of faith-based organizations in individual DHS programs.
- **(G)** The jurisdiction certifies that it has an *Affirmative Action Plan/Equal Employment Opportunity Plan*. An *EEOP* is not required for subrecipients of less than \$25,000.00 or fewer than 50 employees.
- (H) The jurisdiction certifies that its employees are eligible to work in the U.S. as verified by Form I–9, Immigration & Naturalization Service Employment Eligibility.
- (I) It is the responsibility of the jurisdiction as the subrecipient of these federal funds to fully understand and comply with the requirements of:
 - Administrative requirements
 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards https://ecfr.io/Title-2/Part-200
 - 2. Cost Principles

2 CFR Part 200 Subpart E Cost Principles

http://www.ecfr.gov/cgi-

bin/retrieveECFR?gp=&SID=a470d16f3403a225479f2a8a6c7c4058&n=pt2.1.200&r=PART&ty=HTML#sp2.1.200.e

3. Audit Requirements

2 CFR Part 200 Subpart F Audit Requirements

Title 2 Part 200 Subpart E - Code of Federal Regulations (ecfr.io)

- a. <u>Federal</u>: The applicant agrees that, as a condition of receiving any federal financial assistance, a Single audit of those federal funds will be performed, if required by law, and further agrees it will comply with all applicable audit requirements.
- b. <u>State</u>: If the applicant is an entity that received state financial assistance the applicant shall submit to the State coordinating agency, within one year after the end of the audit period, an annual audit report covering the audit period as required by 2 AAC 45.010.

- c. Subrecipients identified as "non-compliant" by the Alaska Dept. of Administration, Division of Finance, Single A Coordinator shall be subject to the following grant payment restrictions:
 - ngle # Item b.
 - The Division of Homeland Security & Emergency Management (DHS&EM) will not process grant payments of any nature directly to the subrecipient.
 - Subrecipients will be required to fully comply with the Single Audit requirements as specified by the Alaska Dept. of Administration, Division of Finance, Single Audit Coordinator.
 - Subrecipients will provide compliance evidence to DHS&EM from the state audit coordinator before any payment will be processed.
 - 4) DHS&EM may process On-Behalf-Of (OBO) payments to vendors for costs directly associated to the scope of work on approved awards.
 - 5) Performance periods will not be extended due to a subrecipient's failure to comply with Single Audit requirement.
 - 6) Payments made in error to subrecipients that are "non-compliant" must be repaid to the State of Alaska within 90 days of receipt of notice from DHS&EM.
- 4. Procurement and Contracts. Contracts must be of a reasonable cost, generally be competitively bid, and must comply with Federal, State, and local procurement standards. Detailed requirements for eligible procurement methods and contract types can be found in 2 CFR Part 200 Subpart D. The applicant agrees to review and follow procurement and contract requirements necessary for compliance with the grant program. Further, the applicant understands that failure to comply with these requirements may result of loss of funding for the entire project.
 - a. Debarred/Suspended Vendors. As required by Executive Orders 12549 and 12689, Debarment and Suspension, and implemented at 2 CFR Part 180, the applicant certifies that it and its principals:
 - Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency.
 - 2) Have not within a three-year period preceding this award been convicted of a or had a civilian judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or perform a public a public (Federal ,State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 3) Are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and
 - 4) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause of default. Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.
 - Domestic Preferences for Procurement. As appropriate and to the greatest extent consistent with law, state and non-state entities should, to the greatest extent practicable under its FEMA award, provide a preference for the purchase of goods, products or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. 2 C.F.R. § 200.322 also provides specific definitions for "Produced in the United States" and "manufactured products" that states should review.
- Conflict of Interest

2 CFR Part 200.112 – the jurisdiction must disclose in writing to DHS&EM any potential conflict of interest per the applicable Federal awarding agency policy in the award's performance period.

- 6. False Claims Act, Program Fraud Civil Remedies, and Mandatory Disclosures
 - a. 31 U.S.C. §3729, no recipient of federal payments shall submit a false claim for payment.
 - b. 38 U.S.C. §3801-3812, details the administrative remedies for false claims and statements made.
 - c. 2 CFR Part 200.113 the jurisdiction must disclose, in a timely manner and in writing to DHS&EM, all violations of Federal criminal law involving fraud, bribery, or gratuity potentially affecting the award.
- 7. Technology Requirements

28 CFR Part 23, Criminal Intelligence System Operating Policies

- 8. Research and Development (R&D) Requirements
 Grants awarded to DHS&EM are not R&D
- Duplication of Benefits
 2 CFR Part 200, Subpart E, Cost Principles
- 10. Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, 42 U.S.C. §5121-5206, and Related Authorities, where applicable.
- 11. Reducing Text Messaging while Driving

All recipients are encouraged to adopt and enforce policies that ban text messaging while driving as described in E.O. 13513, including conducting initiatives described in Section 3(a) of the Order when on official government business or when performing any work for or on behalf of the federal government.

12. Reporting of Matters Related to Recipient Integrity and Performance

Item b.

If the total value recipient's currently active grants, cooperative agreements, and procurement contracts from all feder assistance offices exceeds \$10,000,000 for any period of time during the period of performance of this federal financi assistance award, you must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R Part 200, Appendix XII.

13. Reporting Subawards and Executive Compensation

All recipients are required to comply with the requirements set forth in the government-wide Award Term on Reporting Subawards and Executive Compensation located at 2 C.F.R Part 170, Appendix A.

14. SAFECOM

All recipients receiving federal financial assistance awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

15. All recipients must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

16. State Requirements

Alaska State Procurement Code AS 36.30, AS36.30.005-.030 http://www.akleg.gov/basis/statutes.asp#36.30 Alaska Administrative Code Title 2 Chapter 12, 2 AAC 12.74. DOC Frame Page (state.ak.us) Alaska Administrative Manual http://doa.alaska.gov/dof/manuals/aam/index.htm

SHSP Program Terms and Conditions

Item b.

The total allocation of the 2022 State Homeland Security Grant Program awarded to the State of Alaska Division of Homeland Security and Emergency Management (DHS&EM) is under Federal Grant EMW-2022-SS-00034-S01, CFDA# 97067. The City and Borough of Wrangell has been awarded \$427,804.00, which shall be used to support activities essential to the ability of states, territories, and urban areas to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and other all-hazards events. All the instructions, guidance, limitations, and other conditions set forth in the Notice of Funding Opportunity (NOFO) for this program are incorporated here by reference in the award terms and conditions. All recipients must comply with any such requirements set forth in the program NOFO and State program guidance. The performance period of this grant award is October 1, 2022 through September 30, 2024. Project conditions must be completed by this date. The City and Borough of Wrangell cannot sub-grant all or any part of this award to any other entity or organization. All awards require confirmation within the first reporting quarter that activities toward projects will be made, or DHS&EM may execute de-obligation of the funds.

- (A) Changes to Award: All change requests must be submitted in writing, or electronically to the DHS&EM project manager, accompanied by a justification narrative and budget/spending plan, for review and approval. Changes must be consistent with the scope of the project and grant guidelines. Requests for changes will be considered only if the reporting requirements are current, and if terms and conditions have been met at the time of the request. Changes in the programmatic activities, or purpose of the project, changes in key persons specified on the grant award, contractual services for activities central to the purposes of the award, requests for additional funding, change in project site, or release of special conditions may result in an amendment to this award. No transfers of funds between budget categories will be authorized, only de-obligation of funds, except on a case-by-case basis.
- (B) Reporting Requirements: The City and Borough of Wrangell shall submit timely quarterly Performance Progress Reports and Financial Progress Reports to the project manager at DHS&EM. Instructions and blank forms are located electronically at http://ready.alaska.gov/grants, and may be reproduced. Jurisdictions must check the web site quarterly for the most current forms. Use of outdated forms will not be accepted. Quarterly reports are due:

Number of Scheduled Report Due	Jurisdiction Performance Period	Performance Progress and Financial Progress Report Due Dates
1	10/01/2022–12/31/2022	01/20/2023
2	01/01/2023-03/31/2023	04/20/2023
3	04/01/2023-06/30/2023	07/20/2023
4	07/01/2023-09/30/2023	10/20/2023
5	10/01/2023–12/31/2023	01/20/2024
6	01/01/2024-03/31/2024	04/20/2024
7	04/01/2024-06/30/2024	07/20/2024
8	07/01/2024-09/30/2024	10/20/2024
9	Final Report	11/15/2024

Invoices with progress reports will be submitted to DHS&EM by the due date as specified in the above schedule. Should the grant period be extended for any reason, a modified report schedule will accompany the award amendment.

The Performance Progress Report (PPR) contains an AK-PPR-A cover page form and an AK-PPR-B Program Indicators form. Both forms must be completed and submitted by the report due date. Requests for grant extensions, budget adjustments, project realignments, and significant problems or delays are reported on the AK-PPR-A. An AK-PPR-A must be submitted even if no additional information is required. The AK-PPR-B shall describe the progress and percent completed of projects and detail any related expenditures submitted on the Financial Progress Report. Financial Progress Reports shall describe the status of the funds, show encumbrances, and receipts of program income, cash or in–kind contributions to the project, whether or not a local match is required. A final PPR is a summary report, showing project completion, evaluating project activities, and measuring performance against project goals for the entire performance period, and is required in addition to the last quarterly PPR. An After–Action Report/Improvement Plan (AAR/IP) is required within 30 days of the conduct of an exercise.

- (C) <u>Signatory Requirements</u>: The primary signatory official, project manager and financial officer as listed on the *Signatory Authority Form* must sign the original obligating award document and any amendments. Delegates may sign quarterly and final reports, however, the signatures of the project manager, signatory official and the financial officer must be three different signatures.
- (D) Reimbursements: Submit on the Financial Progress Report form. Reimbursement shall be based upon authorized and allowable expenditures consistent with project narrative and budget detail and grant guidelines, and submission of timely quarterly Performance Progress and Financial Progress Reports. Payments may be withheld pending correction of deficiencies or for use of outdated forms. Reimbursement of expenditures may be requested at any time within the performance period. Expenditures must be supported with source documentation (e.g., copies of invoices, receipts, timesheets with name/wage/hours, cost allocation, warrants, etc.), method of solicitation must be documented with a Procurement Method Report and documentation of payment must be included.
 - <u>Personnel Costs</u>: Payroll reports signed and certified by the Chief Financial Officer that capture the employee's name, position, coded allocation to the project, amount paid, are acceptable. Staff may not self-certify their own time and wages. The City and Borough of Wrangell shall retain all supporting payroll records, including time and attendance records signed by the employee and supervisor and copies of warrants as per the

recordkeeping requirements in Section N. Limited to 50 percent for employees assigned to program management functions, not operation

Item b. The limit does not apply to contractors. Contracts: All sole-source procurements, single vendor response to a competitive bid and service contracts of any value require DHS&EM pre-

- approval prior to implementation. Final signed copies of all contracts are required for submission to DHS&EM with the request for reimbursement. Please review the Procurement Method Report for specific requirements.
- Program Income and Local Match: Program income may be used to supplement project costs, reduce project costs, or may be refunded to the federal government, and must be used for allowable program costs and be expended prior to requests for reimbursement. Local matching funds must clearly support the source, the amount, and the timing of all matching contributions.
- Equipment: Allowable equipment categories are listed on the web-based Authorized Equipment List (AEL) on the Responder Knowledge Base (RKB). Documentation required per instructions attached to DHS&EM quarterly reports.
- Travel: Travel must be listed in the approved budget.
- Training: Requires DHS&EM pre-approval prior to registering or participating in training opportunities.
- Exercise: Requires submission of an AAR/IP within 30 days after conduct of the exercise.
- Food and Beverages: All food and/or beverage expenses require pre-approval by DHS&EM and are only allowable costs if related to a grant funded sheltering exercise, such as a Mass Care Shelter Exercise where food is prepared as part of the exercise objectives in evaluating food preparation capabilities.

(E) Non-reimbursable Expenses:

- Reimbursable training and related travel costs not pre-approved by DHS&EM
- Construction and renovation
- Indirect costs
- Management and Administration (M&A) costs to manage subcontracts
- Supplanting
- Maintenance and/or wear and tear costs of general use vehicles (e.g., construction vehicles), medical supplies, and emergency response apparatus (e.g., fire trucks, ambulances) Maintenance and/or wear and tear costs of general use vehicles and emergency response apparatus
- Equipment purchased for an exercise cannot be used for permanent installation and/or beyond the scope of the conclusion of the exercise.
- Hiring of sworn public safety officers to fill traditional public safety duties or to supplant traditional public safety positions and responsibilities
- Weapons, weapons accessories, ammunition
- Entertainment and sporting events
- Personal items such as laundry, personal hygiene items, magazines, in-room movies, personal travel
- Travel insurance, visa, and passport charges
- Lodging costs in excess of federal per diem, as appropriate
- Lodging fees associated with violation of the lodging facility's policies, such as smoking in a non-smoking room
- Lunch when travel is wholly within a single day
- Stand-alone working meals
- Bar charges, alcoholic beverages
- Tips
- Finance, late fees, or interest charges
- Lobbying, political contributions, legislative liaison activities
- Organized fund-raising, including salaries of persons while engaged in these activities
- Land acquisition
- Organizational Costs
- Expenditures not supported with appropriate documentation when submitted for reimbursement. Only properly documented expenditures will be processed for payment. Unsupported expenditures will be returned to the jurisdiction for resubmission.
- (F) Property and Equipment Management: The City and Borough of Wrangell shall maintain an effective property management system; safeguards to prevent loss, damage, or theft; maintenance procedures to keep equipment in good condition; and disposition procedures. A Property Inventory Report is available at http://ready.alaska.gov/grants shall be submitted to DHS&EM annually each June 20 with the Financial Progress Report, and continued submission is required annually until final disposition of the equipment. No equipment purchased with these grant funds may be assigned to other entities or organizations without the expressed approval in writing from DHS&EM, prior to the jurisdiction's encumbrance or expenditure for that equipment. Management of property and equipment shall be in accordance with state laws and procedures as outlined, and 44 CFR Part 13, sections 13.31 and 13.32. For items over \$5,000.00, a Single Equipment Reporting Form must be submitted at the time of reimbursement at the time of reimbursement request
- (G) Procurement: A Procurement Method Report documenting method of solicitation is required for reimbursement for every procurement (with the exception of local advertising, legal notices, and travel arrangements). Contractors that develop or draft specifications, requirements, Statements of Work (SOW), and/or Requests for Proposals (RFP) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Local bidder's preference is not allowed for federally funded procurements. Procurement transactions shall be conducted to provide maximum open and free competition. Pre-approvals may be required at multiple steps in the procurement process. Please see the Procurement Method Report for additional details.
- (H) Contracts: Any contract entered into during this grant period shall comply with local, state, and federal government contracting regulations. To the extent that subrecipients of a grant use contractor, subrecipients shall use small, minority, women-owned or disadvantaged business concerns and contractors to the extent practicable. Contracts for professional and consultant services must include local, state, and federal government required contract language, a project budget, and require pre-approval by DHS&EM prior to implementation. Contract deliverables must meet the intent of the grant application and grant requirements. Justification is required for compensation for individual consultant services, which must be reasonable and consistent with the amount paid for similar services in the marketplace. Detailed invoices and time and effort reports are required for consultants. A Procurement Method Report documenting method of solicitation is required for reimbursement for every procurement.
- (I) Use of DHS Seal, Logo, and Flags: All subrecipients must obtain DHS&EM approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests, or reproductions of flags of likenesses of Coast Guard officials.
- (J) Publications and Copyright: All recipients must affix the applicable copyright notices of 17 U.S.C. § 401 or 402 and an acknowledgement of Government sponsorship (including award number) to any work first produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws ations) Publications created with funding under this grant should prominently contain the following statement: This document was prepared under a om the Federal Emergency Management Agency (FEMA)'s Grant Programs Directorate, U.S. Department of Homeland Security and the

Alaska Division of Homeland Security and Emergency Management. Points of view or opinions expressed in this document are those of authors and do not necessarily represent the official position or policies of FEMA's Grant Programs Directorate, the U.S. Department of I Security, or the State of Alaska.

Item b.

- (K) <u>Acknowledgement of Federal Funding:</u> All subrecipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.
- (L) <u>Federal Debt Status</u>: All subrecipients are required to be non-delinquent in their repayment of any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.
- (M) <u>False Claims Act and Program Fraud Civil Remedies:</u> All subrecipients must comply with the requirements of 31 U.S.C. § 3729 which set forth that no subrecipient of federal payments shall submit a false claim for payment. See also 38 U.S.C. § 3801-3812 which details the administrative remedies for false claims and statements made.
- (N) <u>Recordkeeping Requirements</u>: Grant financial and administrative records shall be maintained for a period of three (3) years following the date of the closure of the grant award, or audit if required. Time and effort, personnel and payroll records for all individuals reimbursed under the award must be maintained. Property and equipment records shall be maintained for a period of three (3) years following the final disposition, replacement or transfer of the property and equipment.
- (O) <u>Performance Measures</u>: Quarterly Progress Reports shall demonstrate performance and progress relative to:
 - 1. Acceptable performance on applicable critical tasks in Exercises using approved scenarios
 - 2. Progress in achieving project timelines and milestones identified on the Grant Activities Plan
 - 3. Percent measurable progress toward completion of project
 - 4. How funds have been expended during reporting period, and explains expenditures related to the project
- (P) <u>Subrecipient Monitoring Policy</u>: Periodic monitoring is required to ensure that program goals, objectives, timelines, budgets, and other related program criteria are being met. DHS&EM reserves the right to periodically monitor, review and conduct analysis of the City and Borough of Wrangell's financial, programmatic and administrative policies and procedures such as, accounting for receipts and expenditures, cash management, maintaining adequate financial records, means of allocating and tracking costs, contracting and procurement policies and records, payroll records and means of allocating staff costs, property/equipment management system(s), progress of project activities, etc. This may include desk and field audits. Technical assistance is available from DHS&EM staff. The Monitoring Policy is available in the Grants Management Handbook at http://ready.alaska.gov/grants.
- (Q) <u>Penalty for Non–Compliance</u>: For the reasons listed below, special conditions may be imposed, reimbursements may be partially or wholly withheld, the award may be wholly or partly suspended or terminated, or future awards, reimbursements and award modifications may be withheld. DHS&EM may institute the following, but is not limited to, withholding authority to proceed to the next phase of a project, requiring additional or more detailed financial reports, additional project monitoring, and/or establish additional prior approvals. DHS&EM shall notify the City and Borough of Wrangell of its decision in writing stating the nature and the reason for imposing the conditions/restrictions, the corrective action required and timeline to remove them, and the method of requesting reconsideration of the imposed conditions/restrictions. The City and Borough of Wrangell must respond within five (5) days of receipt of notification.
 - 1. Unwillingness or inability to attain project goals
 - 2. Unwillingness or inability to adhere to Special Conditions or Grant Assurances.
 - 3. Failure or inability to adhere to grant guidelines and federal compliance requirements
 - 4. Improper procedures regarding contracts and procurements
 - 5. Inability to submit reliable and/or timely reports
 - 6. Management systems which do not meet federal required management standards
- (R) <u>Termination for Cause</u>: If performance is not occurring as agreed, the award may be reduced or terminated without compensation for reduction or termination costs. DHS&EM will provide five (5) days' notices to City and Borough of Wrangell stating the reasons for the action, steps taken to correct the problems, and the commencement date of the reduction or termination. DHS&EM will reimburse City and Borough of Wrangell only for acceptable work or deliverables, necessary and allowable costs incurred through the date of reduction or termination. Final payment may be withheld at the discretion of DHS&EM until completion of a final DHS&EM review. Any equipment purchased under a terminated grant may revert to DHS&EM at the option of DHS&EM.
- (S) <u>Termination for Convenience</u>: Any project may be terminated upon convenience, in whole or in part, for the convenience of the Government. The U.S. Department of Homeland Security and the DHS&EM, by written notice, may terminate this grant, in whole or in part, when it is in the Government's interest. Allowable costs obligated and/or incurred through the date of termination shall be reimbursed. Any equipment purchased under a terminated grant may revert to DHS&EM at the option of DHS&EM.
- (T) <u>Project Implementation</u>: Due to the competitiveness of the 2022 State Homeland Security Grant, approved projects must be ready—to—go. Project implementation shall begin within the first reporting quarter.
 - 1. If a project cannot be operational within the first reporting quarter of the approved award date, the subrecipient should provide notice to DHS&EM, stating the implementation delay and expected starting date. At the discretion of DHS&EM, the grant award is subject to cancellation and funds may be de-obligated and reallocated to other projects if project implementation is unjustifiably delayed.
- (U) The City and Borough of Wrangell shall comply with the requirements and restrictions of the Federal Fiscal Year (FFY) 2022 Homeland Security Grant Program (HSGP) Program Guidance, State Overview and Guidelines, State Preparedness Report, and the State Homeland Security Strategy. By signing this obligating award document, the City and Borough of Wrangell certifies it has read, understood, and accepted these documents as binding.
- (V) No funds will be reimbursed until City and Borough of Wrangell fiscal and programmatic representatives attend a 2022 Grant Kick-Off Meeting to be held by teleconference in November, 2022. Activity towards grant acceptance and projects may take place prior to Kick-Off meeting attendance.
- (W) The City and Borough of Wrangell must complete a Quarterly Activities Plan by December 31, 2022. Information on this requirement will be emailed and provided at 2022 Grant Kick-off meetings.
- (X) The City and Borough of Wrangell must complete/update the Alaska Assessment annually by September 30.
- (Y) The City and Borough of Wrangell must have programmatic jurisdictional representatives at the annual DHS&EM Multiyear Training and Exercise Plan pp (TEPW).

