



City and Borough of Wrangell
2022-04-26 Work Session & Borough Assembly Meeting
AGENDA

Tuesday, April 26, 2022
5:30 – 6:00 pm / 6:00 pm Regular Meeting

Location: Borough Assembly Chambers

WORK SESSION (5:30 – 6:00 PM)

a. AMI Metering Presentation

1. CALL TO ORDER

- a. PLEDGE OF ALLEGIANCE led by Assembly Member Ryan Howe
- b. CEREMONIAL MATTERS - None.

2. ROLL CALL

3. PERSONS TO BE HEARD - Section WMC 3.05.040 (C) states that: *The chair may call to order any person who is breaching the peace or being disorderly by speaking without recognition, engaging in booing or catcalls, speaking vulgarities, name calling, personal attacks, or engaging in other conduct which is determined by the chair to be disruptive of the meeting. Any person so disrupting a meeting of the assembly may be removed and barred from further attendance at the meeting unless permission to return or remain is granted by a majority vote of the assembly.*

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 particular 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).*

~~ Administration recommends pulling the following Consent Agenda Item(s) and placing them under Unfinished Business for consideration:

6c (Res No. 04-22-1690) Authorization to Sell Old Wrangell Medical Center

6c (Res No. 04-22-1690) Authorization to Sell Old Wrangell Medical Center

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

a. **ORDINANCE No. 1024** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 14.13, IMPOUNDMENT OF VESSELS, IN THE WRANGELL MUNICIPAL CODE

b. **RESOLUTION No. 04-22-1689** OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AUTHORIZING APPLICATION TO THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) FOR A LOAN FROM THE ALASKA DRINKING WATER FUND FOR THE WATER TREATMENT PLANT IMPROVEMENTS PROJECT

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

- d. **RESOLUTION No. 04-22-1691** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY22 BUDGET IN THE WRANGELL MUNICIPAL LIGHT & POWER FUND BY TRANSFERRING \$750,000 FROM THE FUND RESERVES TO THE CAPITAL EXPENDITURES ACCOUNT FOR THE AMI METERING PROJECT AND AUTHORIZING ITS EXPENDITURE
- e. **RESOLUTION No. 04-22-1692** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET BY TRANSFERRING \$35,000 FROM THE GENERAL FUND RESERVES TO THE GENERAL FUND CIP FUND AND AUTHORIZING ITS EXPENDITURE FOR THE HERITAGE HARBOR BOAT RAMP APRON REPAIRS PROJECT
- f. Minutes from the April 12, 2022 Regular Assembly Meeting
- g. **CORRESPONDENCE:** School Board Action from the April 9, 2022 Special Meeting
- h. **CORRESPONDENCE:** School Board action from the April 18, 2022 Regular Meeting

7. BOROUGH MANAGER'S REPORT

- a. Borough Manager's Report

8. BOROUGH CLERK'S FILE

- a. Borough Clerk's Report

9. MAYOR AND ASSEMBLY BUSINESS

10. MAYOR AND ASSEMBLY APPOINTMENTS

- a. Appointment to fill the Vacancy on the Parks & Recreation Advisory Board

11. PUBLIC HEARING

- a. **RESOLUTION No. 03-22-1675** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CREATING THE FEE AND RATE SCHEDULE FOR THE WRANGELL WATER DEPARTMENT AND IMPLEMENTING A STRUCTURE FOR INCREASING FEES AND RATES (*Amended and postponed from the April 12, 2022 Assembly Meeting*)
- b. **ORDINANCE No. 1022** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 15.16, CEMETERY, AND ESTABLISHING A NEW PROCESS FOR FEES AND RATES BY REMOVING THE FEES AND RATES FROM THE WRANGELL MUNICIPAL CODE AND ADDING THEM TO A FEE AND RATE SCHEDULE
- c. **RESOLUTION No. 04-22-1688** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ESTABLISHING THE FEE SCHEDULE FOR THE WRANGELL CEMETERIES
- d. **ORDINANCE No. 1023** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 5.08, REVENUE AND FINANCE, IN THE WRANGELL MUNICIPAL CODE

12. UNFINISHED BUSINESS – None.

13. NEW BUSINESS

- a. Approval of a contract award to Johnson Construction & Supply, Inc. in the amount of \$248,989 for the Lift Station Generator Enclosure project

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

15. EXECUTIVE SESSION

16. ADJOURNMENT

Advanced Metering Infrastructure (AMI)

BACKGROUND:

WML&P's existing metering system (known as MV-RS) is currently deemed obsolete by ITRON, our metering software and hardware provider. MV-RS is a DOS based system developed in 1994 and as of December 2021 was no longer technically supported. The risk of continued use of program will exponentially increase with time.

Currently, light and power has one handheld device for meter reading. When simultaneous routes are done, meter reading done without the handheld device is manually written down and then entered into the handheld device at the end of the day for entry. Through market research a 3rd party vendor was located that will repair the FC300 Handheld devices but there is no support for the MV-RS software. FC300 Handheld devices can be purchased from the same 3rd party vendor. The quote for 2 - FC300 Handheld devices and the requisite charger (also provides data Uploads and Downloads) is \$12,000, plus annual maintenance fees.

In addition, about half of WML&P's meters are electro-mechanical meters. Presently WML&P estimates an accuracy of 95% or less for the electro-mechanical meters. Rough calculations suggest a loss of revenue of up to \$60,000 annually with this reduced accuracy due to electro-mechanical metering.

SUMMARY:

The City and Borough of Wrangell (CBW) has following options:

1. **Do Nothing** – Our existing system will continue to operate after 12/31/2021 until it fails and cannot be repaired. Should a glitch develop with the software, our FC300 Handheld collector will be rendered useless. WML&P will be back to taking meter readings with paper and pencil. The metering data will then have to be manually put into Bill-Master which is our billing software. This type of data transfer is subject to human error at every juncture of the data transmission. The following bullet points are reasonable expectations for added time for the Meter Route data collection to be completed:
 - Additional return trips to the field to verify reads.
 - Data collection in the field will increase by several days.
 - WML&P's Dispatch Secretary will devote 30 to 40 hours to collecting the field reports and loading them into a data base that can be used by City Hall's Electrical billing clerk.

We recently had problems with our FC300 (on 12/10/2021) that required reaching out to ITRON. We received the help we needed, but ITRON politely informed us that in the future (past 12/31/2021) any similar problems will not be entertained.

Apart from the known specter of ITRON's abandoning the MV-RS format, WML&P is also quickly facing the need to buy more meters for our inventory. At present we have approximately 20 Form 2S Meters in stock. Given the trends WML&P has experienced over the last 12 months we project that this inventory will last approximately 6 months. We are currently pursuing the purchase of used meters. Form 2S Meters are the most common meter used across our grid.

This Option is Not Recommended

2. Move to an Advanced Metering Infrastructure (AMI) Metering system.

The new metering system provides modern electrical meters that communicate with each other through a mesh network and allows the electrical meters to be read and operated from a remote computer.

Should the Water Department decide to move in the direction of metered water, the mesh network will also have the added benefit of being able to support water metering. Water use data could be collected simultaneously with the collection of electrical use data.

Though pricing has not yet been established through the RFP process, Light and Power contacted 3 companies and received estimates. Preliminary estimating puts the cost of moving to AMI at between \$640,000 and \$745,000 for Hardware and Delivery Services; with Annual Fees ranging from \$6,900 and \$21,000.

The following list of Advantages to both to the City and Borough of Wrangell and to our End-Users, as compiled from EATON's White Paper WP100007EN and the US Department of Energy's Advanced Metering Infrastructure and Customer Systems.

Advantages for The City and Borough of Wrangell, and Users

1. Eliminates need for Meter Reader at an annual cost of approximately \$150,000 with our Lineman currently conducting the meter readings.
2. An AMI system can support the use of AMI water meters.
3. Increased system diagnostics. WML&P will be able to respond to a customer request or perform an action that previously required manual investigation and/or manual intervention.

4. Voltage/equipment monitoring
 - a. Outage/blink counts can pinpoint faulty line equipment before outages occur
 - b. Improve customer service in low or high voltage areas
 - c. Lower system losses due to improved loading and voltage control
5. Billing Cycle is improved:
 - a. Eliminate dependency on outdated and no longer supported FC300 and associate DOS MV-RS Software
 - b. Improved Customer Service
 - i. Billing and usage accuracy
 - ii. Questions on billing can be addressed quickly
 - iii. Move-in and move out – this feature addresses our Harbor, MSC and our Rental customers
 - iv. Energy Information Services – Consumption histories, daily usage patterns, and load profiles
6. Reduces or eliminates Theft and Tampering
7. Reduces Maintenance costs
 - a. AMI Meters are more accurate and the error is non-biased. Presently, WML&P has roughly 1100 (+/-) electro-mechanical meters and 1250 (+/-) digital meters in the field. Electro-mechanical meters are known to slow down over time. This results in a loss of revenue and is estimated to be between **\$50,000 and \$60,000/yr.**
 - b. WML&P spends roughly 30 manhours (considering all involved staff time) a month (depending upon the time of year) to complete **Rereads, Connections, and Disconnects.** These functions can be fully deployed from a keyboard.
 - c. Improved outage restoration

This Option is Recommended

CITY & BOROUGH OF WRANGELL, ALASKA ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	4-26-2022
	<u>Agenda Section</u>	6

ORDINANCE No. 1024 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 14.13, IMPOUNDMENT OF VESSELS, IN THE WRANGELL MUNICIPAL CODE

SUBMITTED BY:

Steve Miller, Port Director

FISCAL NOTE:

Expenditure Required:

FY 20:	FY 22:	FY23:
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Amount Budgeted:

\$

Account Number(s):

Account Name(s):

Unencumbered Balance(s) (prior to expenditure):

\$XXXXXXXX

Reviews/Approvals/Recommendations

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

ATTACHMENTS: 1. Ord 1024 2. Existing Code Sections for reference

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 First Reading of Ordinance No. 1024 and move to a Second Reading with a Public Hearing to be held on May 10, 2022.

SUMMARY STATEMENT:

The Ports and Harbors recommend these changes in the Ordinance to help with lessening the burden of derelict and impounded vessels on the Harbor and Marine service center budgets. This will give Ports and Harbors one more tool to try and recoup losses associated with the destruction and disposal of these vessel.

These changes have been approved by the Borough Attorney.

CITY AND BOROUGH OF WRANGELL, ALASKA
ORDINANCE NO. 1024

AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF
WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 14.13,
IMPOUNDMENT OF VESSELS, IN THE WRANGELL MUNICIPAL CODE

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

[The changes to the existing code are shown as follows: the words that are underlined are to be added and the words that are bolded and in brackets are to be deleted.]

The purpose of this ordinance is to amend Certain Sections in Chapter 14.13 Impoundment, sale, and when public auction not required for vessels.

SEC. 1. Amendment. Sections 14.13.025, Impoundment, 14.13.030, Sale, and 14.13.040, When public auction not required, are hereby amended as follows:

14.13.025 Impoundment.

In the event the hearing officer determines there is probable cause to impound the vessel, the harbormaster may proceed immediately with impoundment of the vessel. The harbormaster may impound the vessel by immobilizing it, removing it or having it removed from the water and placing it in public or commercial storage with all expenses of haul out and storage and an impound fee, pursuant to the schedule listed in **[WMC 14.11.005, to be borne by the owner of such vessel]** **the approved fee and rate schedule, with the owner, master, managing agent, operator, and person in possession of the vessel to be personally, jointly and severally liable for such costs and fees.** At any time prior to the sale of the vessel, the owner, operator, master or managing agent, or person in lawful possession of the vessel may redeem the vessel by a cash payment of all fees against the vessel, including interest and costs, and by correcting any cause cited for impoundment, as described within this chapter.

14.13.035 Sale.

...

C. No Bids. If at the public sale there are no acceptable bids for the vessel, the borough may destroy, sell at a private sale, or otherwise dispose of the vessel per WMC 14.13.040. The dispossession is to be made without liability to the **[owner, master or managing agent, person in possession of the vessel, or]** lienholder of the vessel; **however, the owner shall be liable for the costs of disposing or destroying the vessel.**

14.13.040 When public auction not required.

Public auction is not required when the appraised value of an abandoned vessel, as determined by an independent appraiser, is less than \$100.00. The appraiser must have at least one year of experience in the sale, purchase, or appraisal of vessels. Upon that determination and after public advertisement has been made once in a newspaper of general circulation, the state agency or municipality may sell the vessel by negotiation, dispose of it as junk, donate the vessel to a governmental agency, or destroy it. The owner shall be liable for the cost of disposing or destroying the vessel.

SEC. 2. Severability. If any provision of this ordinance, or any application thereof to any person or circumstances is held invalid, the remainder of this ordinance and the application to all other persons or circumstances shall not be affected thereby.

SEC. 3. Classification. This ordinance is of a permanent nature and shall be codified in the Wrangell Municipal Code.

SEC. 4. Effective Date. This ordinance shall be effective upon adoption.

PASSED IN FIRST READING: _____, 2022

PASSED IN SECOND READING: _____, 2022

Stephen Prysunka, Borough Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

14.13.025 Impoundment.

In the event the hearing officer determines there is probable cause to impound the vessel, the harbormaster may proceed immediately with impoundment of the vessel. The harbormaster may impound the vessel by immobilizing it, removing it or having it removed from the water and placing it in public or commercial storage with all expenses of haul out and storage and an impound fee, pursuant to the schedule listed in WMC 14.11.005, to be borne by the owner of such vessel. At any time prior to the sale of the vessel, the owner, operator, master or managing agent, or person in lawful possession of the vessel may redeem the vessel by a cash payment of all fees against the vessel, including interest and costs, and by correcting any cause cited for impoundment, as described within this chapter. [Ord. 625 § 5, 1996.]

14.13.035 Sale.

A. Method of Sale. Sales will be by public outcry auction. Sealed bids will be accepted and will be read aloud at commencement of the sale.

B. Bids. The minimum acceptable bid shall be a sum equal to all fees against the vessel, including interest and costs to be paid in cash at time of sale. The proceeds of such sale shall be applied to the cost of sale, then to interest, then to fees accrued, and the balance, if any, shall be disposed of per WMC 14.13.060. Upon sale being made, the borough shall make and deliver its bill of sale, without warranty, conveying the vessel to the buyer per AS 30.30.080.

C. No Bids. If at the public sale there are no acceptable bids for the vessel, the borough may destroy, sell at a private sale, or otherwise dispose of the vessel per WMC 14.13.040. The dispossession is to be made without liability to the owner, master or managing agent, person in possession of the vessel, or lienholder of the vessel. [Ord. 871 § 7, 2013; Ord. 625 § 5, 1996.]

14.13.040 When public auction not required.

Public auction is not required when the appraised value of an abandoned vessel, as determined by an independent appraiser, is less than \$100.00. The appraiser must have at least one year of experience in the sale, purchase, or appraisal of vessels. Upon that determination and after public advertisement has been made once in a newspaper of general circulation, the state agency or municipality may sell the vessel by negotiation, dispose of it as junk, donate the vessel to a governmental agency, or destroy it. [Ord. 871 § 9, 2013.]

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	6

RESOLUTION No. 04-22-1689 OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AUTHORIZING APPLICATION TO THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) FOR A LOAN FROM THE ALASKA DRINKING WATER FUND FOR THE WATER TREATMENT PLANT IMPROVEMENTS PROJECT

<u>SUBMITTED BY:</u>

FISCAL NOTE:

Expenditure Required:

FY 20:	FY 22:	FY23:
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Amount Budgeted:

	\$
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Account Number(s):

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Account Name(s):

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Unencumbered Balance(s) (prior to expenditure):

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

ATTACHMENTS: 1. Resolution No. 04-22-1689.

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 Resolution No. 04-22-1689.

SUMMARY STATEMENT:

Resolution 12-21-1654, dated December 21, 2022, established the Water Treatment Plant Improvements as the Borough's number one priority for capital projects. An Assembly-approved priorities list helps to guide staff in developing capital project budgets and in identifying funding opportunities for those projects.

The Water Treatment Plant Improvements project includes constructing a Dissolved Air Filtration (DAF) with Multimedia water treatment plant. Of the updated project cost estimate of \$15,345,000, the Borough currently has approximately \$11,060,953 in funding committed toward the project, including local funds, two federal grants and one federal loan, leaving a shortfall in funding in the approximate amount of \$4,284,047.

The City and Borough of Wrangell seeks to obtain additional financial assistance toward the project costs and has identified the State of Alaska, Department of Environmental Conservation (ADEC) and the Alaska Drinking Water Fund as a funding source for the project. The Water Treatment Plant Improvements project is currently included on an Alaska Drinking Water Fund project priority list for the current fiscal year with a loan request of up to \$3,821,000 which would be repaid over no more than a 20-year term and a finance rate calculated pursuant to 18 AAC 76.255 for a Drinking Water loan.

The City and Borough of Wrangell is authorized under the Wrangell Charter, Section 6-3 Revenue Bonds, etc. to borrow money and issue revenue bonds for use by a utility or enterprise where the principal and interest associated with repayment of the loan comes exclusively from said utility's revenues. The repayment of an approved ADEC Alaska Drinking Water Fund loan, in the amount of \$3,821,000 would be issued from Water Fund Reserves. A rate schedule would be maintained to adequately provide the income necessary to meet the minimum requirements for operation and maintenance and reserves.

ADEC has confirmed that they can offer \$500,000 in principal forgiveness for this loan if the Borough moves forward with the application. Upon receiving the loan agreement document, assembly authorization will be required by ordinance to borrow the money.

By adopting Resolution No. 04-22-1689, the Assembly of the City and Borough of Wrangell authorizes application to the State of Alaska, Department of Environmental Conservation (ADEC) for a loan from the Alaska Drinking Water Fund for the project entitled Water Treatment Plant Improvements in the amount of up to \$3,821,000.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 04-22-1689

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AUTHORIZING APPLICATION TO THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) FOR A LOAN FROM THE ALASKA DRINKING WATER FUND FOR THE WATER TREATMENT PLANT IMPROVEMENTS PROJECT

WHEREAS, the Water Treatment Plant Improvements project would include constructing a Dissolved Air Filtration (DAF) with Multimedia water treatment plant.; and

WHEREAS, the City and Borough of Wrangell seeks to obtain the necessary financial assistance for the project; and

WHEREAS, the State of Alaska, Department of Environmental Conservation (ADEC) is able to offer funding through the Alaska Drinking Water Fund; and

WHEREAS, the project currently is included on an Alaska Drinking Water Fund project priority list for the current fiscal year; and

WHEREAS, the loan of up to \$3,821,000 would be repaid over no more than a 20-year term, with a finance rate calculated pursuant to 18 AAC 76.255 for a Drinking Water loan; and

WHEREAS, upon receiving the loan agreement document, assembly authorization will be required by ordinance to borrow the money.

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 authorizes the Borough Manager to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Borough Manager is authorized to represent the City and Borough of Wrangell in carrying out the Borough's responsibilities under the loan agreement. The Borough Manager is authorized to delegate responsibility to appropriate Borough staff to carry out technical financial, and administrative activities associated with the loan agreement.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA this 26th day of April, 2022.

CITY & BOROUGH OF WRANGELL, ALASKA

Patricia Gilbert, Vice-Mayor

ATTEST: _____
Kim Lane, Borough Clerk

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	6

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

SUBMITTED BY:

Jeff Good, Borough Manager
Carol Rushmore, Economic Development
Director

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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Amount Budgeted:

	FY20 \$XXX
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Account Number(s):

	XXXXX XXX XXXX
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Account Name(s):

	Enter Text Here
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Unencumbered Balance(s) (prior to expenditure):

	\$XXX
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Reviews/Approvals/Recommendations

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

ATTACHMENTS: 1. Res 04-22-1690 2. Appraisal

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 Resolution No. 04-22-1690.

SUMMARY STATEMENT:

The Assembly provided direction to Administration to put out an RFP for an Appraisal of the Old Wrangell Medical Center and of the land that it sits on. That appraisal was completed by RELIANT, LLC and is complete. The appraisal is attached for review by the Assembly. The property and existing structure are valued at \$830,000.

Administration is recommending the Borough divest the former Wrangell Medical Center and its property.

