



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Chair Spivey and Planning Commission Members

From: Amy Ainslie, Planning and Community Development Director

Subject: Pioneer Land Development LLC – Sale of Land on Kramer Avenue

Date: May 15, 2020

Request: Pioneer Land Development LLC (Pioneer) is requesting to purchase a portion of Tract A11 of Whitcomb Heights Subdivision encompassing approximately 41,000 square feet near the corner of Cushing Street and Kramer Avenue. This tract remains unsubdivided and has vehicular access from the Kramer Avenue right-of-way.

This tract of land is part of an R-1 Planned Unit Development (PUD) zone. The underlying uses of the R-1 zoning district would be applied to this lot, thus its sale and subsequent development would result in residential lots.

Per the Shannon and Wilson, Inc. South Kramer Landslide Runout Analysis and Debris Flow Report dated 2/2/2016, this property is shown to be in a “Low Risk Area” for landslides, and is not considered to be a “Restricted Landslide Area” per SGC 20.01.020(A).

Utility infrastructure is available in the area – some has been developed by the city and some has been privately developed. The developer of this lot would need to work with both the city and the other private developer to access utilities.

Background: SGC 18.12.010(E), Real Property Disposal states “*Sale or lease of municipal real property, including tidelands, shall be by competitive bid, unless the assembly finds that competitive bidding is inappropriate, due to the size, shape, or location of the parcel, rendering it of true usefulness to only one party, or is waived by subsection C of this section. The assembly may also find that competitive bidding is inappropriate due to the nature of the property or the circumstances surrounding its disposal to include possible unjust results with regard to the existing lessee, or adjacent or neighboring property owners.*” Staff finds no particular characteristics of the lot that would render competitive sale of this property inappropriate. Therefore, the Assembly must choose a competitive sale method – either an auction/sealed bid, or through a Request for Proposal (RFP).

An auction/sealed bid process would likely set a minimum price through the valuation process, then have either an in-person outcry auction, or a sealed bid process in which bidders could submit their one-time, best offer bid. The benefit of this method is that it is most likely to return the highest value back to the municipality for the

land and choosing the “winner” of the bid is straightforward. The drawbacks are that smaller, local developers could be crowded-out of the opportunity, and the municipality has little say on the “end result” of the development.

Alternatively, an RFP can be used to find a developer that meets desirable criteria outside of, or in addition to, the monetary amount offered for the land. These criteria could include things such as number of lots to be created, creation of affordable housing, neighborhood amenities offered in a proposed development, local employment, etc. The challenges with an RFP become seeking consensus on the desired criteria, finding objective ways to measure those (sometimes subjective) criteria, as well as the administrative time to write and manage an RFP.

Valuation: TBD by Assembly pursuant to SGC 18.12.015.C.3 (with assistance from Assessor or Third party Appraisal).

Process: This proposal is supported by the Comprehensive Plan – the Land Use section states that a key opportunity for the future is in “Developing vacant and underutilized property. Affordable housing and development costs are challenges that need a variety of approaches to reduce costs and provide creative solutions.” Moving land into interested private hands makes use of vacant, undeveloped property. The zoning of the tract ensures that it will be developed for residential purposes.

Staff would like the direction of the Commission on whether an auction/sealed bid or RFP process is preferred.

The sale of municipal land must follow Sitka General Code 18.12. Staff envisions the following process:

- 1) Initial Planning Commission recommendation of approval to City Assembly with any specific conditions;
- 2) City Assembly approval of purchase subject to conditions of approval such as official plat, deed restrictions, and value;
- 3) Minimum price established through the valuation process
- 4) Planning Commission approval of formal plat contemporaneous with steps 5 and 6;
- 5) Development and execution of a competitive bid process
- 6) Selection of bid winner
- 7) Finalization and execution of Sales Agreement and Deeds contemporaneous with recording of final plat (with approval by City Assembly if needed)

POSSIBLE MOTION

“I move to recommend approval for the sale of a portion of Tract A11 Whitcomb Heights Subdivision through the (auction/sealed bid or RFP) process.”