(Z) The signature of the signatory officials on this award attests to the City and Borough of Wrangell's understanding and acceptance of the National Management System (NIMS) compliance requirements. For FFY 2022, the Alaska Assessment will be the required means to report NIMS compliant future preparedness award eligibility.

Item b.

(AA) The City and Borough of Wrangell must complete the Nationwide Cybersecurity Review (NCSR) by December 31, 2022. More information on this online, self-assessment is will be provided at the 2022 electronic Kick-Off Meeting and can be found in the 2022 HSGP NOFO: https://www.cisecurity.org/ms-isac/services/ncsr/

Special Conditions

(A) The City and Borough of Wrangell shall not undertake any project having the potential to impact Environmental or Historical Preservation (EHP) resources without the prior approval of FEMA, including but not limited to communications towers, physical security enhancements, new construction, and modifications to buildings, structures and objects that are 50 years old or greater. The City and Borough of Wrangell must comply with all conditions placed on the project as the result of the EHP review. Any change to the approved project scope of work will require re-evaluation for compliance with these EHP requirements. If ground disturbing activities occur during project implementation, the City and Borough of Wrangell must ensure monitoring of ground disturbance, and if any potential archeological resources are discovered, the City and Borough of Wrangell will immediately cease construction in that area and notify FEMA and the appropriate State Historic Preservation Office. Any construction activities that have been initiated without the necessary EHP review and approval will result in a non-compliance finding and will not be eligible for FEMA funding. The City and Borough of Wrangell must submit an Environmental Historic Preservation (EHP) Statement of Work Request for the following project(s):

1) Port and Harbors Surveillance System

We certify we have read, understood, and accept the Grant Terms and Conditions, the Grant Requirements, and Assurances and Agreements, and Special Conditions in accordance with this Award.

Project Manag	er's Signature
Chief Financia	l Officer's Signature
Signatory Offic	cial's Signature





Project Budget Details 2022 State Homeland Security Program Wrangell, City and Borough Reported Revision 0

PBD Expense	Solution	Discipline		Budgeted	PBD	PBD
# Category	Area				unt Spent	Balance
1 Equipment	Phys.Security	Law Enforcement	State:	\$0.00	\$0.00	\$0.00
✓ EHP	☐ Cancele	ed	Federal:	\$427,804.00	\$0.00	\$427,804.00
Item: Port a	and Harbors Surveilland	ce System	Processor Process According to the art			
Description: Purch	ase and installation of	video-surveillance syst	em for the Por	t and Harbors facilities	s in Wrangell, <i>i</i>	Ala ska .
Investment Equipment and Capital Projects						
		Δdin	sted Grant	Total PBD		Summary

Δ	djusted Grant	Total PRD		Summary
	A COUNTY COME OF THE SECOND SE		Expenses	
	Total	Allocations ' ""		Balance
State:	\$0.00	\$0.00	\$0.00	\$0.00
Giale.	φ0.00	φυ.σσ	\$0.00	φυ.υυ
the state of the s	¢407 004 00	£407.004.00	ድር ሲር	£407 004 00
Federals	\$427,804.00	\$427,804.00	\$0.00	\$427,804.00
		•		
Grand Total:	\$427,804.00	\$427,804.00	\$0.00	\$427,804.00
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6/2022

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

	<u>DATE:</u>	November 22, 2022
AGENDA ITEM TITLE:	Agenda Section	13

Approval of the City & Borough of Wrangell Employee Handbook (formally Personnel Regulations)

SUBMITTED BY:

Jeff Good, Borough Manager Mason Villarma, Finance Director Kate Thomas, Director of Parks & Recreation

Reviews/Approvals/Recommendations				
	Commission, Board or Committee			
Name(s)				
Name(s)				
\boxtimes	Attorney			
	Insurance			

FISCAL NOTE:				
Expend	liture R	Required: \$X	XX Total	
FY 21: \$	S	FY 22: \$	FY23: \$	
Amoun	t Budg	eted:		
	FY22 \$XXX			
Account Number(s):				
	XXXXX XXX XXXX			
Account Name(s):				
Enter Text Here				
Unencumbered Balance(s) (prior to expenditure):				
\$XXX				

ATTACHMENTS: 1. CBW Employee Handbook

RECOMMENDATION MOTION:

Move to Approve the City & Borough of Wrangell Employee Handbook as presented.

SUMMARY STATEMENT: Originally known as the CBW Personnel Regulations, this document has been revised to meet the current needs of the Borough while maintaining all legal requirements issued by local ordinances and state statutes, along with necessary inclusions from the Collective Bargaining Agreement. This Employee Handbook is designed to provide employees

of the City and Borough of Wrangell with information about policies affecting their employment. All Department Directors have had ample opportunity to review and provide comment throughout the process. The final iteration of the document was reviewed by the Borough Manager and Attorney. All recommended changes have been implemented.



EMPLOYEE HANDBOOK

Revised and Approved November 2022

CITY & BOROUGH OF WRANGELL SOUTHEAST ALASKA

We pride ourselves on being a hard-working and resilient community that reflects the best in authentic Alaskan values.

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CHAPTER ONE GENERAL PROVISIONS

- **1.1 Authority.** The provisions set forth herein have been adopted pursuant to Section 3.58.010 of the Wrangell Municipal Code, and together constitute the Borough's personnel system, as authorized by AS 29.20.410.
- **1.2 General Purpose.** This Employee Handbook is designed to provide employees of the City and Borough of Wrangell with information about policies affecting their employment. Employees are required to read, understand and comply with all provisions of these personnel policies which describes many of their responsibilities and outlines the programs developed by the City and Borough of Wrangell for their benefit. If any of these policies are found to be in conflict or out of compliance with any state or federal rules, policies, or laws, those requirements will take precedent over this policy.

In addition, these policies are intended to:

- **1.2.1** Ensure that the Borough is positioned to recruit and retain the best personnel available for municipal service;
- **1.2.2** Furnish sound training, supervision, and administrative direction;
- **1.2.3** Establish probationary periods for new regular employees and standards of work performance and conduct for all employees;
- **1.2.4** Promote opportunities in municipal service based on merit;
- **1.2.5** Provide a mechanism for municipal employees to voice their concerns and to ensure their grievances are heard and meaningfully considered; and,
- **1.2.6** Promote a work environment that is conducive to both personal and professional growth;
- **1.2.7** Ensure a safe and healthy work environment.
- **1.3 Extent of Rights Conferred by these Policies.** None of the benefits or policies set forth herein are intended to confer any rights or privileges upon employees or to entitle them to be or remain employed by the City and Borough of Wrangell. The policies set forth in this handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between the City and Borough of Wrangell and any of its employees.
- **1.4 Scope.** Except for those instances in which these policies conflict with the provisions of a negotiated contract, or with any federal, state or local law, they shall apply to all of the Borough's non-elected employees. These policies are not applicable to the Borough's election officials, members of the Borough Assembly, or individuals appointed to Borough boards and commissions, unless such individuals are simultaneously employed by the Borough. Some Borough employees belong to the IBEW union. These policies apply to all employees. When

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there is a difference between the Personnel Policies and the Collective Bargaining Agreement for union employees, the Collective Bargaining Agreement will be followed for union employees only.

1.5 History. The City and Borough of Wrangell is a home rule borough with an Assembly–Manager form of government. There is a seven-member Borough Assembly, which includes an elected Mayor. Wrangell incorporated as a city on June 15, 1903, became a home rule city in October 1960, and became a Borough in May 2008.

1.6 Organization of Authority.

- 1.6.1 Borough Assembly. The Borough Assembly establishes personnel policies and rules, including employee classifications and the Borough's Salary Schedule. The Borough Assembly will adopt or provide for rules and policies, resolutions, or ordinances concerning personnel policies and other measures that promote the hiring and retention of capable, diligent, and honest employees, to be administered by the Borough Manager and will prescribe the workdays and holidays to be observed by the various offices and departments of the City and Borough of Wrangell.
- **1.6.2 Borough Manager.** The Borough Manager serves as HR Representative and may authorize a designee to serve as Personnel Officer upon written notification. The Borough Manager or designee shall be responsible for assisting in the preparation and maintenance of the Borough's Employee Classification Plan and its Salary Schedule and shall perform such other duties as may be required to enforce the policies and procedures set forth herein. All matters relating to the Borough's personnel shall be routed to the Borough Manager or designee, who shall maintain a complete system of personnel files and records. The Borough Manager or designee may perform any or all of these duties and responsibilities or assign them to another Borough employee at their discretion.
- **1.7 Authority to Modify.** These policies cannot anticipate every circumstance or question that may arise during the course of Borough employment. The City and Borough of Wrangell reserves the right, to revise, supplement, or rescind any policies or portion of the Employee Handbook from time to time as it deems appropriate, in its sole and absolute discretion. Employees will be notified of such changes to these personnel policies as they occur.
 - **1.7.1 Procedure to Modify.** The Borough Manager shall recommend revisions to these policies based upon the Borough's needs, the goal of increasing the effectiveness and productivity of its employees, the requirements of applicable state and federal laws, and the Borough Code. Such revisions shall become effective once approved by resolution of the Borough Assembly, and shall be applicable to all Borough employees, unless

otherwise specified. Employees shall be notified in writing of any changes prior to their implementation and shall be required to sign a form acknowledging their receipt and understanding of such changes. Should an employee have any questions regarding any policy or procedure, it is the employee's responsibility to seek clarification from a supervisor, the HR Representative designee, or the Borough Manager.

- **1.8 Authority to Interpret Policies.** The Borough Manager, as the Borough's Chief Administrator and HR Representative, has final authority with respect to the interpretation of any provisions of these policies.
- **1.9 Authority to Vary from Strict Interpretation.** Unless otherwise required by federal, state, or local law, and in the interest of fairness, the Borough Manager shall have the authority to relax the rules and procedures established by these policies when their strict application as to a person or situation would result in undue hardship to an employee or the Borough.

THIS EMPLOYEE HANDBOOK, DATED NOVEMBER 8TH, 2022, SUPERSEDES ALL PREVIOUS VERSIONS.

CHAPTER TWO EMPLOYEE CLASSIFICATIONS

- **2.1 Purpose.** The Borough's Employee Classification Plan is intended to serve as a tool for assisting with the management of the Borough's personnel system, such as establishing appropriate performance standards, effectively administering employee salaries and benefits, and better equipping the Borough to more properly assess its staffing needs. The following provisions clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility.
 - 2.1.1 No Guarantee of Minimum Employment Term or Work Hours. Employees assigned to a position defined below are not entitled to a term of employment for any specified period, or to work or to be paid for any minimum or maximum number of hours in a day, week or other period. The number of hours an employee works in any period is dependent upon the City and Borough of Wrangell's needs and will be determined by management. An employee who believes the work performed or required for a position is inconsistent with the category assigned to the position may request a review of the position's assigned classification but is not entitled to the benefits of a different classification until formally modified.
- **2.2 Classifications Subject to Ongoing Review.** The Borough shall from time to time review the Borough's Employee Classification Plan and make updates to it as necessary and shall assign a classification and salary range to each position and make such reassignments to account for the reassignment of work duties, the reorganization of departments, or the addition or removal of positions.
- **2.3 Non-Employees.** Volunteers, contractors, consultants and the elected and appointed members of boards, committees, commissions are not considered to be Borough employees. Notwithstanding that fact, non-employees who work with the Borough are expected to comply with the general standards of conduct applicable to bona fide Borough employees.
- **2.4 Classifications.** All employees shall be classified according to the following designations:
 - **2.4.1 Regular Employees.** Those who have been hired to work for the Borough on either a full-time or part-time basis, and for whom no specific term of employment has been established.
 - **a. Full-Time Employees.** Those who are not in a temporary or on-call position and who are regularly scheduled to work at least 30 hours per week. Regular full-time employees are generally eligible for the Borough's employee benefits programs, subject to their respective terms, conditions, and limitations.

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- **b. Part-Time Employees.** Employees who are not assigned to a temporary or on-call position and who are regularly scheduled to work less than 30 hours per week, but at least 15 hours per week. Regular part-time employees may be eligible for some benefits sponsored by the City and Borough of Wrangell, subject to their respective terms, conditions, and limitations.
- **2.4.2 Temporary Employees.** Those who are hired on an interim basis to temporarily work for a predetermined period that does not extend beyond six (6) calendar months. While they receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for all the City and Borough of Wrangell's other benefit programs. Temporary Employees may be terminated at any time with or without cause, without prior notice, and without a right to any right to a pre- or post-deprivation hearing regarding their termination.
 - **a. Temporary Part-Time Employees.** Those who are hired on an interim basis to work up to a maximum of 15 hours per week. Temporary part-time employees may exceed the six-month maximum period; however, they are not to exceed 15 hours of work per week on average over twelve (12) calendar months.
- **2.4.3 Exempt or Nonexempt.** Each position is designated as either exempt or nonexempt. A position's classification as exempt or nonexempt may be changed by the Borough as it deems necessary.
 - **a.** Nonexempt. Nonexempt employees are generally entitled to overtime pay under the specific provisions of federal and Alaska law.
 - **b. Exempt.** In contrast, exempt employees are excluded from specific provisions of federal and state wage and hour laws, and as a result are generally ineligible for overtime pay. The following positions are currently classified as exempt positions:
 - i. Borough Manager
 - ii. Deputy Manager
 - iii. Borough Clerk
 - iv. Finance Director
 - v. Police Chief
 - vi. Director of Public Works
 - vii. Director of Capital Facilities
 - viii. Electric Utility Superintendent
 - ix. Library Director
 - x. Port & Harbor Director

- xi. Parks and Recreation Director
- xii. Fire Chief
- xiii. Nolan Center Director
- xiv. Economic Development / Planning Director
- xv. Any other position so designated by the Borough Assembly
- **2.5 Positions Exempted from the Borough's Classified Service.** Certain positions are expressly excluded from the Borough's classified service. As such, those Borough employees whose positions fall within the following classifications are employed at will, may at any time be dismissed with or without cause, and are not eligible to challenge any employment action by means of the Borough's employee grievance or appeals processes:
 - **2.5.1** Temporary or other non-regular employees.
 - **2.5.2** Certain positions designated as confidential/managerial in nature by the Borough Assembly.
- 2.6 Confidential / Managerial Positions. Pursuant to AS 29.20.410, the Borough Assembly has designated certain positions as confidential/managerial in nature and they are, as a result, excluded from the Borough's classified service. Confidential/managerial positions are determined by ordinance. Those individuals who serve in these positions are employed at will, may be dismissed at any time with or without cause, and are not eligible to challenge employment actions by means of the Borough's grievance or appeals procedures. The Borough's managerial/confidential positions include:
 - 2.6.1 Borough Manager
 - **2.6.2** Borough Clerk
 - **2.6.3** Borough Health Officer
- **2.7 Job Descriptions.** The City and Borough of Wrangell shall maintain accurate job descriptions for all positions within the municipality. Each description includes the job title, employee classification, department/site where work is performed, supervisor, salary grade, distinguishing career features, essential duties and responsibilities, knowledge and skills, abilities, physical demands, education and experience, licenses and certificates, and working conditions. Some job descriptions may contain additional requirements and information.
 - **2.7.1 Purpose of Job Descriptions.** The City and Borough of Wrangell maintains job descriptions to aid in orienting new employees to their jobs, to identify the requirements of each position, to establish hiring criteria, to set standards for employee performance evaluations, and to establish a basis for making reasonable accommodations for individuals with disabilities and to determine if transitional work opportunities exist.

- **2.7.2 Preparation of Job Descriptions.** The Borough Manager and hiring Department Director prepare job descriptions when new positions are created. Existing job descriptions are also reviewed and revised to ensure that they are up to date. Job descriptions may also be rewritten periodically to reflect any changes in the position's duties and responsibilities. All employees will be expected to help ensure that their job descriptions are accurate, current, and reflect the work done by the employee within the position. All job descriptions are subject to approval by the Borough Assembly by resolution. Any changes to the wage and grade table shall be conducted separately.
- **2.7.3 Job Descriptions Not All-Inclusive.** Employees should remember that job descriptions do not necessarily cover every task or duty that might be assigned, and that additional responsibilities may be assigned as necessary. Employees should contact their supervisor if they have any questions or concerns about their job description.

CHAPTER THREE RECRUITMENT AND HIRING

- **3.1 Statement of Recruitment and Hiring Philosophy.** The recruitment, appointment, and promotion of employees is made on the basis of merit, except for employees appointed to confidential or managerial positions that have been designated by ordinance to be appointed by the Borough Assembly. The City and Borough of Wrangell believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other area employers for similar work. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.
- **3.2 Recruitment and Job Posting.** The City and Borough of Wrangell provides employees with an opportunity to indicate their interest in open positions and advance within the municipality according to their skills and experience. In general, notices of all job openings are posted, although the Borough reserves its right to refrain from posting a particular opening when it is in the best interest of the Borough and approved by the Borough Manager.
 - **3.2.1 General Posting Practices.** Job posting is a way to inform employees and the public of openings and to identify qualified and interested applicants who might not otherwise be known to the hiring manager. Other recruiting sources may also be used to fill open positions in the best interest of the municipality. Job openings will be posted both in the workplace and advertised outside of the City and Borough of Wrangell and will normally remain open for a minimum of fourteen (14) days. Each job posting notice will include the dates of the posting period, job title, department, location, and may include a job summary, essential duties, and qualifications (required skills and abilities) or how to obtain this information.
 - **3.2.2. Job Posting for Positions Within Collective Bargaining Unit.** For positions covered under the IBEW Collective Bargaining Agreement, the position will be posted internally to those departments with IBEW-represented positions for five (5) business days prior to any external posting. Applicants will be reviewed in accordance with the Collective Bargaining Agreement.
- **3.3 Employment Applications.** The City and Borough of Wrangell accepts applications for employment only when it is actively recruiting to fill that position. It does not accept any unsolicited applications or resumés and will not hold an application on file to consider in the event of any upcoming or future vacancy.

- **3.3.1 Application Requirements Mandatory.** To be considered eligible for Borough employment, applicants must submit a new application form for every position for which they apply. The Borough may maintain a pool of applications for temporary positions advertised within the same season.
- 3.3.2 Accuracy of Information. The City and Borough of Wrangell relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsification, or material omission in any of this information or data may result in the exclusion of the individual from further consideration for employment or, if the person has already been hired, may be grounds for discipline up to and including termination of employment.
- 3.4 Pre-Employment Background Investigations. Applicants are required to consent to a criminal background investigation as a condition of employment and may be subsequently required at any time during the individual's term of employment with the Borough. Failure to cooperate with or pass such a background check shall make an applicant ineligible for employment with the Borough and shall be grounds for termination for those who are already employed by the Borough. All background investigations are conducted in conformity with the Federal Fair Credit Reporting Act, the Americans with Disabilities Act, and applicable state and federal privacy and antidiscrimination laws. Information obtained as the result of a background check shall be kept confidential to the extent permitted by law.
 - **3.4.1 Disqualification Criteria Policy.** A criminal conviction, whether a misdemeanor or felony, will not automatically disqualify or exclude from employment. You are required to provide true and complete information during the recruitment and selection process. If you intentionally or unintentionally conceal or otherwise provide a false, statement of material fact in your application submission it will result in permanent loss of eligibility for employment. No individual shall be permitted to work for the City and Borough of Wrangell if the results of the background check show that the person has a charge pending against them.
- **3.5 Pre-Employment Reference Checks.** To ensure that individuals who join the City and Borough of Wrangell are well qualified and have a strong potential to be productive and successful, it is the policy of the City and Borough of Wrangell to check the professional and employment references of all applicants being considered for hire.
 - **3.5.1 Borough's Response to Requests for Employment References.** The City and Borough of Wrangell will respond to all reference check inquiries from other employers. Responses to such inquiries will confirm only dates of employment, wage rates, and

- position(s) held. No additional employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.
- 3.6 Pre-Employment Drug Screening. Offers of Borough employment are conditioned upon a prospective permanent employee's ability to successfully pass a pre-employment drug screening prior to the individual's first date of employment. After an offer has been made to an applicant entering a designated job category, a drug test will be required at the City and Borough of Wrangell's expense by a health professional of the City and Borough of Wrangell's choice. The offer of employment and assignment to duties is contingent upon satisfactory completion of these requirements. Information on an employee's medical condition or history will be kept separate from other employee information and maintained confidentially, to the extent permitted by law. Access to pre-employment drug screening results information will be limited to those who have a legitimate need to know, and the disclosure of such results will comply with all other applicable provisions of Alaska law.
- **3.7 Appointments.** Appointments are made by the Borough Manager in consultation with applicable Department Directors. No offer of employment, transfer, or promotion is valid unless expressly authorized in writing by the Borough Manager and shall not take effect until the starting date specified in that writing.
 - **3.7.1 Temporary Appointments.** Individuals may be appointed to temporary positions to complete special projects or to meet the Borough's seasonal needs. Such individuals may not continue within that position for any period longer than six months within any twelvemonth period. Temporary employees shall not accrue leave, receive holiday pay, or be eligible for Borough-sponsored health or retirement benefits. Temporary employees are employed at will, may be terminated at any time with or without cause, and are ineligible to contest employment actions by means of the Borough's employee grievance and appeal procedures.
 - **3.7.2** Emergency Appointments. Notwithstanding any other provisions of these policies, and subject only to the requirements of the City and Borough of Wrangell Code of Ordinances and any other applicable federal or state laws, the Borough Manager may, in the event of an emergency that threatens the health and safety of the residents of the Borough, employ an individual using standards that vary from the Borough's general employment procedures, for a period no longer than 30 days, for the purpose of addressing such emergency. When necessary, an extension may be granted at the approval of the Borough Assembly.
- **3.8 Probationary Period.** All regular employees are subject to a probationary period, which is intended to permit the Borough to evaluate the employee's ability to meet established performance goals and to determine whether the employee is suitable for a specific position

Employees in their probationary period are eligible for some benefits sponsored by the City and Borough of Wrangell, subject to the terms, conditions, and limitations of each respective benefit program.