The current zoning for the property and building is zoned [Open Space/Public "OS" \(WMC 20.32\)](#), which is primarily for governmental purposes. Therefore, in the auction, it would clearly state that the successful bidder would be required to submit to Planning & Zoning, a request to rezone for the purpose that they are intending for the site.

Administration has prepared the resolution (No. 04-22-1690) authorizing the sale of the property. Administration is recommending the property be sold on the Public Surplus Auction Site, with pre-registration and a (refundable) registration fee of \$5,000 required. Administration is also recommending the opening bid be set at the appraised value.

The auction will be listed on the Public Surplus Site for no less than 30 days. Wrangell Municipal Code requires thirty-day public notice prior to the sale of Borough-owned property. The auction would be posted on or after May 16, 2022. This would allow staff the time to meet and outline the terms of the sale, essentially creating the "sales package".

Posting property on the Public Surplus Site means that the buyer would pay either a 5% premium fee if we collect the payment at auction end or an 8% premium if we have Public Surplus collect the payment at auction end. We are asking that we collect the final payment. Therefore, the premium that the buyer would be required to pay is 5%.

All the terms and conditions of the auction/sale of the property are outlined in Resolution No. 04-22-1690, which is attached.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO: 04-22-1690

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".

1. **Local Advertising.** The property shall be made available for not less than 30 days, starting on June 1, 2022.
2. **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.

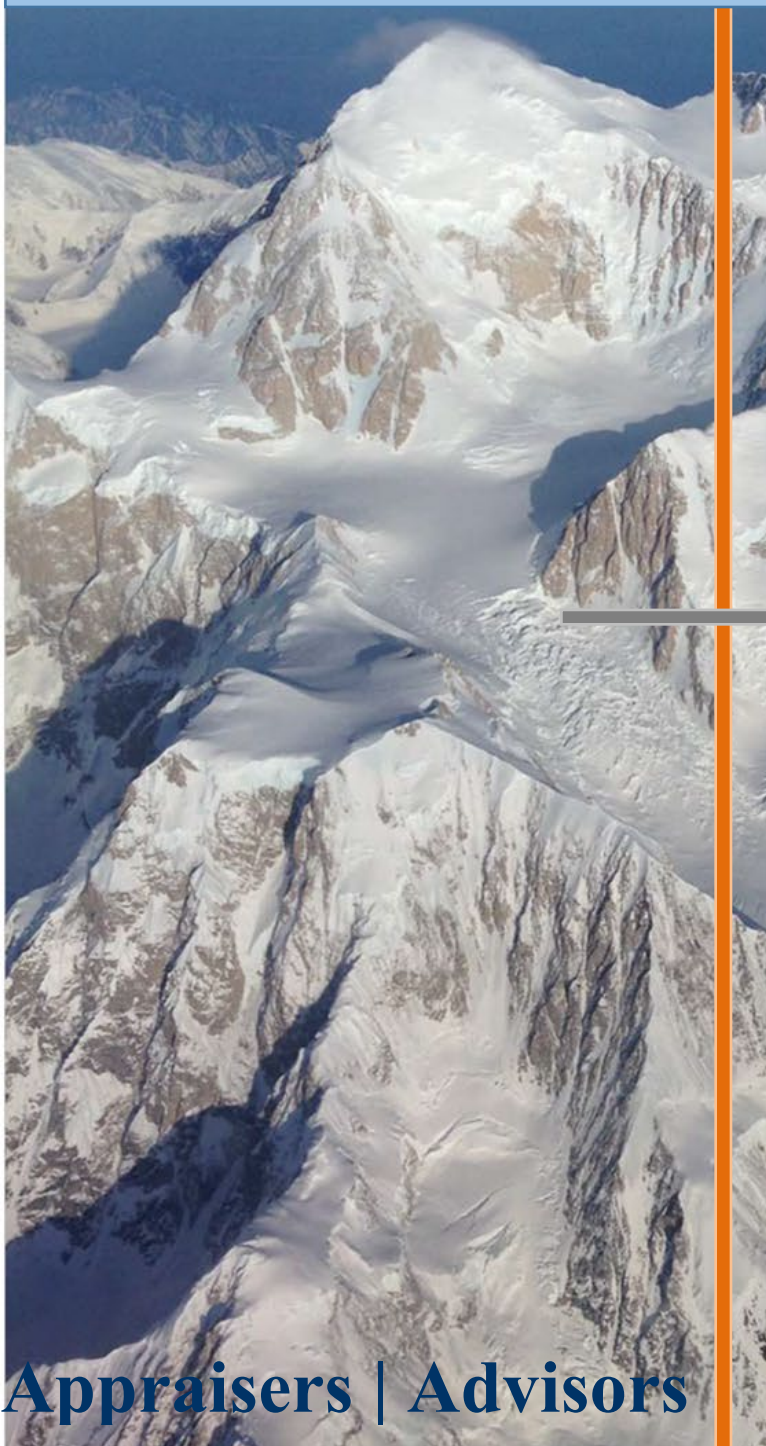
Section 3. **PUBLIC NOTICE REQUIRED.** In conformance with Wrangell Municipal Code Section 16.12.040(b) the Borough Clerk shall give notice of the sale by publication of notice in a newspaper of general circulation in the Borough at least 30 days before the date of the sale, and the notice shall be posted 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 Clerk



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**

Appraisers | Advisors



9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
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Fax: (907) 929-2260
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www.reliantadvisory.com



“reliable advice = reliable decisions”

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- Alaska grown—nationally known
- Over \$2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 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
- Comprehensive market research and confirmation of comparables
- Quality analysis, including use of ARGUS cash flow software
- User-friendly reports

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- Reliant LLC will not make commitments they cannot meet
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- 10 business day turnaround times available upon request for most property types

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- Buy/sell or lease analysis
- Cash flow modeling
- Due diligence
- Eminent domain/condemnation
- Estate planning and documentation
- Historic appraisals
- Investment analysis and modeling
- Litigation and arbitration support
- Market feasibility and analysis
- Market studies and research
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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,

A handwritten signature in black ink that reads 'Kim M. Wold'.

Kim Wold

Senior Appraiser

Alaska Certified General – No. 52

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

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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.

Assignment Overview

Identity of Property

Name	Wrangell Medical Center
Brief Description	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.
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)¹	02-131-351
Abbreviated Legal Description	<i>Lot A, Block 54, WMC Replat, Plat 2018-6, Wrangell Townsite Survey.</i> (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 (OCC)²	<i>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</i>

¹ Per Tax Assessor Records.

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

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 Appraised³	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	<p>The analysis and reporting of this assignment are compliant with the following:</p> <ul style="list-style-type: none"> 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	<p>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.</p>

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.

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).

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.

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.

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

⁸ 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	\$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

	Monthly avg, 2020 ¹	Monthly avg, 2021 ¹	Change, 2020-21	Percent change	JOBS FORECAST		
					Monthly avg, 2022	Change, 2021-22	Percent change
Total Nonfarm Employment²	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.

Note: May not sum because of rounding

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 stockade 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

Stikine. A large Stikine village, known as Kotzlitza, was located 13 miles south 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 grow as 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 was incorporated in 1903. By 1916, 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 in 1994, 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%.

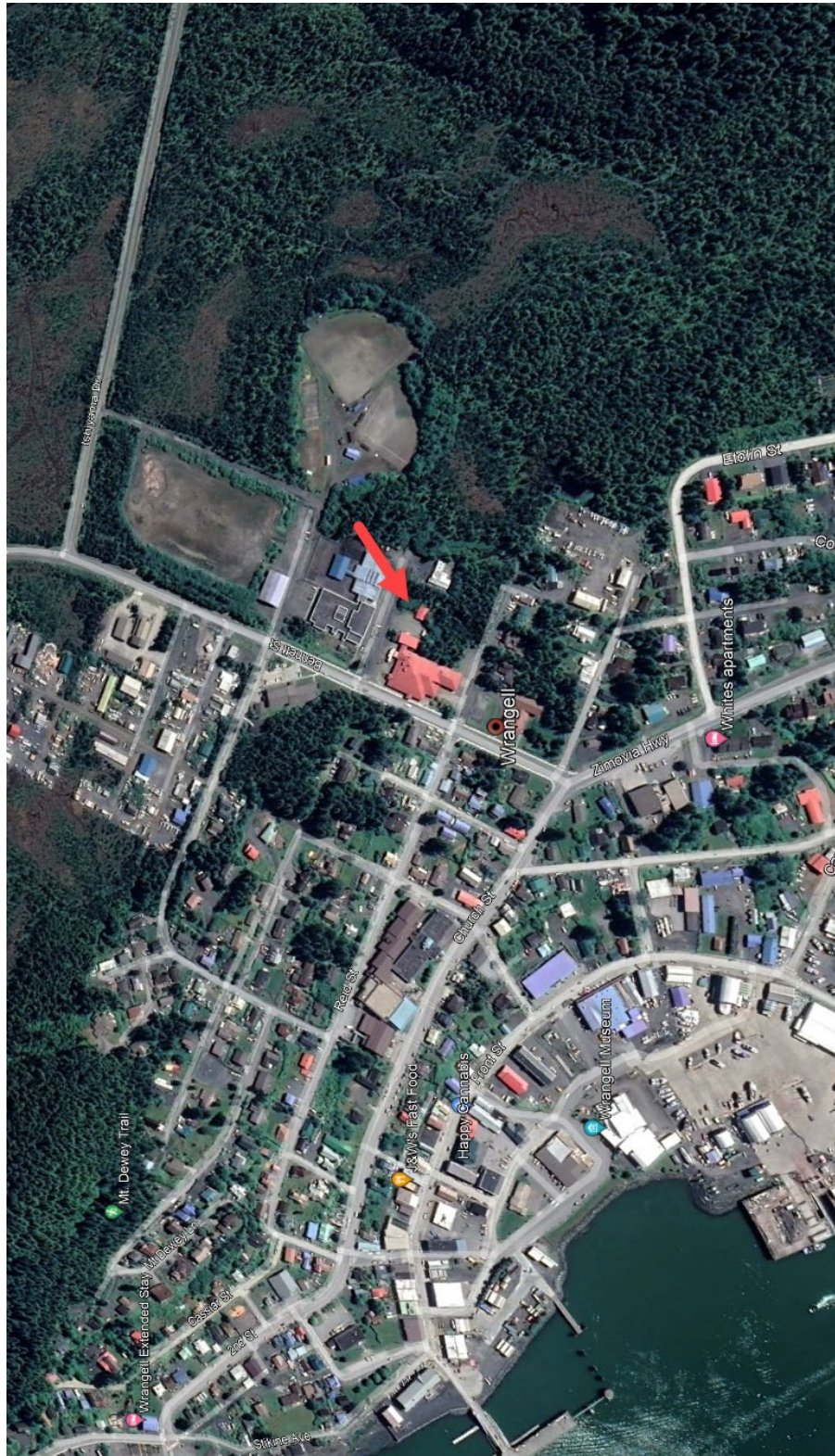
The Alaska Department of Labor shows the current unemployment rate in Wrangell to be 7.7%, which is down slightly from the 8.4% unemployment rate for the year 2020. In 2019, the unemployment rate was 6.7%.

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



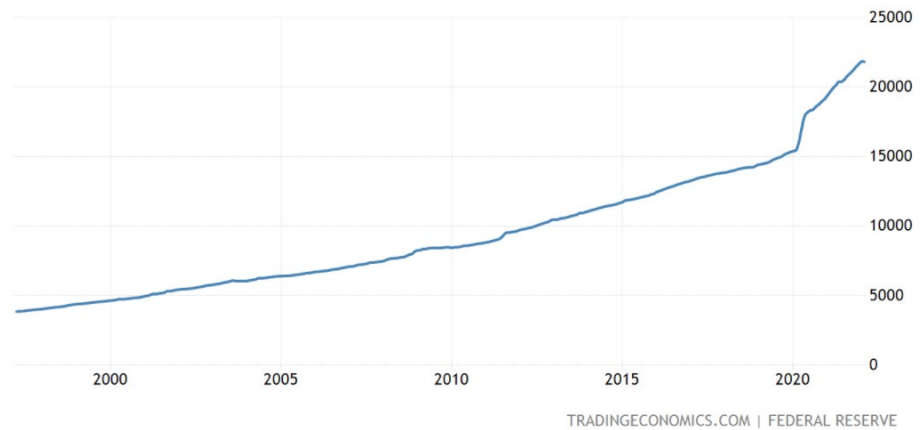
Market Analysis

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	<p>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.</p> <p>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.</p>
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**

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.

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	<table><tr><th colspan="5">Summary of Site Area</th></tr><tr><th>Parcel ID</th><th>Gross Land Area (Acres)</th><th>Gross Land Area (Sq Ft)</th><th>Usable Land Area (Acres)</th><th>Usable Land Area (Sq Ft)</th></tr><tr><td>02-031-351</td><td>1.95</td><td>84,988</td><td>1.95</td><td>84,988</td></tr></table>	Summary of Site Area					Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	02-031-351	1.95	84,988	1.95	84,988
Summary of Site Area																
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)												
02-031-351	1.95	84,988	1.95	84,988												
SOURCE	<p>Tax Assessor Records</p> <p>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.</p>															
Excess Land / Surplus Land	<p>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.</p>															
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	Exposure of the subject is considered good relative to competing properties.
Topography	The subject has generally level topography and is at grade with surrounding 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.
Drainage / Hydrology	The adequacy of site drainage requires detailed information on rainfall, soil 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 Conditions	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.

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
(UNSHADED)**

Minimal risk areas outside the 1-percent and .2-percent-annual-chance 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.

CITY AND BOROUGH OF WRANGELL, ALASKA

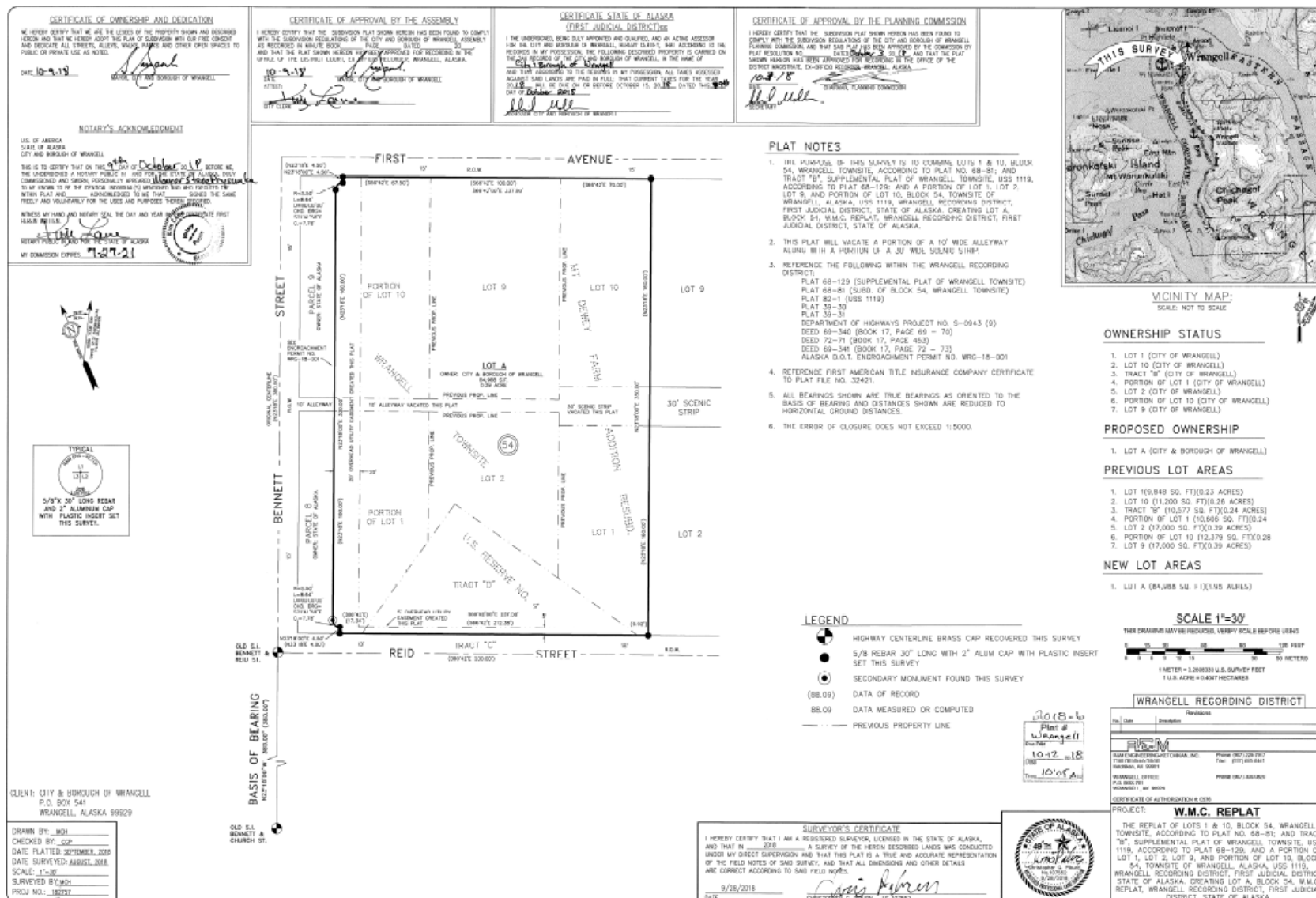
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Public Map

1 inch = 100 feet
Date: 12/7/2021

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

Plat Map Exhibit



Zoning

OS, Open Space/Public

**OPEN
SPACE/PUBLIC
WRANGELL**

Intent: 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.

Permitted Uses: 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 area somewhat interchangeably. While the definitions of these two terms are technically different, in practice the area figures would be within 5% of one another in 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
YEAR RENOVATED	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.

Floors / Stories 2 stories.

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

Structural Systems The following is based on the appraiser's walk-through, information 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 SYSTEM	Wood frame (predominantly)
ROOF / DRAINAGE	Gable roof. Metal covering.

	The roof is reported to be in poor condition.
EXTERIOR FINISH	EIFS
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	1
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.

Wrangell Medical Center**Description of Improvements**

**Landscaping,
Surface Covering &
Lighting**

Minimal landscaping along building and site perimeters. Parking surface covering is asphalt. Exterior lighting is typical for a property of this type.

