POSSIBLE MOTION

I MOVE TO approve moving forward, as recommended by the Gary Paxton Industrial Park Board of Directors, with the sale of Lot 23 (Administration Building) at the Gary Paxton Industrial Park by the invitation to bid process.

GARY PAXTON
INDUSTRIAL PARK

329 Harbor Drive, Suite 212
Sitka, AK 99835
Phone: 907-747-2660

Monday, August 27th, 2018

MEMORANDUM

To: Keith Brady, CBS Administrator

From: Garry White, Director

Subject: GPIP Lot 23 (Administration Building) Invitation to Bid

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the City and Borough of Sitka (CBS) sell Lot 23 (Administration Building) at the GPIP.

The GPIP Board met on January 25th, 2018 and approved the following motion:

MOTION: M/S: Horan/ Bevan Move to recommend that the City and Borough of Sitka Assembly approve to sell lot 23 via the invitation to bid process, with no minimum bid. Potential buyers must read Landslide Assessment, Shannon Wilson Geo-tech Report and City and Borough of Sitka Zoning Code/Map.

ACTION: Motion PASSED 5/0
Yes: 5- Finkenbinder, Jones, Bevan, Horan, Wagner
No: 0

Background

The CBS acquired the Administration Building in 2000 from the Alaska Pulp Corp. In 2001 portions of the building were remodeled using Economic Development Administration (EDA) grant funds. The EDA placed a deed restrictions on the property which limited the CBS's ability to sell the building. The encumbrances on the property were released by the EDA in 2017, allowing the CBS to sell the building.

The CBS leased space in the building to various tenants for 16 years. Annual lease revenue generally did not cover the cost of the CBS to operate the building. In August 2015, an intense rainstorm hit the Sitka area dumping 2.5 inches or more of rain in a 6-hour period. The intense rain caused a landslide on the hill across Sawmill Creek Rd from the building. A debris flow stopped against the building causing limited architectural damage to the building. CBS Administration terminated all leases in the Administration Building during the fall of 2016 due to the potential land slide risk.

The GPIP Board of Directors released a Request for Proposal (RFP) document for the selection of a private entity(s) to purchase a portion of Lot 23 (Administration Building) on June 30th 2017. The RFP remained open until September 19th 2017.

The CBS did not receive any responses to the RFP.

Building Information

The Administration Building is a two-story wood framed structure. The building is about 34,500 square feet and is constructed on a side hill with multiple entrances to both floors. Primary access is available to the second floor where there is a lobby and reception area. The second floor contains multiple smaller office suites off a central corridor and several large office suites, a large conference room, bathrooms, and a former kitchen area. The first floor contains multiple office suites off a central corridor, former laboratory, boiler room, mechanical room, communications room, and bathrooms.

Lot 23 and the Administration Building was appraised in 2014 by Alaska Appraisal Associates Inc. The appraiser valued lot 23 at $233,000, but gave the building a $0 value due to the overall worn condition of the building. The appraisal firm was contacted after the 2015 land slide to reassess the value of the lot and building. The appraiser stated that his reported value of the parcel is no longer valid due to the landslide and geotechnical report findings, commenting that the parcel could potentially have a negative value.

The building is a non-producing asset and will be better served in the hands of private industry.

Additional Information

- Please see that attached Gary Paxton Industrial Park Debris Flow Analysis completed by the geotechnical firm Shannon & Wilson Inc. dated November 18, 2016.

- Attached is the proposed Invitation to Bid document to sell Lot 23 (Administration Building)

Action

- CBS Assembly approval of selling Lot 23 (Administration Building) via the invitation to bid process.