- **3.8.1 Length of Probationary Period.** Unless a longer probationary period is specified in an employee's job description, all new and rehired employees work on a probationary basis for the first 180 calendar days after their date of hire.
- 3.8.2 Transfers and Promotions Subject to Probationary Period. Employees who are promoted or transferred to a new position within the City and Borough of Wrangell must complete a new probationary period of the same length. Employees subject to a secondary probationary period due to promotion or transfer do not experience any loss of vested benefits. Any employee who, in the sole judgment of management, is not successful in the new position can be removed from that position at any time during the new position's probationary period. If this occurs, the employee may be allowed to return to his or her former job or to a comparable job for which the employee is qualified, depending on the availability of such positions and the City and Borough of Wrangell's needs. An employee removed from a new position has no right to a hearing or appeal of this decision.
- **3.8.3 Extension of Probationary Period.** Any significant absence will automatically extend a probationary period by the length of the absence. In addition, if the City and Borough of Wrangell determines that the designated probationary period does not allow sufficient time to thoroughly evaluate the employee's performance, the probationary period may be extended for up to 90 days. In cases where the probationary period is extended, the affected employee will be notified in writing.
- **3.8.4 Completion of Probationary Period.** Only those hours actually worked shall be credited against an employee's probationary period. If a temporary employee is later hired on a permanent basis, at the Borough Manager's sole discretion, any hours worked during that period may be credited against the employee's probationary period. Upon satisfactory completion of the probationary period, new employees will be reassigned to "regular" employee classification.
- **3.8.5 Dismissal During Probationary Period.** Employees are deemed to be employed at will during the probationary period and may be dismissed at any time before its expiration with or without cause, and without advance notice. The dismissal of a probationary employee is final and is not subject to review according to the Borough's employee grievance or appeals procedures.

- **3.9 Employment of Minors.** The Borough shall at all times adhere to the requirements of federal and state law regarding the permitted hours, minimum age and permissible working conditions for individuals under the age of 18.
 - **3.9.1 Borough Manager Approval Required.** No minor may be employed by the Borough, nor may a minor employee's duties be altered, without the express written authorization of the Borough Manager.
- **3.10 Employment of Relatives.** The employment of relatives or individuals involved in a dating relationship in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can carry over into day-to-day working relationships. The policies set forth herein shall apply to all employees, regardless of gender or sexual orientation.
 - **3.10.1 Definitions.** For purposes of this policy, terms and phrases shall have the following meanings:
 - a. "Immediate family member" means a person's spouse and the following individuals, whether in a full, half, or step relationship to the person: parent, child, brother, sister, grandparent, or grandchild; and the following individuals related to the person's spouse, whether in a full, half, or step relationship to the spouse: parent, child, brother, sister, grandparent, or grandchild. Persons related by adoption are treated the same as persons related by blood.
 - b. "Domestic partner" means a person cohabitating with the employee in a committed relationship with the intent to reside together indefinitely where each person is each other's sole domestic partner and both parties are responsible for the common welfare of the other.
 - c. "Dating relationship" means an intimate association primarily characterized by the expectation of affectionate or romantic involvement over a period of time. The term does not include a casual relationship or an association between persons in a business or social context.
 - **3.10.2 Appointment Prohibited under Certain Circumstances.** Except as provided in subsections (3.10.3) and (3.10.6) of this section, a person may not be appointed to employment with the borough if, upon his or her appointment, the person would be in:
 - a. A position under the direct supervision of an immediate relative, domestic partner, or anyone with whom he or she is in a dating relationship;

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- b. A position in which the person directly supervises an immediate relative, domestic partner, or anyone with whom he or she is in a dating relationship; or
- c. A position in which the person and an immediate relative, domestic partner, or anyone with whom he or she is in a dating relationship, work directly under and report to the same supervisor.
- **3.10.3** Current Employees Relatives of Current Employees. Subsection (a) of this section does not prohibit a current employee from continuing to be employed by the borough provided that the current employee may not be transferred, reassigned, or promoted to a position in which he or she would be under the direct supervision of, or directly supervise, an immediate relative, domestic partner, or anyone with whom he or she is in a dating relationship, or to a position in which the current employee and an immediate relative, domestic partner, or anyone with whom he or she is in a dating relationship would work directly under and report to the same supervisor.
 - a. An immediate relative or domestic partner of a current employee, or a person in a dating relationship with a current employee, may not hold a position in which that person is under the direct supervision of, or directly supervises, or works directly under and reports to the same supervisor as the current employee.
- **3.10.4 Employees or Applicants Related to the Borough Manager.** An immediate relative of the Borough Manager, a domestic partner of the Borough Manager, or anyone with whom the Borough Manager is in a dating relationship, may not be appointed to a position of employment with the Borough without the prior approval of the Borough Assembly. A current employee may not, without the approval of the Borough Assembly, continue their employment with the Borough if an immediate relative of the employee, the employee's domestic partner, or anyone with whom the employee is in a dating relationship, is hired as the Borough Manager.
- 3.10.5 Borough Recourse. If, after appointment to Borough employment, two employees become immediate relatives or domestic partners, or if a dating relationship is established between them, and those employees hold positions that are in one of the supervisory or reporting situations, the Borough Manager will take steps to transfer one of the employees to another open position if such position exists and is suitable; if a transfer cannot be accomplished due to the unavailability or unsuitability of an open position, the Borough Manager may reassign the supervisory or reporting responsibilities of one of the employees to another employee who is not so related or, if necessary, one of the employees must resign, or the Borough Manager may terminate one of the employees. All decisions on transfer, reassignment, resignation, or termination, shall be made by the Borough Manager and will be based on the best interests of the Borough. The Borough Manager's decisions shall be final. In other

cases where a conflict or the potential for conflict arises because of the relationship between employees, even if there is no line of authority or reporting involved, the employees may be separated by reassignment or terminated from employment.

- **3.10.6 Duty to Disclose.** Employees must immediately disclose to the Borough Manager circumstances in which he or she would be required to supervise the work of an immediate family member, as defined in Section 3.10.1.
- 3.11 Compliance with Immigration Laws. The City and Borough of Wrangell is committed to employing only those authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin. In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. This documentation will be photocopied and attached to the Employment Verification Form I-9. Former employees who are rehired must also complete the form if they have not completed an I-9 with the City and Borough of Wrangell within the past three years, or if their previous I-9 is no longer retained or valid. Verification Form I-9 and documentation must be completed by the employee's third working day, or that employee cannot remain with the City and Borough of Wrangell.

Employees with questions or seeking more information on immigration law issues are encouraged to contact the HR Representative. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

CHAPTER FOUR WAGE AND SALARY ADMINISTRATION

- **4.1 General.** The City and Borough of Wrangell's Salary Schedule was created to achieve consistent pay practices, to comply with applicable labor laws, to reflect the Borough's commitment to Equal Employment Opportunity, and to offer competitive salaries within the labor market. Although every effort is made to offer employees competitive wages, local economic conditions are also a factor in setting wages. Because recruiting and retaining talented employees is critical to success, the City and Borough of Wrangell is committed to paying its employees equitable wages that reflect the requirements and responsibilities of their positions and are comparable to the pay received by similarly situated employees in the local labor market.
- **4.2 Rates of Pay.** Compensation for every position is determined by several factors, including the essential duties and responsibilities of the job, and salary survey data on the pay practices of other employers. The City and Borough of Wrangell periodically reviews its Wage and Grade Table with the assistance of a wage administration consultant and restructures it as necessary.
 - **4.2.1 Wage and Grade Table.** Rates of pay shall be established in a Wage and Grade Table maintained by the Borough Manager. The Wage and Grade Table shall include a range of salaries for each position. When an individual is hired to fill a position, they are automatically assigned a rate of pay equal to the base step for that position in the Wage and Grade Table. If the Borough Manager, in consultation with or recommended by an applicable Department Director, determines that the individual possesses skills, education or experience greater than that required for the position, the Borough Manager may, in his or her discretion, assign the employee a starting pay at a higher initial level than that reflected within the Wage and Grade Table.
 - **4.2.2 Updates to Wage and Grade Table.** The Borough Manager shall from time to time review the schedule of salaries and wages to determine whether adjustments should be made. Review shall be at the Borough Manager's discretion, Borough Assembly direction, or the recommendation of a Department Director. Such adjustments shall be made at the time that the Borough Assembly is undergoing the annual budgeting process and shall become effective upon the Borough Assembly's adoption of a budget reflecting such adjustments to the Wage and Grade Table.
- **4.3 Salary Adjustments.** In general, adjustments to an employee's rate of pay shall occur only as provided by this section.
 - **4.3.1 Step Increases.** Step increase pay adjustments may be awarded in conjunction with the performance evaluation process. Generally, employees become more valuable the longer

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they are employed by an organization and step increases are a way to reward employees for their length of service. Step increases function such that each year, upon the employee's anniversary of date of hire under the current position, the employee shall receive a one-step increase subject to a satisfactory performance evaluation, until reaching the final step on the salary schedule, providing such step is funded in that fiscal year's budget. For employees who have reached the final step on the Wage and Grade Table subject to a satisfactory performance evaluation, a one-time annual payment, equivalent to a single step increase, will be granted, provided such payment is funded in that fiscal year's budget. Such payment shall not increase the base salary.

- **4.3.2 Step Increases Upon Promotion or Transfer.** Department Directors shall be responsible for an employee's assignment to another position when changes and responsibilities justify such action, subject to the approval of the Borough Manager. Employees' requests for changes in position classification shall be forwarded to their respective Department Directors. The entry wage rate for new hires in the job classification shall generally be Step 1, although above-grade appointments may be made in exception to this as outlined in 4.2.1.
 - **Step Increases for Temporary Appointments.** With the employee's consent, an employee may be assigned to duties of a higher classification for purposes of training or a demonstration of skill for a period of up to six months without change of classification for pay purposes. This should not be construed, however, to prevent a Department Director from assigning an employee to duties of a higher classification for temporary periods to cover for an employee on vacation, sick leave, or for some other need as approved by the Borough Manager. All regular employees who are assigned to perform the work of a higher-rated classification shall be paid for time worked, at the higher rate classification. Assignment of an employee to a higher-rated classification or a classification that provides for a wage increase of at least three percent (3%) without an increase in pay shall be generally limited to bona fide training situations. To meet the needs of service when a leadman, foreman or Department Director is absent, an employee, if qualified and needed, will be designated by the applicable Department Director to perform the duties of the person absent. This designation will also be approved by the Borough Manager. The employee will be paid for all hours worked at a rate equal to the higher position. In the event an employee is directed by his or her Department Director to fill a position lower than his or her normally paid position, he or she will be paid their current rate of pay for all time worked in the lower position.

4.3.3 Merit Increases. Merit increases may be made at any time to recognize outstanding performance of duty based on written recommendations of the Department Director and approved by the Borough Manager.

4.4 Other Pay Provisions.

- **4.4.1 Swing/Graveyard Shift Pay.** Any regular employee working within the defined hours of swing shift will receive an additional one dollar (\$1.00) per hour for all hours worked. Any regular employee working within the defined hours of graveyard shift will receive an additional two dollars (\$2.00) per hour for all hours worked. This shift differential pay shall be added to the employee's base hourly rate of pay before the computation of any applicable overtime rate. The normal work time for shift employees shall be when 75% of their time is scheduled between 7:00 a.m. to 5:00 p.m. for day shift, 3:00 p.m. to 1:00 a.m. for swing shift, and 11:00 p.m. to 9:00 a.m. for third or graveyard shift, unless mutually agreed otherwise.
- **4.4.2** On Call Pay. If an employee is put on On-Call status, the employee is to remain at home and ready to work at a moment's notice. This pay status will generally be used for the Police Department but could in certain cases be used by other departments. In the event an employee is asked to be On Call, the employee will be paid the minimum wage as set forth by the State of Alaska for each hour the employee is On Call. If an employee is being paid On- Call pay and is called to work, they will be paid for any hours worked at their regular pay or overtime if applicable. They will not receive any minimum hours for the call out.
- **4.4.3 Standby Pay.** Occasionally, the needs of the Borough will require that employees be put on Standby Status. Employees shall receive \$6.00 per hour while on Standby. Standby time is a period of time, in addition to an employee's normal work schedule, during which an employee is not working but is required to restrict activities and be available for return to work. An employee is not considered to be on Standby Status unless he/she has been given at least twenty-four (24) hours advance notice of their assignment to Standby Status by their supervisor or Department Director. Each Standby assignment shall be for no less than eight hours.
 - a. An employee shall not receive Standby pay for hours actually worked or for hours reimbursed by a call-back minimum.
 - b. Standby duty requires the employee so assigned to:
 - i. Be available for the Employer to contact at all hours by a communication device(s) designated and provided by the Employer;
 - ii. Respond immediately to calls for his/her service; and,

- iii. Refrain from activities that might impair his/her ability to perform his/her assigned duties should he/she be called out.
- **4.5 Timekeeping.** Each employee is responsible for accurately recording all time worked. Federal laws require the City and Borough of Wrangell to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all of the time actually spent on the job performing assigned duties. It is essential to also correctly record all time not worked, including but not limited to time spent on sick leave, vacation leave, leave without pay, worker's compensation, family leave, or jury duty.
 - **4.5.1. Time Entry.** Timesheets are entered by employees and approved by Department Directors through the Employee Portal system. Each employee will have their own secure login and access to the Employee Portal. Time shall be recorded in increments of 15 minutes (.25 hours). It is the employee's responsibility to certify the accuracy of all time recorded. The employee's supervisor will review and then approve the time record before submitting it for payroll processing.
 - **4.5.2. Modifications to Timesheets.** Changes on time sheets that involve an employee's rate of pay or hours worked shall be brought to the attention of the employee involved and documented in writing. Copies of an employee's time sheet shall be made available for inspection if requested by the employee.
 - **4.5.3. Falsification of Timesheet Information.** Altering, falsifying or tampering with time records or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment. A Department Director or supervisor may submit a timesheet on behalf of an absent employee; any necessary changes will be made upon the employee's return with the payroll coordinator and approved by the supervisor.
- **4.6 Pay Periods and Pay Dates.** All employees are paid bi-weekly. Each paycheck will include earnings for all work performed through the end of the previous payroll period. Employees should review their paycheck to be sure all wages and deductions are correct. If an employee has any questions concerning their paycheck, they should contact the Finance Department.
 - **4.6.1 Direct Deposit.** Direct Deposit is the City and Borough of Wrangell's preferred method of issuing payroll to employees. To utilize direct deposit employees must provide written authorization via the "Direct Deposit Authorization Form." Direct Deposit will remain in effect until changed by the employee. Employees will receive an itemized statement of wages and deductions through the Employee Portal when the City and Borough of Wrangell makes direct deposits.

- **4.6.2 Pay Advances.** In the event of a personal emergency, employees may submit a written request for a pay advance to their supervisor or manager, indicating the nature of the emergency involved. The supervisor or manager will evaluate the request and determine whether a pay advance can be granted. Pay advances will be limited to time worked based on net pay through the day the pay advance is being paid.
- **4.6.3 Administrative Pay Corrections.** The City and Borough of Wrangell takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday. In the unlikely event that there is an error in the amount of pay that an employee receives, the employee should promptly bring the discrepancy to the attention of the Finance Department so that corrections can be made as quickly as possible. Corrections exceeding \$150.00 will be made within five (5) business days of learning of the need for the correction. Corrections up to \$150.00 will be made in the next regular payroll.
- **4.6.4 Pay Deductions.** The law requires that the City and Borough of Wrangell make certain deductions from every employee's compensation. This may include court ordered deductions. In addition, the City and Borough of Wrangell may make deductions required for an employee's participation in optional employee benefits programs, as authorized by the employee. Questions concerning such deductions should be directed to the Finance Department.

4.7 Workday and Workweek.

- **4.7.1 Regular Employees.** The normal work schedule for all regular employees, other than members of the Borough Police Department, is 8 hours a day, 5 days a week. The workweek begins on Sunday and ends on Saturday. Supervisors will advise employees of the times their schedules will normally begin and end. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.
- **4.7.2 Shift Employees.** Work schedules for shift employees shall be posted by the 25th of the month covering the succeeding month. An employee may exchange a scheduled day off for another day if the employee's supervisor and any other affected employee agree; however, if such an exchange would cause an employee to accrue overtime, it is subject to preapproval as set forth in Section 4.8. All shift employees shall have at least eight (8) hours of relief between shifts. Any employee not having an eight (8) hour break between shifts shall be paid the overtime rate for those hours falling during the eight (8) hour relief period.

- **4.7.3 Emergency Scheduling.** In the event of an emergency or circumstances with considerable risk occurring outside the normal working hours, an employee shall be required to respond to a request by a supervisor of the Borough for assistance. Absent exigent circumstances, an employee who fails to respond to a request for emergency assistance is subject to disciplinary action or dismissal.
- **4.7.4 Flexible Scheduling.** Flexible scheduling, or flextime, is available in some cases to allow employees to vary their starting and ending times each day within established limits. Flextime may be possible if a mutually workable schedule can be negotiated with the supervisor involved. However, such issues as staffing needs, the employee's performance, and the nature of the job will be considered before approval of flextime. Employees should consult their supervisor to request participation in the flextime program. All requests for flexible scheduling are subject to final approval by the Borough Manager.
- **4.7.5 Reporting for Duty.** Employees shall be ready to begin work at the start of a shift and shall not discontinue active work until the end of the scheduled shift.
- **4.8 Overtime and Double Time Pay.** There may be times when the City and Borough of Wrangell cannot meet its operating requirements or other needs during regular working hours. If this happens, the City and Borough may give employees the opportunity to work overtime and try to distribute overtime assignments fairly among all employees who are qualified to perform the required work.
 - **4.8.1 Preapproval Required.** All overtime must be preapproved by an employee's supervisor.
 - **4.8.2 Employees Eligible for Overtime Pay.** Nonexempt employees will receive overtime pay for all time worked in excess of 8 hours per day or 40 hours per workweek, in accordance with federal and state wage and hour laws and Borough policy. Vacation, sick leave and holidays will be counted as hours worked for the purpose of calculating overtime. Overtime pay shall be at the rate of one and one-half times the employee's regular rate of pay.

For employees assigned to work a regular schedule of four 10-hour shifts per week, all time worked in excess of 10 hours per day or in excess of 40 hours straight time during any one week shall be considered overtime.

4.8.3 Double Time Pay for Hours Worked on Borough Holidays. Holidays worked shall be paid at the double-time rate, plus the holiday pay at straight time.