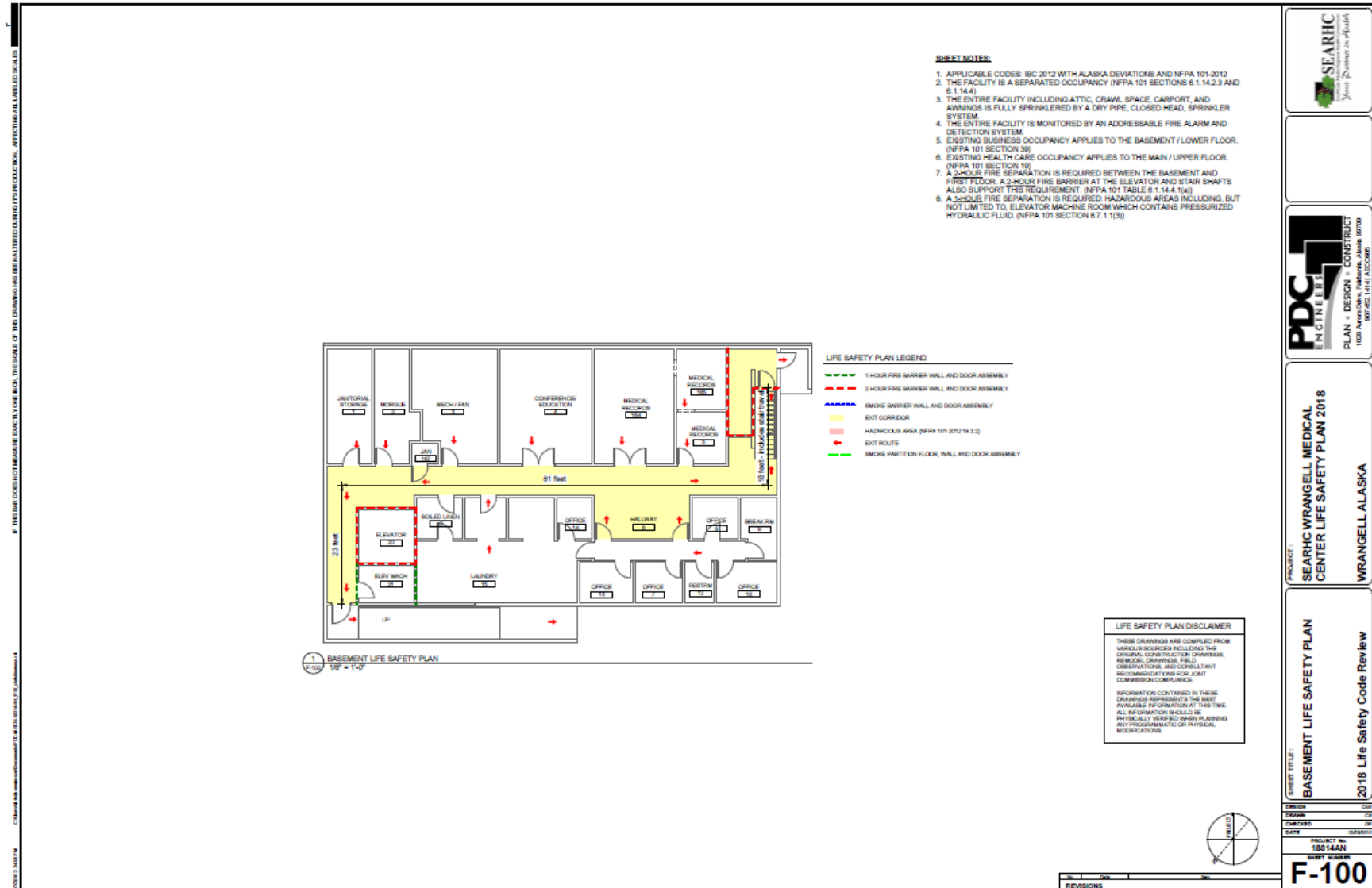
Parking

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





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

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

Subject Photographs

Subject property
viewing east from
Bennett Street



Front and side
elevations



Rear and side
elevations



Rear elevation



Parking area



Entry



Interior view



Interior view



Interior view



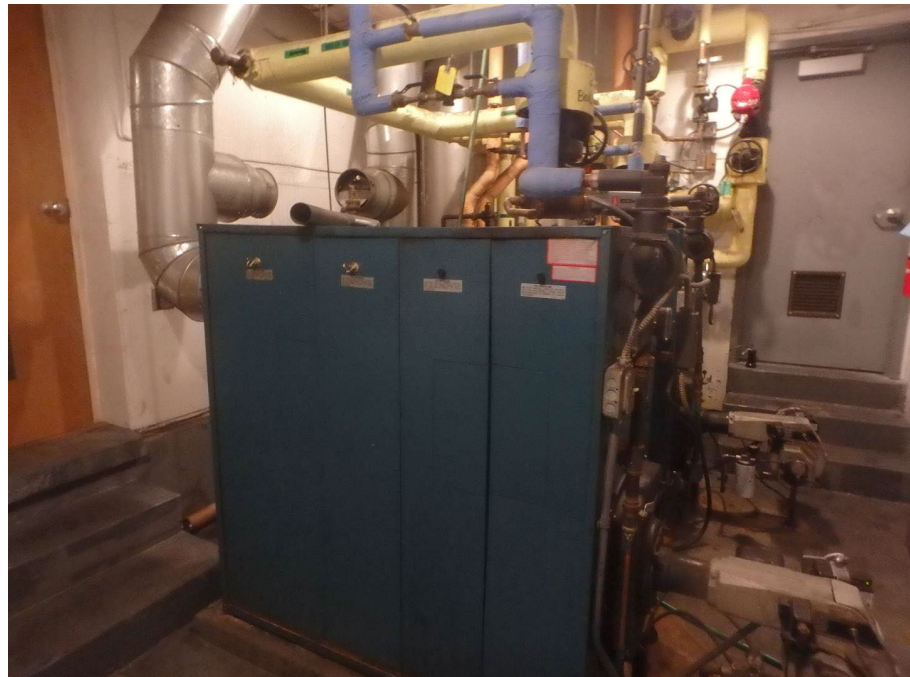
Interior view



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	
	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	
	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)	"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



Description of Data

Sale No. L-1



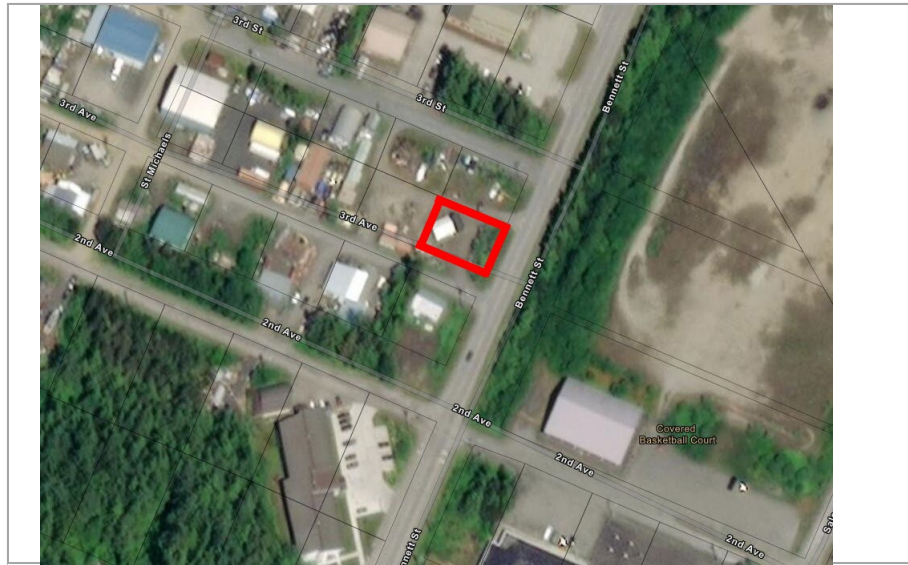
This property was purchased by the lessee from the City of Wrangell. The site is improved with a belt freezer plant and the gross sales price was \$950,000. The allocation to the land was \$138,000. The property is located a half block off Shakes Street and is accessed via an easement. The site has some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



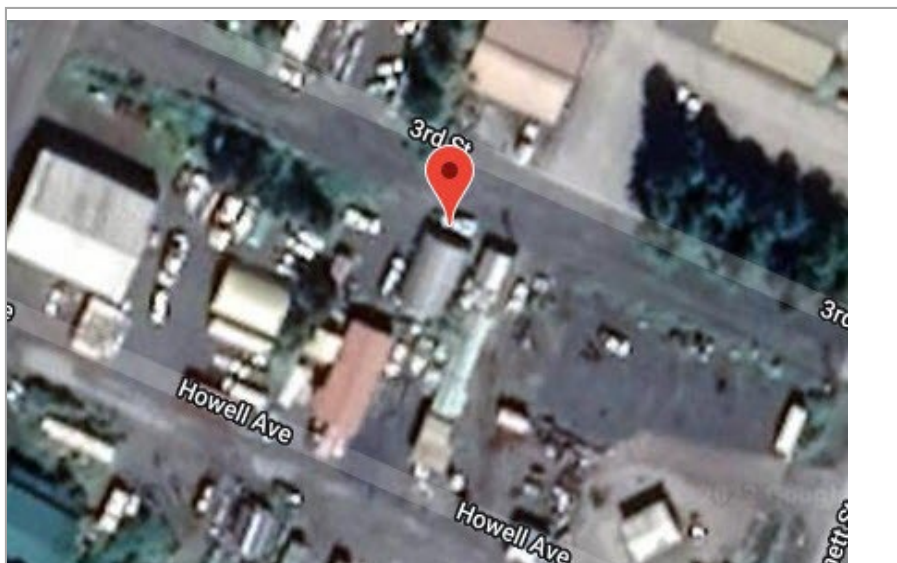
This is the sale of a small industrial/commercial lot along Bennett St, on the way to the airport. The lot has good soils and all public utilities. Although improved with older asphalt and a non-operational 720 sq ft car wash structure, the parcel was marketed as vacant land, listed in March 2019. The 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	<p>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.</p> <p>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.</p>
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.

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 Land - 9106	NWC 3rd Ave &	Lot 5, Industrial Subd -	Lot 8A,	Lot 4A,
City	Wrangell	Wrangell	Wrangell	Wrangell	Wrangell	Wrangell	Wrangell
Date	3/26/2022	6/21/2017	12/31/2017	7/30/2020	7/30/2020	4/12/2021	9/13/2021
Price	Appraisal	\$138,000	\$27,500	\$50,000	\$37,300	\$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	\$5.16	\$4.73	\$4.51
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Leasehold	0.0%	Fee Simple	0.0%
Financing	Conventional	Cash	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Arms Length	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%
Adjusted Usable Land SF 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 SF Unit Price		\$9.21	\$10.87	\$7.27	\$5.42	\$4.87	\$4.59
Location	Good	Excellent	Excellent	Good	Good	Average	Average
% 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	Irregular	Rectangular	Rectangular	Irregular	Rectangular
% 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	All Utilities	Electric, Public Water,	All Utilities	All Utilities	All Utilities
% 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, Industrial	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 SF 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 VALUE CALCULATION

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

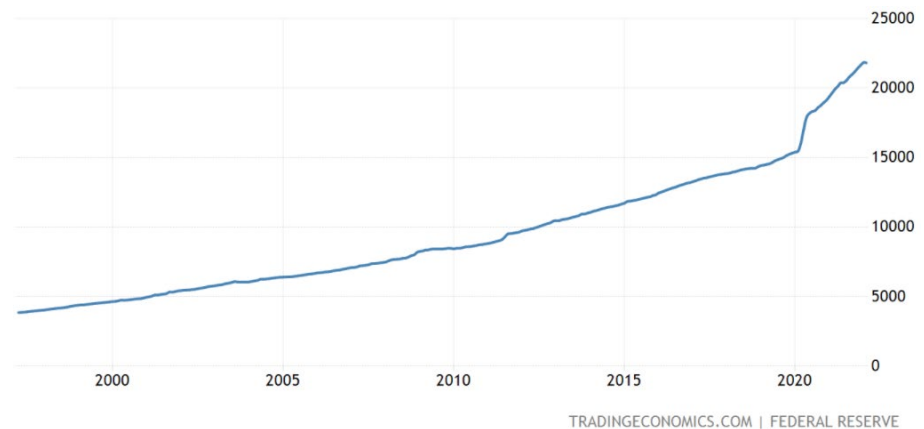
The Cost Approach is an appraisal method of arriving at a value indication for the subject by estimating the cost to replace the improvements with current materials and labor, less accrued depreciation from all causes. The estimated land value, as detailed in the previous section, is then added to the 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	A	B	C	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 included 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 2)** 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 Center	Date Created:	4-10-2022
Property Owner:	City and Borough of Wrangell	Date Updated:	
Property Address:	310 Bennett St Wrangell, AK 99929	Date Calculated:	04-10-2022
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)		
Effective Age			

Occupancy Details

Occupancy	%	Class	Height	Quality
331 Hospital	100	D	12	4.0
Occupancy Total Percentage	100			

System : Elevators

	%/Units	Quality	Depr %	Other
651 Elevators : Passenger #	1	Occ.		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 (Heating):	200			

System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	100	Occ.		
Total Percent for Sprinklers:	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.

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.

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

1/2

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 age-life 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.

Summary of Cost Approach Exhibit

Valuation Component		Wrangell Medical Center Hospital
Gross Building Area		30,596
Pro Rata Share		100%
REPLACEMENT COST NEW		
MVS Commercial Estimator		
Base Cost		\$16,724,479
Site Improvements		\$0
Reconciled Replacement Cost (Excl. Profit)		\$16,724,479
Plus: Developer's Margin	0%	\$0
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		<u>90.9%</u>
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		\$470,000
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.

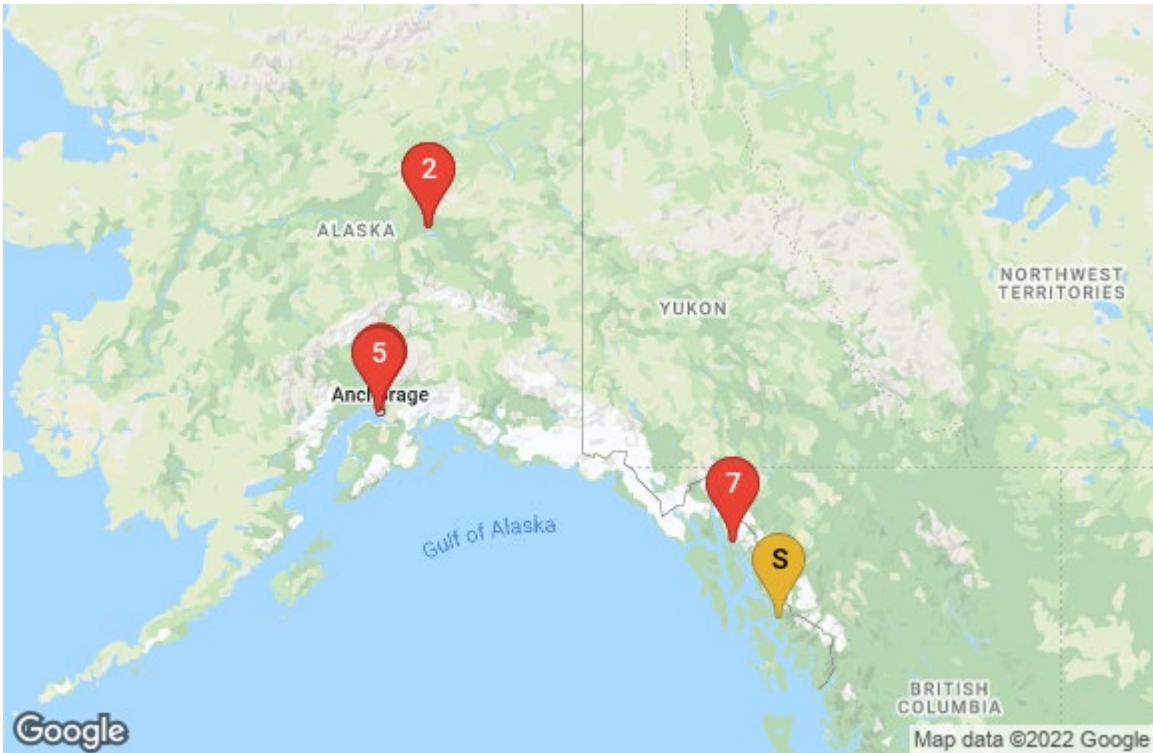
**Presentation of
Data**

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

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

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

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

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 Ave. & , 550, 552 Second Ave.		645 Fifth Ave.		814 W. Northern Lights Blvd.		519 1st Avenue		4902 Spenard Road		109 Franklin Street		238 Front Street		707 A Street	
City	Wrangell		Fairbanks		Fairbanks		Anchorage		Fairbanks		Anchorage		Juneau		Juneau		Anchorage	
Date	3/26/2022		5/26/1999		12/28/2007		9/11/2008		3/11/2011		10/29/2012		12/31/2012		3/30/2016		1/17/2018	
Price	Appraisal		\$550,000		\$410,000		\$1,525,000		\$575,000		\$4,500,000		\$751,900		\$600,000		\$1,075,000	
Less: Land	---		\$649,773		\$211,296		\$1,550,800		\$252,500		\$4,768,283		\$883,840		\$594,300		\$861,000	
Improvements Only	---		-\$99,773		\$198,704		-\$25,800		\$322,500		-\$268,283		-\$131,940		\$5,700		\$214,000	
GBA	30,596		36,400		19,286		54,445		37,412		29,700		15,924		12,580		20,424	
\$/SF GBA	---		-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.48	
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		\$10.48	
Market Cond. Thru			3/26/22	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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		\$10.48	
Overall Comparison			Inferior		Similar		Similar		Similar		Inferior		Similar		Similar		Similar	
Adjusted GBA Unit Price			-\$2.74		\$10.30		-\$0.47		\$8.62		-\$9.03		-\$8.29		\$0.45		\$10.48	
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 Price		Total
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,

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

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

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

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.
5. **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	<i>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.</i>
Prospective Opinion of Value¹⁵	<i>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.</i>
Retrospective Value Opinion¹⁶	<i>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.”</i>
At Completion Value¹⁷	<i>The market value at the effective date construction is completed or the certificate of occupancy is issued.</i>
At Stabilization Value¹⁸	<i>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.</i>
Aggregate of Retail Values / Sum of Retail Values¹⁹	<i>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</i>

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.

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.

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

Leasehold Interest (or Estate)²⁹	<i>The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.</i>
Real Estate³⁰	<i>real estate. An identified parcel or tract of land, including improvements, if any. (USPAP, 2020-2021 ed.) See also real property.</i>
Real Property³¹	<i>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.)</i>
FF&E³²	<i>Business trade fixtures and personal property, exclusive of inventory.</i>
Personal Property³³	<i>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.)</i>
Fixture³⁴	<i>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.</i>
Trade Fixtures³⁵	<i>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.</i>
Intangible Property³⁶	<i>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,</i>

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.

³⁶ 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

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.

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

watermark.

Upland ⁴³	<i>A piece of land that abuts a parcel with riparian rights; describes an owner once removed from a water right by a riparian owner.</i>
Special Purpose Property ⁴⁴	<i>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.</i>
Excess Land ⁴⁵	<i>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.</i>
Surplus Land ⁴⁶	<i>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.</i>
Depreciation ⁴⁷	<i>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.</i>
Entrepreneurial Profit (Developer's Margin) ⁴⁸	<i>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.</i>

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.

⁴⁸ 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.)

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.

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

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

<u>Type Insurance:</u>	<u>Each Occurrence</u>	<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

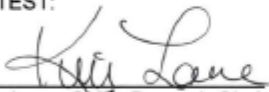
ARTICLE 6. APPENDICES

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

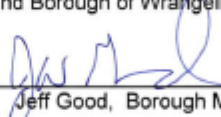
Appendix A Scope of Work
Appendix B Quote for service

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

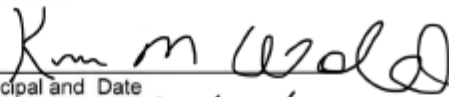
ATTEST:


Kim Lane, CMC, Borough Clerk
mlc

OWNER:
City and Borough of Wrangell

By: 
Jeff Good, Borough Manager

CONTRACTOR:
Reliant LLC

By: 
Principal and Date
3/5/22

Addendum: Land Sale Comparables

Addendum: Land Sale Comparables

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-1

RELIANT COMP ID: 9107

Trident Land - 9107
641 Shakes St
Wrangell

Location Description

Tax ID

Legal Description

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



Sale Information

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
Grantor	City of Wrangell	Sale Verification Source	Carol Rushmore
Grantee	Trident Seafoods Corporation		

Site

Acres	0.40	Zoning	I
Land SF	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.

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-2

RELIANT COMP ID: 9106

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	Sale Verification Source	Mike Renfrow
Grantee	First Bank		

Site

Acres	0.07	Zoning	C
Land SF	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.

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-3

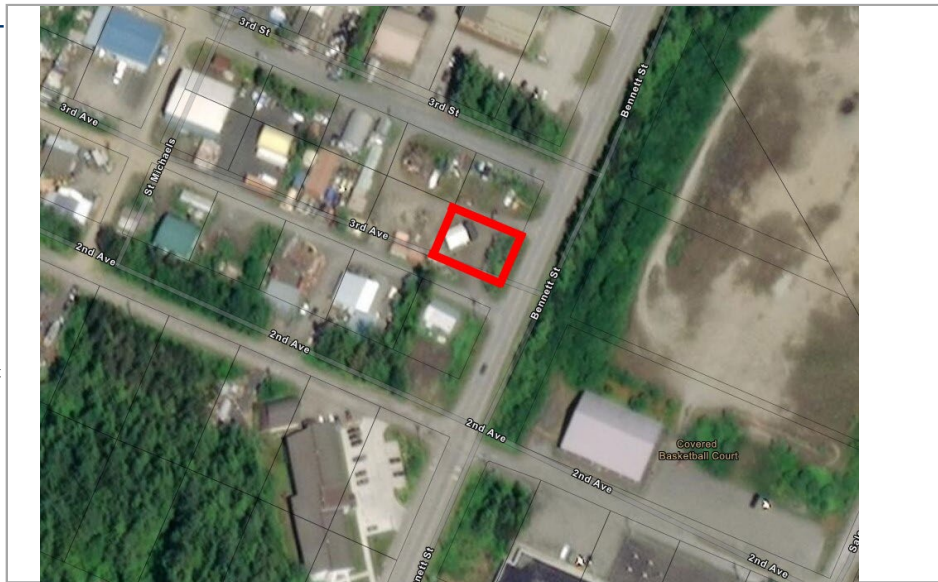
RELIANT COMP ID: 3812

**NWC 3rd Ave & Bennett -
NWC 3rd Ave & Bennett
Wrangell**
Location Description

NWC 3rd Ave (Howell) & Bennett

Tax ID

02-029-208

Legal DescriptionLot 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, 907-3/11/20
		Sale Verification Date	3/11/20

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.

