



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

Draft: Land Use Plan Policy and Procedure for Lease and Sale of Municipally Owned Property

Background: The City and Borough of Sitka is owner of substantial real property which is used for various municipal purposes. As public service needs change, the requirements for these properties may be revised and certain parcels may be in excess of the Municipality's current need.

Purpose: The purpose of this policy is to establish guidelines for the identification and/or timely review of municipally owned property which is deemed surplus to the Municipality's needs, and to provide guidelines and criteria for the disposition of such property through compliance with CBS Charter and Title 18 Property Acquisition and Disposal.

The purposes of this policy are to acknowledge the value and importance of real estate assets to the City and Borough of Sitka and to establish a sound framework under which the Municipality can make strategic decisions about the real estate it owns.

Policy: It is the policy of the Municipality to manage its real estate assets so that municipal needs which rely on these assets may be properly implemented. The Assembly has the authority to review all CBS-owned real estate not required for municipal purposes and will determine the appropriate disposition for such property. If a property is not needed for public use within the foreseeable future, it may be made available for sale. If a property may be needed at a future time, it may be made available for lease. Those properties not required for municipal use or designated for lease may be declared surplus by the Assembly and sold.

It is the policy of the Municipality to optimize the social and economic return on sale or lease from city-owned specific property based upon specific requirements, including 1) an appraisal of the property which is no more than six months old at the time the recommended transaction is presented to the Assembly; 2) a review of prevailing economic conditions and recent applicable trends; and 3) a determination of any special benefits that may accrue from sale, lease, or exchange.

It is the policy of the Municipality that property sale or lease transactions will not be negotiated in open Assembly session, and accordingly, the Assembly will either approve, disapprove, or return to the

Administrator for further negotiation or study, any recommendation concerning the disposition of municipal property.

Responsibility and authority for implementation and administration of the property management policies and procedures shall be included in the Land Use Plan and shall vest with the Administrator and/or his/her designee.

Procedure: Real Estate Review- All unused and marginally used municipally owned property will be reviewed annually to determine public facility or service needs and Comprehensive Plan support needs. The following procedures shall apply:

1. Department/Agency Review – Appropriate municipal departments and other governmental agencies will be requested to review and recommend.
2. Planning Commission Review – The Planning Commission will review for consistency with the Comprehensive Plan.
3. Other Boards and Commissions – Appropriate boards and commissions may provide recommendations.
4. Administrator's Recommendation – Based upon comments and recommendations received from the Planning Commission, other boards and commissions, other agencies and staff, the Administrator will recommend property disposition designations to the Assembly.
5. Assembly Designation – The Assembly will determine the designation to be applied to the property, i.e., declare it surplus and authorize sale or lease.

Designation Criteria- City-owned property not required for municipal purposes will be designated for sale or lease utilizing the criteria listed below. At the time the Administrator recommends whether property should be sold or leased, the Assembly shall be provided with an appropriate analysis. If the Assembly determines that the property is surplus, it shall authorize the Administrator to sell the property for a price equal to or greater than a minimum price established by a current (less than six month old) appraisal.

Criteria for Sale:

1. The property is not currently used by a city department or does not support a municipal function.
2. The property is vacant and has no foreseeable use by the City.
3. The property is a non-performing or under-performing asset and greater value can be generated by its sale.
4. Needed Revenue Source – The sale of property may provide revenues necessary for public facilities or other qualified purposes which are not fundable through other revenue sources.
5. Location of Property – Based upon location, access, topography and other considerations, the only viable alternative is to sell the property.
6. Liability – Elimination of liability associated with location and/or condition of property.
7. Maximize Financial Return – The sale will maximize the total economic return to the City.

8. Community Need and Character – Current community needs drive the demand for sale.
9. Public Good - The sale will benefit the community.

Criteria for Lease:

1. Legal Restraints – The property can only be leased because of legal restrictions, such as tideland conveyances, grants, dedications, and covenants.
2. Probability of Future City Use – The property may be required in the future for public facilities, other required municipal services, or benefit.
3. Historic Significance – Certain city-owned property and structures may have historic significance and, by Assembly determination, must remain in public ownership.
4. Area Future Uncertain – The property is located in an area of uncertain future development and can be leased on an interim basis until future public needs can be determined.
5. Municipal Control Required – The City requires substantial control over development, use and reuse of the property.
6. High Demand – High Long-term Return – The property has an immediate potential for significant long-term economic returns because of high demand and type of use, e.g., tidelands and/or downtown waterfront.
7. Community Need and Character – Current community needs drive the demand for lease.
8. Public Good – The lease will benefit the community.

Method of Sale: Properties may be sold by competitive bid per CBS Title 18.12, unless the Assembly finds that competitive bidding is inappropriate. This includes direct negotiation, request for proposal, listing with a broker, sealed bid, auction or other appropriate methods as determined by the Administrator.

When the property has been offered through a competitive bid process and no acceptable bids are received, the Assembly may authorize the Administrator to sell the property on a negotiated basis to any applicant submitting an acceptable offer with six months following the date of the bid.

Marketing: Properties offered for sale shall receive the widest possible exposure to the open market place. This may be accomplished through direct marketing techniques, such as requests for proposals (RFPs), advertising, exposure through the real estate media, posting the property on the multiple listing service or any other appropriate method. When appropriate, properties may be placed for sale with qualified real estate brokers.

Process: Municipality will maintain an annual detailed land ownership inventory list detailing location, size, current use, zoning, and assessed value.

Annually, the real estate review process will recommend specific properties deemed surplus following the criteria to the Assembly for sale or lease. The Assembly will approve the listed properties for sale or lease, by resolution, and set the minimum price.

Surplus properties or leaseholds will be advertised. All sales will be made to the highest bidder, subject to a land sale ordinance issued by the Assembly.

Nomination of Surplus Property forms will be available in the Planning and Community Development Office and reviewed at time of real estate review.