- **4.8.4 Double Time Pay for Work During Scheduled Vacations.** In the event an employee is asked to work during his or her vacation, the employee shall receive the double time rate of pay for all hours worked in addition to his or her vacation pay. The employee may have the option to not receive vacation pay and have those vacation hours credited back to his or her accrued vacation time.
- **4.8.5 Call Out/ Call Back Pay.** In the event an employee is called back to work outside of his or her normal work schedule, he or she will receive a minimum of two (2) hours pay at the double time rate. For all hours worked during the call out, in excess of the first two (2) hours, he or she shall receive overtime at the rate of double time. The call out time begins when the call is placed to the employee and ends once the employee completes the work and returns to their work location if the work is performed off-site. If an employee who was called back to work and has completed his or her assignment and left, is again called back to work, he or she will not receive another minimum if the time of return is within the previous two (2) hour minimum.
 - a. When Call Back Pay Inapplicable. The provision granting employees a minimum of two hours overtime when called back to work does not apply to scheduled overtime, scheduled meetings, or overtime worked as a continuance of the normal workday. Overtime or a meeting is considered "scheduled" if the employee has been notified of such no later than the end of the normal workday in which the overtime or meeting is scheduled. As an example, an employee would only be entitled to one-half hour overtime if the completion of a task required an employee to work an additional one-half hour immediately following the end of the normal workday.
- **4.9 Business Travel.** The City and Borough of Wrangell will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. Both the Department Director and the Borough Manager must approve all business travel in advance. Employees should contact their supervisor for guidance and assistance on procedures related to travel arrangements, travel advances, expense reports, reimbursement for specific expenses, or any other business travel issues. Abuse of this business travel policy, including falsifying expense reports to reflect costs not incurred by the employee, can be grounds for disciplinary action, up to and including termination of employment.
 - **4.9.1 Covered Expenses.** When approved, the actual costs of travel, lodging, and other expenses directly related to accomplishing business travel objectives will be reimbursed by the City and Borough of Wrangell. Employees are expected to limit expenses to reasonable amounts. Expenses that generally will be reimbursed include

- (a) airfare or ferry fare for travel in coach or economy class or the lowest available fare; (b) car rental fees; (c) fares for shuttle or airport bus services, where available; costs of public transportation for other ground travel; (d) taxi fares, only when there is no less expensive alternative; and, (e) mileage costs as approved by the IRS for use of personal cars with prior approval.
- **4.9.2 Per Diem.** In addition to the travel expenses listed above, a per diem allowance of up to \$60.00 per day will be provided as follows:

Time of Departure from Wrangell	Per Diem Amount
12:01 AM to 11:00 AM	\$60.00
11:01 AM to 4:00 PM	\$45.00
4:00PM to Midnight	\$25.00
Time of Return to Wrangell	Per Diem Amount
12:01 AM to 11:00 AM	\$25.00
11:01 AM to 4:00 PM	\$45.00
4:00PM to Midnight	\$60.00

The per diem allowance shall be reduced by one fourth (1/4th) the daily rate for each meal (lunch and dinner only) that is provided free to the employee while on Borough travel.

- **4.9.3 No Loss of Wages for Travel.** When assigned to travel for the Borough, employees will not suffer a loss in wages. If an employee is authorized to travel during their normal workday, those hours would be included as hours worked. If an employee is authorized to travel on their normal day off, the employee shall be compensated for travel time not to exceed 8 hours at the employee's straight time hourly rate.
- **4.9.4 Accident Reports.** Employees who are involved in an accident while traveling on Borough business must promptly report the incident to their immediate supervisor.
- **4.9.5 Cash Advances for Travel.** Cash advances to cover reasonable anticipated expenses may be made to employees, after travel has been approved. Employees should submit a written request to their supervisor when travel advances are needed.

4.9.6 Travel Expense Reports. When travel is completed, employees should submit completed travel expense reports within 7 days. Reports should be accompanied by receipts for all individual expenses except for meals, which do not need receipts. Reports shall contain a brief summary of travel activities such as training certificates, conference highlights or meeting accomplishments.

CHAPTER FIVE EMPLOYEE BENEFITS ADMINISTRATION

- **5.1 Eligibility for Benefits.** The City and Borough of Wrangell provides a wide range of benefits to its employees. A number of these programs, such as Medicare, workers' compensation, state disability, and unemployment insurance, are available to all employees in the manner prescribed by law. Several additional benefits programs are offered to employees who are eligible to participate. Benefits eligibility is dependent upon a variety of factors, including employee classification. Employees can ask their supervisor to identify the programs for which they are eligible. Additional details of many of these programs follow.
- **5.2 Classes of Employee Benefits.** The Borough offers the following benefits programs to its employees, subject to various eligibility and program requirements. Employees should direct questions regarding the benefits described in this chapter to their supervisor, the HR Representative designee, or the Borough Manager.

AFLAC	Jury Duty / Witness Leave	PERS Retirement Plan
Auto Mileage Reimbursement	Life Insurance	PERS Supplemental Benefits
Bereavement Leave	Medical Insurance	Travel Allowances
Deferred Compensation	Membership Dues	Uniform Assistance
Dental Insurance	Paid Holidays	Vacation Benefits
Family / Medical Leave	Sick Leave	Vision Insurance
Health Reimbursement Arrangement	Social Security	Voting Leave

Some benefit programs require contributions from employees, but most are fully paid by the Borough. The benefit package for employees represents an additional cost to the Borough on behalf of each employee. Each employee should ask about benefits or programs they are interested in to be sure their benefit options are maximized.

5.3 Borough Holidays. The City and Borough of Wrangell observes the following holidays.

New Year's Day January 1

Martin Luther King Jr. Day
President's Day
Seward's Day
Memorial Day
Third Monday in January
Third Monday in February
Last Monday in March
Last Monday in May

Independence Day July 4

Labor Day First Monday in September

Veteran's Day November 11

Thanksgiving Holiday Fourth Thursday in November and the following Friday

Christmas December 25

A recognized holiday that falls on a Saturday will be observed on the preceding Friday. A recognized holiday that falls on a Sunday will be observed on the following Monday. If a recognized holiday falls during an eligible employee's paid absence (such as vacation or sick leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

- **5.3.1 Paid Holidays.** The City and Borough of Wrangell will grant paid holiday time off to all regular employees immediately upon assignment to an eligible employment classification, as well as those employees who remain within a probationary period. Holiday pay will be calculated based on the employee's straight time pay rate as of the date of the holiday times eight hours. An eligible employee who regularly works less than an eight-hour day will be paid based on a pro-rated basis. Paid time off for holidays is counted as hours worked for the purposes of determining whether an employee is entitled to overtime pay
- **5.3.2 Pay for Hours Worked on Borough Holidays.** Eligible nonexempt employees who work on a recognized holiday will receive holiday pay and will be paid wages at double their straight-time rate for the hours worked on the holiday.
- **5.3.3 Floating Holiday.** Regular employees will receive one floating holiday during each calendar year, which may be used at the employee's discretion with supervisor approval.
- **5.4 Vacation Leave.** Regular employees shall accrue Vacation Leave hours based upon continuous years of service to the Borough, beginning on the employee's first day serving in his or her position. Vacation Leave is paid at the employee's base rate at the time of leave. Vacation Leave does not accrue during periods of administrative leave, leave without pay, or after an employee's effective date of termination.

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5.4.1 Rate of Accrual. All regular employees shall be eligible to receive paid vacation benefits accrued according to the following schedule.

Years of Employment	Accrual Rate
Less Than 1 Year of Service	6.67 hours per month 10 days per year
1-3 Years of Service	10 hours per month 15 days per year
4-8 Years of Service	13.33 hours per month 20 days per year
9-13 Years of Service	16.67 hours per month 25 days per year
14+ Years of Service	20 hours per month 30 days per year

Regular Part-Time employees working less than 40 hours per week will have their vacation hours earned each month pro-rated based on their standard weekly hours. Because employees accrue these hours each calendar month, partial months earned when hired and during termination are not pro-rated.

An employee's length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when the employee starts to earn vacation time. An employee's benefit year may be extended for any significant leave of absence except military leave of absence. Military leave has no effect on this calculation.

Once employees enter an eligible employment classification, they begin to earn paid vacation time according to the schedule. During the probationary period vacation time shall accrue, but probationary employees may not use such leave until they have

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completed six months of continuous satisfactory service unless authorized in advance by the Borough Manager. After that time, employees can request use of earned vacation time including that accrued during the probationary period.

Employees may be granted additional vacation leave hours as a one-time adjustment at the beginning of their service with the City and Borough of Wrangell. This adjustment should be used rarely as part of negotiating an offer and requires prior approval from the Borough Manager.

- **5.4.2 Vacation Pay.** Vacation leave is paid at the employee's base pay rate at the time it is used. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.
- **5.4.3** Use of Vacation Leave. Paid vacation leave may be used in minimum increments of one-half hour. To use vacation time, employees must obtain advance approval from their supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements. For the purpose of this section, all vacation time should be requested as far in advance as possible. In the event more than one employee requests the same vacation period, and it is determined by the employer that too many employees would be gone in a given department, the employee(s) with the most department seniority shall be given preference.
- **5.4.4 Accrual Maximum.** An employee may accumulate up to a maximum of five hundred twenty (520) hours of Vacation Leave, at which point further accrual will stop. When the employee uses paid vacation time and brings the available amount below the maximum, vacation leave accrual will begin again. If an employee is denied vacation time, which ultimately places the employee over the maximum accumulated hours, the employee shall be allowed to cash out as many hours as is necessary to keep him or her under the maximum permitted accrual amount. All such requests must be in writing.
- **5.4.5 Effect of Termination or Retirement Upon Accrued Leave.** Upon termination of employment, employees shall be paid up to a maximum of 320 hours of earned, unused vacation time. Upon retirement, employees shall be paid for all earned, unused vacation time.
- **5.4.6 Cashing Out Vacation Leave.** Employees may on July 1 of each year, elect to convert that the Borough cash out a maximum of 40 hours of unused Vacation Leave. All such requests must be in writing and may only be approved if the Borough Manager finds that doing so will be in the Borough's best interests. Approved vacation leave cash out

- requests will be processed during the pay period that immediately follows the date of the request.
- **5.5 Sick Leave.** The City and Borough of Wrangell provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illness or injury. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment. If employees need to take more sick leave than they have accrued, they can use their vacation leave balance or as unpaid time at the approval of the Borough Manager. Sick leave pay will be at the employee's current rate of pay at the time the benefit is used and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.
 - **5.5.1 Rate of Accrual.** Eligible employees will accrue sick leave benefits at the rate of 96 hours per year (8 hours for every month of service). Employees will continue to accrue sick leave as long as they are classified as a current employee. Sick leave benefits are calculated on the basis of a "benefit year," the 12-month period that begins when the employee starts to earn sick leave benefits. Sick leave compensation for regular employees shall accrue up to a maximum of four-hundred and eighty (480) hours.
 - 5.5.2 Use of Sick Leave. Paid sick leave can be used in minimum increments of one-half hour. An eligible employee may use sick leave benefits for an absence due to his or her own illness or injury, or that of a child, parent, or spouse of the employee. This includes medical, dental, or vision appointments. Sick leave benefits are intended solely to provide income protection in the event of illness or injury and may not be used for any other absence. An employee on an extended absence must apply for any other available compensation and benefits, such as workers' compensation. At the expiration of any period of sick leave, an additional period of up to ninety (90) days without pay shall be granted at the written request of the employee and the need for such sick leave must be established by a doctor's certificate attesting to its necessity.
 - **5.5.3** When Doctor's Note Required. If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement may be required to verify the illness or injury and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits. An employee may also be asked to provide a physician's statement if the employee experiences several instances of sick leave use within a short period of time. Before returning to work from a sick leave absence of five (5) calendar days or more, an employee may be required to provide a physician's verification that he or she may safely return to work.

- **5.5.4 Notice Requirements.** Employees who are unable to report to work due to illness or injury must notify their direct supervisor before the scheduled start of their workday if possible as well as on each additional day of absence.
- **5.5.5 Donation of Leave.** Employees with more than twenty (20) days of accrued sick leave may contribute as many days as they wish above the twenty (20) days to other employees who must take leave due to some illness or injury, but who have exhausted their own sick leave. All such donations are subject to the Borough Manager's approval, which will be granted on a case-by-case basis.
- **5.5.6 Conversion of Sick Leave.** Employees who reach the maximum sick leave accrual amount of four-hundred and eighty (480) hours or sixty (60) days may, on July 1 of each year, elect to convert any excess amounts according to one of the following options:
 - a. The employee may have all sick leave hours in excess of the four-hundred and eighty (480) hour maximum converted to vacation hours; or
 - b.The employee may elect to have 50% of the excess sick leave hours added to vacation time and the remaining 50% paid to them at their current rate of pay. If the employee elects to have 50% paid, the payment amount will be included with July payroll.

Any such payment may not exceed the amount of compensation the employee would receive for 200 worked hours at their current rate of pay. All such requests are subject to the vacation leave accrual maximum set forth at Section 5.4.4, must be submitted to the Borough Manager in writing, and may only be approved if the Borough Manager finds that doing so will be in the Borough's best interests.

- **5.5.7 Cashing Out Sick Leave**. Employees officially retiring, or employees who have been employed with the Borough in a position for fifteen (15) or more years intending to voluntarily leave employment, are eligible for cash-out of their personally accrued sick leave up to 280 hours if those hours are available in their personally accrued sick leave account as follows:
 - a. A hard-copy letter with an original signature declaring the employee's last day of employment is submitted to the Borough.
 - b. For each one-month (30 calendar days) increment advance notice in writing is provided, the employee will receive one week (40 hours) of sick leave cash-out from their personally accrued sick leave at the time of separation if the hours are available in their personally accrued sick leave account.

- c. Total cash-out of an employee's personally accrued sick leave shall not exceed 280 hours or the maximum available in the personal sick leave account.
- 5.6 Paid Administrative Leave. The City and Borough of Wrangell offers paid administrative leave to eligible employees for court duty, to vote, and in a variety of other circumstances described in this section. An employee may receive regular pay and credit for Vacation Leave and longevity for the time that the employee is on administrative leave; however, such time will not be credited as hours worked for the purposes of computing overtime pay. Notwithstanding the examples provided in this section, any employee may be placed on paid administrative leave if the Borough Manager finds it to be in the Borough's best interests, including instances in which an employee is the subject of a Borough investigation related to a charge of misconduct.
 - **5.6.1 Jury Duty.** The City and Borough of Wrangell encourages employees to fulfill their civic responsibilities by serving jury duty when required. Regular employees may request up to ten (10) days per calendar year for paid jury duty. Jury duty pay will be calculated at the employee's base pay rate times the number of hours the employee would otherwise have worked on the day of absence. The City and Borough of Wrangell will continue to provide health insurance benefits for the full term of the jury duty absence, and vacation, sick leave, and holiday benefits will continue to accrue.

If employees are required to serve jury duty beyond the period of paid jury duty leave, they may use vacation pay or may request an unpaid jury duty leave of absence. In the case of an unpaid leave of absence, employees may keep monies received from court during that time.

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Employees must report for work whenever the court schedule permits.

5.6.2 Witness and Court Leave. The City and Borough of Wrangell encourages employees to appear in court for witness duty when subpoenaed to do so, and to appear in court on their own behalf when necessary. Employees who have been subpoenaed or otherwise requested to testify as witnesses by the City and Borough of Wrangell will receive paid time off for the entire period of witness duty.

Regular employees will be granted a maximum of forty (40) hours of paid time off to appear in court as a witness when subpoenaed by a party other than the City and Borough of Wrangell. Employees will be paid at their base rate and may use vacation leave to receive compensation for any period of court absence that would otherwise be unpaid.

Employees who request witness or court leave must provide any subpoena to the employee's supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence. The employee is expected to report for work whenever the court schedule permits during such periods of leave.

5.6.3 Military Leave. A military leave of absence will be granted to regular full-time and part-time employees to attend scheduled drills or training, or if called to active duty with the U.S. Armed Services. Advance notice of military service is required, unless military necessity prevents such notice, or it is otherwise impossible or unreasonable.

The leave will be unpaid; however, employees may use any available paid time off for the absence. Furthermore, regular employees on military leave will be compensated by the City and Borough of Wrangell for the difference between their military pay and their regular pay for a period of up to two weeks. Upon return to duty the employee shall furnish the Employer evidence of the amount of military pay received during the period of special military leave before he/she will be reimbursed any additional monies by the Employer.

Subject to the terms, conditions, and limitations of the applicable plans for which the employee is otherwise eligible, continuation of health insurance benefits is available as required by USERRA (Uniformed Services Employment and Reemployment Rights Act) based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible. Vacation, sick leave, and holiday benefits will continue to accrue during a military leave of absence.

Employees on military leave for up to thirty (30) days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws. Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service.

Employees should contact the HR Representative for more information, or with any questions about military leave.

5.6.4 Voting Leave. The City and Borough of Wrangell encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find

time to vote either before or after their regular work schedule. If employees are unable to vote in an election during their nonworking hours, the City and Borough of Wrangell will grant up to one half hour of paid time off to vote. Employees should request time off to vote from their supervisor at least two working days prior to the day of an election. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule.

- **5.6.5** Emergency Closures. At times, emergencies such as severe weather, fires, power failures, or earthquakes can disrupt Borough operations. In extreme cases, these circumstances may require the closing of a work facility. When operations are officially closed due to emergency conditions, the time off from scheduled work will be paid. Emergency Closings will be reported through the City and Borough of Wrangell's website, social media page, public communications software-Nixle and on air with the local radio station.
- **5.6.6 Paid Administrative Leave for Exempt Employees.** Exempt employees are, by definition, not eligible for overtime regardless of the number of hours worked. Often these employees will work more than 40 hours in a week while being paid an amount based on a 40-hour week. Therefore, they are eligible for paid Administrative Professional Time equivalent to one eight-hour workday per month. Administrative Professional Time does not accrue and must be used within the calendar month. All paid administrative leave will be awarded uniformly and fairly by the Borough Manager and will be documented in the employee's timesheet for approval.
- 5.7 Leave Without Pay. The Borough Manager or designee may grant leave without pay (LWOP) to any regular employee. Requests for LWOP shall be considered in light of the circumstances involved and the interests of the Borough, including anticipated workload requirements and staffing considerations during the proposed period of absence. LWOP should be requested as far in advance as possible, stating the reason for the leave and the amount of time requested. A written reply granting or denying the request shall be given by the Department Director or Borough Manager within thirty (30) days, except in case of an emergency.
 - **5.7.1 Leave of Absence of Less Than Ten Days.** Employees who have used their accrued vacation may be granted leave without pay, not to exceed a total of ten (10) working days in any year, for any compelling reason, subject to approval from the employee's Department Director, if applicable, and the Borough Manager. Requests for leave without pay should be in writing, submitted as far in advance as possible, and should state the reason for the leave and the amount of time requested. A written reply granting or

denying the request shall be given by the Department Director or Borough Manager. Leaves of absence without pay may be granted for periods of up to one hundred eighty (180) calendar days without loss of accrued benefits and seniority, provided that the employee must use accrued vacation/sick leaves before being placed on LWOP status. In special cases, leaves of absence may be extended by mutual written agreement.

- **5.7.2 Leave of Absence of More Than Ten Days.** Regular employees who have used their accrued vacation may be allowed leave without pay in excess of ten (10) working days under the following conditions:
 - The Borough Manager finds that such leave will not unreasonably prejudice the Borough's interests;
 - i. The purpose for the request for leave without pay is for travel or study that the Borough Manager finds is calculated to equip an employee for more effective service to the Borough. In making such determinations, the Borough Manager, in consultation with any applicable Department Director, will consider the eventual compensating benefits of such leave to the Borough in keeping the position open, or filling it temporarily until the employee's return.
- 5.8 Family Medical Leave. In compliance with applicable provisions of state and federal law, eligible employees may take paid or unpaid, job-protected leave for specified family and medical reasons. During the time that an employee is on Family Medical Leave, the Borough will maintain coverage for the employee under the group health plan at the level and under the conditions that coverage would have been provided if the employee had been employed continuously from the date the leave began to the date the employee returns from leave. Employees who pay premiums for health insurance coverage by paycheck deduction will still be responsible for those premiums while on leave without pay. The Borough's obligation to maintain health insurance coverage will cease if an employee's premium is thirty (30) calendar days late. The Borough may recover the costs of maintaining health insurance coverage for an employee on unpaid leave if the employee fails to return from the entitled leave period for a reason other than the recurrence or continuation of a serious health condition or other circumstances beyond the control of the employee.
 - **5.8.1 Eligibility for Family Medical Leave.** Employees are eligible for Family Medical Leave authorized purposes if they have been employed at least thirty-five (35) hours a week for six consecutive months or seventeen and one-half (17.5) hours a week for twelve (12) consecutive months immediately preceding the period of leave.

- **5.8.2 Nature of Leave.** Those who meet the definition of "eligible" under state and federal guidelines are entitled to:
 - a. Twenty-four workweeks in any 24-month period with a maximum of eighteen workweeks allowed in any 12-month period (i.e., an employee who opts to take eighteen workweeks in the first 12 months would then have six workweeks remaining to take in the following 12-months) for:
 - i. The purpose of caring for the employee's spouse, child, or parent who has a serious health condition:
 - ii. A serious health condition that requires the employee to be absent from the employee's job or unable to perform the essential functions of his or her job.
 - b. Up to eighteen workweeks within a 12-month period may be taken for:
 - i. Pregnancy and birth of a child of the employee, or the placement of a child, other than the employee's stepchild, with the employee for adoption. The right to take this leave for this reason expires on the date one year after the birth or placement of the child. The 12-month period will be calculated from the day the employee first utilizes family/medical leave.
 - **5.8.2.3** Twelve workweeks of leave in a 12-month period for any "qualifying exigency" of a military member who is on covered active duty and is a qualified family member.
 - **5.8.2.4** Twenty-six workweeks of leave during a single 12-month period to care for a covered service member (qualified family member) recovering from a serious illness or injury sustained in the line of duty while on active duty. A "covered service member" is defined as a member in the Armed Forces (including the National Guard or Reserves) or a veteran who was active in the Armed Forces within the last five years.
 - **5.8.2.5** Employees need not use their leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the City and Borough of Wrangell's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.
 - **5.8.2.6** While on Family Medical Leave, an employee may not work or be gainfully employed either for themselves or others unless express, written permission to do so has been granted by the Borough Manager. If an employee on a leave of absence is found to be working elsewhere without permission, they will be subject to disciplinary action up to and including termination.