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-4

RELIANT COMP ID: 10772

**Lot 5, Industrial Subd -
NHN Airport Rd
Wrangell****Location Description****Tax ID**

02-029-208

Legal DescriptionLot 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	Sale Verification Source	Mike Renfrow
Grantee	Sara Gadd		

Site

Acres	0.17	Zoning	I
Land SF	7,222	Topography	Level
Shape	Rectangular	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 lot has asphalt surfacing. The sales price was adjusted downward by \$32,700 to account for the contribution value of the improvements.

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-5

RELIANT COMP ID: 10773

**Lot 8A, Massin/Industrial
NHN Third St
Wrangell**

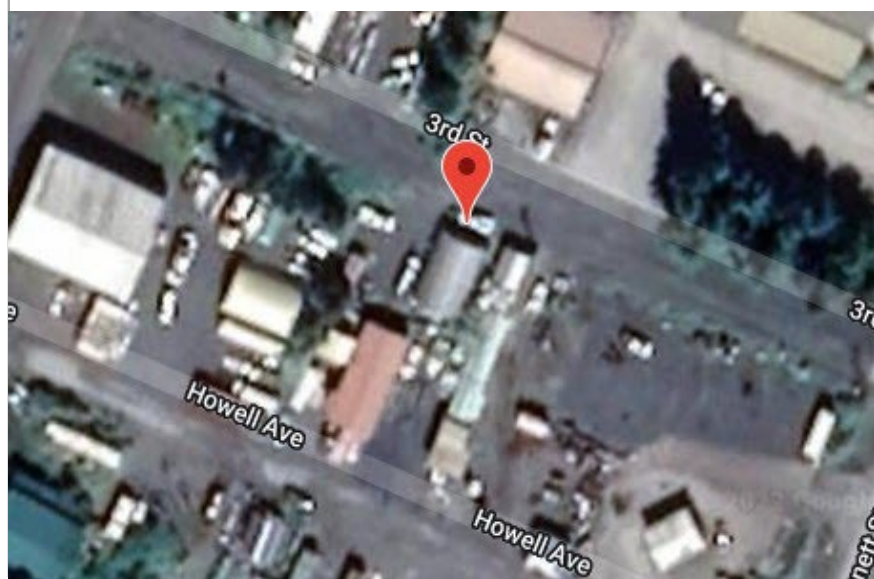
Location Description

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	Sale Verification Source	Mike Renfrow
Grantee	John & Brenda Schwartz-Yeager		

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.

Wrangell Medical Center

Addendum: Land Sale Comparables

LAND COMPARABLE L-6

RELIANT COMP ID: 10774

**Lot 4A, Massin/Industrial
NHN Howell Ave
Wrangell****Location Description****Tax ID**

02-029-208

Legal DescriptionLot 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	Sale Verification Source	Mike Renfrow
Grantee	John & Brenda Schwartz-Yeager		

Site

Acres	0.12	Zoning	I
Land SF	5,273	Topography	Level
Shape	Rectangular	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 secondary street. The site is improved with an industrial building that contributed \$32,700.

Addendum: Improved Sale Comparables

Addendum: Improved Sale Comparables

Wrangell Medical Center

Addendum: Improved Sale Comparables

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	Date	5/26/1999
Price	\$550,000	Transaction Type	Closed Sale
Grantor	City of Fairbanks	Property Rights	Fee Simple
Grantee	Town Square Properties	Financing	Conventional
		Conditions of Sale	Motivated Seller
Book/Page or Reference Doc	1999-013462-0		

Site Description

Acres	1.3	Zoning	CBD, Central Business District
Land SF	55,159	Topography	Generally Level
		Waterfront Access	No
Access	Excellent / Excellent		

Improvements Description

GBA	36,400	Land to Building Ratio	1.515357143
Percent Office		Yard Storage	
Efficiency Ratio			

Sale Indices

NOISF 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 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."

Wrangell Medical Center

Addendum: Improved Sale Comparables

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	Date	12/28/2007
Price	\$410,000	Transaction Type	Closed Sale
Grantor	City of Fairbanks	Property Rights	Fee Simple
Grantee	ACS of Fairbanks, Inc.	Financing	Conventional
Buyer Type	Owner-User	Conditions of Sale	Arms Length
Book/Page or Reference Doc	2007-029683-0		

Site Description

Acres	0.4	Zoning	CBD, Central Business District
Land SF	17,608	Topography	Generally Level
Access	Good / Good		

Improvements Description

		Quality	Average
GBA	19,286		
Percent Office	25%	Land to Building Ratio	0.912993882
Tenancy Type	Single-Tenant		
Year Built	1950 / 1950		
Construction	Concrete		

Sale Indices

TOS Occupancy	NOI SF of Rentable	
Vacancy Stabilized	Risk Profile	Average Risk

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.

Wrangell Medical Center

Addendum: Improved Sale Comparables

IMPROVED COMPARABLE I-3

RELIANT COMP ID: 650

**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	Date	9/11/2008
Price	\$1,525,000	Transaction Type	Closed Sale
Grantor	State of Alaska	Property Rights	Fee Simple
Grantee	Matt Bobich	Financing	Conventional
Buyer Type	Investor	Conditions of Sale	Arms Length
Book/Page or Reference Doc	2008-051652-0		

Site Description

Acres	1.4	Zoning	B-3, General Business
Land SF	62,032	Topography	Generally Level
		Waterfront Access	No
Access	Below Average / Excellent		

Improvements Description

Property Type	Warehouse	Quality	Below Average
GBA	54,445		
Percent Office	16%	Land to Building Ratio	1.139351639
Efficiency Ratio	100%	Ceiling Height	18
Tenancy Type	Single-Tenant	Yard Storage	No
Year Built	1963 / 2008	Overhead Doors	Yes
Construction	Concrete	Dock High Doors	Yes

Sale Indices

Improvement Value -\$25,800.00

TOS Occupancy

Vacancy Stabilized

NOI SF of Rentable

Risk Profile

Average Risk

Sale Comments

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.

Wrangell Medical Center

Addendum: Improved Sale Comparables

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

Site Description

Land SF	10,100	Zoning	CBD
		Topography	Generally Level
Access	Average / Good		

Improvements Description

GBA	37,412	Quality	Average
Percent Office	10%	Land to Building Ratio	0.269966856
Efficiency Ratio	93%	Ceiling Height	8
Tenancy Type	Multi-Tenant		
Year Built	1939		
Construction	Concrete		

Sale Indices

NOI SF 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.

Wrangell Medical Center

Addendum: Improved Sale Comparables

IMPROVED COMPARABLE I-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

**Transaction**

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 SF	242,414	Topography	Level
Access	Average/ Excellent	Waterfront Access	No

Improvements Description

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

Sale Indices

Price Per RA	\$105.51	Expense Ratio	8.0%
		NOI SF of Rentable	
TOS Occupancy		Cap Rate	7.09%
Vacancy Stabilized			

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

Wrangell Medical Center

Addendum: Improved Sale Comparables

IMPROVED COMPARABLE I-6

RELIANT COMP ID: 7724

**Elks/Rockwell Building -
7724****109 Franklin Street****Juneau, AK****Location Description****Tax ID**

1C070A130030

Legal DescriptionFr. Lot 6, Lots 7 and 8, Block 13,
Juneau Townsite**Transaction**

Actual Price	\$1,150,000	Date	12/31/2012
Price	\$751,900	Transaction Type	Closed Sale
Grantor	PEREYRA 2006 TRUST	Property Rights	Fee Simple
Grantee	FISHBONE RENTALS LLC	Financing	Conventional
		Conditions of Sale	Arms Length
Book/Page or Reference Doc	2012-008422-0		

Site Description

Acres	0.3	Zoning	MU
Land SF	11,048	Topography	Sloping up to NE

Improvements Description

Property Type	Mixed Use	Parking Spaces	10
GBA	15,924	Land to Building Ratio	0.693795529

Year Built	1908
Construction	Masonry

Sale Indices

Price Per RA	\$47.22
---------------------	---------

NOI SF 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.

Wrangell Medical Center

Addendum: Improved Sale Comparables

IMPROVED COMPARABLE I-7

RELIANT COMP ID: 7716

**First National Bank
Building - 7716
238 Front Street**

Juneau, AK

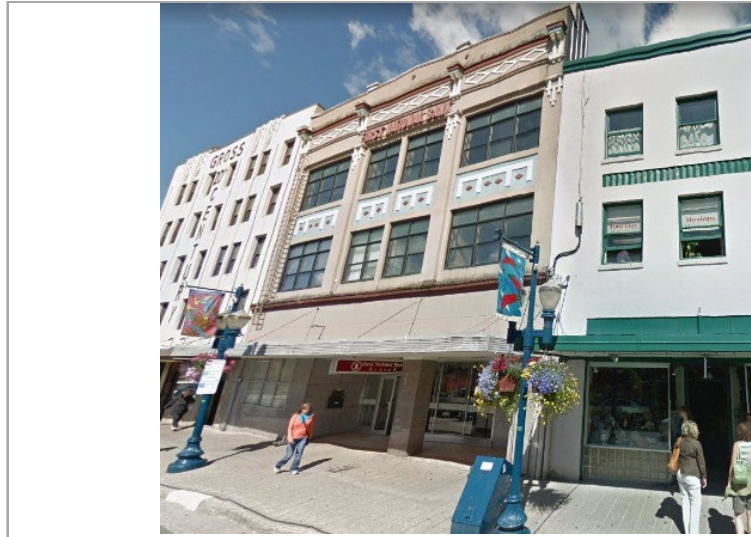
Location Description

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
--------------	---------

NOI SF 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.

Wrangell Medical Center

Addendum: Improved Sale Comparables

IMPROVED COMPARABLE 1-8

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

Transaction

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

Site Description

Acres	0.5	Zoning	B-2B, CBD Intermediate
Land SF	21,000	Topography	Generally Level
Access	Good / Good		

Improvements Description

Property Type	Office Building	Quality	Average
GBA	20,424		
Percent Office	100%	Land to Building Ratio	1.028202115
		Ceiling Height	12'
Tenancy Type	Multi-Tenant		
Year Built	1973/2019		
Construction	Wood Frame		

Sale Indices

Improvement Value	\$214,000.00
-------------------	--------------

NOI SF 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.

Addendum: Property Information

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)



5-1-2018

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.
2. Document any major building maintenance deficiencies requiring immediate attention.
3. Prepare recommendations to correct non-code compliant work in such a way as to meet the minimum standards of the 2012 International Building Code.
4. 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.

- 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 timber 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).
 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.
 3. **Structural Framing:** Unable to verify. The 1974 structural 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).
 6. **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 addition roof.
 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, fascia 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 S08, 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	

Wrangell Medical Center

Addendum: Property Information

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 worn. 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	Approximately 60% of the creosote treated timber pilings were visually inspected. In addition, 20% were 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 untreated center portion of this piling through large vertical checks.	1. Repair decayed timber piling found during nondestructive visual inspection. 2. 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 fascia.



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.



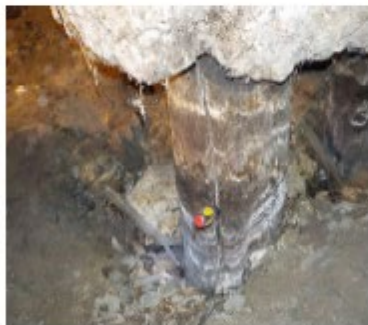
Deficiency Item S12. Rooms over 144 sf, metal grid runners are fastened to angle on all four sides of ceiling. Only one side shown in photo.



Deficiency Item S15. 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 S16. Addition bump out to activities room. Water runs down beneath the wall sole plate and runs across the floor. Foundation piers have settled.



Deficiency Item S17. Decayed creosote treated timber piling. Nontypical condition, not representative of average piling condition. Most pilings were found to be in good condition.



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.

Addendum: Experience Data

Addendum: Experience Data

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 – Seattle	Appraiser, April 2017 to March 2019
Alaska Appraisal Associates, Inc.	President and Chief Appraiser, October 1978 to April 2017
Ketchikan Gateway Borough	Appraiser, January 1976 to October 1978

Designations, Certifications and Awards

State License's / Certifications	<ul style="list-style-type: none"> ▪ State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).
---	---

Organization Affiliations, Offices & Memberships

Qualified Before Courts & Administrative Bodies	<ul style="list-style-type: none"> ▪ Senior Member – National Association of Review Appraisers and Mortgage Underwriters ▪ Associate Member – Appraisal Institute ▪ Fee Appraiser – Federal Housing Authority (FHA/HUD #2218) ▪ 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.

A Foundation to Build On:

- Vision
- Integrity
- Commitment
- Performance

A Commitment to Client Service:

- Quality Research & Analysis
- Quality Presentation
- Fast Turn Around Times
- Competitive Fees
- On Time Delivery
- Solid Confidentiality

Extensive Valuation & Consulting Services:

- Mortgage Financing
- 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
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily



9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

CITY AND BOROUGH OF WRANGELL, ALASKA

Item c.



Public Map



168

1 inch = 100 feet
Date: 12/7/2021

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



More Recent Aerial from Google Maps

CERTIFICATE OF OWNERSHIP AND DEDICATION

WE HEREBY CERTIFY THAT WE ARE THE LESSEES OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT WE HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH OUR FREE CONSENT AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.

DATE 10-9-18 S. Mearl
MAYOR, CITY AND BOROUGH OF WRANGELL

CERTIFICATE OF APPROVAL BY THE 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 ASSEMBLY AS RECORDED IN MINUTE BOOK _____ PAGE _____ DATED _____ 20____ AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX-OFFICIO RECORDER, WRANGELL, ALASKA.

DATE 10-9-18 S. Mearl
MAYOR, CITY AND BOROUGH OF WRANGELL
ATTEST: Kim Lane
CITY CLERK

CERTIFICATE STATE OF ALASKA (FIRST JUDICIAL DISTRICT)

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED, AND AN ACTING ASSESSOR FOR THE CITY AND BOROUGH OF WRANGELL, HEREBY CERTIFY THAT ACCORDING TO THE RECORDS IN MY POSSESSION, THE FOLLOWING DESCRIBED PROPERTY IS CARRIED ON THE TAX RECORDS OF THE CITY AND BOROUGH OF WRANGELL, IN THE NAME OF City of Borough of Wrangell
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 2018 WILL BE DUE ON OR BEFORE OCTOBER 15, 2018, DATED THIS 9th DAY OF October 2018
Bill Moll
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 BY PLAT RESOLUTION NO. _____ DATED October 3, 2018, AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT MAGISTRATE, EX-OFFICIO RECORDER, WRANGELL, ALASKA.
DATE 10-3-18 Bill Moll
CHAIRMAN, PLANNING COMMISSION
SECRETARY

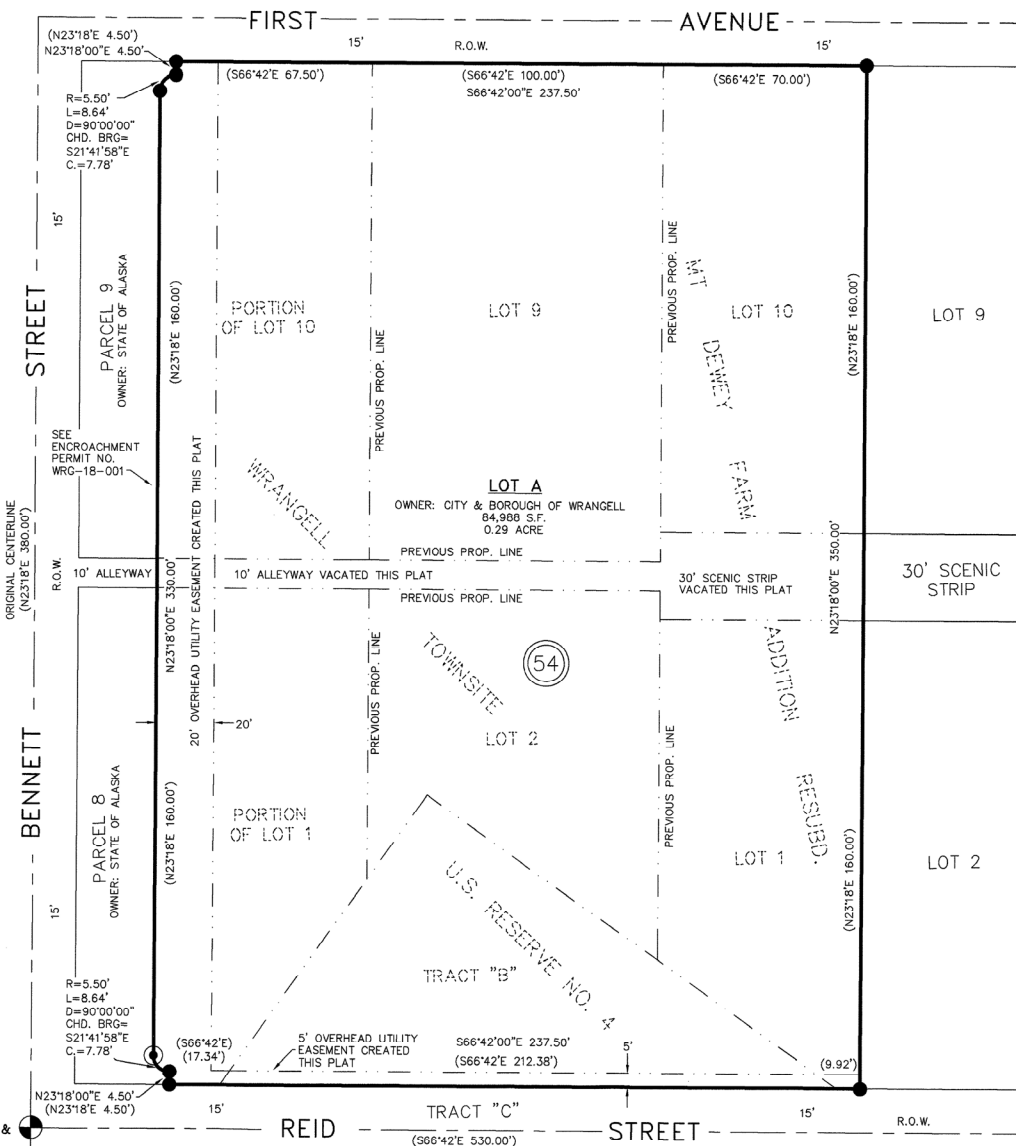
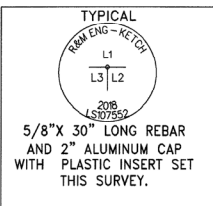
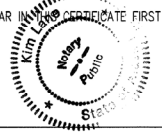
NOTARY'S ACKNOWLEDGMENT

U.S. OF AMERICA
STATE OF ALASKA
CITY AND BOROUGH OF WRANGELL

THIS IS TO CERTIFY THAT ON THIS 9th DAY OF October, 2018, BEFORE ME, THE UNDERSIGNED A NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA, DULY COMMISSIONED AND SWORN, PERSONALLY APPEARED Mayor S. Mearl TO ME KNOWN TO BE THE IDENTICAL INDIVIDUAL(S) MENTIONED AND WHO EXECUTED THE WITHIN PLAT AND _____ ACKNOWLEDGED TO ME THAT _____ SIGNED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN SPECIFIED.

WITNESS MY HAND AND NOTARY SEAL THE DAY AND YEAR IN WRITING. I HAVE CERTIFICATE FIRST HEREIN WRITTEN.

