

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Real Estate Department

For Reading: March 29, 2011

CLERK'S OFFICE

APPROVED

Date: 4-12-11

ANCHORAGE, ALASKA

AO No. 2011-44

1 **AN ORDINANCE AUTHORIZING DISPOSAL VIA SOLE SOURCE SALE OF A**
2 **PARCEL COMPRISING THE WEST 7.5 FEET OF LOT 4, BLOCK 41,**
3 **ORIGINAL TOWNSITE, TO PEACH INVESTMENTS, LLC.**
4

5
6 **WHEREAS**, the Municipality of Anchorage (MOA) owns the western 7.5 feet of
7 **Lot 4, Block 41, Original Townsite**; and

8
9 **WHEREAS**, the subject parcel has no marketable value except to an adjacent
10 property owner; and

11
12 **WHEREAS**, the adjacent landowner (Peach Investments, LLC) desires to
13 acquire this strip of land that runs along the western boundary of their property
14 and has offered to pay MOA the appraised value for the property; and

15
16 **WHEREAS**, an agency review conducted by RES to determine any municipal
17 need for the subject parcel resulted in no requests to retain said property for any
18 foreseeable municipal purpose; and

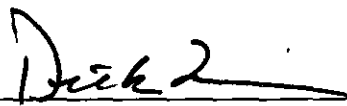
19
20 **WHEREAS**, the offer by Peach Investments, LLC to purchase the subject parcel
21 for appraised value has been reviewed and endorsed by the administration; now
22 therefore,

23
24 **THE ANCHORAGE ASSEMBLY ORDAINS:**

25
26 **Section 1.** The West 7.5 feet of Lot 4, Block 41, Original Townsite, is
27 approved for sole source sale to Peach Investments, LLC, at appraised value.

28
29 **Section 2.** This ordinance shall be effective immediately upon passage and
30 approval.

31
32 PASSED AND APPROVED by the Anchorage Assembly this 12th day of
33 April, 2011.

34
35 
36 _____
37 Chair of the Assembly

37 ATTEST:

38
39 
40 _____
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2011-44 Title: **AN ORDINANCE AUTHORIZING DISPOSAL VIA SOLE SOURCE SALE OF A PARCEL COMPRISING THE WEST 7.5 FEET OF LOT 4, BLOCK 41, ORIGINAL TOWNSITE, TO PEACH INVESTMENTS, LLC.**

Sponsor: MAYOR
 Preparing Agency: Real Estate Department
 Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:		(Thousands of Dollars)				
	FY11	FY12	FY13	FY14	FY15	
Operating Expenditures						
1000 Personal Services						
2000 Supplies						
3000 Other Services						
4000 Debt Service						
5000 Capital Outlay						
TOTAL DIRECT COST	0	0	0	0	0	
6000 IGCs	0	0	0	0	0	
FUNCTION COST:	0	0	0	0	0	
REVENUES:	10	0	0	0	0	
CAPITAL:	0	0	0	0	0	
POSITIONS: FT/PT and Temp.	0	0	0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS: Sale of this lot will add it to the municipal tax base.

PRIVATE SECTOR ECONOMIC EFFECTS: Sole source sale to Peach Investments, LLC, will add value to owner's adjacent lot and allow for improvements and upgrades to downtown historic property.

Prepared by: **Tammy R Oswald**
 Real Estate Dept, Acting Director

Telephone: **343-7986**



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 183-2011

Meeting Date: March 29, 2011

1
2 **From: MAYOR**

3
4 **Subject: AN ORDINANCE AUTHORIZING DISPOSAL VIA SOLE SOURCE**
5 **SALE OF A PARCEL COMPRISING THE WEST 7.5 FEET OF LOT**
6 **4, BLOCK 41, ORIGINAL TOWNSITE, TO PEACH**
7 **INVESTMENTS, LLC.**
8

9 The Municipality of Anchorage owns a parcel legally described as the West 7.5
10 feet of Lot 4, Block 41, Original Townsite (TID #002-105-32) located adjacent to
11 the 4th Avenue Theatre in downtown Anchorage (See map, **Appendix A**).
12