- **5.8.3 Married Individuals Both Employed by Borough.** Married individuals who are both employed by the Borough may be restricted to a combined total of 18 workweeks of leave within any 12-month period for childbirth, adoption, or placement of a foster child; or to care for a parent with a serious health condition.
- **5.8.4 Applicability to Work-Related Injuries.** Employees who sustain work-related injuries are eligible for a medical leave of absence for the period of disability in accordance with applicable laws covering occupational disabilities.
- 5.8.5 Family Medical Leave Requests. Eligible employees should make requests for family leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events. Employees requesting family medical leave related to the serious health condition of themselves, a child, spouse, or parent may be required to submit a health care provider's statement verifying the need for Family Medical Leave and its beginning and expected ending dates. Employees should also meet with the HR Representative to determine how the unpaid leave will affect their benefits.
- **5.8.6 Exhaustion of Paid Leave.** Eligible employees must first use any accrued sick leave, followed by any accrued vacation leave, during any period of Family Medical Leave. Employees may choose to retain a balance of five (5) days of paid vacation leave before switching to unpaid leave. Benefit accruals, such as vacation, sick leave, or holiday benefits, will be suspended during leave without pay and will resume upon return to active employment.
- **5.8.7 Return Following Leave.** So, the employee's return to work can be properly scheduled, an employee on Family Medical Leave must provide the Borough at least two weeks advance notice of the date the employee intends to return to work. Unless the Borough's business circumstances have changed to make it impossible or unreasonable, when an employee returns from leave, the Borough shall restore the employee to the position of employment held by the employee when the leave began; or to a substantially similar position with substantially similar benefits, pay, and other terms and conditions of employment. If an employee fails to return to work on the agreed upon return date, the Borough will assume that the employee has resigned.
- **5.8.8 Pregnancy-Related Absences.** The City and Borough of Wrangell will not discriminate against any employee who requests an excused absence for medical disabilities associated with pregnancy. Such leave requests will be evaluated according to the medical/family leave policy provisions outlined in this personnel regulation and all applicable federal and state laws. Requests for time off associated with pregnancy

and/or childbirth, such as for purposes of bonding and childcare, which are unrelated to medical disabilities, will be considered in the same manner as other requests for unpaid family medical leave.

- **5.9 Bereavement Leave.** Regular and probationary employees shall be entitled to bereavement leave in the event of death of an employee's immediate family member. The first 5 days of such leave will be paid by the Borough without any effect on the employee's sick leave account or vacation account. Employees granted bereavement leave may use available sick or vacation leave for any additional time after the first 5 days. Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary.
 - **5.9.1 Bereavement Leave Pay.** Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as overtime, incentives, commissions, bonuses, or shift differentials.
 - **5.9.2 Immediate Family Member.** For the purposes of this section, the Borough defines "immediate family member" as the individual's spouse or significant other, parent, step-parent, grandparent, child, step-child, adopted child, sibling or step-sibling; or the spouse's or significant other's parent, step-parent, child, step-child, adopted child, sibling or step-sibling; or any person other than those previously listed who is currently living in the same household with, or is legally dependent upon, the employee.
 - **5.10 Employee Health Insurance Benefits.** The City and Borough of Wrangell's health insurance plan provides regular and probationary employees, their spouses, domestic partners, and an enrolled employee's dependents access to medical, dental, prescription drug, and vision care insurance benefits. Employees are eligible for health insurance on the first day of the month following 30 days of service. Upon termination, health insurance will continue through the end of the month in which employment is terminated. Unless otherwise provided by a written employment agreement, the City and Borough of Wrangell shall pay 85% of the cost of the insurance premiums for the Employee and any enrolled spouse or dependents. The employee will pay the remaining 15% of the cost of coverage for the employee and enrolled spouse and/or dependents in the form of a payroll deduction at the end of the pay period and month of coverage.

Details of the health insurance plan are described in the Summary Plan Description (SPD), or similar documentation provided by the insurance carrier. The SPD and information on cost of coverage will be provided in advance of enrollment to eligible

employees. Contact the Borough's HR Representative for more information about health insurance benefit.

- **5.10.1 Health Reimbursement Arrangement.** All employees enrolled in the health insurance plan will also be enrolled in an accompanying Health Reimbursement Arrangement (HRA), subject to plan terms and conditions. As of July 1, 2022, this plan will provide for reimbursement of employees' deductible expenses in excess of \$1,000 for an employee and dependent(s), as applicable. The maximum deductible reimbursement benefit will be \$4,150 for an employee, \$8,300 for an employee plus one dependent, and \$\$10,300 for an employee plus two or more dependents. This benefit is not applicable to employees or former employees enrolled in the health insurance plan under COBRA provisions.
- **5.10.2 COBRA Continuation Coverage.** A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). When an eligible employee elects COBRA continuation coverage, the employee or beneficiary is responsible for paying the full cost of coverage at the Borough's group rates plus an administration fee. The Borough will provide each eligible employee with a written notice describing the employee's rights and obligations under COBRA if the employee becomes eligible for coverage under the Borough's health coverage plan.
- **5.11 Workers' Compensation Coverage.** The City and Borough of Wrangell provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately. In case of occupational injury, the employee's position or a comparable position shall be held until it has been established in writing that the employee will be unable to return to that position.
 - **5.11.1 Duty to Notify Borough of Work-Related Illness or Injury.** Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately to the employee's supervisor and that the employee and supervisor fill out a worker's compensation form available online or with the HR Representative. This will enable an eligible employee to qualify for coverage as quickly as possible. Even if treatment is not sought, the above actions should be completed to ensure future access to treatment, should it become needed at a later date.

- **5.11.2 Reporting Work-Related Illnesses or Injuries.** The City and Borough of Wrangell must report all accidents within ten (10) days of the event using the appropriate forms stated above. In the event of a fatality, amputation, or in-patient hospitalization, the city is required to notify either AKOSH or OSHA within eight hours per AS 18.60.058. It is the responsibility of the department head to notify the Worker's Compensation administrator so that this event can be reported in a timely manner.
- **5.11.3 Applicability.** Neither the City and Borough of Wrangell nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by the City and Borough of Wrangell.
- **5.11.4Use of Sick Leave for Absences.** If an employee misses work under a workers' compensation claim, the employee can use any sick leave accrued for the first three days. After the first three days, workers' compensation will pay the employee and the Borough will not make any payments to the employee until they return to work. Benefits will continue to accrue during the time an employee is on workers' compensation.
- **5.11.5 Public Safety Employees.** Volunteer and auxiliary policemen and firemen who receive injuries while performing for the Borough are insured through workers' compensation based on the starting salary for a paid patrolman.
- 5.12 Life Insurance. Life insurance offers employees and their families' important financial protection. The City and Borough of Wrangell offers a basic life insurance plan for its regular and probationary employees, subject to all terms and conditions of the agreement between the City and Borough of Wrangell and the insurance carrier. Additional supplemental and/or dependent life insurance coverage may also be purchased at the employee's cost. The City and Borough of Wrangell shall pay one hundred percent of the cost of the employee's group life insurance premium on specified limits of coverage of \$30,000.00 for all employees. Additional limits of life insurance for the employee or dependents may be available as an option and one hundred percent of the cost of the additional limits of life insurance shall be paid by the employee.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage at a specified limit of coverage of \$5000 is provided as part of the basic life insurance plan.

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Employees should contact the Borough's HR Representative for more information about life insurance benefits.

- **5.13 Retirement Plan.** The City and Borough of Wrangell participates in the State of Alaska Public Employees Retirement System (PERS). Coverage is mandatory for all regular employees and employees in their probationary period unless specifically exempt under the Borough's participation agreement with PERS. PERS requires both a contribution from the employee and employer. Information about retirement benefits and other details regarding the retirement system may be obtained from the Borough's HR Representative.
 - **5.13.1 Supplemental Benefits.** Effective January 1, 2009, the City and Borough of Wrangell is a participant in the State of Alaska Supplemental Benefit System (SBS-AP). Coverage is mandatory for all regular employees and employees in their probationary period unless specifically exempt under the participation agreement with PERS. This benefit replaces Social Security withholding and may affect future Social Security withholdings. The SBS requires both a contribution from the employee and employer. Information about retirement benefits and other details regarding the retirement system may be obtained from the Borough's HR Representative.
 - **5.13.2 Deferred Compensation.** The City and Borough of Wrangell also has available a deferred compensation program in which employees may contribute into an additional retirement program. An employee interested in this additional program should contact the Borough's HR Representative.
- **5.14 Personal Vehicle Stipend.** In some instances, an employee may need to use their personal vehicle for Borough business. Approval of this must be received in writing from the Department Director or Borough Manager in advance.

If an employee regularly uses their vehicle for Borough business, the Borough Manager may authorize a monthly vehicle stipend. This amount will be agreed upon in writing and will be processed through Payroll as a taxable benefit.

Employees using their personal vehicle are subject to the same requirements as those using a Borough-owned vehicle. The employee must possess a valid State of Alaska driver's license with an acceptable driving record. Any incidents involving a personal vehicle being used during work hours must be reported immediately. The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment.

CHAPTER SIX STANDARDS OF CONDUCT

- **6.1 General.** The Borough holds its employees to the utmost standards of professionalism, efficiency, honesty, and integrity. In addition to the standards, policies and procedures set forth in other chapters of this Handbook, employees are expected to adhere to those set forth below. Failure to do so may result in disciplinary action, up to and including termination.
 - **6.1.1 Applicability.** The standards of conduct set forth in this chapter apply not only to all Borough employees, but also to its volunteers.
 - **6.1.2 Summary of Standards.** In addition to the other standards established by this Handbook, Borough Employees are as a general matter expected to:
 - a. Responsibly use all time spent performing work for the Borough;
 - b. Carry out the directives of supervisors and cooperate with other employees;
 - c. Observe all applicable health and safety rules;
 - d. Maintain the quality of the services they provide to the Borough and to its citizens;
 - e. Responsibly use and maintain Borough property;
 - f. Demonstrate respect for other employees, members of the public, and their property;
 - g. Maintain appropriate standards of dress and grooming while performing work duties on the Borough's behalf; and,
 - h. Protect from disclosure any confidential information in the Borough's possession.
- **6.2 Respectful Workplace.** The Borough expects every employee to behave in a civil and respectful manner both during working hours, and when present at the workplace during non-working hours. Employees are not permitted to shout or use abusive or demeaning language in the workplace. Similarly, the Borough will not tolerate its employees to be subjected to such behavior by any customer, contractor, vendor, or any other member of the public. Employees should report any conduct in violation of this policy to the employee's supervisor or to the Borough Manager as soon as possible.
- **6.3 Work Schedules and Attendance.** To maintain a safe and productive work environment, the City and Borough of Wrangell expects employees to be both reliable and punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on the City and Borough of Wrangell. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor as soon as possible in advance of the anticipated tardiness or absence. Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

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- **6.3.1 Rest Periods.** All employees are provided with one rest period of 30 or 60 minutes in length for shifts of 6 or more hours. Supervisors will schedule rest periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during rest periods and will not be compensated for that time. Shift employees of the police/corrections department will not have scheduled rest periods but are allowed a 30-minute rest period on site as time permits during their shift. The Harbor Department may allow a working rest period that is part of their 8-hour shift if approved by the Department Director. Employees must accurately observe and record rest periods. Employees should notify their supervisor if they know in advance that they may not be able to take their scheduled break or rest period. In addition, an employee should notify the supervisor as soon as possible if he or she was unable to or prohibited from taking a rest period.
- **6.4 Appearance and Grooming.** Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the image the City and Borough of Wrangell presents to customers and visitors. During business hours or when representing the City and Borough of Wrangell, employees should dress and groom themselves according to the requirements of their positions. This is particularly true if an employee's job involves dealing with customers or visitors in person.

Supervisors and Department Directors are responsible for establishing a reasonable dress code appropriate to the jobs employees perform. If a supervisor feels an employee's personal appearance is inappropriate, they may ask the employee to leave the workplace until they are properly dressed or groomed. Under such circumstances, employees will not be compensated for the time away from work. An employee should consult his or her immediate supervisor if he or she has questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

Without unduly restricting individual tastes, the following personal appearance guidelines should be followed:

- a. Hair and facial hair should be clean and neat.
- b. Jewelry should not be functionally restrictive, dangerous to job performance, or excessive.
- c. Visible tattoos should be non-offensive.
- d. Offensive body odor and poor personal hygiene is not professionally acceptable.
- e. Perfume, cologne, and aftershave lotion should be used moderately or avoided altogether, as some individuals may be sensitive or allergic to strong fragrances.

- **6.5** Conformance with Legal Standards. The Borough does not violate the law and does not tolerate employees who do. All employees shall abide by any and all laws and policies that may be applicable to the performance of their official duties and responsibilities and shall conduct themselves with reasonable care. If an employee believes that anyone employed by or associated with the Borough has requested or directed him or her to do anything that violates the law or has prohibited the employee from doing anything that the law requires the employee to do, the employee must immediately report this to a supervisor.
- **6.6 Outside Employment.** Employees may hold outside work as long as they meet the performance standards of their job with the City and Borough of Wrangell. All employees will be judged by the same performance standards and will be subject to the City and Borough of Wrangell's scheduling demands, regardless of any existing outside work requirements. If the City and Borough of Wrangell determines that an employee's outside work interferes with performance or the ability to meet the requirements of the City and Borough of Wrangell as they are modified from time to time, the employee may be asked to terminate the outside employment if he or she wishes to remain with the City and Borough of Wrangell. Outside employment that constitutes a conflict of interest is prohibited. Employees may not receive any income or material gain from individuals outside the City and Borough of Wrangell for materials produced or services rendered while performing their Borough jobs. No employee should be engaged in off-time activity both pertaining to outside employment and otherwise that will create a conflict of interest between the Borough and the outside activity.
 - **6.6.1 Prohibited During Borough Work Hours.** Employees may not engage in work for any other employer during his or her scheduled work hours for the Borough. This includes any work related to self-employment or volunteer service.
 - **6.6.2** Use of Borough Resources Prohibited. Unless otherwise preapproved by the Borough Manager, employees are prohibited from at any time using Borough facilities, equipment, labor, supplies, or any other resources to perform work for another employer, including self-employment or volunteer service.
- 6.7 Employee Code of Ethics. The successful operation and reputation of the City and Borough of Wrangell is built upon the principles of fair dealing and ethical conduct of its employees. The City and Borough of Wrangell's reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and policies, as well as a scrupulous regard for the highest standards of conduct and personal integrity. The continued success of the City and Borough of Wrangell is dependent upon its citizens' trust and the City and Borough of Wrangell is dedicated to preserving that trust. Employees owe a duty to the City and Borough of Wrangell, its customers, and the public to act in a way that will merit continued trust and confidence.

The City and Borough of Wrangell will comply with all applicable local, state, and federal laws and policies and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

Compliance with this policy of ethics and conduct is the responsibility of every City and Borough of Wrangell employee. The City and Borough of Wrangell continually monitors its employees, staff, and institutional practices to ensure their compliance with the standards of both ethical conduct and the law. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

- **6.8 Conflicts of Interest.** Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the City and Borough of Wrangell wishes the business of its employees to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to acceptable standards of operation. Transactions with all firms must be conducted within a framework established and controlled by the executive level of the City and Borough of Wrangell. Contact the Borough Manager for more information or with questions about conflicts of interest.
 - **6.8.1 General.** Business dealings with all firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.
 - **6.8.2** Instances in Which a Conflict of Interest Exists. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of the City and Borough of Wrangell's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage. Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which the City and Borough of Wrangell does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving the City and Borough of Wrangell.
 - **6.8.3 Prohibition.** An employee shall not accept a gift, gratuity, consideration, or extraordinary favor from any person doing business with, or likely to do business with, the Borough under circumstances in which it may be reasonably inferred that the gift was

intended to influence the employee's performance of his or her official duties. A gift for the purposes of this section includes any transfer or loan of property, or the provision of any services, for less than fair market value. An employee who has been offered a gift that, if accepted, would violate this section, shall immediately report to his or her Department Director any offer, promise or suggestion that such a gift be made. In the event that an offer is made to a Department Director, he or she shall report the same to the Borough Manager. Any person either offering or receiving such a gift, gratuity, consideration, or extraordinary favor is subject to criminal penalties prescribed by statutes. This section does not apply to the giving of ceremonial gifts of nominal value, or gifts received from an employee's family or ordinary circle of friends when not offered for a corrupt purpose.

a. Examples of Appropriate Gifts.

- Occasional gifts with a value of less than \$25.00 when given during holidays or other special occasions when gift-giving is customary as an expression of good will
- ii. Meals or refreshments of reasonable value provided in connection with a proper business event or purpose, the expense of which, if paid by the Borough employee, would be reimbursable as a business expense.
- iii. Marketing or promotional material of nominal value, such as a pen or calendar.
- iv. Discount coupons for goods and services that are no greater than those generally available to the giver's other customers or clients.
- v. Gifts based upon family or personal relationships.

b. Examples of Inappropriate Gifts.

- i. Gifts with a value greater than \$25.00.
- ii. Cash in any amount.
- iii. Scarce or expensive tickets to athletic, musical, or cultural events.
- iv. Recreational trips, lodging, or the use of property for free or for a reduced cost.

6.8.4 Mere Association Not Sufficient to Create Impermissible Conflict of Interest. No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of the City and Borough of Wrangell as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

6.8.5 Conducting Personal Business with or Involving the Borough. An employee may not do business with the Borough without the advance approval of the Borough Manager. The Borough Manager will not approve an employee doing any business with the

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Borough that would constitute an impermissible conflict of interest. In addition to first obtaining the advance written approval of the Borough Manager, an employee who has a direct or indirect financial interest in any bid or proposal for a Borough contract shall disclose that interest by filing a written notice of the interest with the purchasing officer not less than ten (10) days before submission of the bid or proposal. No employee who has a direct or indirect financial interest in any bid or proposal for a Borough contract may participate in the Borough's decision to award the contract. Employees may not solicit or receive any form of compensation from any party other than the Borough in connection with the award of a Borough contract. An employee who has a direct or indirect financial interest in the sale of any land, materials, supplies or services to the Borough, or to a contractor supplying the Borough, shall disclose that interest in writing to the Borough Manager before the time that the Borough enters into a contract for the sale.

- **6.9 Public Communications.** The Borough Manager is the designated spokesperson for the Borough. Other Borough employees may have duties listed in their job descriptions which require them to speak on the Borough's behalf in certain circumstances. Borough employees whose job descriptions do not explicitly authorize them to speak on the Borough's behalf may not do so without the Borough Manager's express authorization.
- 6.10 Disclosure of Confidential Information. The protection of confidential information is vital to the interests and the success of the Borough. Such confidential information may include but is not limited to: Confidential financial information received from a business, labor relation strategies, and medical records of employees or clients. Consequently, employees are prohibited from disclosing any confidential information to which they have access by virtue of their employment with the Borough without the express prior authorization of the Borough Manager. Employees who are privy to confidential information may be required to sign a non-disclosure agreement as a condition of employment. Any employee who improperly discloses confidential information will be subject to disciplinary action, up to and including termination of employment, as well as legal action, even if they do not actually benefit from the information disclosed in violation of this section or any applicable non-disclosure agreement.
- **6.11 Use of Borough Property.** Employees may be required to use Borough-owned equipment during the course of their work duties that is expensive and may be difficult to replace. When using the Borough's property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines. In addition, employees must immediately notify a supervisor if any Borough-owned equipment, machines, or tools appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. An employee should consult his or her supervisor regarding any questions about the employee's responsibility for maintenance and care of

equipment used on the job.

6.12 Use of Telephone and Mail System

- **6.12.1 Use of Telephone System.** Personal use of the Borough telephone system for long-distance and toll calls is not permitted. Employees should practice discretion when making local personal calls and may be required to reimburse the City and Borough of Wrangell for any charges resulting from their personal use of the telephone. To ensure effective telephone communications, employees should always speak in a courteous and professional manner. An employee should confirm information received from the caller and hang up only after the caller has done so.
- 6.12.2 Use of Borough-Issued Cell Phones. As a condition of employment, employees issued Borough cell phones are required to be accessible by these phones. Personal calls on the Borough's cell phones are to be kept to a minimum and employees are reminded that the IRS considers personal use of a Borough provided cell phone a taxable benefit. When an employee utilizes a Borough provided cell phone for personal calls, it is the employee's responsibility to reimburse the Borough accordingly for that use.
- **6.12.3** Use of Personal Cell Phones for Borough Purposes. Occasionally, in lieu of issuing a Borough-owned cell phone to an employee, the Borough will instead permit an employee to use their personal cell phone to conduct Borough business. Employees who are approved to use their personal cell phones to conduct Borough business are eligible to receive an allowance to offset the costs of the employee's voice and data plan in exchange for that use, at the rate established by the Borough in conjunction with its regular budgeting cycle.