Kim Lane
NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA
MY COMMISSION EXPIRES 7-27-21

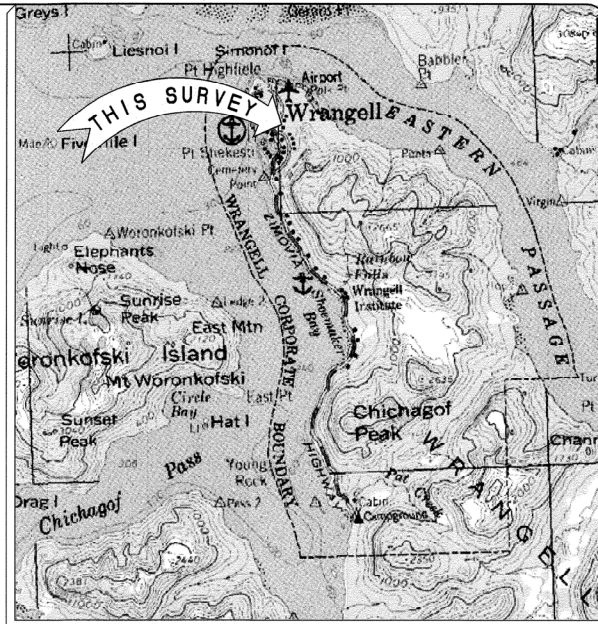


PLAT NOTES

1. THE PURPOSE OF THIS SURVEY IS TO COMBINE LOTS 1 & 10, BLOCK 54, WRANGELL TOWNSITE, ACCORDING TO PLAT NO. 68-81; AND TRACT "B", SUPPLEMENTAL PLAT OF WRANGELL TOWNSITE, USS 1119, ACCORDING TO PLAT 68-129; AND A PORTION OF LOT 1, LOT 2, LOT 9, AND PORTION OF LOT 10, BLOCK 54, TOWNSITE OF WRANGELL, ALASKA, USS 1119, WRANGELL RECORDING DISTRICT, FIRST JUDICIAL DISTRICT, STATE OF ALASKA. CREATING LOT A, BLOCK 54, W.M.C. REPLAT, WRANGELL RECORDING DISTRICT, FIRST JUDICIAL DISTRICT, STATE OF ALASKA.
2. THIS PLAT WILL VACATE A PORTION OF A 10' WIDE ALLEYWAY ALONG WITH A PORTION OF A 30' WIDE SCENIC STRIP.
3. REFERENCE THE FOLLOWING WITHIN THE WRANGELL RECORDING DISTRICT:
PLAT 68-129 (SUPPLEMENTAL PLAT OF WRANGELL TOWNSITE)
PLAT 68-81 (SUBD. OF BLOCK 54, WRANGELL TOWNSITE)
PLAT 82-1 (USS 1119)
PLAT 39-30
PLAT 39-31
DEPARTMENT OF HIGHWAYS PROJECT NO. S-0943 (9)
DEED 69-340 (BOOK 17, PAGE 69 - 70)
DEED 72-71 (BOOK 17, PAGE 453)
DEED 69-341 (BOOK 17, PAGE 72 - 73)
ALASKA D.O.T. ENCROACHMENT PERMIT NO. WRG-18-001
4. REFERENCE FIRST AMERICAN TITLE INSURANCE COMPANY CERTIFICATE TO PLAT FILE NO. 32421.
5. ALL BEARINGS SHOWN ARE TRUE BEARINGS AS ORIENTED TO THE BASIS OF BEARING AND DISTANCES SHOWN ARE REDUCED TO HORIZONTAL GROUND DISTANCES.
6. THE ERROR OF CLOSURE DOES NOT EXCEED 1:5000.

LEGEND

- HIGHWAY CENTERLINE BRASS CAP RECOVERED THIS SURVEY
- 5/8 REBAR 30" LONG WITH 2" ALUM CAP WITH PLASTIC INSERT SET THIS SURVEY
- SECONDARY MONUMENT FOUND THIS SURVEY
- (88.09) DATA OF RECORD
- 88.09 DATA MEASURED OR COMPUTED
- PREVIOUS PROPERTY LINE



VICINITY MAP:
SCALE: NOT TO SCALE

OWNERSHIP STATUS

1. LOT 1 (CITY OF WRANGELL)
2. LOT 10 (CITY OF WRANGELL)
3. TRACT "B" (CITY OF WRANGELL)
4. PORTION OF LOT 1 (CITY OF WRANGELL)
5. LOT 2 (CITY OF WRANGELL)
6. PORTION OF LOT 10 (CITY OF WRANGELL)
7. LOT 9 (CITY OF WRANGELL)

PROPOSED OWNERSHIP

1. LOT A (CITY & BOROUGH OF WRANGELL)

PREVIOUS LOT AREAS

1. LOT 1(9,848 SQ. FT)(0.23 ACRES)
2. LOT 10 (11,200 SQ. FT)(0.26 ACRES)
3. TRACT "B" (10,577 SQ. FT)(0.24 ACRES)
4. PORTION OF LOT 1 (10,606 SQ. FT)(0.24 ACRES)
5. LOT 2 (17,000 SQ. FT)(0.39 ACRES)
6. PORTION OF LOT 10 (12,379 SQ. FT)(0.28 ACRES)
7. LOT 9 (17,000 SQ. FT)(0.39 ACRES)

NEW LOT AREAS

1. LOT A (84,988 SQ. FT)(1.95 ACRES)

SCALE 1"=30'

THIS DRAWING MAY BE REDUCED, VERIFY SCALE BEFORE USING
0 15 30 60 90 120 FEET
0 3 6 9 12 15 30 36 METERS
1 METER = 3.2808333 U.S. SURVEY FEET
1 U.S. ACRE = 0.4047 HECTARES

WRANGELL RECORDING DISTRICT

Revisions		
No.	Date	Description
REM		
RAM ENGINEERING-KETCHIKAN, INC. Phone: (907) 225-7917		
7180 REVILLA ROAD Fax: (907) 225-3441		
Ketchikan, AK 99901		
WRANGELL OFFICE Phone: (907) 305-0820		
P.O. BOX 701		
WRANGELL, AK 99929		
CERTIFICATE OF AUTHORIZATION #: C576		

PROJECT: W.M.C. REPLAT

THE REPLAT OF LOTS 1 & 10, BLOCK 54, WRANGELL TOWNSITE, ACCORDING TO PLAT NO. 68-81; AND TRACT "B", SUPPLEMENTAL PLAT OF WRANGELL TOWNSITE, USS 1119, ACCORDING TO PLAT 68-129; AND A PORTION OF LOT 1, LOT 2, LOT 9, AND PORTION OF LOT 10, BLOCK 54, TOWNSITE OF WRANGELL, ALASKA, USS 1119, WRANGELL RECORDING DISTRICT, FIRST JUDICIAL DISTRICT, STATE OF ALASKA. CREATING LOT A, BLOCK 54, W.M.C. REPLAT, WRANGELL RECORDING DISTRICT, FIRST JUDICIAL DISTRICT, STATE OF ALASKA.

CLIENT: CITY & BOROUGH OF WRANGELL
P.O. BOX 541
WRANGELL, ALASKA 99929

DRAWN BY: MCH
CHECKED BY: CGP
DATE PLATTED: SEPTEMBER, 2018
DATE SURVEYED: AUGUST, 2018
SCALE: 1"=30'
SURVEYED BY: MCH
PROJ NO.: 182757

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT I AM A REGISTERED SURVEYOR, LICENSED IN THE STATE OF ALASKA, AND THAT IN 2018 A SURVEY OF THE HEREIN DESCRIBED LANDS WAS CONDUCTED UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT IS A TRUE AND ACCURATE REPRESENTATION OF THE FIELD NOTES OF SAID SURVEY, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT ACCORDING TO SAID FIELD NOTES.

9/28/2018
DATE

CHRISTOPHER G. PIBURN LS 107552

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	6

RESOLUTION No. 04-22-1691 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY22 BUDGET IN THE WRANGELL MUNICIPAL LIGHT & POWER FUND BY TRANSFERING \$750,000 FROM THE FUND RESERVES TO THE CAPITAL EXPENDITURES ACCOUNT FOR THE AMI METERING PROJECT AND AUTHORIZING ITS EXPENDITURE

<p><u>SUBMITTED BY:</u></p> <p>Rod Rhoades, Electrical Utility Superintendent</p>	<p><u>FISCAL NOTE:</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3">Expenditure Required:</td> </tr> <tr> <td style="text-align: center;">FY 21: N/A</td> <td style="text-align: center;">FY 22: \$750,000</td> <td style="text-align: center;">FY23: N/A</td> </tr> <tr> <td colspan="3">Amount Budgeted:</td> </tr> <tr> <td colspan="3" style="text-align: center;">\$ 750,000</td> </tr> <tr> <td colspan="3">Account Number(s):</td> </tr> <tr> <td colspan="3" style="text-align: center;">70300.203.9999.00.70007</td> </tr> <tr> <td colspan="3">Account Name(s): Capital</td> </tr> <tr> <td colspan="3">Unencumbered Balance(s) (prior to expenditure):</td> </tr> <tr> <td colspan="3" style="text-align: center;">\$</td> </tr> </table>	Expenditure Required:			FY 21: N/A	FY 22: \$750,000	FY23: N/A	Amount Budgeted:			\$ 750,000			Account Number(s):			70300.203.9999.00.70007			Account Name(s): Capital			Unencumbered Balance(s) (prior to expenditure):			\$		
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Account Name(s): Capital																												
Unencumbered Balance(s) (prior to expenditure):																												
\$																												

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

ATTACHMENTS:

1.

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 Resolution No. 04-22-1691.

BACKGROUND STATEMENT:

WML&P's existing metering system is currently deemed obsolete by the manufacturer, ITRON and our existing system is longer supported.

SUMMARY STATEMENT:

The new metering system will update our system with modern technology that utilizes electrical meters that communicate with each other through a mesh network and allows the electrical meters to be read from a remote computer.

Advantages for The City and Borough of Wrangell, and Users

1. Eliminates need for Meter Reader.
2. An AMI Electrical Metering System can support the use of AMI water meters. All benefits associated with our Electrical Metering system can be applied to water meters as well.
3. Increased system diagnostics. WML&P will be able to respond to a customer request or perform an action that previously required manual investigation and/or manual intervention.
4. Voltage/equipment monitoring
 - a. Outage/blink counts can pinpoint faulty line equipment before outages occur
 - b. Improve customer service in low or high voltage areas
 - c. Lower system losses due to improved loading and voltage control
5. Billing Cycle is improved:
 - a. Eliminate dependency on outdated and no longer supported FC300 handheld reader and associated DOS MV-RS Software
 - b. Improved Customer Service
 - i. Billing Accuracy
 - ii. Questions on billing can be addressed quickly
 - iii. Move-in and move out
 - iv. Instant outage notice
 - v. Customized billing dates and billing options
 - vi. Energy Information Services
6. Reduces or eliminates Theft and Tampering
7. Reduces Maintenance costs
 - a. AMI Meters are more accurate and the error is non-biased.
 - b. Eliminates Rereads, Connections, and Disconnects.
 - c. Advances in outage restoration

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 04-22-1691

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY22 BUDGET IN THE WRANGELL MUNICIPAL LIGHT & POWER FUND BY TRANSFERING \$750,000 FROM THE FUND RESERVES TO THE CAPITAL EXPENDITURES ACCOUNT FOR THE AMI METERING PROJECT AND AUTHORIZING ITS EXPENDITURE

WHEREAS, the City and Borough of Wrangell, Alaska's Resolution No. 06-21-1594 adopted the budget for all funds of the City and Borough of Wrangell, Alaska for the FY22 Budget; and

WHEREAS, the Wrangell Municipal Code requires that the Borough Assembly approve any budget amendments over those amounts adopted; and

WHEREAS, staff recommends a budget amendment adding \$750,000 to Capital Expenditures from the Wrangell Municipal Light & Power Fund Reserves to procure and install an AMI Metering System. This project is new and was not included in the final Wrangell Municipal Light & Power Fund FY22 Budget; and

WHEREAS, the City and Borough of Wrangell will amend the FY22 Budget for the Wrangell Municipal Light & Power Fund by transferring \$750,000 from the Wrangell Municipal Light & Power Fund Reserves Ending June 30, 2022 to the Wrangell Municipal Light & Power Fund Capital Expenditures Account.

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

Section 1: The FY22 Budget in the Wrangell Municipal Light & Power Fund is amended by transferring \$750,000 from the Fund Reserves Ending June 30, 2022 to the Capital Expenditures Account for the AMI Metering project and authorizing its expenditure.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA this 26th Day of April, 2022.

CITY & BOROUGH OF WRANGELL, ALASKA

Steve Prysunka, Mayor

ATTEST: _____
Kim Lane, Borough Clerk

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	6

RESOLUTION No. 04-22-1692 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET BY TRANSFERRING \$35,000 FROM THE GENERAL FUND RESERVES TO THE GENERAL FUND CIP FUND AND AUTHORIZING ITS EXPENDITURE FOR THE HERITAGE HARBOR BOAT RAMP APRON REPAIRS PROJECT

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director

FISCAL NOTE:

Expenditure Required: \$35,000

FY 21: \$	FY 22: \$35,000	FY23: \$
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Amount Budgeted:

Account Number(s):

Account Name(s):

Unencumbered Balance(s) (prior to expenditure):

Reviews/Approvals/Recommendations

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

ATTACHMENTS: 1. Res 04-22-1692.

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 Resolution No. 04-22-1692.

SUMMARY STATEMENT:

The Heritage Harbor parking lot asphalt paving is eleven years old and in relatively good condition with the exception of the apron of the boat ramp which has deteriorated and needs to be replaced.

The area identified for replacement is approximately 30' x 60'. Without an asphalt plant in town, the surface will be replaced with a concrete surface, which is expected to provide a longer lasting surfacing.

As harbor parking lots are considered a Streets infrastructure, funding for the parking lot hard surface replacement is requested to be provided from the General Fund for a Streets Capital Expenditure.

The FY 2022 Budget is amended to reflect a transfer of funds, in the amount of \$35,000, from General Fund Reserves to the General Fund FCIP Fund for the Heritage Harbor Boat Ramp Apron Repairs project and authorizing its expenditures.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 04-22-1692

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2022 BUDGET BY TRANSFERRING \$35,000 FROM THE GENERAL FUND RESERVES TO THE GENERAL FUND CIP FUND AND AUTHORIZING ITS EXPENDITURE FOR THE HERITAGE HARBOR BOAT RAMP APRON REPAIRS PROJECT

WHEREAS, the Heritage Harbor parking lot asphalt paving is eleven years old and in relatively good condition with the exception of the apron of the boat ramp which sees the most activity and is showing significant signs of wear and tear; and

WHEREAS, replacement of the boat ramp apron's existing asphalt surface will be replaced with concrete; and

WHEREAS, the asphalt replacement will be funded by the General Fund Reserves considering harbor parking lots are a Street infrastructure.

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

Section 1: The FY 2022 Budget is amended to reflect a transfer of funds, in the amount of \$35,000, from General Fund Reserves to the General Fund FCIP Fund for the Heritage Harbor Boat Ramp Apron Repairs project and authorizing its expenditures.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA this 26th DAY OF APRIL, 2022.

CITY & BOROUGH OF WRANGELL, ALASKA

Stephen Prysunka, Borough Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

Minutes of Regular Assembly Meeting

Held on April 12, 2022

Mayor Prysunka called the Regular Assembly meeting to order at 6:00 p.m., April 12, 2022, in the Borough Assembly Chambers. Assembly Member Powell led the pledge of allegiance, and the roll was called.

PRESENT: DALRYMPLE, POWELL, GILBERT, and PRYSUNKA

ABSENT: MORRISON, DEBORD and HOWE

Borough Manager Jeff Good and Borough Clerk Lane were also present.

CEREMONIAL MATTERS

A Proclamation for the Wrangell Lady Wolves Basketball Team was presented by Mayor Prysunka.

Recessed meeting at 6:02pm

Reconvened meeting at 6:07pm

Representative Dan Ortiz participated via telephone to provide an update to the Assembly on funding opportunities, based on our projects.

PERSONS TO BE HEARD / PUBLIC CORRESPONDENCE

A letter from Brittani Robbins was submitted to the Assembly and was included in the Assembly Packet.

AMENDMENTS TO THE AGENDA

Assembly Member Dalrymple requested to move Item 6b (Ordinance No. 1023) from the Consent Agenda. Therefore, Item 6b was moved to Unfinished Business for consideration.

CONFLICT OF INTEREST – None.

CONSENT AGENDA

6a ORDINANCE No. 1022 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 15.16, CEMETERY, AND ESTABLISHING A NEW PROCESS FOR FEES AND RATES BY REMOVING THE FEES AND RATES FROM THE WRANGELL MUNICIPAL CODE AND ADDING THEM TO A FEE AND RATE SCHEDULE

6b ORDINANCE No. 1023 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 5.08, REVENUE AND FINANCE, IN THE WRANGELL MUNICIPAL CODE

6c RESOLUTION No. 04-22-1679 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2022 BUDGET IN THE WASTE WATER FUND BY TRANSFERRING \$10,000 FROM WASTE WATER FUND RESERVES TO THE WASTE WATER COLLECTION SYSTEM MAINTENANCE ACCOUNT AND AUTHORIZING ITS EXPENDITURE FOR WASTE WATER COLLECTION SYSTEM PUMPS AND SPARE PARTS

6d RESOLUTION No. 04-22-1680 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CREATING THE 911 SURCHARGE SPECIAL REVENUE FUND

6e RESOLUTION No. 04-22-1681 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET IN THE CEMETERY CAPITAL EXPENDITURES BUDGET BY TRANSFERRING \$57,739 FROM THE GENERAL FUND TO THE CEMETERY CAPITAL EXPENDITURES BUDGET AND AUTHORIZING ITS EXPENDITURE FOR THE SUNSET GARDENS CEMETERY COLUMBARIUM PROJECT

6f RESOLUTION No. 04-22-1682 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, APPROVING AMENDMENT II TO THE POLE RENTAL AGREEMENT WITH ALASKA TELEPHONE COMPANY

6g RESOLUTION No. 04-22-1683 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET IN THE LIBRARY CAPITAL EXPENDITURES BUDGET BY TRANSFERRING \$23,625 FROM THE GENERAL FUND TO THE LIBRARY CAPITAL EXPENDITURES BUDGET AND AUTHORIZING ITS EXPENDITURE FOR THE LIBRARY CARPET REPLACEMENT PROJECT

6h RESOLUTION No. 04-22-1684 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET IN THE STREETS FUND BY TRANSFERRING \$65,000 FROM THE SECURE RURAL SCHOOLS FUND RESERVES TO THE STREETS CAPITAL EXPENDITURES BUDGET AND AUTHORIZING ITS EXPENDITURE FOR THE HIGH SCHOOL PARKING LOT SIDEWALK REPLACEMENT PROJECT

6i RESOLUTION No. 04-22-1685 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING THE FY 2022 BUDGET IN THE INDUSTRIAL CONSTRUCTION FUND APPROPRIATING \$25,000 TO PROFESSIONAL SERVICES AND AUTHORIZING ITS EXPENDITURE FOR THE ENGINEERING ASSESSMENT OF THE FORMER 6 MILE MILL SITE

6j Minutes from the March 22, 2022 Regular Assembly Meeting

6k **CORRESPONDENCE:** School Board Action from the March 21, 2022 Regular Meeting

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

BOROUGH MANAGER'S REPORT

Manager Good's report was provided.

BOROUGH CLERK'S REPORT

Clerk Lane's report was provided.

MAYOR AND ASSEMBLY BUSINESS

Dalrymple thanked Staff for their work on the Cemetery expansion and new Columbarium projects.

MAYOR AND ASSEMBLY APPOINTMENTS

Appointment to fill the Vacancy on the Parks & Recreation Advisory Board

As there were no letters of interest received for this vacancy, Mayor Prysunka directed the Clerk to continue advertising.

PUBLIC HEARING

11a Accepting alternative proposals for funding considerations and seeking further citizen views and community comments on proposed projects for funding under the FFY20 Community Development Block Grant-COVID Round 2 (CDBG-CV2) program and selecting a project

Mayor Prysunka called to order the Public Hearing on this item and asked if there was an administrative report.

Carol Rushmore, Economic Development Director explained to the Assembly and public that this hearing was to request public input for the purpose of soliciting ideas for projects to be submitted to the Federal Fiscal Year 2020 (FFY20) Community Development Block Grant-COVID Round 2 (CDBG-CV2) program for project funding. Rushmore stated that the public hearing would be followed by an Assembly decision and action based on public input.

Rushmore further explained that the overall mission of the State of Alaska CDBG-CV Program was to enhance the quality of life for low and moderate-income residents, particularly in rural Alaska by preventing, preparing for, and responding to coronavirus. Rushmore said that the CDBG-CV Program fulfills this mission by acting upon its defined goals and objectives.

Rushmore said that the National goals of the program are to:

- Provide financial resources to communities for community development including building and improvements of public facilities used to prevent, prepare for, and respond to coronavirus; and
- Ensure that the state's CDBG-CV funds will be used to principally benefit low and moderate-income persons.

Rushmore said that the following objectives guide the Statewide distribution and use of funds:

- Prevent, Prepare for, and Respond to the spread of the coronavirus.

Rushmore stated that the State of Alaska CDBG-CV Program may only be used to fund community development activities carried out to prevent, prepare for, and respond to coronavirus. Also, that by law, use of funds for any other purpose is unallowable.

Rushmore stated that a public hearing is required to be held to provide an opportunity for the community to comment on and suggest potential projects eligible for the CDBG-CV funding and to also comment specifically on Borough staff-recommended projects under consideration.

Additionally, Rushmore said that solicitation for project ideas from the public have been posted via radio, Facebook, website, bulletin boards, radio, and newspaper.

Rushmore stated that the following are examples of eligible activities:

- Reconfiguration of interior space to reinforce social distancing recommendations.
- Interior physical barriers such as clear plexiglass in public areas.
- Ventilation Systems (high-efficiency particulate air filters, air purifiers, dehumidifiers).
- Temperature, humidity, and air quality sensors to reduce airborne transmission.
- Stand-alone sinks or handwashing stations.
- Replacement of fixed windows with operable windows.
- Accessibility improvements for persons with disabilities that reduce contact.
- Installation of drive-through or walk-up windows.
- Technology improvements to support remote access.
- Modification of roadways and sidewalks to allow for social distancing.
- Creation of outdoor areas with shade covers and seating that ensure physical distancing.
- Exterior physical barriers such as fencing or planters.

Rushmore said that Staff had prepared a list of projects for consideration by the public and the Assembly. She said that this was a general list with basic project information. Also, that this list would be updated with any additional information prior to the public hearing and any alternative proposed projects submitted by the public through public outreach this week and during the participation in the community meeting. Rushmore stated that a sign-in sheet was provided to document public attendance for this public hearing.

Rushmore stated that of April 5, 2022, the following projects are proposed for funding consideration, either by staff or by the public:

1. Primary School Carpet Replacement in the Multi-Purpose Room: Estimated Cost \$75,000.

This project was suggested by the Assembly during the public hearing discussion of the round 1 CDBG-CV grant process.

This proposed project replaces carpet flooring in the Evergreen Elementary School's Multi-Purpose Gymnasium, an area that serves as their Lunchroom, indoor recreational area, and Public Assembly space, which is well beyond its useful life and poses a sanitary concern. The project includes removing the existing, approximately 4,500 sf of carpet flooring and replacing it with a non-porous, hard-surface flooring, which could be routinely disinfected for sanitary concerns. Preliminary investigations for the carpet replacement to a hard service is estimated to cost approximately \$75,000.

2. High School HVAC Upgrades: Estimate unknown

The High School has heating and ventilation system issues. The pneumatic control system is no longer supported and has failed in many locations, leaving much of the building in a state that requires manual adjustments by maintenance staff and with no ability to monitor the status of the system, locally or remotely.

3. **Solid Waste Transfer Facility Loading Dock: Estimate unknown**

The existing operational structure for the loading dock handling situation for the new bailer actually increases the number of times all solid waste is handled before and after bailing. With COVID being able to be transmitted through contaminated surfaces and airborne, the additional handling could present a risk to municipal workers. Redesigning the loading dock access to minimize touch points could mitigate the risk. Staff is working on determining if this project can be presented in enough detail for the application which is due in 2.5 weeks.

4. **Community Center/Emergency Shelter Generator Replacement: Estimate \$750,000**

The Community Center is identified in our Hazard Mitigation Plan as an emergency shelter for the community. A standby power generator is necessary for emergency situations. The lack of a standby power generator prevented the building's use as an emergency shelter for people without power during the December 2021 windstorm and power outage event. This was suggested during the Round 1 grant applications.

A Condition Assessment was performed in 2014 with total recommended improvements for a Community Center Improvements and Rehabilitation project totaling approximately \$2,800,000. However, there has been no engineering completed for the addition of a back-up generator, although some has been done for the Fire Alarm System Replacement and Electrical Distribution Upgrades. Because the project must be completed by July 2023, there is not time for the engineering, purchase, and installation.

The following suggestions for additional projects were made during the Public Hearing:

1. Assembly Member Gilbert suggested the Senior Center Facility needs to prepare or respond to COVID.
2. Manager Good suggested the City Park Shelter.
3. Mayor Prysunka suggested something with our Sewer Pumps.
4. Assembly Member Powell suggested a sewer pump truck.
5. Tom Wetor, Public Works Director, suggested a slope concrete vault for receiving Wastewater at the treatment plant.
6. Prysunka suggested replacing the lockers at the Recreation facility.

Dalrymple asked if there were any issues on the number one suggested project on replacing the carpet at the elementary school.

Rushmore stated that no, there were no issues with that project.

Prysunka asked if there were any other persons wishing to speak on this item. Prysunka stated that there were several additional projects proposed and that those projects would be documented. Prysunka closed the Public Hearing and asked for a motion on this item.

M/S: Gilbert/Powell to approve applying for the Primary School Carpet Replacement ~~in the Multi-Purpose Room with the Estimated Cost of \$75,000~~ as the selected project for the Federal Fiscal Year 2020 (FFY20) Community Development Block Grant-COVID Round 2(CDBG-CV2) Program. Motion approved unanimously by polled vote.

M/S: Powell/Gilbert amended the motion to remove “in the Multipurpose Room with the Estimated Cost of \$75,000” and added the wording “throughout the entire Elementary School”. Amendment was approved unanimously by polled vote.

Main Motion, as amended, was approved unanimously by polled vote.

UNFINISHED BUSINESS

12a RESOLUTION No. 03-22-1675 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CREATING THE FEE AND RATE SCHEDULE FOR THE WRANGELL WATER DEPARTMENT AND IMPLEMENTING A STRUCTURE FOR INCREASING FEES AND RATES (*postponed from the March 22, 2022 Assembly Meeting*)

M/S: Gilbert/Powell to approve Resolution No. 03-22-1675.

Good explained how the increases would occur for the next five years; purpose was to make sure that we would have enough funding to pay off the debt incurred in building the new water treatment plant; would also endure that we had some funds in reserves to cover the costs for any needed repairs or replacements of parts, etc.

In response to Gilbert on if we have locked in the 1.5 interest rate, Villarma explained that the loan interest rate will not be locked in until we go out to bid; loan and grant are tied together; must use the loan first and the grant second.

After more discussion, the following amendment was made:

M/S: Powell/Dalrymple to amend the Ordinance to a flat 30% increase, effective May 1, 2022.

Amendment was approved unanimously by polled vote.

M/S: Gilbert/Powell to postpone amended motion until the next Assembly Meeting.

12b *Reconsideration of* RESOLUTION No. 03-22-1676 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CREATING THE FEE AND RATE SCHEDULE FOR THE WRANGELL SEWER DEPARTMENT AND IMPLEMENTING A STRUCTURE FOR INCREASING FEES AND RATES (*requested from Assembly Member Gilbert*)

M/S: Gilbert/Powell to reconsider Resolution No. 03-22-1676 that was approved at the March 22, 2022, Assembly meeting.

Gilbert explained the reasoning behind why she wanted to have the Resolution reconsidered.

Villarma explained that the reasoning behind the larger increase up front is because there are several capital project needs coming up and this will help.

After more discussion:

The request to reconsider Resolution No. 03-22-1676 failed with Gilbert voting yes; Dalrymple, Powell and Prysunka voted no.

6b12c ORDINANCE No. 1023 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 5.08, REVENUE AND FINANCE, IN THE WRANGELL MUNICIPAL CODE

M/S: Powell/Gilbert to approve first reading of Ordinance No, 1023 and move to a Second Reading with a Public Hearing to be held on April 26, 2022.

Powell stated that he was not in favor of removing the Sales Tax Cap; we are one of the highest communities that cap their sales tax; stated that he is aware of several large purchases that people are making down South, and they are not paying any sales tax; does not believe the amount would be a lot more than what we are making now.

M/S: Powell/Dalrymple to amend the Ordinance to remove item 4 (sales tax cap) from the Ordinance. Amendment was approved unanimously by polled vote.

Main motion, as amended, was approved unanimously by polled vote.

NEW BUSINESS

13a Approval of Sole Source Purchase of a New Columbarium from Sunset Memorial & Stone Ltd. in the amount of \$36,989 in Conformance with Wrangell Municipal Code Section 5.10.050 B

M/S: Powell/Gilbert to approve a Sole Source Purchase of a New Columbarium from Sunset Memorial & Stone Ltd. in the amount of \$36,989 in Conformance with Wrangell Municipal Code Section 5.10.050 B. Motion approved unanimously by polled vote.

13b Approval to move forward with the Cemetery Expansion, Phase 1, as presented

M/S: Powell/Gilbert to approve moving forward with the Cemetery Expansion, Phase 1, as presented. Motion approved unanimously by polled vote.

13c Approval of a negotiated land sale of Borough Owned Property to resolve encroachments in a portion of Tract Y, USS 2321, to Bill and Maria Byford

M/S: Gilbert/Powell to approve the Negotiated Sale of Borough Owned Property, in a portion of Tract Y, USS 2321, to Bill and Maria Byford. Motion approved unanimously by polled vote.

ATTORNEY'S FILE

14 Available for Assembly review in the Borough Clerk's office.

EXECUTIVE SESSION – None.

Regular Assembly meeting adjourned at 8:22 p.m.

Patricia Gilbert, Vice-Borough Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

BOARD ACTION

WRANGELL PUBLIC SCHOOL BOARD SPECIAL MEETING (PAGE 1)

APRIL 9, 2022

FOR DETAILS, CONTACT:

BILL BURR

SUPERINTENDENT

DIRECT PHONE: 907-874-2347

- Offered a contract to Martha "Ann" Hilburn, Elementary Principal
- Accepted the funds from private donors and approved the purchase of the Plasma Cutter from Arclight Dynamics in the amount of \$34,592.00
- Adjourned

BOARD ACTION**WRANGELL PUBLIC SCHOOL BOARD
REGULAR MEETING (PAGE 1)
APRIL 18, 2022****FOR DETAILS, CONTACT:**

BILL BURR

SUPERINTENDENT

DIRECT PHONE: 907-874-2347

- Approved the agenda as written
- Approved the consent agenda as presented
 - Approved the minutes of the March 21, 2022, Regular School Board Meeting
 - Approved the minutes of the April 9, 2022, Special School Board Meeting
 - Offered Ryan Howe a contract addendum in the amount of \$5,000.00 for fulfilling the duties of Special Education Coordinator during the 2022-2023 school year
 - Offered Tracey Martin a long-term substitute contract for the 2022-2023 school year
 - Offered Robert Burkhart a Principal Contract for the 2022-2023 school year
 - Reviewed the resignation of:
 - Annabelle Garcia-Rangel, Paraprofessional
 - Virginia Oliver, Teacher
- Adopted the 6-Year CIP Plan
- Approved the APEI Safety Equipment and Training Grant Application
- Accepted the Grant Award from the National Archery in the Schools Program
- Adopted the Fiscal Year 2023 Budget
- Entered into a Memorandum of Agreement with Wrangell Teachers' Association amending Article 8, Section 5 of the Negotiated Agreement, Method of Payment
- Accepted the first reading of:
 - Board Policy 0300, Strategic Plan
 - Board Policy 3430, Investing
 - Board Policy 7012, Communications to and from the Board
 - Board Policy 7020, Board Standards
 - Board Policy 7021 Governing Style
 - Board Policy 7121, Duties of the President of the Board
 - Repealing Board Policy 7122, Duties of the Vice-president
- Accepted the second reading of:
 - Board Policy 7000, Role of Board and Members (Powers, Purposes, Duties)
 - Repealing Board Policy 7001, Global Governance Commitment
 - Repealing Board Policy 7022, Board Responsibilities
 - Board Policy 7013, Social Interaction
- Reviewed:
 - Board Policy 7014, Unity of Control
 - Board Policy 7100, Organization of the Board
- Adjourned

MEMORANDUM

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

**FROM: JEFF GOOD
BOROUGH MANAGER**

SUBJECT: MANAGER'S REPORT

DATE: April 22, 2022

INFORMATION:

- We had an unscheduled cruise ship stop on April 20th called the Wilderness Discoverer. We are currently working with Uncruise to get an updated schedule for the rest of the season.
- When we were submitting for round 2 of the CDBG-COVID grant we were notified that if we submitted and were approved for round 1 we were ineligible to submit for round 2. In round 1 we submitted for the Pool HVAC and DDC upgrades and have yet to be notified if we were approved for that funding.
- We have received the engineers report for the Mill property and I have forwarded to legal for their review. We may need to schedule a special session to approve the sale.

NOLAN CENTER

- The Nolan Center is preparing to host several events, including the following: BirdFest speakers/presentations and movies, IGAP movies for the elementary school students, EES end of year movies, Friends of the Museum meeting, Prom and our regular weekend box office movie showings.
- We are also excited to be partnering with the Star of Bengal shipwreck expedition happening near Wrangell. There is a strong possibility that the Wrangell Museum will be receiving artifacts from the dive. We are working closely with Gig Decker and the expedition team on the necessary paperwork and a possible memorial event.
<https://www.alaskaendeavour.org/2022-star-of-bengal>.
- Tyler Eagle is taking the lead on our PACO (Preparing Alaska's Cultural Organizations for Emergencies) training and will be attending the certification workshop in May.
- We are also preparing for a very busy tourism season. Our first surprise cruise ship of the season was busy and exciting for us. We are stocking the gift shop in preparation for our visitors.

CITY & BOROUGH OF WRANGELL, ALASKA

BOROUGH CLERK'S REPORT

SUBMITTED BY: Kim Lane, MMC, Borough Clerk

Upcoming Meetings & Other Informational dates:

Other City Boards/Commissions:

May 12 – Planning & Zoning Commission Mtg. at 6pm in the Assembly Chambers

Community Events:

May 21– TAX-FREE DAY

May 30 – City offices are closed for Memorial Day

Meetings and Other events of the Borough Assembly:

May 11 – OMA/Parliamentary Training w/Borough Attorney at 6pm in the Assembly Chambers

May 12 – Ocean Victory Inaugural Call – Port (time is to be announced)

May 13 – City BBQ at Shoemaker Park at 5:30 p.m.

May 24 – Regular Borough Assembly Mtg. at 6pm in the Assembly Chambers

IIMC Annual Conference – I will be attending the 76th Annual International Institute of Municipal Clerks conference in Little Rock Arkansas from May 19th, returning to Wrangell on May 27th. It has been two years since I have attended this educational conference. I am really looking forward to reconnecting with other Clerks from around the country and learning new tips and tricks that I can use in my role as the Clerk for Wrangell. Thank you for allowing me this opportunity.

While I am gone, Robbie Marshall will fill in for me. Since I will not be here for the May 24th meeting, he will be the acting Clerk (Deputy Clerk) for that meeting.

June 11th Special Primary Election for State Representative

Absentee Voting for this Special Primary Election will take place May 27th – June 10th (excluding May 30th and weekends) from 10am – 4pm in the Borough Assembly Chambers. June 11th is a Saturday however, the Polling Place will be OPEN here at City Hall from 10am to 2pm. This Special Election is a “by mail” election only. If someone who receives a ballot in the mail wants to drop it off at the polling place (city hall – during the absentee voting hours), they can do that. Also, if someone does not receive a mailed ballot, they can come in and absentee vote.

There are 48 candidates on the June 11th Primary Special Election Ballot for United States Representative. There will be four candidates on the August 16th Primary Election, based on the June 11th Special Primary Election.

The November General Election will be a Ranked Choice election where voters will vote their 1st, 2nd, 3rd and 4th candidate choice. Ranked Choice voting will only occur in State and Federal General elections.

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	10

Appointment to fill the Vacancy on the Parks & Recreation Advisory Board

SUBMITTED BY:

Kim Lane, Borough Clerk

FISCAL NOTE:

Expenditure Required:

FY 20: \$	FY 21:	FY22:
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Amount Budgeted:

	FY22 \$0
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Account Number(s):

Account Name(s):

Unencumbered Balance(s) (prior to expenditure): See Agenda Statement

Reviews/Approvals/Recommendations

<input type="checkbox"/>	
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Letters of Interest (if any)

Appointments are made by the Mayor, with the consent of the Assembly. If any Assembly Member wishes to object to the appointment, they may do so and make a motion to appoint an alternative candidate.

Letter(s) of Interest received by:

- Ceona Koch

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

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	11

RESOLUTION No. 03-22-1675 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CREATING THE FEE AND RATE SCHEDULE FOR THE WRANGELL WATER DEPARTMENT AND IMPLEMENTING A STRUCTURE FOR INCREASING FEES AND RATES (***Amended and postponed from the April 12, 2022 Assembly Meeting***)

SUBMITTED BY:

Tom Wetor, Public Works Director
Mason Villarma, Finance Director

FISCAL NOTE:

Expenditure Required:

FY 20: \$	FY 21:	FY22:
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Amount Budgeted:

	FY22 \$0
--	----------

Account Number(s):

Account Name(s):

Unencumbered Balance(s) (prior to expenditure): See Agenda Statement

Reviews/Approvals/Recommendations

☐

Name(s)

Name(s)

☐

Attorney

☐

Insurance

ATTACHMENTS: 1. Resolution No. 03-22-1675 2. Proposed Rate and Fee Schedule

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

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

RECOMMENDATION MOTION:

Move to approve Resolution No. 03-22-1675.

SUMMARY STATEMENT:

At the Regular Assembly Meeting on April 12, 2022, the Assembly approved an amendment to the fee and rate schedule for the Water Department, making the increase 30% instead of a 5-year projected increase.

Since the amendment changed the Resolution substantially, this item was placed under the Public Hearing section of the Agenda, with Assembly action to follow.

The following information has not changed from the April 12th Assembly Mtg.

At the Regular Assembly Meeting on March 22, 2022, a Public Hearing was held for this item. There were no persons to speak on this item. Following the Public Hearing, the Borough Assembly voted to postpone this Agenda Item. Therefore, this item has been placed on this Agenda for consideration.

The following information has not changed from the March 22nd Assembly Mtg.

Water rates were last increased on 7/1/2019. In an effort to marginally increase rates to cover financing of the water treatment plant, Borough administration is recommending the attached water rate schedule whereby all rates increase 21% effective 5/1/2022, 5% in FY24, 3% in FY25, 2% in FY26 and 2% in FY27.

- The water treatment plant loan has a 20-year term, with 1.5% interest on the total value of \$3.821M.
- The rate hike will increase operating profitability that pays off the loan without any implications on existing profit margins.
- After the next three years, the schedule increases the rates at 2% to counter inflation, something the Borough is trying to implement across all rate and fee schedules.
- In the event of any principal forgiveness or changes to the water treatment plant loan terms that are favorable to the Borough, the water fund will enjoy increased retained earnings that will allow the fund to save for other large projects coming down the line (i.e., dam maintenance/replacement, water main overhauls, reservoir bypass completion, etc.)

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION No. 03-22-1675

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA CREATING THE FEE AND RATE SCHEDULE FOR THE WRANGELL WATER DEPARTMENT AND IMPLEMENTING A STRUCTURE FOR INCREASING FEES AND RATES

WHEREAS, the rates and fees for Wrangell Water services are established by resolution with a Public Hearing and proper Public Notice before adoption; and

WHEREAS, the new rate and fee schedule imposes a 30% rate increase for the Water Department for the majority of the fees and rates in the schedule; and

WHEREAS, the margins collected from the increase will be used to cover the financing cost associated with the water treatment plant; and

WHEREAS, there is also an addition to the fee and rate schedule to formally adopt water rates for passenger vessels arriving at the port of Wrangell and another addition reinstating water rates for residential users.

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

Section 1. The attached schedule of fees and rates shall govern the rate and fee schedule for the Wrangell Water Department.

Section 2. This resolution shall become effective upon approval.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 26th day of April, 2022.

CITY & BOROUGH OF WRANGELL

Patricia Gilbert, Vice-Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

CBW Water Fee & Rate Schedule			
effective: April 26, 2022			
Metered Rates		Rate	
Residential Metered	Monthly base charge first 4,000 gallons	[30.96	\$40.25
	Charge additional 1,000 gallons	\$2.90	\$3.77
Commercial Metered	Monthly base charge first 4,000 gallons	\$30.96	\$40.25
	Charge per additional 1,000 gallons	\$2.90	\$3.77
Large Commercial Metered	Monthly base charge first 5,000 gallons	\$464.62	\$604.01
	Per additional 1,000 gallons	1.89]	\$2.46
Unmetered Rates		Rate	
Residential Commercial/Industrial		[47.15	\$61.30
Bakeries		\$178.54	\$232.10
Bars		\$178.54	\$232.10
Barbershop – one chair		\$44.60	\$57.98
Barbershop – per each additional chair		\$35.71	\$46.42
Beauty Shop – one basin		\$44.60	\$57.98
Beauty Shop – per additional basin		\$35.71	\$46.42
Bed and Breakfast within Single-Family Residential – per rental unit		\$9.43	\$12.26
Churches		\$44.60	\$57.98
Cleaners and Cleaning Plant		\$89.07	\$115.79
Clubs, Lodges – w/o Bar or Restaurant Facilities		\$44.60	\$57.98
Clubs, Lodges – w/Bar or Restaurant Facilities		\$89.21	\$115.97
Cold Storage Plants		\$951.90	\$1,237.47
Convenience Stores		\$25.78	\$33.51
Vehicle and Marine Service Stations, Car Lots – w/o Wash Racks		\$89.07	\$115.79
Grocery Stores – w/o Meat Market		\$66.73	\$86.75
Grocery Stores – w/Meat Market		\$138.16	\$179.61
Hospital		\$354.79	\$461.23
Hydrants, Fire – each		\$28.28	\$36.76
Hotels and Motels – 10 Rooms or Less		\$133.88	\$174.04
Hotels and Motels – Over 10 Rooms, per additional room		\$9.93	\$12.91
Laundromats, Self Service – Under 30-lb. Capacity, per machine		\$54.49	\$70.84
Laundromats, Self Service – 30 lbs. or Over Capacity, per machine		\$95.06	\$123.58
Multifamily per unit (4 units and above)		\$36.13	\$46.97
Office Building – base rate first plumbed space		\$47.16	\$61.31
Office Building – each additional plumbed space		\$29.48	\$38.32
Offices w/Additional Laboratory and/or X-Ray Unit		\$94.32	\$122.62
Dental Offices w/o Laboratory and/or X-Ray Unit		\$47.16	\$61.31
Plane Floats		\$89.07	\$115.79
Public Showers – first two stalls		\$47.67	\$61.97

Unmetered Rates		Rate	
Public Showers – per additional stall		\$11.62	\$15.11
Ranger District		\$457.32	\$594.52
Restaurant, Lunch Counters, Etc. – Up to and Including 30 Seats		\$133.88	\$174.04
Restaurant, Lunch Counters, Etc. – Over 30 Seats		\$178.55	\$232.12
Fountain only		\$44.60	\$57.98
Schools, per classroom		\$29.48	\$38.32
Shops and Stores		\$44.60	\$57.98
Everything Else		\$47.16	\$61.31
Standby Fire Protection		28.28]	\$36.76
		Fees	
Deposit required		\$25.00	
Meter deposit required		\$100.00	
Service turnoff for delinquent accounts - Charges		\$50.00 Disconnect Service Charge	
		\$50.00 Reconnection Service Charge	
Meter accuracy - Testing upon customer request		\$50.00 For meters one inch and smaller. For meters larger than one inch, shall be an estimate of the cost of testing the meter as	
Service connection charges		Size of Service (in inches)	
		3/4	
		1	
		2	
		3 and over	

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

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	11

ORDINANCE No. 1022 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 15.16, CEMETERY, AND ESTABLISHING A NEW PROCESS FOR FEES AND RATES BY REMOVING THE FEES AND RATES FROM THE WRANGELL MUNICIPAL CODE AND ADDING THEM TO A FEE AND RATE SCHEDULE

SUBMITTED BY:

Kim Lane, Borough Clerk

FISCAL NOTE:

Expenditure Required: \$XXX Total

FY 21: \$	FY 22: \$	FY23: \$
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Amount Budgeted:

	FY22 \$XXX
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Account Number(s):

	XXXXX XXX XXXX
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Account Name(s):

	Enter Text Here
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Unencumbered Balance(s) (prior to expenditure):

	\$XXX
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Reviews/Approvals/Recommendations

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

ATTACHMENTS: 1. Ord 1022 2. Current 15.16 WMC code sections.

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

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

RECOMMENDATION MOTION:

Move to Approve First Reading of Ordinance No. 1022.

SUMMARY STATEMENT:

The following information has not changed from the April 12th meeting.

Staff is working on removing fees and rates from the Wrangell Municipal Code and placing them in a Fee and Rate Schedule for each department. This has been a work in process. We are requesting that the fees and rates in WMC Section 15.16 be removed and that a Fee and Rate Schedule be established. If the first reading of this Ordinance is approved, Staff will bring a Resolution that approves the Fee and Rate Schedule along with the approval of the Ordinance to the April 26th meeting.

This Ordinance removes the Fees/Rates from the Wrangell Municipal Code Section 15.16 and allows for a Resolution to be adopted for establishing the fee and rate schedule. This Ordinance also removes the section in the code that speaks to Perpetual – Price of Graves since we no longer have spaces in the cemetery that meet that criteria.

CITY AND BOROUGH OF WRANGELL, ALASKA
ORDINANCE NO. 1022

AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF
WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 15.16,
CEMETERY, AND ESTABLISHING A NEW PROCESS FOR FEES AND RATES BY
REMOVING THE FEES AND RATES FROM THE WRANGELL MUNICIPAL CODE
AND ADDING THEM TO A FEE AND RATE SCHEDULE

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

[The changes to the existing code are shown as follows: the words that are underlined are to be added and the words that are bolded and in brackets are to be deleted.]

The purpose of this ordinance is to amend Certain Sections in Chapter 15.16, Cemetery, and establishing a new process for rates and fees in the Wrangell Municipal Code by establishing a Fee and Rate Schedule.

SEC. 1. Amendment. Sections 15.16.050, Purchase of graves; 15.16.055, Columbarium; 15.16.070, Opening and closing graves; 15.16.080, Uniformity of grounds and markers; 15.16.090, Price of graves – Perpetual care required, are hereby amended as follows:

Sections:

- 15.16.010 Established.
- 15.16.020 Repealed.
- 15.16.030 Recordkeeping.
- 15.16.040 Cemetery operation and maintenance.
- 15.16.050 Purchase of graves.
- 15.16.055 Columbarium.
- 15.16.060 Applications required for burial or disinterment.
- 15.16.070 Opening and closing graves.
- 15.16.080 Uniformity of grounds and markers.
- [15.16.090 Price of graves – Perpetual care required.]**
- 15.16.100 Disposal of unused grave.
- 15.16.110 Investment fund.
- 15.16.120 Use of cemetery roads restricted.

15.16.050 Purchase of graves.

No purchase of cemetery graves shall be made except upon requisition approved by the borough clerk and payment for all purchases made shall be made to the finance director.

The assembly shall, by resolution, establish fees and rates for all Cemetery Services. A Public Hearing shall be required on the resolution that establishes such fees and rates.

15.16.055 Columbarium.

...

[B. Fee. The fee per niche shall be \$330.00. The fee per opening and closing for each niche shall be \$120.00. If the opening and closing of the niche is done on a holiday, Saturday or Sunday, the charge shall be \$330.00.

C. The fee for installing a niche name plaque shall be \$120.00.

D. The fee for installing a memorial name plaque shall be \$30.00.]

15.16.070 Opening and closing graves.

...

[B. The fee for each opening and closing of a burial grave shall be \$900.00. If the opening and closing of a burial grave is done on a holiday, Saturday or Sunday, the charge shall be \$1,085. The same fees shall apply for a child or infant. Cremated remains will be buried by the borough for a charge of \$180.00. If the burial of cremated remains to a grave is done on a holiday, Saturday or Sunday, the charge shall be \$360.00.]

[C]B. The funeral director, or person in charge, shall notify the borough when a burial grave is to be opened, and shall give the date and time graveside services will be conducted, which notice shall be given no less than 48 hours in advance of any service. Notice given less than 48 hours' notice will be charged extra labor fees or any overtime hours required, equal to the hourly pay and benefit cost of employee required.

15.16.080 Uniformity of grounds and markers.

...

B. No temporary decoration, marker or monument may be placed upon or near a grave which extends above the surface of the ground except on the day of burial, on Memorial Day, Fourth of July and Veterans' Day, and these shall be removed within seven days thereafter. All permanent markers shall be set on foundations constructed and installed to the specifications of the borough except those markers that have built-in foundations. No marker shall extend beyond border of grave (three and one-half feet by nine feet). **[Upon request, the borough will install a brass plaque marker or a stone plate marker or headstone for a fee of \$120.00.]**

...

15.16.090 Price of graves – Perpetual care required.

[A. The sale price of graves, including the perpetual care of same, shall be \$330.00 for a single grave. There may be reserved certain areas, or fractional graves, for the burial of children under six years of age at a cost of \$150.00 per grave, including perpetual care. Cremains plots in Block 28 shall be \$75.00. Effective October 1, 1988, where physically possible, and notification is given to the borough prior to the first burial, more than one but not more than two burials may occur in one grave site plot, at no additional cost. Cremated remains may be buried in the same grave site as long as space is available and consent of the owner is given.

B. No graves shall be sold after the passage of the ordinance codified in this chapter other than on a perpetual-care basis.]

SEC. 2. Severability. If any provision of this ordinance, or any application thereof to any person or circumstances is held invalid, the remainder of this ordinance and the application to all other persons or circumstances shall not be affected thereby.

SEC. 3. Classification. This ordinance is of a permanent nature and shall be codified in the Wrangell Municipal Code.

SEC. 4. Effective Date. This ordinance shall be effective upon adoption. However, until which time that a new fee schedule is duly adopted, the fees reflected in the former sections amended herein shall remain as an interim fee schedule.

PASSED IN FIRST READING: _____, 2022

PASSED IN SECOND READING: _____, 2022

Stephen Prysunka, Borough Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

15.16.055 Columbarium.

A. Definition. A structure of vaults lined with recesses for cinerary urns. There shall be 100 niches located at the Sunset Gardens Cemetery. The dimension for each niche shall be 12 inches by 12 inches by 15-1/2 inches which may accommodate one or two urns.

B. Fee. The fee per niche shall be \$330.00. The fee per opening and closing for each niche shall be \$120.00. If the opening and closing of the niche is done on a holiday, Saturday or Sunday, the charge shall be \$330.00.

C. The fee for installing a niche name plaque shall be \$120.00.

D. The fee for installing a memorial name plaque shall be \$30.00. [Ord. 922 (am) § 2, 2016; Ord. 732 § 4, 2003.]

15.16.070 Opening and closing graves.

A. No person shall be permitted to open and close graves within a borough cemetery, except upon application to the borough clerk. Permission may be given for a person to bury cremated remains under supervision of the borough. Except for disinterment, the borough shall open and close all graves. A fee shall be collected from the persons requesting the opening and closing of all graves, including burial and disinterment. The borough shall have no obligation to perform the disinterment, and may contract said service to private enterprise. All disinterments shall be done under the supervision of the borough.

B. The fee for each opening and closing of a burial grave shall be \$900.00. If the opening and closing of a burial grave is done on a holiday, Saturday or Sunday, the charge shall be \$1,085. The same fees shall apply for a child or infant. Cremated remains will be buried by the borough for a charge of \$180.00. If the burial of cremated remains to a grave is done on a holiday, Saturday or Sunday, the charge shall be \$360.00.

C. The funeral director, or person in charge, shall notify the borough when a burial grave is to be opened, and shall give the date and time graveside services will be conducted, which notice shall be given no less than 48 hours in advance of any service. Notice given less than 48 hours' notice will be charged extra labor fees or any overtime hours required, equal to the hourly pay and benefit cost of employee required. [Ord. 922 (am) § 3, 2016; Ord. 799 § 2, 2007; Ord. 602 § 4, 1995; Ord. 537 § 4, 1988; Ord. 499 § 6, 1986; Ord. 433 § 4, 1982; Ord. 256 § 5, 1970; prior code § 45.50.080.]

15.16.080 Uniformity of grounds and markers.

A. It is highly desirable that uniformity be maintained and, in order to maintain such uniformity, the borough reserves the right to standardize the design and material used for markers, to prohibit the planting of trees and shrubs, and to prohibit the erection of fences or other structures of any kind to carry out such uniformity. Maximum size for the base of markers shall be 36 inches by 20 inches and 18 inches high. The maximum weight of markers shall be 250 pounds. Crosses or any other religious symbol shall not exceed three feet in height and width.

B. No temporary decoration, marker or monument may be placed upon or near a grave which extends above the surface of the ground except on the day of burial, on Memorial Day, Fourth of July and Veterans' Day, and these shall be removed within seven days thereafter. All permanent markers shall be set on foundations constructed and installed to the specifications of the borough except those markers that have built-in foundations. No marker shall extend beyond border of grave (three and one-half feet by nine feet). Upon request, the borough will install a brass plaque marker or a stone plate marker or headstone for a fee of \$120.00.

C. Sunset Gardens Cemetery began operation in 1966. The borough desires that this cemetery be maintained in a uniform manner and the following rules shall apply:

No enclosure of any kind, such as a fence, roping, hedge, border or ditch shall be permitted around any grave, and no grave shall be raised above the established grade. The borough shall remove all materials prohibited by this section which may be in place at the passage of the ordinance codified in this section, or which may in the future be placed on or near any grave, after giving 30 days' notice of such action to any known party which may have an interest therein.

D. *Repealed by Ord. 799.*

E. The borough reserves the right to make special exceptions to the rules set forth in this section or to adopt additional rules by resolution in order to properly operate and maintain the cemeteries. [Ord. 922 (am) § 4, 2016; Ord. 799 § 3, 2007; Ord. 766 § 5, 2005; Ord. 602 § 5, 1995; Ord. 499 § 7, 1986; Ord. 256 § 5, 1970; prior code § 45.50.090.]

15.16.090 Price of graves – Perpetual care required.

A. The sale price of graves, including the perpetual care of same, shall be \$330.00 for a single grave. There may be reserved certain areas, or fractional graves, for the burial of children under six years of age at a cost of \$150.00 per grave, including perpetual care. Cremains plots in Block 28 shall be \$75.00. Effective October 1, 1988, where physically possible, and notification is given to the borough prior to the first burial, more than one but not more than two burials may occur in one grave site plot, at no additional cost. Cremated remains may be buried in the same grave site as long as space is available and consent of the owner is given.

B. No graves shall be sold after the passage of the ordinance codified in this chapter other than on a perpetual-care basis. [Ord. 922 (am) § 5, 2016; Ord. 602 § 6, 1995; Ord. 545 § 4, 1988; Ord. 256 § 5, 1970; prior code § 45.50.100.]

15.16.120 Use of cemetery roads restricted.

No person shall drive any horse or vehicle in or through the cemetery, its roads or paths, for ordinary purposes of traffic and travel, nor permit any cattle, horses, sheep, hogs or other stock of any kind to enter in or upon or to feed or graze in the cemetery. [Ord. 256 § 5, 1970; prior code § 45.50.190.]

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

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	11

RESOLUTION No. 04-22-1688 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ESTABLISHING THE FEE SCHEDULE FOR THE WRANGELL CEMETERIES

SUBMITTED BY:

Kim Lane, Borough Clerk

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

<u>FISCAL NOTE:</u>		
Expenditure Required: \$XXX Total		
FY 21: \$	FY 22: \$XXXXXX	FY23: \$
Amount Budgeted:		
FY22 \$XXX		
Account Number(s):		
XXXXXX XXX XXXX		
Account Name(s):		
Enter Text Here		
Unencumbered Balance(s) (prior to expenditure):		
\$XXX		

ATTACHMENTS: 1. Res 04-22-1688 2. Fee Schedule for Cemeteries

RECOMMENDATION MOTION:

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

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

RECOMMENDATION MOTION:

Move to approve Resolution No. 04-22-1688.

SUMMARY STATEMENT:

With the adoption of Ordinance No. 1022 to remove the Cemetery Fees from the Wrangell Municipal Code, a Resolution is necessary to adopt the fee schedule for the Cemetery Fees.

Just like with all other fee schedules, a Public Hearing is required to adopt or amend the fee schedules. Therefore, this Resolution was properly noticed as a Resolution with a Public Hearing.

We have adjusted some of the fees to better reflect what they should be set at. If the proposals received for the Cemetery Expansion Phase 1 project come in higher than expected, fees for the cemetery full casket plots may need to be adjusted. If that happens, Staff will bring the fee schedule back to the Assembly for approval. Of course, a Public Hearing would also be set for the fee schedule, if this happens.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION No. 04-22-1688

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ESTABLISHING THE FEE SCHEDULE FOR THE WRANGELL CEMETERIES

WHEREAS, with the adoption of Ordinance No. 1022, it is necessary to adopt a fees schedule for the Wrangell Cemeteries; and

WHEREAS, the fees for Wrangell Cemeteries are established by Resolution with a Public Hearing and proper Public Notice before adoption; and

WHEREAS, the Wrangell Cemeteries are operated and maintained under the jurisdiction of the City and Borough of Wrangell; and

WHEREAS, with the approval of the Sunset Gardens Cemetery Expansion, Phase 1 project, it is necessary to increase the fee for full-casket cemetery plots from \$330 to \$550; and

WHEREAS, with the procurement of a new Columbarium in the Sunset Gardens Cemetery, it is necessary to increase the fee for each Niche from \$330 to \$550; and

WHEREAS, the new Columbarium will have two side walls for those who do not require a Niche to intern ashes but still wish to memorialize their loved ones and the cost for each space shall be \$100.

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

Section 1. The attached schedule of fees shall govern the Cemetery service fees for the Cemetery Department.

Section 2. The attached Exhibit "A" includes the fees for all Cemetery Services and shall govern the fee schedule for Cemetery Services.

Section 3. This resolution shall become effective upon approval.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 26th day of April, 2022.

CITY & BOROUGH OF WRANGELL

Patricia Gilbert, Deputy Borough Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

Category	Information	Fee
----------	-------------	-----

Single Grave Plot		[\$330.00] \$1,000
Opening/Closing Plot	Monday-Friday (9am-4pm)	\$900
Opening/Closing Plot	Weekend-Holiday-after hours	[\$1,085] \$1,500
Burial-Cremated Remains to grave-plot	Monday-Friday (9am-4pm)	\$180
Burial-Cremated Remains to grave-plot	Weekend-Holiday-after hours	\$360
Headstone Installation		[\$120] \$200

Niche		[\$330.00] \$550
Opening/Closing Niche	Monday-Friday (9am-4pm)	\$120
Opening/Closing Niche	Weekend-Holiday-after hours	\$330
Niche Plaque Installation	Monday-Friday (9am-4pm) only	\$120
Memorial Space		\$100
Memorial Plaque Installation	Monday-Friday (9am-4pm) only	\$35
Niche and Memorial Plaques are quoted by Clerk.		

[illegible]

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

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	11

ORDINANCE No. 1023 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 5.08, REVENUE AND FINANCE, IN THE WRANGELL MUNICIPAL CODE

<u>SUBMITTED BY:</u>
Mason Villarma, Finance Director

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

<u>FISCAL NOTE:</u>		
Expenditure Required: \$XXX Total		
FY 21: \$	FY 22: \$XXXXXX	FY23: \$
Amount Budgeted:		
FY22 \$XXX		
Account Number(s):		
XXXXXX XXX XXXX		
Account Name(s):		
Enter Text Here		
Unencumbered Balance(s) (prior to expenditure):		
\$XXX		

ATTACHMENTS: 1. ORD 1023 2. Current Code Sections (WMC 5.08)

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

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

RECOMMENDATION MOTION:
Move to Approve Ordinance No. 1023.