13 Since its acquisition of the 4th Avenue Theatre, Peach Investments has
14 expressed interest in acquiring this strip of land referred to as a "breezeway" that
15 runs along the western edge of the property. Peach Investments formally
16 approached MOA in 2010 and requested purchasing the MOA parcel adjacent to
17 their parcel.
18

19 A municipal agency review was conducted by the Real Estate Services Division
20 (RES) in January 2011 to determine if there was a pre-existing need or potential
21 public use for the subject parcel; RES received no requests to retain this property
22 for any municipal purpose.
23

24 An appraisal and risk analysis of the subject parcel was submitted by a certified
25 appraiser on January 26, 2011, evaluating the land at \$10,000 (**Appendix B**),
26 and on February 17, 2011, Peach Investments submitted a written offer to
27 purchase the property at the appraised value.
28

29 The administration has reviewed the offer and endorses the sole source sale to
30 Peach Investments. The parcel has no marketable value except to an adjacent
31 property holder and serves no municipal purpose.
32

33 **THE ADMINISTRATION RECOMMENDS ASSEMBLY APPROVAL OF AN**
34 **ORDINANCE AUTHORIZING DISPOSAL VIA SOLE SOURCE SALE OF A**
35 **PARCEL COMPRISING THE WEST 7.5 FEET OF LOT 4, BLOCK 41,**
36 **ORIGINAL TOWNSITE, TO PEACH INVESTMENTS, LLC.**
37

38 Prepared by: Real Estate Services Division, Real Estate Department

39 Approved by: Tammy R. Oswald, Acting Director, Real Estate Dept.

40 Concur: Dennis A. Wheeler, Municipal Attorney

41 Concur: George J. Vakalis, Municipal Manager

42 Respectfully submitted: Daniel A. Sullivan, Mayor
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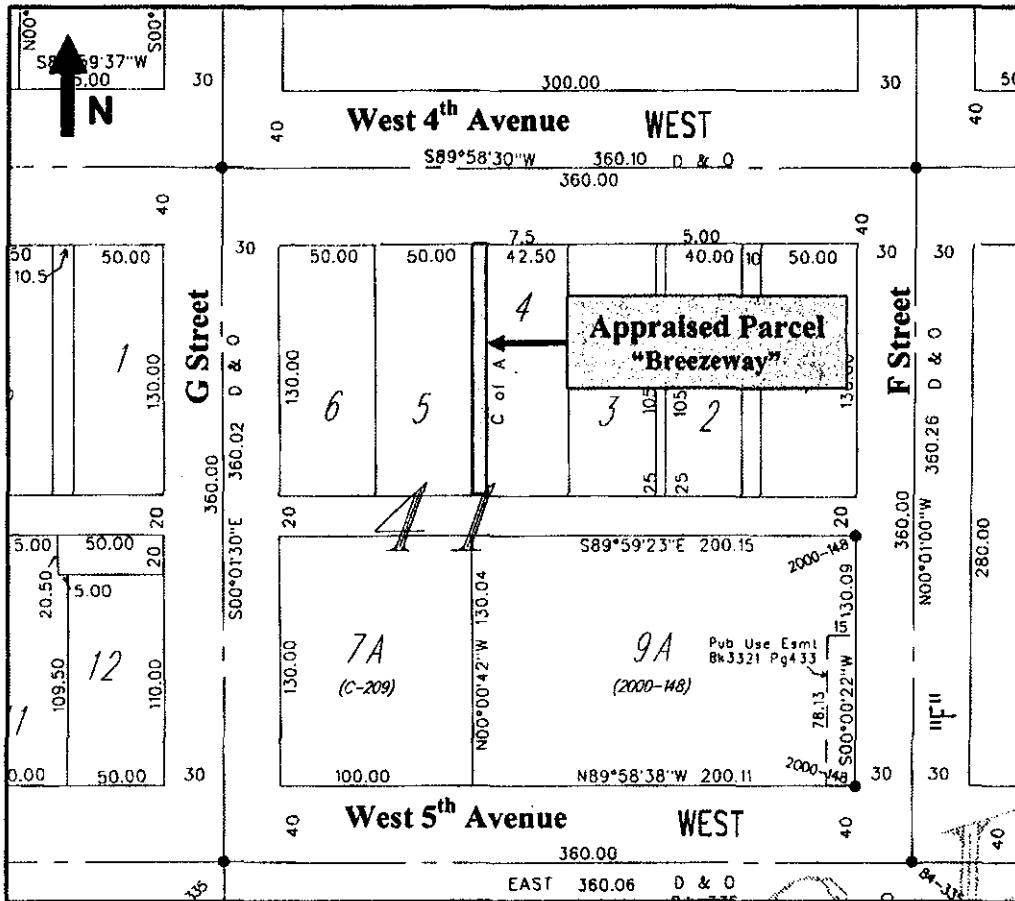
Appendices:

Appendix A—Area Map by MacSwain Associates

Appendix B—January 26, 2011 MacSwain Associates Summary Appraisal

APPENDIX A

West 7.5 feet of Lot 4, Block 41, Original Townsite Anchorage, Alaska



APPENDIX B

MacSwain Associates LLC

Date of Report: January 26, 2011

Appraiser: Steve MacSwain, MAI

The crux of this new assignment is a re-evaluation of the risk analysis that reconciles with an opinion of value. The prior report determined the multitude of factors that increase buyer risk and uncertainty support a discount of 60 to 80-percent from the market rate of \$75 per square foot for adjoining or alternative CBD land. New data provided the appraisers pertaining to higher than anticipated assemblage costs and the elimination of a probable buyer is market impetus to change the upper end of the discount to 90-percent. The following tables provide the value range for the subject land based on an updated risk analysis.

Discount:	90%	60%
	\$7.50/SF	\$30.00/SF
	975 SF × \$7.50/SF =	\$7,313
	975 SF × \$30.00/SF =	\$29,250

After analysis, we are of the opinion the market value falls within the lower end of the indicated range because of the severity of mitigating factors. Specifically, factors that create high buyer risk and uncertainty and diminish marketability are as follows.

- Non-conformance with minimum land area requirements of B2-A zoning district
- Restriction of subsurface rights
- Encroachment of improvements by both adjoining properties
- Limited buyers when compared to the market for CBD land
- Liability of unauthorized use of land by public
- Issue of adverse possession
- Differing legal interpretations of property entitlements granted in the 1915 conveyance document
- Possible rejection of re-plat by Municipal Assembly
- Elimination of one of two probable buyers from market equation
- Higher than anticipated engineering costs associated with assemblage

In conclusion, we estimate the market value of the 975-square foot subject land, as of August 23, 2010, is \$10,000.

Market Value of Appraised Land	\$10,000
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Content ID: 009974

Type: Ordinance - AO

Title: AN ORDINANCE AUTHORIZING DISPOSAL VIA SOLE SOURCE SALE OF A PARCEL COMPRISING THE WEST 7.5 FEET OF LOT 4, BLOCK 41, ORIGINAL TOWNSITE, TO PEACH INVESTMENTS, LLC.

Author: maglauijp

Initiating Dept: Real_Estate

Description: Sale of downtown Anch. remnant parcel to adjacent property owner (Peach Investments)

Keywords: Sole Source Sale Lot 4, Block 41, Original Townsite

Date Prepared: 3/8/11 2:25 PM

Director Name: Tammy R. Oswald

Assembly Meeting Date: 3/29/11

Public Hearing Date: 4/12/11

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	3/18/11 11:13 AM	Exit	Joy Maglaui	Public	009974
MuniManager_SubWorkflow	3/18/11 11:13 AM	Approve	Joy Maglaui	Public	009974
MuniManager_SubWorkflow	3/18/11 11:12 AM	Checkin	Joy Maglaui	Public	009974
Legal_SubWorkflow	3/9/11 4:26 PM	Approve	Rhonda Westover	Public	009974
Finance_SubWorkflow	3/9/11 4:13 PM	Approve	Ross Risvold	Public	009974
OMB_SubWorkflow	3/9/11 7:51 AM	Approve	Cheryl Frasca	Public	009974
Real_Estate_SubWorkflow	3/8/11 2:32 PM	Approve	Tammy Oswald	Public	009974
AllOrdinanceWorkflow	3/8/11 2:31 PM	Checkin	Lynn Roderick Van Horn	Public	009974