To be eligible to receive the allowance authorized by this section, employees must submit the Allowance Form maintained by the Finance Department for this purpose, which must be approved by the Borough Manager.

Borough employees do not waive their right to privacy by accepting an allowance to fund a personal cell phone or smartphone that will be used in part for Borough business. All records relating to Borough business are public records, even though generated on personal equipment. Borough business records are subject to review and disclosure unless the Public Record Act permits or requires them to be withheld. Personal emails and call records are generally not public records; however, because business-related calls and emails could be intermingled with those that are personal, it is possible that a Borough official or a court could be required to review all records related to an individual employee's personal equipment in order to determine which are related to Borough business.

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- **6.12.4 Use of Borough Mail System.** The use of the Borough's pre-paid postage system for personal correspondence is not permitted.
- 6.13 Use of Computers and Borough Email. Computers and other electronic devices, computer files, the Borough's email system, internet access and software furnished to employees are the Borough property and are intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and email usage may be monitored. Computers furnished to employees are the property of the Borough. As such, computer usage and files may be monitored or accessed.
 - **6.13.1 Prohibited Uses.** The Borough strives to maintain a workplace free of harassment and is sensitive to the diversity of its employees. Therefore, the Borough prohibits the use of computers and the email system in ways that are disruptive, offensive to others, or harmful to morale. For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others. Email may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other nonbusiness matters. The Borough purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation. Employees may only use software on local area networks or on multiple machines according to the software license agreement. Only Borough employees are permitted to use Borough-owned computers and associated systems; however, this does not pertain to computers for public use such as at the library nor does it include technicians working on Borough computers with the knowledge of the Borough.

In addition, the Borough prohibits the illegal duplication of software and its related documentation. Employees are prohibited from reproducing such software for use on more than one computer without the express authorization of the Borough Manager. Employees should notify their immediate supervisor, or any member of management, upon learning of violations of this policy. Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

6.13.2 Right to Monitor Employee Use. Although the Borough permits employees to make reasonable occasional personal use of such items, employees have no privacy interests in such use. Email and internet communications can be traced to the sender even after they have been "deleted". In addition, the Borough may be required to produce email messages, internet communications, or other communications or information sent from,

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received by, or stored on such items, in connection with legal proceedings. The Borough may regularly review, audit, and download email messages, internet communications, or other communications or information sent from, received by, or stored on such items to ensure quality control, employee safety, security, or in connection with legal proceedings. Because the Borough is sensitive to the privacy concerns of its employees, every effort will be made to guarantee that workplace monitoring is done in an ethical and respectful manner. Employees can request access to information gathered through workplace monitoring that may impact employment decisions. Access will be granted unless there is a legitimate business reason to protect confidentiality or an ongoing investigation.

- **6.14 Use of Borough Vehicles and Heavy Equipment.** Vehicles and heavy equipment essential in accomplishing job duties are expensive and may be difficult to replace. When operating Borough-owned vehicles or heavy equipment, employees are expected to exercise care and follow all operating instructions, safety standards, and guidelines. An employee whose work requires driving motor vehicles must possess a valid State of Alaska driver's license, with an acceptable driving record. An acceptable driving record means that the employee has not had their license suspended, revoked, canceled, or violated state, local, or federal law relating to a serious traffic accident, or whatever other qualities are deemed appropriate by the immediate supervisor. The Borough shall reimburse employees for the cost of job-required renewal of commercial driving endorsements, including any required physical examinations. Any employee who does not hold a valid driver's license will not be allowed to operate a Borough vehicle until such time as a valid license is obtained. Employees must immediately report any suspension, revocation, or restriction of driving privileges to their supervisor. Failure to do so may result in disciplinary action against the employee. The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment. Any traffic tickets will be paid by the employee and reported to the immediate supervisor.
 - **6.14.1 Personal Use Prohibited.** Borough-owned vehicles and heavy equipment are not to be used for personal use. The improper, careless, negligent, destructive, or unsafe use or operation of vehicles or heavy equipment, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment.
 - **6.14.2 Duty to Notify Borough of Damage.** Employees must notify a supervisor or the Borough Manager if any vehicles or heavy equipment appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others.

Questions regarding an employee's responsibility for maintenance and care of vehicles or heavy equipment used on the job should be directed to the employee's supervisor or the Borough Manager. Employees may be required to submit to testing as part of the accident investigation process.

- **6.15 Workplace Safety.** To assist in providing a safe and healthy work environment the City and Borough of Wrangell provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee meetings, bulletin board postings, memos, Employee Portal news, email, or other written or electronic communications.
 - **6.15.1 Compliance with Safety Standards.** Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report, or where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.
 - **6.15.2 Duty to Report Work-Related Illnesses and Injuries.** In the case of accidents that result in injury or property damage, regardless of how insignificant the injury or damage may appear, employees should immediately notify the appropriate supervisor. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.
- **6.16 Smoking.** In keeping with the City and Borough of Wrangell's intent to provide a safe and healthful work environment, smoking is prohibited throughout the workplace, including Borough vehicles. Per AS 18.35.301, smoking is prohibited within 20 feet of all City and Borough of Wrangell facilities. This is punishable by a fine of up to \$50.00 and may lead to disciplinary action, up to and including termination. This policy applies equally to all employees, contractors, and visitors.
- **6.17 Drug and Alcohol-Free Workplace.** It is the City and Borough of Wrangell's policy to provide a drug-free, healthful, and safe workplace. Employees with questions or concerns about substance dependence or abuse are encouraged to discuss these matters with their supervisor, the Borough Manager or designee to receive assistance or referrals to appropriate resources in the community.
 - **6.17.1 General Prohibition.** In accordance with the Drug-Free Workplace Act of 1988, and to promote awareness among employees, the Borough informs all its employees that drug or alcohol abuse in the workplace creates a dangerous environment for the

employee engaged in the drug or alcohol abuse and endangers the health, safety and welfare of all employees and other persons. It is the Borough's policy to maintain a workplace free of the influence or use of drugs and alcohol. The unauthorized use, possession, manufacture, distribution or sale of alcohol or an illegal drug, controlled substance, or drug paraphernalia on or in Borough-owned property (including Borough-supplied vehicles), while conducting any Borough business whether on or off Borough property, or at any time during working hours, are strictly prohibited. No employee may report for duty or be on duty while under the influence of controlled substances or alcohol. All employees, including those who are subject to drug and alcohol testing only upon reasonable cause, must comply with this prohibition. Actions may be taken against employees for violation of this policy, up to and including termination of employment.

- **6.17.2 Scope of Prohibition.** For the purposes of this policy, the terms "controlled substance" and "drug" means any Controlled Substance listed in schedules I through V of Section 202 of the Controlled Substances Act (21 U.S.C. § 812), and as further defined by federal regulations (21 C.F.R. 1308.11 1308.15). This list includes, but is not limited to, marijuana, heroin, PCP, cocaine, and amphetamines. The term "alcohol" shall mean ethanol, isopropanol, or methanol.
- **6.17.3 Authorized Use of Prescribed Medication.** The legal use of prescribed drugs is permitted on the job so long as: (1) the employee holds a current prescription for the drug issued by a licensed health care provider; and (2) it does not impair the employee's ability to perform the essential functions of his or her job effectively and in a safe manner that does not endanger other individuals in the workplace.
- **6.17.4 Drug and Alcohol Testing.** The Borough is committed to providing a safe, efficient, and productive work environment for all employees. Using or being under the influence of illegal drugs, alcohol or other intoxicants while on the job may pose serious safety and health risks. To help ensure a safe and healthy working environment, the Borough may request employees to provide a body substance samples (e.g., breath, blood and/or urine) from any employee under the circumstances described below. The Borough shall bear all costs related to the drug/alcohol testing. The testing agency shall be informed that results of the drug/alcohol testing shall be provided directly to the Borough Manager or designee as expeditiously as possible. The employee may request a copy of the results. An employee has the right to request and obtain from the employer, within five days, the written results of a drug test so long as the request is made before six months have passed since the test. If the result of the drug test is positive, employees have the right under state law to a confirmatory drug test to be reviewed by a licensed physician or doctor of osteopathy. The failure of an employee to submit to an alcohol or drug test shall be grounds for discipline that may include termination. The results of the alcohol

or drug test shall not be used by the Borough for any purpose other than to determine adherence to Borough policy, to discipline an employee whenever necessary, and to comply with applicable terms of this policy. Employees have a right to explain any positive test result. An employee must file a request in writing to explain the result within ten (10) working days of notification of a positive result. Then, the employer will provide an opportunity within seventy-two (72) hours to explain the result.

- a. Post-Accident Testing. Employees who are involved in an accident while on duty, whether on or off the employer's premises, may be required to submit to testing as part of the accident investigation process. Subject to any limitations imposed by law, a refusal to provide a body substance sample under the conditions described above may result in disciplinary action, up to and including termination. Questions concerning this policy, or its administration should be directed to the Borough Manager
- **b. Fitness for Duty Testing.** The Borough may require employees to undergo drug testing if significant and observable changes in employee performance, appearance, behavior, speech, etc., provide reasonable suspicion that the employee is under the influence of drugs or alcohol during working hours. A fitness-for-duty evaluation may include the testing of a body substance sample. Subject to any limitations imposed by law, a refusal to provide a body substance sample under the conditions described above may result in disciplinary action, up to and including termination of employment. Questions concerning this policy, or its administration should be directed to the Borough Manager.
- c. Operators of Commercial Motor Vehicles. All employees and job applicants whose job requires them to operate a Commercial Motor Vehicle (CMV) on a public road and who hold a Commercial Driver's License (CDL) are subject to drug and alcohol testing, including randomized testing, as required by federal law pursuant to Code of Federal Regulations, 49 CFR Part 382, et. al, Subpart F, "Drug and Alcohol Use and Testing" Federal Highway Administration (FHWA) and the Omnibus Transportation Employee Testing Act of 1991.
- **6.17.5 Violations.** Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.
- **6.17.6 Employee Resources.** Employees with drug or alcohol problems that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take

unpaid time off to participate in a rehabilitation or treatment program through the City and Borough of Wrangell's health insurance benefit coverage. Leave may be granted if the employee agrees to abstain from use of the problem substance; abides by all the City and Borough of Wrangell's policies, rules, and prohibitions relating to conduct in the workplace; and if granting the leave will not cause the City and Borough of Wrangell any undue hardship. Under the Drug-Free Workplace Act, an employee who performs work for a government contract or grant must notify the City and Borough of Wrangell of a criminal conviction for drug-related activity occurring in the workplace. The report must be made within five days of the conviction. Employees with questions on this policy or issues related to drug or alcohol use in the workplace should raise their concerns with their supervisor or the Borough Manager without fear of reprisal.

- 6.18 Social Networking and Media. The Borough takes no position on an employee's decision to start or maintain a blog or participate in other social networking activities. The Borough respects the right of employees to use blogs and social networking sites as a medium of self-expression and public conversation and does not discriminate against employees who use these media for personal interests and affiliations or other lawful purposes. However, it is the right and duty of the Borough to protect itself from unauthorized disclosure of information. The Borough's social networking policy includes rules and guidelines for company-authorized social networking and personal social networking. Employees are personally responsible for their commentary on blogs and social networking sites and can be held personally liable for commentary that is considered defamatory, obscene, proprietary or libelous by any offended party, including statements regarding the Borough. The Borough investigates and responds to all reports of violations of the social networking policy and other related policies and may take legal action where necessary against any employee who engages in prohibited or unlawful conduct. An employee who has questions relating to this policy, a personal blog or social networking should ask the Borough Manager or supervisor.
 - **6.18.1 Scope of Policy.** Blogging and other forms of social media or technology include, but are not limited to, YouTube and other video sites, Wiki sites, sites such as Facebook, Pinterest, Tumbler, TikTok, and Twitter, chat rooms, industry chat boards, personal blogs and other similar forms of online journals, diaries and personal newsletters not affiliated with the Borough. Unless specifically instructed, employees are not authorized to speak on behalf of the Borough.
 - **6.18.2 Prohibited Conduct.** Online conduct that violates provisions of this handbook, adversely affects the working conditions and/or work performance of any employee, breaches confidentiality, violates the reasonable expectation of privacy for the Borough's employees, officials, or residents, or otherwise reflects poorly upon the Borough, may be grounds for discipline, up to and including termination. Employees may not use Borough equipment, including computers, company-licensed software or

other electronic equipment, nor facilities, internet access or company time, to conduct personal blogging or social networking activities. Employees may not use blogs or social networking sites to harass, threaten, discriminate or disparage any employee or anyone associated with or doing business with the Borough.

- **6.18.3 Representations on Behalf of the Borough.** Any employee who chooses to identify him/herself as a Borough employee must understand that some readers may view the employee as a spokesperson for the Borough. Because of this possibility, an employee who identifies him/herself as a Borough employee must take such precautions as may be reasonably necessary to ensure that readers understand that the views expressed in any blog or social network are the employee's own and not those of the Borough, nor of any other person or organization affiliated or doing business with the Borough. Employees may not post on personal blogs or other sites the name, trademark or logo of the Borough or any business with a connection to the Borough. Employees may not post company-privileged information, including any copyrighted, trademarked, proprietary information or company-issued documents.
- **6.18.4 Reporting Violations.** The Borough strongly urges employees to report any violation, or possible or perceived violation, of this section to a supervisor or the Borough Manager. Violations include discussions of the Borough and its employees and members, any discussion of proprietary information and any unlawful activity related to blogging or social networking.
- **6.19 Workplace Violence.** The City and Borough of Wrangell is committed to preventing workplace violence and to maintaining a safe work environment and has adopted the following guidelines to address the issues of harassment, intimidation, retaliation, discrimination, or other threats of or actual violence that may occur during business hours or on its premises.
 - **6.19.1 Courtesy.** All employees, including supervisors, contractors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others.
 - **6.19.2 Prohibited Conduct.** Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's gender, gender identity, race, marital status, sexual orientation, ancestry, national origin, religion, age, or any characteristic protected by federal, state, or local law.
 - **6.19.3 Reporting Violations.** Employees should report all threats of or actual violence, both direct and indirect, to their immediate supervisor or any other member of management

as soon as possible. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, they should be as specific and detailed as possible. All suspicious individuals or activities should also be reported as soon as possible to a supervisor. Employees should not place themselves in peril. If they see or hear a commotion or disturbance near their workstation, employees should not try to intercede or see what is happening.

The City and Borough of Wrangell also encourages employees to bring their disputes or differences with customers or other employees to the attention of their supervisors or the Borough Manager before the situation escalates. The City and Borough of Wrangell is eager to assist in the resolution of employee disputes and will not discipline employees for raising such concerns.

- **6.19.4 Investigations.** The City and Borough of Wrangell will promptly and thoroughly investigate all reports of threats of or actual violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is possible. In order to maintain workplace safety and the integrity of its investigation, the City and Borough of Wrangell may suspend employees, either with or without pay, pending investigation. Any employee determined to be responsible for threats of or actual violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including termination of employment.
- **6.20 Prevention of Domestic Violence.** The City and Borough of Wrangell is committed to providing a workplace in which the perpetration of domestic violence is neither tolerated nor excused. Any physical assault, threat, or stalking behavior made by an employee is a serious violation of this policy. This policy applies not only to acts against other employees, but to acts against all other persons. Employees found to have violated this policy will be subject to disciplinary action, up to and including termination.
 - **6.20.1 Early Prevention Strategy.** The City and Borough of Wrangell will use early prevention strategies in order to avoid or minimize the occurrence and effects of domestic violence in the workplace. Support and assistance are available to employees who are survivors of domestic violence. This support may include confidential means for coming forward for help, resource and referral information, additional security at the workplace, work schedule adjustment or relocation, or leave necessary to obtain medical, counseling, or legal assistance. Other appropriate assistance will be provided on individual need.
 - **6.20.2 Response by Borough.** In all responses to domestic violence, the City and Borough of Wrangell will respect the confidentiality and autonomy of the adult survivor to direct her or his own life, to the fullest extent permitted by law. The HR Representative will

have a complete listing of local services that are available to victims of domestic violence. The City and Borough of Wrangell will ensure that all supervisors, Department Directors, and employees are aware of possible warning signs of an abuse victim, such as unexplained bruises, changes in attitude or performance, lack of concentration, increased or unexplained absences, depression or heightened anxiety, receipt of harassing telephone calls, and disruptive personal visits to the workplace. Additionally, all supervisors, Department Directors, and employees will have available that which is necessary in safety planning and the handling of emergencies, such as an offender showing up at the workplace, armed and threatening the victim and coworkers.

To the extent possible, employees will have a reasonable amount of time off to obtain a protective order, testify in the criminal trial, move, or otherwise attend to emergency needs in a case involving domestic abuse.

- **6.21 Protection for Whistleblowers.** In compliance with the requirements of AS 39.90.100, the City and Borough of Wrangell-will not discharge, threaten, demote, or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment for any reason pertaining to an employee's good faith report to a public body on a matter of what the employee reasonably believes to be public concern, or an employee's participation in a court action, investigation, hearing, or inquiry held by a public body on a matter of what the employee reasonably believes to be public concern.
- **6.22 Visitors in the Workplace.** To provide for the safety and security of employees and the facilities of the City and Borough of Wrangell, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances. Employees from time to time may have to be contacted at their work location by a visitor. When this does occur, the visitor should be escorted to an area that is safe and does not interfere with the work of other employees. These visits should be brief and should be discouraged. Disciplinary action may occur if this section is abused. If an unauthorized individual is observed on the City and Borough of Wrangell's premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the main entrance.
- **6.23 Security Inspections.** The City and Borough of Wrangell wishes to maintain a work environment that is free of illegal drugs, alcohol, explosives, or other improper materials. To this end, the City and Borough of Wrangell prohibits the possession, transfer, sale, or use of such materials on its premises and requires the cooperation of all employees in administering this policy. Desks, lockers, and other storage devices may be provided for the convenience of employees but remain the sole property of the City and Borough of Wrangell. Accordingly, any agent or representative of the City and Borough of Wrangell with the Borough Manager's

permission, may at any time inspect them, either with or without prior notice.

6.24 Life-Threatening Illnesses in the Workplace. Employees with life-threatening illnesses, for example cancer, major organ disease, and HIV, often wish to continue their normal pursuits, including work, to the extent allowed by their condition. The City and Borough of Wrangell supports these endeavors as long as employees are able to meet acceptable performance standards. As in the case of other disabilities, the Borough will make reasonable accommodations in accordance with all legal requirements, to allow qualified employees with life-threatening illnesses to perform the essential functions of their jobs. Medical information regarding individual employees is treated confidentially. The Borough will take reasonable precautions to protect such information from inappropriate disclosure. Managers and other employees have a responsibility to respect and maintain the confidentiality of employee medical information. Anyone inappropriately disclosing such information is subject to disciplinary action, up to and including termination of employment. Employees with questions or concerns about life-threatening illnesses are encouraged to contact the Borough Manager for information and referral to appropriate services and resources.

CHAPTER SEVEN DISCRIMINATION AND HARASSMENT

- **7.1 Equal Opportunity Employer.** The City and Borough of Wrangell is an equal opportunity employer, and its intent is to provide equal employment and advancement opportunities to all individuals, applicants and employees, and to maintain a work environment that is free of harassment, intimidation, discrimination, or retaliation-due to age, race, color, national origin, ancestry, religion, gender, gender identity, sexual orientation, physical or mental disability, veteran status, or any other status protected by federal, state, or local laws. The City and Borough of Wrangell is dedicated to the fulfillment of this policy in regard to all aspects of employment, including, but not limited to, recruiting, hiring, placement, transfer, training, promotion, rates of pay, and other compensation, termination, and all other terms, conditions, and privileges of employment. So long as it does not pose a direct threat to the concerned individual or to others in the workplace, the City and Borough of Wrangell will reasonably accommodate qualified individuals with disabilities to allow them to perform the essential functions of their jobs.
- 7.2 Disability Accommodations. The Borough is committed to complying fully with the requirements of the Americans with Disabilities Act (ADA), as amended by the ADA Amendment Act of 2008 (ADAAA), the Alaska Human Rights Act, and all other federal, state and local laws that ensure equal opportunity in employment for qualified persons with disabilities, and to act in accordance with the regulations and guidance issued by the Equal Employment Opportunity Commission (EEOC). Furthermore, it is our policy not to discriminate against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training, or other terms, conditions, and privileges of employment. All employment practices and activities are conducted on a non-discriminatory basis. This policy is neither exhaustive nor exclusive. The Borough is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws. This policy is neither exhaustive nor exclusive. The Borough is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.
 - **7.2.1 General.** The Americans with Disabilities Act (ADA) and the Americans with Disabilities Amendments Act, known as the ADAAA, are federal laws that require employers with 15 or more employees to refrain from engaging in acts and practices that discriminate against applicants and individuals with disabilities and, when needed, to provide reasonable accommodations to applicants and employees who are qualified for a job, with or without reasonable accommodations, so that they may perform the essential job duties of the position.