SUMMARY STATEMENT:

The following statement has changed from the April 12th Regular Assembly Meeting:

At the Assembly Meeting held on April 12th, the Assembly voted to remove the recommendation to remove the \$3,000 cap on sales tax. Therefore, the Ordinance has been amended to reflect that change. The Assembly will notice that Section 5.08.050, Exemptions from tax (where the sales tax cap is located), has been modified to just show “G” which provides the retailer exemption. The sales tax cap section “M” is not listed on the Ordinance since it remains unchanged. The sales tax cap of \$3,000 remains in effect.

Ordinance 1023 addresses ~~four~~ three deficiencies in the Wrangell Municipal Code under Chapter 5.08:

- 1) **It provides language on what “resale” means in the context of chapter 5.08 and it provides a clearer basis for interpreting exemption G in Section 5.080.050. The purpose of this change is twofold:**
 - a. It highlights that intermediary purchases by retailers are not taxed by the Borough until resold within the Borough’s nexus;
 - b. It also identifies that the Borough will require a resale form to be filled out by businesses in order to demonstrate their exempt status when purchasing goods wholesale. It is not the Borough’s objective to double-tax economic activity within the Borough, and therefore this definition and subsequent exemption prevents such a thing from happening.
- 2) **Ordinance 1023 also revises the penalties and interest policy.** The current structure of separating penalties by the first three months is too complex operationally to compute and therefore we are looking to simplify and reduce the penalty to just an initial 5% upon the date of delinquency. The code revision also notes that the total delinquent balance will accrue at 1%. This means the balance will accrue as a running total, as opposed to before, where each balance accrues separately. For oversight and tracking purposes, this simplifies sales tax processing and still allows for penalties and interest to be enforced.
- 3) **Ordinance 1023 also creates a new framework for allocating sales tax. 80% to the General Fund and 20% to the school for maintenance or to serve as a portion of the Borough’s local contribution.** Instead of having several sub funds as a part of the sales tax special revenue fund, this will consolidate these “buckets” into one sales tax fund that is allocated to the general fund and the school contribution fund. In effect, the sales tax fund will zero out each year upon annual allocation. General Fund money can be used for any purpose appropriated by the assembly, creating more freedom in addressing pressing priorities for the Borough.
- 4) ~~Ordinance 1023 also removes the cap on sales tax. In effect, this would apply a 7% tax on all sales instead of the initial \$3,000 for goods and services. This will not influence the every-day consumer, but it will result in increased revenue from big ticket items and~~

~~services (i.e., marine fabrication, construction, etc.). With projected costs rising for the Borough in the FY2023 budget and decreases in other vital revenue streams like property taxes, this Ordinance gives the Borough the resources to address deferred maintenance, keep up with inflation and save for future~~

CITY AND BOROUGH OF WRANGELL, ALASKA
ORDINANCE NO. 1023

AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF
WRANGELL, ALASKA, AMENDING CERTAIN SECTIONS IN CHAPTER 5.08,
REVENUE AND FINANCE, IN THE WRANGELL MUNICIPAL CODE

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

[The changes to the existing code are shown as follows: the words that are underlined are to be added and the words that are bolded and in brackets are to be deleted.]

The purpose of this ordinance is to amend Certain Sections in Chapter 5.08, Revenue and Finance, in the Wrangell Municipal Code.

SEC. 1. Amendment. Sections 5.08.005, Definitions, 5.08.050, Exemptions from tax and 5.08.070, Limitations of use of tax proceeds, are hereby amended as follows:

5.08.005 Definitions.

For the purposes of this chapter, the following words and phrases have the meanings hereinafter respectively ascribed to them:

...

D. "Resale" means to sell again and is limited to goods which are resold per se or are physically present in a final product which is sold and is subject to tax at the time of final sale. Resale sales are not made to the final consumer.

E. "Resale of services" means sales of intermediate services to a business where the charge for which will be passed directly by that business to a specific buyer.

[D] F. "Retail sale" means any sale of goods or services, including barter, credit, installment and conditional sales, for any purpose other than resale in the regular course of business. The delivery of property in the borough is considered subject to sales tax if the retailer maintains any office, distribution or sales house within the borough, conducts online sales of goods and services for items deliverable to buyers or consumers within the borough, or solicits business or accepts orders through any agent, salesman, member or representative within the borough.

[E] G. "Sale of services" means the sale of services, which includes parts and labor, for a specific job or task. Sales tax shall be computed on the invoice for the total job or task, said invoice period not to exceed 30 days.

[F] H. "Sales price" means and includes the consideration, whether money, credit, rights or other property expressed in terms of money paid or delivered by a buyer to a seller, all without any deduction on account of the cost of property sold, the cost of materials used, labor costs, discount, delivery costs, federal and state taxes, or any other expenses whatsoever paid or accrued, and without any deduction on account of losses.

[G] I. "Sales tax" means and includes the tax levied in this chapter on gross revenues derived from all taxable commercial retail sales or services, said revenues being computed in dollars and cents and the tax payable by the seller or the person performing the services.

[H] J. “Seller” means any person or entity making a retail sale to a buyer or consumer, whether as agent, broker or principal, any person or entity performing services for remuneration, or a purchasing cooperative. Notwithstanding any other provision of this chapter, arrangements made with another person or agent, including, but not limited to, a travel agent, cruise ship business, broker or other representative, regardless of the location of the travel agent, cruise ship business, broker or other representative, by a provider of services, rentals or goods, to market such services, rentals or goods (including travel and adventure services), to provide such services, rentals, or goods to another person, or the transfer to the buyer of the right or privilege to receive such services, rentals or goods, is a taxable sale by such provider, not a sale for resale, and such provider is a seller for the purposes of this chapter.

[I] K. “Services” includes all services of every manner and description provided in whole or part within the borough, including travel and adventure services and delivery services, that are performed or furnished for consideration whether in conjunction with the sale of goods or not, but does not include services rendered by an employee to an employer.

[J] L. “Single-purchase sale” means a sale by a single purchase or invoice, which may consist of one or more items but which are purchased at the same time and there is a single invoice representing that sale. A single-purchase sale includes a sale of items by contract, bid, quote or other lump sum amount only if the sale is based on and computed as a single bid, quote, sum, or package price rather than as an accumulated sum or aggregation for prices of separate identifiable items, separable prices, or items purchased at different times.

[K] M. “Travel and adventure services” includes, but is not limited to, tours and charters on land and water, guide services, admissions, lectures, transportation services (excluding air transportation), and the rental of lodging, aircraft, vehicles, watercraft, and equipment, including fishing, boating, camping and other tour or adventure related goods. Travel and adventure services also include sales of goods incidental or related to such services. Regardless of the location of any marketing, brokering, packaging, resale, assignment, or other arrangement and regardless of the beginning or ending of any other related services the point of delivery of a travel and adventure service is within the borough if the ultimate consumer of the travel and adventure service receives any such service which begins or occurs within the corporate limits of the City and Borough of Wrangell.

[L] N. Tax on Noncash Considerations. When sales, rentals of property, or services are made, paid, performed or furnished for other than cash, the price shall be computed in dollars and cents on the reasonable value of the items sold, paid, performed or delivered.

[M] O. Rent and Services Defined. The term “rent” as used in this chapter, includes rent of both real and personal property and the term “services” includes furnishing of labor and materials for accomplishing a specified result when the resulting object or product is not for resale by the purchaser in the ordinary course of business.

5.08.050 Exemptions from tax.

The following transactions are exempt from the tax levied under this chapter:

...

G. All sales of commodities made to a manufacturer, broker, wholesaler, or dealer and which are not consumed or destroyed by such purchaser, but which are resold in the same or an altered form, or which are used to package, crate or deliver the products of such purchaser[;]. All retailers who qualify for the exemption presented must submit a resale form to the finance department. Sales tax exemptions for goods purchased wholesale will not be applied retroactively.

...

5.08.070 Limitations of use of tax proceeds.

The proceeds of tax levied under this chapter shall be used in such amounts as the assembly of the borough shall determine from time to time, depending upon the rate of tax collected, as follows:

A. [Twenty-eight] **Twenty** percent of the total amount of tax collected shall be used only for any of the following purposes:

1. To pay principal and interest for any bond indebtedness relating to education [**and health of the borough;**]
2. To [operate and] **fund the Wrangell Public School District, and improve or** maintain school facilities;
- [3. To construct and maintain sewers within the borough and other purposes relating to the health and sanitation of the borough.]**

[B. Four percent of the total amount of tax collected shall be used only to plan, design, construct, and/or improve streets and sidewalks, such as pavement of gravel streets or the repavement of previously paved streets.]

C. [Sixty-eight] **Eighty** percent of the total amount of tax collected shall be used only for any general fund purposes for which moneys of the borough may be disbursed for any purpose.

SEC. 2. Repeal and Replace. Section 5.08.100, Penalty and interest, is hereby repealed and replaced as follows:

5.08.100 Penalty and interest.

[In the event a return is not made or the appropriate tax not paid within one month following the reporting quarter, a penalty of five percent of such tax as is unpaid shall be added to such tax for the first month of delinquency or any fraction thereof, and an additional five percent shall be added for each additional month of delinquency or fraction thereof, until the total penalty of 15 percent has accrued. Interest at the rate of 15 percent per year from the date of delinquency until paid shall accrue in monthly. The borough assembly may upon a verified showing of medical necessity, as the reason for a failure to pay sales tax in a timely manner, waive all or any portion of the penalty and/or interest assessed hereinabove. Such penalty and interest shall be collected in the same manner as the tax.]

In the event a return is not made, or the appropriate tax not paid within one month following the reporting quarter, a penalty of five percent of such tax as is unpaid shall be added to such tax for the first month of delinquency or any fraction thereof. Interest on all outstanding or delinquent sales tax balances shall accrue monthly at a rate of one percent as of the initial date of delinquency. The borough assembly may upon a verified showing of medical necessity, as the reason for a failure to pay sales tax in a timely manner, waive all or any portion of the penalty and/or interest assessed hereinabove. Such penalty and interest shall be collected in the same manner as the tax.

SEC. 3. Severability. If any provision of this ordinance, or any application thereof to any person or circumstances is held invalid, the remainder of this ordinance and the application to all other persons or circumstances shall not be affected thereby.

SEC. 4. Classification. This ordinance is of a permanent nature and shall be codified in the Wrangell Municipal Code.

SEC. 5. Effective Date. This ordinance shall be effective upon adoption. However, until which time that a new fee schedule is duly adopted, the fees reflected in the former sections amended herein shall remain as an interim fee schedule.

AMENDED AND PASSED IN FIRST READING: April 12, 2022

PASSED IN SECOND READING: _____, 2022

Patricia Gilbert, Vice-Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

5.08.050 Exemptions from tax.

The following transactions are exempt from the tax levied under this chapter:

- A. Salaries and wages received by an employee from an employer;
- B. Sales made and services performed which are not in the regular course of business;
- C. Sales, and the gross receipts derived therefrom, when the aggregate amount when computed under WMC 5.08.020 amounts to less than \$0.12;
- D. Sales, including such rentals and services, when the total sales and service prices derived by the seller or person furnishing such services does not aggregate \$200.00 in any calendar quarter year;
- E. Dues or fees to clubs, labor unions, or fraternal organizations;
- F. Gross receipts derived from sales of health care and funeral goods and services as follows:
 - 1. Sale of cemetery plots, caskets, funeral and burial related items, funeral charges and services by a funeral home;
 - 2. Professional services and supplies by a person licensed, qualified, or certified by the state as a doctor of medicine and surgery, a doctor of osteopathy and surgery, a chiropractor, a dentist, a naturopath, an optometrist, an audiologist, a hospital, a midwife, operator of a birth center, an acupuncturist, an occupational therapist, a physical therapist, a certified nurse aide, or a registered or practical nurse; provided, that the sale is within the scope of the state license or certificate;
 - 3. Controlled substances supplied and services performed pursuant to a prescription from a person listed in subsection (F)(2) of this section;
 - 4. Counseling services by a mental health professional including a psychotherapist, psychologist or psychological associate, a clinical social worker, an alcohol and drug counselor, or a marital and family therapist, licensed or certified by the state; provided, that the services are within the scope of the license or certificate;
 - 5. Assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed as such by the state;
 - 6. Sales of hospital services, or from sales of oxygen used for medical purposes, blood or blood plasma, artificial devices designed or altered for the use of a particular person with a disability, artificial limbs, eyes and organs, hearing aids, assistive mobility devices (e.g., crutches, canes, walkers, and wheelchairs);
 - 7. Services rendered by barbers, cosmeticians and masseurs are not exempt;
- G. All sales of commodities made to a manufacturer, broker, wholesaler or dealer and which are not consumed or destroyed by such purchaser, but which are resold in the same or an altered form, or which are used to package, crate or deliver the products of such purchaser;
- H. All sales to a bona fide retailer when the same are purchased for resale in the ordinary course of business; in this connection, a retailer is one who regularly stocks merchandise for resale, displays the same to the public and holds himself or herself out as regularly engaged in the business of selling such products either during a regular season or throughout the year directed to the consumer;
- I. Gross receipts or proceeds derived from the transportation to and from grade or high schools in motor or other vehicles;
- J. Gross receipts or proceeds derived from servicing, freezing, storing, handling or wharfing of fish; or lumber or any other commodities awaiting shipment or in the process of being shipped;

K. Gross receipts or proceeds derived from sales to the United States government, State of Alaska, City and Borough of Wrangell and any of its political subdivisions;

L. All sales for consumption outside of the borough if delivered by a common carrier by air, land or water to the purchaser;

M. That part of a sale of goods over \$3,000 when all items in a single-purchase sale are added together, and that part of a sale of services over \$3,000 for a single job or task. Invoices for sales of services shall be computed monthly or less for tax purposes;

N. All sales of newspaper;

O. Sales of services, or building and construction supplies, materials, or equipment, including rental of equipment or tools, to a licensed contractor for use in construction for resale;

P. The value of new or used articles taken in trade as a credit or part payment on the sale of new articles shall be deductible from the total sales price of the new article;

Q. Gross receipts derived from sales, services, rentals and transactions which the municipality is prohibited from taxing under the Constitution and laws of the United States or the State of Alaska;

R. Gross receipts derived from services provided by day care centers and preschool facilities;

S. Sales of services, or building and construction supplies, materials, or equipment, including rental of equipment or tools, to a licensed contractor for use in construction of projects under contract with the United States government, State of Alaska, City and Borough of Wrangell or any of its political subdivisions;

T. Purchases made with food coupons, food stamps, or other type of certificate issued under 7 U.S.C. 2011-2025 (Food Stamp Act);

U. Gross receipts derived from the sales of lawful games of chance and skill conducted by qualified organizations which hold a valid permit from the State of Alaska pursuant to Title 5, Chapter 15 of the Alaska Statutes;

V. Purchases made with food vouchers or other type of certificate issued under 42 U.S.C. 1786 (Child Nutrition Act, WIC);

W. Gross receipts derived from services provided by any form of air service are exempt;

X. That part of the sales price paid by the buyer for travel and adventure services purchased outside the borough or on a cruise ship which is not remitted, directly or indirectly, to the person providing or performing the service within the borough. For purposes of this exemption, "cruise ship" means:

1. A commercial passenger vessel that carries passengers for hire except that "cruise ship" does not include a vessel:

a. Authorized to carry fewer than 20 passengers;

b. That does not provide overnight accommodations and transportation for at least 20 passengers for hire; or

c. Operated by the United States, State of Alaska, or a foreign government.

Y. Sales of goods where the entire transaction, both payment and delivery, takes place on board a cruise ship. For purposes of this exemption, a "cruise ship" has the same meaning as set forth in subsection (X) of this section.

5.08.070 Limitations of use of tax proceeds.

The proceeds of tax levied under this chapter shall be used in such amounts as the assembly of the borough shall determine from time to time, depending upon the rate of tax collected, as follows:

A. Twenty-eight percent of the total amount of tax collected shall be used only for any of the following purposes:

1. To pay principal and interest for any bond indebtedness relating to education and health of the borough;
2. To operate and maintain school facilities;
3. To construct and maintain sewers within the borough and other purposes relating to the health and sanitation of the borough.

B. Four percent of the total amount of tax collected shall be used only to plan, design, construct, and/or improve streets and sidewalks, such as pavement of gravel streets or the repavement of previously paved streets.

C. Sixty-eight percent of the total amount of tax collected shall be used only for any general fund purposes for which moneys of the borough may be disbursed for any purpose.

5.08.100 Penalty and interest.

In the event a return is not made or the appropriate tax not paid within one month following the reporting quarter, a penalty of five percent of such tax as is unpaid shall be added to such tax for the first month of delinquency or any fraction thereof, and an additional five percent shall be added for each additional month of delinquency or fraction thereof, until the total penalty of 15 percent has accrued. Interest at the rate of 15 percent per year from the date of delinquency until paid shall accrue in monthly. The borough assembly may upon a verified showing of medical necessity, as the reason for a failure to pay sales tax in a timely manner, waive all or any portion of the penalty and/or interest assessed hereinabove. Such penalty and interest shall be collected in the same manner as the tax.

CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	April 26, 2022
	<u>Agenda Section</u>	13

Approval of a contract award to Johnson Construction & Supply, Inc. in the amount of \$248,989 for the Lift Station Generator Enclosure project

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director

FISCAL NOTE:

Expenditure Required: \$248,989

FY 21:	FY 22: \$248,989	FY23:
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Amount Budgeted:

	FY22 \$260,000
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Account Number(s):

	76300-503-9999-11-76001
--	-------------------------

Account Name(s):

	Lift Station Generator Enclosure Capital Project
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Reviews/Approvals/Recommendations

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

ATTACHMENTS: 1. Bid Opening Checklist and Tabulation Summary for the Lift Station Generator Enclosure Capital Project

RECOMMENDATION MOTION:

Move to approve a contract award to Johnson Construction & Supply, Inc. in the amount of \$248,989 for the Lift Station Generator Enclosure project.

SUMMARY STATEMENT:

The CBW recognized a need to provide standby power for the lift station on Wood Street, adjacent to the new hospital, to ensure continual operation during periods of power outages. SEARHC agreed to work with the CBW to construct a standby generator with an enclosure at the entrance to the hospital on Wood Street. SEARHC asked that the generator be enclosed in a structure to match the finishes on the hospital building for the sake of continuity of their exterior aesthetics.

The Borough utilized the DCCED grant for the Hospital to fund this work. Wold Architects, the hospital A&E firm was hired to design the project.

The City & Borough of Wrangell issued an Invitation to Bid for the construction of the Lift Station Generator Enclosure project. On April 12, 2022, the CBW received two responsive bids, according to the attached bid opening summary, which were within \$2,000 of one another. Although Dawson Construction had the lessor cost, the local bidder preference of 5% of bid price, for the purpose of award, applies to Johnson Construction, so the project would be awarded to Johnson Construction. Staff recommend awarding the procurement contract to Johnson Construction & Supply, Inc. in the amount of \$248,989.

*The City and Borough of Wrangell's procedures for submitting documentation for the purpose of award, involves the withholding of detailed information from each Bidder until an award has been made. The reason for this procedure is that in case all bids are rejected, or the project is rebid, the details of each Bidder's bid should remain confidential between potential competitive bidders.

City and Borough of Wrangell, Alaska

LIFT STATION GENERATOR ENCLOSURE

Bid Opening Checklist and Tabulation Summary

Bid Opening Date: April 12, 2022 @ 2:00 p.m. - Assembly Chambers

Bidder's Name	Signed Bid Proposal	Addenda			Bid	Bid Modification	Total Bid with Modification	Total Based on 5% Local Bidder Preference (if applicable)
		#1	#2	#3				
Johnsons Construction Supply Inc.	✓	✓	✓	✓	248,989.00	0	248,989.00	236,539.55 ✓
Dawson Construction LLC	✓	✓	✓	✓	500,000.00	(252,833.00)	247,167.00	✓

Verified By: 

Witnessed By: 

Bid Bond