- **7.2.2 Workplace Accommodations.** The City and Borough of Wrangell will grant reasonable accommodations for qualified employees with a disability so that they can perform the essential functions of a job unless doing so causes a direct threat to these individuals or others in the workplace and the threat cannot be eliminated by reasonable accommodation and/or if the accommodation creates an undue hardship to the Borough. Employees should contact their Department Director with any questions or requests for accommodation.
- **7.2.3 ADA Grievance Procedure.** This grievance procedure is established to meet the requirements of the ADA. It may be used by anyone who wishes to file a complaint alleging discrimination on the basis of disability in the provision of services, activities, programs, or benefits by the City and Borough of Wrangell. Other portions of this Personnel Policy govern employment-related complaints of disability discrimination.

The complaint should be in writing and contain information about the alleged discrimination such as the name, address, and phone number of the complainant and the location, date, and description of the problem. Alternative means of filing complaints, such as personal interviews or a tape recording of the complaint, will be made available for persons with disabilities upon request.

The complaint should be submitted by the grievant or his or her designee as soon as possible but no later than sixty (60) days after the alleged violation to the ADA Coordinator. Within fifteen (15) calendar days after receipt of the complaint, the ADA Coordinator or his or her designee will meet with the complainant to discuss the complaint and the possible resolutions. Within fifteen (15) calendar days of the meeting, the ADA Coordinator or designee will respond in writing, and where appropriate, in a format accessible to the complainant, such as large print, Braille, or audio tape. The response will explain the position of the City and Borough of Wrangell and offer options for substantive resolution of the complaint.

If the response by the ADA Coordinator or designee does not satisfactorily resolve the issue, the complainant or his or her designee may appeal the decision within fifteen (15) calendar days after receipt of the response to the Borough Manager designee. Within fifteen (15) calendar days after receipt of the appeal, the Borough Manager or designee will meet with the complainant to discuss the complaint and possible resolutions. Within fifteen (15) calendar days after the meeting, the Borough Manager or designee will respond in writing, and, where appropriate, in a format accessible to the complainant, with a final resolution of the complaint.

All written complaints received by the ADA Coordinator designee, appeals to the Borough Manager or designee, and responses from these two offices will be retained by the City and Borough of Wrangell for at least three years.

This policy is neither exhaustive nor exclusive. The City and Borough of Wrangell is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

- **7.3 Policy Against Harassment, Retaliation, and Discrimination.** The City and Borough of Wrangell is committed to providing a work environment that is free from all forms of harassment, intimidation, retaliation, and discrimination. Actions, words, jokes, or comments based on an individual's gender, gender identity, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic is considered harassment and discrimination Against these, the Borough has a zero-tolerance policy. Employees found to have taken actions inconsistent with, or in violation of, the Borough's Equal Employment Opportunity and Anti-Harassment policies, or this policy, shall be subject to disciplinary action, up to and including termination of employment. Additionally, managers and supervisors who knowingly permit activity prohibited by this policy to occur without further action will be subject to disciplinary action, up to and including termination.
 - 7.3.1 Harassment, Defined. Harassment is defined as unwanted communication and/or conduct by a supervisor, coworker or non-employee in the workplace which threatens, intimidates, offends, creates a hostile working environment or adversely affects the employment relationship or working environment for an employee or applicant for employment and is based on the employee or applicant's race, color, religion, sex, gender, sexual orientation, national origin, age, disability, marital status, changes in marital status, pregnancy, parenthood, or genetic information. Harassment may include slurs, abusive language, threats, derogatory comments, unwelcome jokes, teasing and other such verbal or physical conduct.
 - 7.3.2 Sexual Harassment. Sexual harassment is a form of harassment. The Borough is committed to providing its employees and applicants for employment an environment free from unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct or communication constituting sexual harassment. Sexual harassment is misconduct that is offensive, interferes with work productivity or deprives employees of the opportunity to work in an environment free from unsolicited and unwelcome sexual overtones. Sexual harassment includes all unwelcome sexual advances and sexually oriented communication, requests for sexual favors and other such verbal or physical misconduct. Sexual harassment does not refer to casual conversation or compliments of a socially acceptable nature. Sexual harassment is a violation of the law.

- **a. Forms of Sexual Harassment.** Sexual harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal, visual, written, or physical conduct of a sexual nature when:
 - i. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
 - ii. Submission to or rejection of such conduct by an individual is used as the basis for an employment decision affecting such individual; or,
 - iii. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.
- **b.** Examples of Sexual Harassment. Sexual harassment may include, but is not limited to:
 - i. Sexual or suggestive comments, gestures, pictures or jokes;
 - ii. Sexual propositions or innuendo;
 - iii. Sexist remarks;
 - iv. Patting, pinching, grabbing or other unwanted touching; Unwanted sexual advances;
 - v. Unwanted staring or leering;
 - vi. Granting or promising to grant employment benefits or opportunities because of an individual's submission to sexual advances or sexual favors;
 - vii. Harassment not of a sexual nature directed against an individual that concerns the individual's gender.
- **c. Applicability.** This policy against sexual harassment applies to the conduct of a supervisor toward a subordinate; an employee toward another employee; an employee toward a non-employee; a non-employee, such as a member of the community seeking Borough services, volunteers, contractors, or business visitors toward an employee; or an employee toward an applicant for employment.
- **7.3.3 Intimidation.** Intimidation, also called workplace bullying, happens when a co-worker, supervisor, or direct report uses physical threats, blackmail, or verbal abuse to manipulate an employee for professional or personal advantage. It can occur over time, and can negatively affect employees, customers, and workplace atmospheres. Intimidation will not be tolerated in the City and Borough of Wrangell workplaces.
- **7.3.4 Retaliation.** The City and Borough of Wrangell prohibits retaliation even if the concerns raised are not confirmed following an investigation. However, an employee

may be subject to adverse action if the employee knowingly made a false allegation, provided false or misleading information in the course of an investigation, or otherwise acted in bad faith. This non-retaliation policy does not exempt employees from the consequences of their own misconduct or inadequate performance, and self-reporting such issues is not protected.

- 7.3.5 Complaint Procedure. Individuals who believe they have been discriminated against or harassed in any way or are aware of activities occurring in the workplace that might constitute discrimination or harassment, must report the perceived discrimination or harassment immediately to an immediate supervisor, the Borough Manager, or any other manager-level Borough staff member to whom the individual feels comfortable speaking with. In addition, any supervisor or Department Head who becomes aware of possible harassment, intimidation, retaliation, or discrimination must immediately advise the Borough Manager so it can be investigated in a timely and confidential manner. Anyone engaging in harassment, intimidation, retaliation, or discrimination will be subject to disciplinary action, up to and including termination of employment.
 - **a. Investigation by Borough.** All allegations will be quickly and discreetly investigated. To the extent possible, confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, the accuser will be informed of the outcome of the investigation.
- **7.4 Sexual Misconduct.** The City and Borough of Wrangell will not tolerate and will seek to eradicate any behavior by its employees, contractors, or volunteers that constitutes sexual misconduct.
 - **7.4.1 Sexual Misconduct, Defined.** Sexual misconduct means any actual or attempted criminal sexual assault, sexual abuse, sexual exploitation, indecent or sexual solicitation, or public indecency. Sexual misconduct does not include sexual harassment, which is addressed in another policy.
 - **7.4.2 Reporting Sexual Misconduct.** Victims of sexual misconduct, and their parents or guardians in the case of minors, are encouraged to report such conduct. This policy shall be made available to all employees. Any incident of sexual misconduct must be reported as quickly as possible, in confidence. Employees and volunteers shall report any known or suspected incident of sexual misconduct to their direct supervisor, the Borough Manager, or the HR Representative. If the report is made to the supervisor, that individual shall notify the HR Representative. If the person to whom an employee or volunteer is directed to report is the offending person, the report should be made to the HR Representative, the local police, or the Alaska Department of Health & Social Services, Office of Children's Services in the case of a minor.

- 7.4.3 Procedure Upon Receipt of Report. It is not the responsibility of the person reporting to determine whether the suspicions are correct, or to investigate those suspicions. According to state law, any case of known or suspected child abuse of a minor must be reported immediately to the HR Representative, a police officer, or the Alaska Department of Health & Social Services, Office of Children's Services. In the event that the HR Representative is the first notified of an incident of known or suspected child abuse, he or she shall immediately notify the child's parent or legal guardian, unless the parent or legal guardian is the alleged abuser. The appropriate legal authorities shall be notified immediately as required by state and local law. All formal complaints will be given a full, impartial and timely investigation. During such investigation, while every effort will be made to protect the privacy rights of all parties, confidentiality cannot be guaranteed.
- **7.4.4 False Accusation Prohibited.** False accusations regarding sexual misconduct will not be tolerated, and any person knowingly making a false accusation will be subject to disciplinary action up to and including termination.
- **7.4.5 Retaliation Prohibited.** The City and Borough of Wrangell will not tolerate retaliation and will discipline any individual who retaliates against any person who reports alleged sexual misconduct or who retaliates against any person who testifies, assists, or participates in an investigation, a proceeding or a hearing relating to sexual misconduct complaint. Retaliation includes, but is not limited to, any form of intimidation, reprisal, or harassment.
- **7.4.6** Administrative Suspension During Investigation. Any employee or volunteer involved in a reported incident of sexual misconduct may be immediately relieved of responsibilities, or may be suspended, as determined by the Borough Manager. Reinstatement will occur only after all allegations of sexual misconduct have been cleared by the organization.
- **7.4.7 Borough Recourse.** Any employee, contractor or volunteer who is determined, after an investigation, to have engaged in sexual misconduct in violation of this policy will be subject to disciplinary action, up to and including termination.

CHAPTER EIGHT EMPLOYEE DISCIPLINE

- **8.1 General Statement of Policy.** In the event that an employee engages in misconduct by violating the Borough's employment policies, or fails to meet established performance standards, the employee may be subject to disciplinary action. Although in most cases the Borough will attempt to permit its employees an opportunity to improve prior to imposing formal discipline, whether, and the extent to which, an employee is disciplined will depend upon a variety of factors, including the frequency, nature, and severity of the misconduct. The Borough Manager or other designee shall be responsible for administering the Borough's employee discipline policies and procedures.
- **8.2 Grounds for Discipline.** It is impossible to provide an exhaustive list of the actions that may be sufficient to warrant employee discipline. Some of the reasons that an employee may be disciplined include, but are by no means limited to:
 - a. Falsifying information on an application or resume, or otherwise being untruthful in the execution of official work duties.
 - b. Theft, including time theft by means of falsifying information on time sheets, or intentionally avoiding or delaying active work during a shift
 - c. Insubordination.
 - d. Excessive absences, tardiness, or failure to comply with the Borough's procedures for reporting absences.
 - e. Use of alcohol or controlled substances or misuse of prescription medication while performing work duties. This includes working under the influence of prescribed drugs if used in conjunction with any activity that the prescribing medical professional, or the label on the prescription container, indicates should be avoided while under the drug's influence.
 - f. Harassment or sexual harassment of other employees or members of the public or making a false allegation of harassment or sexual harassment against another.
 - g. Violating applicable safety standards, including those prescribed by law or Borough policy.
 - h. Failure to meet reasonable work standards and requirements, or to complete reasonable tasks as necessary.
 - i. Negligence or improper conduct.
 - j. Smoking in prohibited areas.
 - k. Violating any of the policies and procedures set forth in this Handbook.
 - 1. Engaging in other forms of misconduct, including misconduct that has an adverse effect upon the ability of other employees to execute fully and efficiently his or her work duties, or to enjoy the benefits and privileges of Borough employment.

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- m. Failure to meet the minimum requirements outlined in a job description within the requisite period of time.
- **8.3 Progressive Disciplinary System.** The Borough is committed to ensuring fair treatment of all employees and in making certain that disciplinary actions are prompt, uniform, and impartial. The primary purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future. By using progressive discipline, the Borough intends that most employee problems will be corrected at an early stage, benefiting both the employee and the Borough. However, the Borough is not required to address employee performance issues using progressive discipline, and if it elects to do so, it may begin with the disciplinary action that it, in its sole discretion, determines is warranted based upon the totality of the circumstances.
 - **8.3.1 Statement of Purpose.** It is the Borough's policy to administer equitable and consistent discipline in instances where employees engage in unsatisfactory or improper conduct. Although the Borough adheres to the principle that the best disciplinary measure is the one that does not have to be enforced and comes from good leadership and fair supervision at all employment levels, it recognizes that there may exist instances in which employee misconduct, depending upon the circumstances, will warrant forms of disciplinary action that fall outside the scope of its progressive discipline system, such as suspension or immediate termination.
 - **8.3.2 Forms of Discipline.** Progressive discipline means that, with respect to most disciplinary problems, the Borough will elect to follow the following steps:
 - **a. Verbal Warning.** If an employee's infraction is minor, isolated, or the circumstances otherwise do not warrant a more serious response, an employee may be issued an oral reprimand. In administering this step, a supervisor will hold a private discussion with the employee in which the supervisor explains which of the employee's behaviors have violated Borough policy and coaches the employee on how to correct that behavior. The supervisor should maintain a record to document the discussion, although this documentation will not be placed in the employee's personnel file.
 - **b. Formal Reprimand.** If the Borough, in its sole discretion, determines that an employee's violation is greater in severity than that justifying merely a verbal warning, or the employee has already received a verbal warning regarding the same or similar violation, the employee may be issued a formal written reprimand. It shall clearly set out the policies that have been violated, explain what the employee should have done differently, provide a timeline for correcting the infraction, if applicable, and explain which disciplinary steps may be taken if the employee commits other violations. The

written reprimand should be signed by the employee, who shall retain a copy, and placed in his or her personnel file.

- c. Formal Disciplinary Meeting. The employee is called in for a formal disciplinary meeting with their supervisor and/or their Department Director, along with the Borough Manager or other Human Resources staff. The employee will be presented with a full explanation of the allegations against them and will be provided an opportunity to explain or otherwise justify their actions. If unsuccessful, the employee will again receive a written record of the action that clearly sets out the policies that the employee has violated, explains what the employee should have done differently, provides a timeline for correcting the infraction, and explain which disciplinary steps may be taken if the employee commits other violations. This written record may be in the form of a Performance Improvement Plan. If necessary, the Borough Manager or HR Representative designee will investigate any concerns the employee raises during the meeting. The signed, written document becomes a part of the employee's personnel file.
- d. Suspension With or Without Pay; Demotion; Reassignment; or Termination. If an employee has a documented history of repeatedly failing to meet performance standards, or has engaged in misconduct that is severe, pervasive, or egregious, the employee may be suspended with or without pay, demoted, reassigned, or involuntarily terminated. The penalty will be applied uniformly and fairly, but the specific penalty that is applied will depend on the nature of the employee's offense. Any penalties imposed pursuant to this section must be administered according to the procedures set forth in Section 8.4. A record of any action taken pursuant to this section shall be documented and made a part of the employee's personnel file. The Borough must consult with the Borough Attorney prior to taking action related to any form of discipline described by this section.
- **8.4 Pre-Deprivation Procedures.** Except for temporary, confidential/managerial, and contract employees, who are employed at will and to whom these procedures are inapplicable, the Borough will apply the following procedures for discipline involving an employee's suspension with or without pay, demotion, reassignment, or involuntarily termination.
 - **8.4.1 Written Notice.** Prior to taking the disciplinary action, the employee's supervisor or Department Director shall give written notice that the Borough intends to suspend with or without pay, demote, reassign, or involuntarily terminate the employee for disciplinary reasons. Such notice shall describe with specificity the allegations against the employee; state the ways in which such allegations violate the Borough's employee policies; notify the employee of the disciplinary actions that are being contemplated; explain that the employee has a right to request a pre-deprivation hearing within five (5) business days;

explain that the employee's failure to do so will effectively waive any such right; and provide an overview of the pre-deprivation hearing procedures.

8.4.2 Request for Pre-Deprivation Hearing. Employees who receive a written notice under this section are entitled to a pre-deprivation hearing only if requested within five (5) business days of that notice, and they must submit a written request for a pre-deprivation hearing to the Borough Manager. The written request must explain why the employee believes that the proposed action is improper or unwarranted under the circumstances. If the employee fails to submit a written request for a pre-deprivation hearing, the employee will be considered to have knowingly waived any right or entitlement to a pre-deprivation hearing and the procedures described in this section.

8.4.3 Pre-Deprivation Hearing Procedures.

- a. Upon receipt of an employee's written request for a pre-deprivation hearing, the Borough Manager shall engage an Administrative Law Judge ("ALJ") from the Alaska Office of Administrative Hearings to conduct a pre-deprivation hearing and decide whether the proposed employment action is appropriate. The ALJ shall conduct the pre-deprivation hearing within ten (10) business days of the date that the Borough Manager received the employee's written request. The employee's written request for a pre-deprivation hearing suspends the employment action pending a decision by the ALJ.
- **b.** The ALJ shall issue a pre-hearing order scheduling the date and time of the hearing and setting forth the procedure for written briefing and the order of presentation at the hearing. The ALJ may continue the hearing for good cause.
- **c.** The hearing shall be recorded. At the hearing, the employee and the Borough may call witnesses, present evidence, cross-examine witnesses, and present oral or written argument. The employee and the Borough may be represented by counsel at the hearing. All testimony shall be under oath.
- **d.** The ALJ has the discretion to impose reasonable restrictions on the length of the hearing and unduly repetitive or irrelevant evidence. The factual record is closed at the close of the hearing.
- **e.** The Borough must prove by a preponderance of the evidence the factual basis upon which the employment action was imposed.

- **f.** The ALJ shall render a written decision within seven (7) business days following the hearing. The written decision shall state the ALJ's findings and summarize the reasons and evidence supporting the decision. The written decision shall also notify the employee of the provisions of section g.
- g. The ALJ's written decision is final and binding on the employee and the Borough. A copy of the written decision shall be included in the employee's personnel file. The employee may appeal the ALJ's decision to the Superior Court for the State of Alaska. An appeal to Superior Court shall be filed within 30 days of the date of the distribution of the ALJ's written decision. Employees have an additional three days to appeal any determination sent by mail. If the last day of the time limit falls on a Saturday, Sunday, or holiday, employees have until the next business day to file the appeal. The employee's failure to appeal within this timeframe constitutes a waiver of the employee's appeal rights.
- **8.5 Employee Grievances.** The Borough recognizes the value of a grievance procedure that provides for the timely review of employee grievances in a fair yet workable manner. A grievance is considered to be any dispute between an employee and the Borough which impacts an employee's ability to perform his or her job. For the purposes of this Chapter, grievances are oral or written communications by an employee that alleges some violation of the terms and conditions of his or her employment. Temporary, confidential/managerial, probationary, and contract employees are employed at will, and are not entitled to the grievance procedure.
 - **8.5.1** Actions Exempt from Grievance Procedure. Employees are only permitted to appeal disciplinary actions pursuant to the limitations and procedures set forth in Sections 8.1-8.4 of this Employee Handbook.; therefore, such matters may not be the subject of the Borough's Employee Grievance Procedures. Similarly, employees may not initiate grievances regarding the Borough's decision not to permit withdrawal of a resignation from employment that has been accepted by the Borough.

8.5.2 Employee Grievance Procedures.

- **i. Step One.** The employee must verbally communicate a grievance to his or her immediate supervisor within five (5) business days of the occurrence of the event or condition giving rise to the grievance.
- **ii. Step Two.** If the employee's grievance is not resolved following completion of Step One, the employee must within five (5) business days submit a written grievance to the applicable Department Director. The grievance must state with specificity the grounds for the grievance and explain how the employee believes the matter may be

appropriately resolved. The Department Director shall submit a written reply to the employee within five (5) business days of receiving the employee's written grievance.

iii. Step Three. If the grievance is not resolved upon completion of Step Two, the employee must within five (5) business days submit his or her written grievance to the Borough Manager. The employee should attach any pertinent information, including communications related to Steps One and Two. Within seven (7) business days of receiving the employee's written grievance, the Borough Manager shall meet with the employee to discuss the grievance, as well as with any applicable Department Director and immediate supervisor. Following this meeting, the Borough Manager will issue a written decision within seven (7) business days, which shall be final, binding, and be retained permanently in the employee's personnel file.

8.5.3 Failure to Meet Requirements of Grievance Procedures.

- i. By Employee. Eligible employees may initiate formal grievances only according to the prescribed procedures. Failure to follow such procedures, or to do so within the established timeframes, shall be considered a waiver of the grievance.
- **ii. By Borough.** The Borough's failure to adhere to the prescribed grievance procedure shall result in the grievance advancing to the next step. Time frames may be extended by mutual agreement of the employee and the Borough.

CHAPTER NINE PERFORMANCE EVALUATIONS AND PERSONNEL RECORDS

- **9.1 Performance Evaluations.** Although supervisors and employees are encouraged to regularly discuss issues related to job performance and to establish appropriate goals, the Borough conducts regular performance evaluations for all employees. Performance evaluations will be maintained in each employee's personnel file, and a copy will be provided to the employee each time an evaluation is conducted.
 - **9.1.1 Purpose.** The Borough uses performance evaluations for the following purposes:
 - a. To provide a basis for informed decisions on such matters as promotion, work assignments, training recognition, and continuation of employment;
 - b. To ensure employees remain advised of what is expected of them, and whether they are meeting these expectations;
 - c. To encourage the development of new skills that improve work performance, and increased commitment to both the Borough and meeting departmental goals and objectives;
 - d. To establish a basis for understanding and meeting an employee's own need for growth and development;
 - e. To foster an effective working partnership between supervisor and employee;
 - f. To determine the effectiveness of appointment and promotion decisions; and
 - g. To serve as a reference for employment-related decisions, such as the decision whether to grant a merit pay increase, to promote the employee to a new position, or to impose disciplinary measures.
 - **9.1.2 Scheduled Performance Evaluations.** Generally, performance evaluations are conducted on an annual basis; however, they may otherwise be completed from time to time as indicated below.
 - a. Prior to Completion of Probationary Period. Probationary employees, including employees who have been transferred or promoted to new positions, in most instances will undergo performance evaluations prior to the scheduled expiration of their probationary period. The purpose of this evaluation is to not only provide the employee with feedback regarding their performance, but also to make related determinations, such as whether to extend the probationary period, or to provide the employee with a salary adjustment.

- **b. Annual Performance Evaluations.** The Borough will endeavor to provide regular employees with a performance evaluation within the 14-day period prior to their first anniversary date.
- c. Discretionary Performance Evaluations. The Borough may conduct additional performance evaluations from time to time as deemed necessary to address specific performance-related matters, as may be necessary after a disciplinary action or performance improvement plan has been completed, or at such other time as the Borough deems appropriate and beneficial.
- 9.2 Employee Records. The Borough maintains a personnel file for each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment-related records. Personnel files are the property of the City and Borough of Wrangell, and access to the information they contain is restricted. Access to these files is generally limited to the Borough Manager, his or her designee, the employee's immediate supervisor, and the employee's Department Director and must be approved by the Borough Manager, save for the fact that the Finance Director, or designee, may have access to payroll records. Employees shall be advised as to other persons who may be granted access to these files.
 - **9.2.1 Employee Inspection.** With reasonable advance notice, employees may review and copy their own personnel files in the Borough offices and in the presence of an individual appointed by the Borough Manager to maintain the files. In accordance with applicable law, the information in an employee's personnel file is confidential except such information as would be public information in the personnel file of an employee. The Borough may require an employee or former employee who requests copies of material to pay the reasonable cost of duplication.
 - **9.2.2 Changes to Personnel Information.** An employee may submit a rebuttal or clarification statement regarding letters of warning or reprimand contained in the employee's personnel file, which shall remain as part of the employee's permanent record. It is the responsibility of each employee to promptly notify the Borough of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should always be accurate and current.

CHAPTER TEN SEPARATION FROM BOROUGH EMPLOYMENT

- **10.1 Nature of Separation.** The termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. This chapter describes the common reasons for separation from employment with the Borough, as well as the policies and procedures that govern them.
- **10.2 Resignation.** Unless otherwise specified by mutual agreement, employees may resign from Borough employment for any reason, and with or without notice. However, an employee may only resign in good standing, and remain eligible for employment with the Borough, if the employee submits a written resignation to the Borough at least 14 days prior to his or her last working date. This requirement may be waived upon approval by the Borough Manager where emergency circumstances do not permit such notice, or where the Borough is capable of making adequate arrangements to accommodate the vacancy that results.
 - **10.2.1 Effective Date of Resignation.** An employee's effective date of resignation shall be the last date that they perform work for the Borough.
 - **10.2.2 Acceptance by Borough; Effect of Acceptance.** A resignation is deemed to have been accepted by the Borough immediately upon its receipt. An employee may request to withdraw a tendered resignation prior to their effective resignation date; however, the decision to permit withdrawal is left to the sole discretion of the Borough Manager.
 - **10.2.3 Resignation Due to Unexcused Absence.** The Borough may, at its sole discretion, deem employees as having abandoned their position with the Borough and resigned from employment if they fail to report to work for three or more consecutive scheduled shifts without providing the notice required by this Handbook.
- **10.3 Retirement.** Borough employees who participate in the State of Alaska Public Employees' Retirement Program (PERS) may be eligible to receive retirement benefits after dedicating a sufficient number of years of service to government entities that participate in the program, so long as they meet program criteria. Any questions should be directed to the HR Representative.
- **10.4 Layoffs.** The Borough maintains sole and exclusive authority to determine whether to lay off any employee whenever budgetary constraints necessitate a reduction in force, or some other reorganization of the Borough's workforce occurs. Employees who have been laid off are not entitled to any pre-deprivation hearing prior to their dismissal.
- **10.5 Termination.** Terminations are involuntary separations from Borough employment for reasons other than layoff. Except for confidential/managerial, temporary, and contract

City and Borough of Wrangell Employee Handbook Page 75 of 76

- employees, who may be terminated with or without cause at any time, involuntary terminations shall be accomplished pursuant to the procedures set forth at Section 8.4 of these personnel policies.
- **10.6 Severance Pay.** The Borough generally does not provide severance pay to individuals who have been employees. The Borough never grants severance pay to non-exempt employees whose employment is terminated. The Borough reserves the right to make exceptions to the above policy in its sole and absolute discretion. One common exception is severance pay as provided for in the individual employment contracts of certain exempt Borough employees.
- **10.7 Effect of Separation on Employee Benefits.** All accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.
- **10.8 Exit Interviews.** The Borough will generally schedule exit interviews at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to the Borough, or return of Borough-owned property. Suggestions, complaints, and questions can also be voiced.
- 10.9 Return of Borough Property on Separation. Employees are responsible for items issued to them by the City and Borough of Wrangell or in their possession or control and are required to return all property to the Borough on or before their last day of work. Where permitted by applicable laws, the City and Borough of Wrangell may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. The City and Borough of Wrangell may also take all action deemed appropriate to recover or protect its property.
- **10.10 Final Payment.** Employees who experience a separation from Borough employment will receive their final pay in accordance with applicable state law.

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

			DATE:	November 22, 2022		
	AGENDA ITEM TITLE:		<u>Agenda</u>	13		
			<u>Section</u>	13		
Annroval	of State Lobbyist Professional Services A	greement				
ripprovarc	of State Bobbyist Froiessional Services 1	igreement				
SUBMITTED BY: FISCAL NOTE:						
		Expendi	ture Require	d: \$XXX Total		
Jeff Good, Borough Manager		FY 20: \$	FY 21:	\$ FY22: \$		
jen dood, i	Sorough Funder	A	D dtd			
		Amount Budgeted:				
			FY20 \$XXX			
Reviews	/Approvals/Recommendations		Number(s):	vv		
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	Commission, Board or Committee		Name(s):			
Name(s)			Enter Text He	ce control		
Name(s)		Unencur	nbered Balar	ice(s) (prior to		
	Attorney	expendi				
	Insurance		\$XXX			
<u>ATTACHM</u>	ENTS: 1. Lobbyist Agreement					

RECOMMENDATION MOTION:

Move to Approve the professional services agreement to Ray Matiashowski & Associates for lobbying services.

SUMMARY STATEMENT:

It is recommended to approve a new professional services agreement with our State Lobbyist, Ray Matiashowski. Attached is the contract has language that renews the contract and by mutual consent up to three additional one-year terms.

PROFESSIONAL SERVICES CONTRACT

THIS PROFESSIONAL SERVICES AGREEMENT is entered into between the City and Borough of Wrangell (CBW), PO Box 531, Wrangell, AK 99929, and Ray Matiashowski & Associates (RM&A), PO Box 24034, Douglas, AK 99824, on this _____ day of _______, 2022.

Recitals

- A. CBW has a need of professional lobbying services, and
- B. RM&A offers expertise and knowledge in socio-political and government matters in the State of Alaska, and
- C. CBW desires to make a continued use of RM&A's services in these areas and engage RM&A to render these services, and
- D. RM&A desires to perform these services based on the terms and conditions hereinafter set forth:

Therefore, in consideration of the mutual terms and conditions set forth below, the parties agree as follows:

- 1. <u>Term of Contract:</u> CBW employs RM&A for State of Alaska consultative, legislative and administrative lobbying activities for the term of one year beginning on December 1st of 2022 through November 31th of 2025. The CBW may extend the contract by mutual consent of both parties for up to three one year terms.
- 2. Compensation: CBW shall pay RM&A an annual fee of \$43,200 for its services as follows: \$3,600 each month for the term of this agreement. Payment shall be made to RM&A upon presentation of an appropriate invoice. Included in each monthly invoice shall be billings for any travel and other incidental costs which are in addition to the base monthly amount: local transportation, photocopying, long distance telephone charges, overnight mail and postage. Any travel outside the Juneau metropolitan area, including meals, lodging and plane fare, shall be billed to CBW. Such travel shall not be taken unless authorized by CBW.
- 3. Deliverables:
 - A. Meet with CBW staff and assembly once a year in the fall to talk about the upcoming legislative session, the CBW's capital list and other issues that relate to the legislature and the borough's goals.
 - B. Provide e-mail or verbal communication to the Borough Manager or other appropriate staff during the legislative session to update and notify of pending items of interest to CBW.
 - C. Communicate and advise when it would be appropriate for the Mayor, Manager or other staff members to come to Juneau to talk to our representative or senator and to provide testimony when necessary.
 - D. If a conflict arises about the lobbying effort with another client that would not be in the best interest of CBW, RM&A is required to notify the Borough Manager immediately to discuss the issue and come up with a solution.
 - E. Provide the CBW with suggestions on how we can improve our lobbying effort so we are more effective.
 - F. At the end of the session provide the CBW with a written summary report of various bills that may affect the CBW. This report is due by July 1st.
- 4. <u>Termination:</u> This agreement shall remain in full force and effect for the term herein specified unless terminated or annulled by either party upon thirty days' notice in writing.

- 5. <u>No assignability:</u> This agreement is purely and solely with RM&A. RM&A shall have no right to assign, transfer, pledge or otherwise affect the agreement, nor any interest thereunder, nor any of the monies due or to become due by reason of the terms therein.
- 6. <u>Waivers, Modification, or Alterations:</u> Any waiver or modification of any of the provisions of this agreement or the terminations thereof, shall be in writing and signed by both parties.
- 7. Venue: This agreement shall be governed by the laws of the State of Alaska.
- 8. <u>Independent Contractor:</u> Neither this agreement, nor anything contained herein, shall be construed to extend to RM&A the right to act as agent for CBW or to grant to RM&A any power of attorney, whether actual, or apparent, or implied. RM&A shall remain throughout the performance of this agreement as an independent contractor.

CBW employs RM&A for State of Alaska consultative, legislative and administrative lobbying activities and to advise management on all matters as defined by mutual agreement to render such services pertinent thereto in accordance with such instructions as may from time to time be given by CBW. RM&A shall report and be responsible to the CBW. RM&A shall devote its best effort and such time as shall be necessary and consistent with the provisions of this agreement. CBW hereby contracts and employs RM&A beginning December 1, 2022 and ending November 31, 2025 unless extended or shortened by mutual consent.

OWNED.

WHEREFORE the parties have entered into this agreement the date and year first above written.

	City and Borough of Wrangell
ATTEST:	
	By: Jeff Good
Kim Lane, MMC, Borough Clerk	Borough Manager
	CONTRACTOR:
	RAY MATIASHOWSKI & ASSOCIATES
	By:
	Ray Matiashowski

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

			DATE:	November 22, 2022	
	AGENDA ITEM TITLE:		Agenda Section	13	
	f a Contract Award to AWC Water Solut Preselection and Shop Drawing Procu		•		
SUBMITT	ED BY:	FISCAL NOTE: Expenditure Required: \$125,000			
		FY 21: \$		FY23: 125,000	
Amber Al-H	Iaddad, Capital Facilities Director		·		
		Amount Budgeted: \$125,000			
ъ :	/A 1 /D 1 .:	Account	Number(s):		
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	Attorney	expendi		(-) (p. 101 to	
	Insurance				

<u>ATTACHMENTS:</u> Bid Opening Checklist and Tabulation Summary for Packaged Water Treatment Plant Equipment Preselection

RECOMMENDATION MOTION:

Move to approve a contract award to AWC Water Solutions LTD for the Packaged Water Treatment Plant Equipment Preselection and Shop Drawing Procurement in the Amount of \$125,000.

SUMMARY STATEMENT:

The City and Borough of Wrangell, with assistance from DOWL, solicited bids for the Packaged Water Treatment Plant Equipment Preselection project. Procurement by preselection is a process whereby an equipment supply specification is prepared and a solicitation is circulated to the various equipment Bidders requesting equipment supply proposals. Prior to construction of the plant improvements, the procurement of equipment shop drawings is required to aid in the completion of the engineering design, based on the equipment manufacturer's product selected. It is intended that the selected equipment will subsequently be purchased and installed by a separate contractor under the General Construction Contract for the project.

The work for the Packaged Water Treatment Plant Equipment Preselection of the equipment required for the new drinking water treatment system, which will be made a part of the Wrangell Water Treatment Plant Improvements project, is currently in the design phase. By proceeding with the equipment selection in this manner the Borough is provided with the assurance that the new facilities which incorporate the equipment are properly designed to enable operations to efficiently use the equipment. The process allows DOWL to define, in their design and the contract documents, the equipment requirements and features, assess the submittals based on price, references, qualifications and operational experience at other locations, and quality, among other factors.

In response to the competitive solicitation for the water treatment equipment, we received one bid, from AWC Water Solutions, LTD, Langley, British Columbia, Canada. With the Economic Development Administration's (EDA) federal requirement that we meet the Buy American Act requirements, we requested approval to evaluate and further contract with AWC as a non-American company, since significant outreach and advertisement was made to encourage American companies' participation, and AWC was the sole bidder. While EDA can't officially approve participation in the contract until the scope and budget are officially revised to cover the project as a whole to include the equipment component, they have reviewed the documentation and provided written comment that all other elements of the procurement and contract meet EDA requirements.

AWC, as the sole Bidder, and selected manufacturer to consider under this procurement, shall have the responsibility for providing the packaged water treatment plant equipment, including all labor, materials, equipment, and incidentals as shown, specified, and required to furnish rapid mix, flocculation, dissolved air flotation, and dual media filtration system as described throughout the procurement solicitation. The packaged equipment selected shall support Wrangell's new water treatment system which shall be designed to meet a 2.26 MGD design water treatment capacity, using a Flocculation and DAF treatment and multi-media filtration system.

The Borough seeks to procure from AWC Water Solutions the shop drawings only. AWC Water Solutions' bid for the preparation and submission of required shop drawings and product submittal information is \$125,000.

By entering into the shop drawing procurement agreement with AWC, they shall be named as the preselected supplier/equipment in the project specifications, and the water treatment system will be designed around the equipment defined in AWC's proposal. In return, AWC must agree to enter into an agreement with the General Construction Contractor who is selected to construct the Project, to provide the equipment and services established in the equipment manufacturer

preselection solicitation. AWC's bid for providing the Packaged Water Treatment Equipment Supply, Commissioning, and Training is \$3,295,000; however, there may be a slight modification as we work through design.

If for any reason the City and Borough of Wrangell does not award the Construction Project, the Borough is under no obligation to purchase the equipment, materials, and services from AWC Water Solutions LTD.

Approval to procure the shop drawings from AWC Water Solutions as the preselected equipment supplier for the Water Treatment Plant Improvements project is required to allow DOWL engineers to continue their design effort passed the 65% toward the 95% design level. Staff recommend approving the shop drawing procurement from AWC Water Solutions in the amount of \$125,000 for the Water Treatment Plant Improvements Design project to move this scope of the project design forward. Funding for this work is scheduled to come from the FY23 capital project budget allocated for the Water Treatment Plant Improvement project.

Item e.

Bid Opening Date: August 31, 2022 @ 2:00 p.m. - Assembly Chambers Packaged Water Treatment Plant Equipment Preselection Bid Opening Checklist and Tabulation Summary

Bid Amounts will not be Read Aloud at Bid Opening

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AWS Water Solutions Ltd	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	
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CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

		DATE:	November 22, 2022		
	<u>AGENDA ITEM TITLE:</u>	<u>Agenda</u>	13		
			<u>Section</u>		
	f an Amendment to the Professiona Plant Improvements Design in the am		_	h DOWL for the Water	
	7				
SUBMITTED BY:		FISCAL NOTE:			
		Expendi	ture Require	1: \$140,000	
		FY 22: \$	FY 23: \$140),000 FY24: \$	
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Reviews	'Approvals/Recommendations				
	Commission, Board or Committee				
Name(s)	Dated				
Name(s)					
	Attorney				

<u>ATTACHMENTS:</u> 1. Bid Opening Checklist and Tabulation Summary for Packaged Water Treatment Plant Equipment Preselection

RECOMMENDATION MOTION:

Insurance

Move to approve an Amendment to the Professional Services Agreement with DOWL for the Water Treatment Plant Improvements Design in the amount of \$140,000.

SUMMARY STATEMENT:

DOWL (Engineers) is the engineer of record for the Water Treatment Plant Improvements Design project.

The City and Borough of Wrangell, with assistance from DOWL, solicited bids for the Packaged Water Treatment Plant Equipment Preselection project. Procurement by preselection is a process whereby an equipment supply specification is prepared and a solicitation is circulated to the various equipment Bidders requesting equipment supply proposals. Prior to construction of the plant improvements, the procurement of equipment shop drawings is required to aid in the completion of the engineering design, based on the equipment manufacturer's product selected. It is intended that the selected equipment will subsequently be purchased and installed by a separate contractor under the General Construction Contract for the project.

The work for the Packaged Water Treatment Plant Equipment Preselection of the equipment required for the new drinking water treatment system, which will be made a part of the Wrangell Water Treatment Plant Improvements project, is currently in the design phase. By proceeding with the equipment selection in this manner the Borough is provided with the assurance that the new facilities which incorporate the equipment are properly designed to enable operations to efficiently use the equipment. The process allows DOWL to define, in their design and the contract documents, the equipment requirements and features, assess the submittals based on price, references, qualifications and operational experience at other locations, and quality, among other factors.

In response to the competitive solicitation for the water treatment equipment, we received one bid, from AWC Water Solutions, LTD, Langley, British Columbia, Canada. With the Economic Development Administration's (EDA) federal requirement that we meet the Buy American Act requirements, we requested approval to evaluate and further contract with AWC as a non-American company, since significant outreach and advertisement was made to encourage American companies' participation, and AWC was the sole bidder. While EDA can't officially approve participation in the contract until the scope and budget are officially revised to cover the project as a whole to include the equipment component, they have reviewed the documentation and provided written comment that all other elements of the procurement and contract meet EDA requirements.

AWC, as the sole Bidder and selected manufacturer to consider under this procurement, shall have the responsibility for providing the packaged water treatment plant equipment, including all labor, materials, equipment, and incidentals as shown, specified, and required to furnish rapid mix, flocculation, dissolved air flotation, and dual media filtration system as described throughout the procurement solicitation. The packaged equipment selected shall support Wrangell's new water treatment system which shall be designed to meet a 2.26 MGD design water treatment capacity, using a Flocculation and DAF treatment and multi-media filtration system.

The Borough seeks to procure from AWC Water Solutions, through DOWL, the shop drawings only. AWC Water Solutions' bid for the preparation and submission of required shop drawings and product submittal information is \$125,000. DOWL's cost to assist with the management of the shop drawing procurement, which was not included in the original scope of work, is in the amount of \$15,000, bringing the total amendment price to DOWL's professional services agreement to \$140,000.

By procuring the engineering services and shop drawings from AWC, they shall be named as the preselected supplier/equipment in the project specifications, and the water treatment system will

be designed around the equipment defined in AWC's proposal. In return, AWC must agree to enter into an agreement with the General Construction Contractor who is selected to construct the Project, to provide the equipment and services established in the equipment manufacturer preselection solicitation. AWC's bid for providing the Packaged Water Treatment Equipment Supply, Commissioning, and Training is \$3,295,000; however, there may be a slight modification as we work through design.

If for any reason the City and Borough of Wrangell does not award the Construction Project, the Borough is under no obligation to purchase the equipment, materials, and services from AWC Water Solutions LTD.

Approval to procure the shop drawings from AWC Water Solutions as the preselected equipment supplier for the Water Treatment Plant Improvements project is required to allow DOWL engineers to continue their design effort passed the 65% level toward the 95% design level. Staff recommend approving an amendment to the existing agreement with DOWL in the amount of \$140,000 for the Water Treatment Plant Improvements Design project to move this scope of the project design forward. Funding for this work is scheduled to come from the FY23 capital project budget and from the State of Alaska DCCED grant allocated for the Water Treatment Plant Improvement project.

Item f.

Bid Opening Date: August 31, 2022 @ 2:00 p.m. - Assembly Chambers Packaged Water Treatment Plant Equipment Preselection Bid Opening Checklist and Tabulation Summary

Bid Amounts <u>will not</u> be Read Aloud at Bid Opening

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	Lobbying Restriction (Form CD-5	yes						
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00	Bid Form, Section 003	yes				:		
	Bidder Name	AWS Water Solutions Ltd						Verified By: