

AGENDA

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. APPROVAL OF AGENDA

- 1. Approval of Minutes of Previous Meetings
 - a. February 20, 2021, Special Meeting Page 3

E. REPORTS

- 1. City Manager’s Report
 - a. State of Alaska City of Palmer Dispatch Agreement Page 5
- 2. City Clerk’s Report
- 3. Mayor’s Report
- 4. City Attorney’s Report

F. AUDIENCE PARTICIPATION

G. PUBLIC HEARINGS

- 1. **Resolution No. 20-029:** Authorizing the Sale of 12.65 Acre Parcel of Land Located at 2390 S. Glenn Highway to Alaska Frontier Fabrication, LLC, in the Amount of \$408,300.00 in Accordance with Palmer Municipal Code Section 3.20.080(M) (2nd Public Hearing) (Pending Motion) Page 17
- 2. **Resolution No. 21-008:** Authorizing the Sale of a 12.65 Acre Parcel of Land Located at 2390 S. Glenn Highway, More Particularly Described as Lot D2, Section 18, Township 17 North, Range 2 East, Seward Meridian, Located in the Palmer Recording District, Third Judicial District, State of Alaska, to Alaska Frontier Fabrication LLC in Accordance with Palmer Municipal Code 3.20.080 in the Amount of \$408,300.00 for an Industrial Site Page 35
- 3. **Resolution No. 21-009:** Accepting a Loan and Grant from the United States Department of Agriculture Rural Development, Rural Utilities Service Loan amount not to exceed \$8,121,000.00 and Grant amount of \$458,000.00 for the Engineering, Construction, and Installation of Secondary Clarifiers at the Palmer Wastewater Treatment Plant Facility in Accordance with Federal Consent Decree and Civil Action No: 3:16-cv-00204-TMB..... Page 91

H. NEW BUSINESS

- 1. **Resolution No. 21-010:** Approving a Code of Ethics and Conduct for Elected Officials.. Page 123
- 2. **Action Memorandum No. 21-017:** Approving a Council Community Grant in the Amount of \$5,000.00 to Hatcher Pass Avalanche Center Inc. for Avalanche Forecasting and Public Advisory Page 139

3. **Information Memorandum No. 21-001:** Committee of the Whole for Discussion Regarding Election Matters (note: action may be taken by the Council following the Committee of the Whole) Page 147

I. EXECUTIVE SESSION

1. Matters, the Immediate Knowledge of Which Would Clearly Have an Adverse Effect Upon the Finances of the Public Entity and Matter which by Law, Municipal Charter, or Ordinances are Required to be Confidential – Potential Litigation Attorney Client Communication: State of Alaska City of Palmer Dispatch Agreement (note: action may be taken by the council following the executive session)

J. RECORD OF ITEMS PLACED ON THE TABLE

K. AUDIENCE PARTICIPATION

L. COUNCIL COMMENTS

M. ADJOURNMENT

Tentative Future Palmer City Council Meetings

| Meeting Date | Meeting Type | Time | Notes |
|---------------------|---------------------|-------------|--------------|
| Mar 23 | Regular | 7 pm | |
| Apr 13 | Regular | 7 pm | |
| Apr 27 | Regular | 7 pm | |
| May 11 | Regular | 7 pm | |
| May 25 | Regular | 7 pm | |
| June 8 | Regular | 7 pm | |
| June 22 | Regular | 7 pm | |

A. CALL TO ORDER

A special meeting of the Palmer City Council was held on February 20, 2021, at 9:00 a.m. in the Council Chambers, Palmer, Alaska. Mayor DeVries called the meeting to order at 9:00 a.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

| | |
|---|---|
| Edna DeVries, Mayor | Sabrina Combs, Deputy Mayor (participated telephonically) |
| Julie Berberich (participated telephonically) | Brian Daniels |
| Richard Best (participated telephonically) | Jill Valerius (participated telephonically) |
| Steve Carrington | |

Staff in attendance were the following:

| | |
|---------------------------------|--|
| John Moosey, City Manager | Michael Gatti, City Attorney (participated telephonically) |
| Norma I. Alley, MMC, City Clerk | |

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

1. Approval of Consent Agenda
 - a. Introduction and Setting a Public Hearing for February 23, 2021, for **Ordinance No. 21-001:** Amending Palmer Municipal Code Title 17 Enacting Palmer Municipal Code Chapter 17.30 Creating a Central Business District
 - b. Introduction and Setting a Public Hearing for February 23, 2021, for **Ordinance No. 21-002:** Amending Palmer Municipal Code Title 17 Regarding a Central Business District and Enacting Palmer Municipal Code Section 17.28.020 Palmer Commercial Land Use Matrix

Council Member Berberich joined the meeting at 7:02 p.m.

Main Motion: To Approve the Agenda and Consent Agenda

| | |
|--------------|----------------------------|
| Moved by: | Daniels |
| Seconded by: | Combs |
| Vote: | 6 Yes/0 No/1 Absent (Best) |
| Action: | Motion Carried |

E. AUDIENCE PARTICIPATION

Written testimony from Terry Snyder was entered into the record (see official meeting packet for meeting material).

F. NEW BUSINESS

1. **Committee of the Whole:** Strategic Planning Session

Main Motion: To Enter into the Committee of the Whole

| | |
|--------------|----------------------------|
| Moved by: | Carrington |
| Seconded by: | Combs |
| Vote: | 6 Yes/0 No/1 Absent (Best) |
| Action: | Motion Carried |

Discussion commenced on each members of the Council’s desired legacy and vision/goals for the city.

Council Member Richard Best joined the meeting at 9:36 a.m.

Council Member Richard Best left the meeting at 10:22 a.m. and rejoined at 10:23 a.m.

Mayor DeVries called a recess at 10:29 a.m. and reconvened the meeting at 10:45 a.m.

Council Member Best rejoined the meeting at 10:47 a.m.

Deputy Mayor Combs requested a survey of the business owners be done inquiring their need and how much they would be able to pay to achieve support of their needs.

Mayor DeVries adjourned the committee of the whole and reconvened the regular meeting at 11:55 p.m.

G. RECORD OF ITEMS PLACED ON THE TABLE

City Clerk Alley reported written testimony from the public was the Item Placed on the Table (see official meeting packet for item placed on the table).

H. COUNCIL COMMENTS

No direction given to staff for legislation to be placed on a future agenda.

I. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 11:57 a.m.

Approved this ____ day of _____, 2021.

Norma I. Alley, MMC, City Clerk

Edna B. DeVries, Mayor



Brad Hanson
Interim City Manager

231 W. Evergreen Ave.
Palmer, AK 99645-6748
Phone: 907-761-1317
www.cityofpalmer.org

MEMORANDUM


TO: Councilmembers
FROM: Brad Hanson
DATE: May 5, 2020
SUBJECT: Dispatch Services

As a courtesy to you, I wanted to make you aware of an agenda item for the May 12, 2020 meeting. The State of Alaska Department of Public Safety (DPS) has approached the city of Palmer about assuming the operation of dispatch at our dispatch center. This is a significant development in the delivery of police and fire dispatch services within the city. The cost savings to the city will be substantial. A copy of the Intergovernmental Agreement and financials will be available in the packet.

I am informing you of this prior to the arrival of the city council packet on Wednesday because Chief Shelton, HR Specialist Kimberly Green, myself and DPS representatives will be conducting a meeting with dispatchers on Wednesday, May 6 at 6 PM. The reason for the meeting is to alert dispatchers to this agenda item, so they fully understand DPS offer. The proposed Intergovernmental Agreement between the city and DPS, requires DPS to make offers of employment to all current Palmer Dispatchers. Consequently, dispatcher's employment will not be jeopardized, just who they work for. We wanted to make sure dispatchers understood this prior to it being on the website so there were no misconceptions regarding their employment status.

Along with DPS proposal to assume operations of Palmer's dispatch center there will be the cancellation of their current contract with Wasilla's MatCom. This may have implications on annual budgets in Wasilla.

If you have any questions, please call me at 761-1304.

Thanks,


Brad Hanson

**INTERGOVERNMENTAL AGREEMENT
FOR PROVISION OF EMERGENCY DISPATCH SERVICES
BY THE ALASKA DEPARTMENT OF PUBLIC SAFETY
FOR THE CITY OF PALMER**

WHEREAS, the State of Alaska Department of Public Safety (DPS) and the City of Palmer Police Department have previously executed an agreement in April 2020 to provide for the training of entry-level DPS dispatch employees, and

WHEREAS, DPS leased space in the Palmer Police Department at 453 South Valley Way for DPS B Detachment operations since July 1, 1985 (Lease #2022), and

WHEREAS, DPS has a current need to equip and provision an emergency communications center supporting enhanced 9-1-1 for unincorporated regions without E911 service and consolidated DPS communications, and

WHEREAS, the Palmer Police Department's dispatchers have prior training and experience as the Primary Public Safety Answering Point (PSAP) for the Matanuska-Susitna (MatSu) Borough, and

WHEREAS, Palmer has a contingent of trained and qualified emergency communications professionals, and

Therefore, the Parties agree to the following:

1. Purpose

- a. The purpose of this agreement is to amend the existing facility lease at 453 South Valley Way for DPS' emergency communications requirements, and
- b. Establish a services agreement for DPS to provide emergency call taking and dispatch services for the City of Palmer, and
- c. To set the foundation for an offer of employment to existing Palmer Police Department dispatchers as Emergency Services Dispatchers for the Alaska Department of Public Safety.

2. Facility Lease

- a. The City of Palmer offers to lease to DPS the additional area within the facility at 453 South Valley Way currently occupied by the Palmer Police Dispatch Center including equipment room space, approximately 2,000 square feet.
- b. The net increase in annual lease for this space will be a value of \$1,906.50 per month or \$22,878.00 annually.
- c. Palmer and DPS will execute an amendment to the existing lease agreement under these terms and substantially under the additional terms and conditions of the existing Lease between the Parties, Lease #2022 as amended.

3. DPS Dispatch Services and Contributions

- a. DPS will establish, furnish, and equip a minimum of six (6) console positions within 453 South Valley Way in support of this agreement as well as meeting DPS' needs for a regional emergency communications center.
- b. DPS will provide the telecommunications equipment, computer aided dispatch, radio communications consoles, workstation furniture and technology required to receive and process emergency and non-emergency calls for service
- c. DPS will cooperate with Palmer in the negotiation and transition of Palmer's existing Motorola maintenance and support contract for radio consoles, Verint logging recorder and Spillman CAD systems.
- d. DPS will continue to monitor and maintain console access to Palmer's conventional radio systems, including: Police primary, backup and tactical channels; Fire Department channel; and City Government channel.
- e. DPS will bear the one-time and recurring costs of telecommunications interconnection with DPS information systems, to include computer aided dispatch, statewide 911 telephony, the Alaska Records Management System (ARMS), and other DPS proprietary subsystems.
- f. DPS will provide radio dispatch services for the Palmer Police and Fire Departments according to established call processing protocols, which will be documented in DPS' policy and procedure manuals. These protocols may change from time to time with the agreement of the parties. Support the Palmer Police and Fire Departments, as well as processing after business hour and emergency requests for service intended for Palmer City Departments.

- g. DPS will maintain recordkeeping to accurately reflect call for service and communications transaction logs of the Palmer Police and Fire Departments. DPS agrees to capture and provide all information captured in the dispatch center necessary to support incident reporting requirements of the Palmer Police and Fire Departments
- h. DPS and Palmer agree that the following call for service volumes represent the demand for service from the proposed scope of DPS dispatch services:
 - i. Palmer Police Department: 12,000 calls annually; 7,300 incident reports annually
 - ii. Palmer Fire Department: 240 calls annually
- i. DPS and Palmer agree that should these volumes change by more than 50%, then the Parties will amend the compensation under this agreement.
- j. DPS will provide the Palmer Police and Fire Departments with access to the DPS Computer Aided Dispatch, 911 call taking and logging recorder, systems for inquiries and reports related to the City's call for service activity and dispatch center performance. Palmer will be solely responsible for the disclosure of any and all records and incident information related to their agency call for service and response.
- k. DPS will provide Palmer with access to audio recordings of emergency and non-emergency calls as well as those of Palmer's radio channels. DPS will support Palmer's requirements for seven (7) years of retention for audio recordings.
- l. DPS will receive and process calls dialed to the published Palmer Police Department's primary telephone number.
- m. DPS will receive and process calls to the Crime Stoppers telephone number, including the entry of 'tip' information into the P3 Tips portal. This will be an unrecorded telephone line. Palmer estimates the volume of Crime Stoppers calls at 100 calls annually. DPS agrees to not seek reimbursement for this service unless the DPS time requirement and level of effort burden changes substantially.
- n. DPS will coordinate the transition and removal of the MatSu Borough's 911 call taking system, including removal of cabinets and computers.
- o. DPS agrees to offer and make available backup 911 emergency call taking capabilities for the MatSu Borough. DPS will provision information technology

and telecommunications capabilities within 453 South Valley Way to accommodate interconnection with the Mat Su Borough's 911 system.

- p. DPS agrees that compensation or value received by Palmer from the MatSu Borough for geographic information or addressing services provided by Palmer shall remain with Palmer.
- q. DPS agrees to keep all equipment and furnishings in good repair and current with manufacturer-recommended updates sufficient to support the terms of vendor and State-provided maintenance and support agreements. DPS agrees to keep current any required vendor-support agreements for application software and proprietary hardware.
- r. DPS agrees that should this agreement not be renewed, that DPS will relinquish ownership and abandon the Telecommunication equipment, computer aided dispatch, radio communication consoles, work station furniture, and technology within the dispatch center at 453 South Valley Way in favor of Palmer. DPS will facilitate the transfer of vendor licenses, support agreements and accounts payable to Palmer.
- s. DPS shall make offers of employment to all current emergency services dispatchers working at the Palmer Police Department. To the extent allowed by the current State collective bargaining agreement for emergency service dispatch personnel, DPS shall make offers of compensation, benefits and seniority corresponding as close to or better than the individual's current compensation package and seniority.
- t. DPS will pay for a Alaska Public Employees' Retirement System (PERS) Liability Study on behalf of Palmer specific to the seven (7) existing dispatch employees. DPS will provide the entire results of the Study to Palmer.

4. Palmer Contributions

- a. The City of Palmer agrees to relinquish ownership and transfer to DPS the existing fixtures and technologies currently deployed within the Palmer Dispatch center, to include radio consoles, desktop computers, raised flooring, telecommunications cabling, furnishings, appliances, reference materials and other items that the City would otherwise claim property rights.
- b. Palmer will otherwise retain technology, connectivity and access credentials for APSIN/NCIC access for its own operational needs at its own cost.

- c. Palmer will continue to pay for the one-time and recurring costs of non-emergency and administrative telephone systems and associated carrier services. DPS will support the interconnection of Palmer telephone systems with DPS dispatch call taking systems.
- d. Palmer will retain ownership, maintenance and support responsibility of the City's existing conventional VHF radio system, including licenses, transceivers, equipment shelters, towers, fixed infrastructure and interconnecting telecommunications links such as carrier-provided services.
- e. Palmer will provide additional space in the Equipment Shelter adjacent to 453 South Valley Way, to the extent possible, for any necessary installation of information technology and telecommunications components by DPS.
- f. Palmer agrees to continue addressing and geographic information support for the MatSu Borough 911 Program and to execute any necessary agreements for that purpose.
- g. Palmer will provide formal notice of termination to the City of Wasilla in according to the terms of the May 25, 2017 agreement entitled "Agreement for Emergency Communications Overflow and ANI/ALI Addressing Services Between the City of Wasilla and City of Palmer." This notice will provide for an effective date of termination by January 1, 2021.
- h. Palmer agrees that DPS shall be eligible and unencumbered to receive value or compensation provided from other jurisdictions for services provided by DPS performed in the proposed dispatch facility, such as call taking and dispatch tasks for other agencies.
- i. Palmer agrees that DPS may enter into agreements with the MatSu Borough to receive reimbursement for 911 training or provisioning costs deemed suitable by the MatSu Borough.
- j. Palmer Police Department currently has fifteen (15) commissioned officers. Palmer intends to increase this complement within the five-year initial term of this agreement by up to five (5) officers, which may or may not be associated with additional annexation by the City of Palmer. DPS agrees that this does not represent a substantial increase in the provision of dispatching services and will not seek additional compensation.
- k. Palmer may retain one (1) dispatch employee at their discretion. This individual would continue to support the mission of the Palmer Police and Fire

departments with administrative duties, including records inquiries, historical analysis and other responsibilities as determined by the City of Palmer.

5. Operation & Management

- a. DPS will designate a civilian manager of emergency communications who will be the primary point of contact with Palmer under this agreement. In the interim, a DPS Captain or Major assigned to Headquarters will be designated as the administrator of this agreement. These individuals will also coordinate the operations of the DPS communications center in Fairbanks.
- b. DPS will provide monthly and annual reports of dispatch center performance which represent the agreement as to key performance indicators of dispatch center operations. The Parties may reference applicable national standards or develop other measures of performance.
- c. Within ninety (90) days of the execution of this agreement, DPS will document a standing order to be incorporated into the DPS Operating Procedure Manual (OPM) specifically addressing the communications channels and escalation of issues by the City of Palmer.

6. Dispute Resolution

- a. In case of unresolved disputes, the Parties will select and agree to an individual to act as an independent mediator. This mediator will facilitate discussion between the Parties and work to resolve contentious issues and to achieve consensus.
- b. The mediator's role will include: establishing ground rules for discussions and communications; providing an opportunity for each Party to describe their issues; identifying and summarizing any underlying causes; proposing options for resolution; promoting discussion and analysis of solutions; promoting consideration of and refining proposed solutions; and recording a final agreement in writing.
- c. The mediator will not be a current or former employee or elected official of any Party to this agreement.
- d. In the event mediation is unsuccessful, any action arising from this agreement will be filed in Anchorage 3rd Judicial District, Alaska.

7. Fees and Fee Payment

- a. The parties agree that the amounts currently paid and those that will be owing for the total leased space within 453 South Valley way are fair and reasonable compensation to DPS for its duties under this agreement.
 - i. Current Value of Lease #2022: \$4,354.63 monthly, \$52,255.56 annually
 - ii. Value of proposed Dispatch Center Lease: \$1,906.50 per month, \$22,878.00 annually
 - iii. Total Value: \$6,261.13 monthly, \$75,133.56 annually.
- b. The Parties agree that due to the equity of mutual compensation, neither party will be required to present an invoice or payment warrant or electronic transfer of funds on the anniversary or other periodic basis of this agreement.
- c. 1000DPS agrees that the \$60,000 ARMS fee waiver provisions of the Training Agreement dated April 13, 2020 executed with Palmer will remain intact.
- d. Palmer agrees to compensate their employees for accrued leave to the extent that the leave cannot be transferred to their future State employment compensation.
- e. Palmer agrees that the all Alaska Public Employees' Retirement System (PERS) liabilities of the City's dispatch personnel will remain with the City after the transfer of those dispatch employees to DPS.

8. Amendments

- a. Proposed amendments to this agreement shall be approved by unanimous consent of the Parties and must be subsequently adopted by each of the Party's governing bodies or executives.
- b. The Parties agree to review the level of effort and demand requirements of the dispatch services provided by DPS under this agreement and to consider adjustments to compensation on an annual basis.

9. Non-Appropriation

- a. The Parties to this agreement agree that for DPS, an appropriation in the future to fund any payment resulting from this agreement remains in the sole discretion of the State Legislature, and the State Legislature's failure to make such an appropriation creates no further liability or obligation of the State.

- b. The Parties to this agreement agree that for the City of Palmer, an appropriation in the future to fund any payment resulting from this agreement remains in the sole discretion of the Palmer City Council, and that the City's failure to make such an appropriation creates no further liability or obligation of the City.

10. Term of Agreement

- a. This agreement shall be for five (5) years, beginning June 1, 2020 and ending May 31, 2025.
- b. Transfer of Palmer dispatch employees to DPS shall occur on December 1, 2020.
- c. DPS intends to begin dispatch operations under this agreement on or before December 31, 2020.
- d. The agreement shall be renewable in five (5) year increments.
- e. Either Party may terminate this agreement if the other Party fails to perform in the manner called for in the agreement.
- f. Either Party may terminate this agreement if there are insufficient or other lack of funds lawfully appropriated for its performance.
- g. The terminating Party must give notice at least two (2) years in advance of the desired termination date, but in no case any earlier than June 1, 2023.

11. Indemnification

- a. Palmer shall indemnify, hold harmless, and defend DPS from and against any claim of, or liability for error, omission or negligent act of Palmer related to this agreement. Palmer shall not be required to indemnify DPS for a claim of, or liability for, the independent negligence of DPS. If there is a claim of, or liability for, the joint error or omission of Palmer and DPS, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis.
- b. No participating jurisdiction shall be responsible or liable for consequential damages to any other participating jurisdiction arising out of the performance of the terms and conditions of this Agreement. Consequential damages are any losses incurred by breach of this agreement that are not ordinarily predictable.

c. There are no third-party beneficiaries to this agreement.

12. Approvals

SUBSCRIBED TO AND ENTERED INTO by the appropriate officers who are duly authorized to execute this Agreement on behalf of the governing body of the below named unit of government.

CITY OF PALMER

DEPARTMENT OF PUBLIC SAFETY



Brad Hanson, Interim City Manager


Date: 5/13/2020



Amanda Price, Commissioner

Date: 5/13/2020

ATTEST:



Norma I. Alley, City Clerk

Date: May 13, 2020

| EXPENDITURES | Communication Center | PROPOSED BUDGET | State Trooper Lease Expense | PSA Contract Actuals | IGA Agreement Actuals |
|--|----------------------|-----------------|-----------------------------|----------------------|-----------------------|
| | | | 2020 | 2021 | 2021 |
| <u>Communication Center Expenditures</u> | | | | | |
| 6011 | Regular Salaries | 465321.00 | | 60000.00 | 60000.00 |
| 6012 | Regular Benefits | 407992.00 | | 60000.00 | 60000.00 |
| | PERS Termination "15 | | | | 180000.00 |
| 6013 | PT Salaries | 10000.00 | | | 0.00 |
| 6015 | Overtime-Regular | 60000.00 | | 2000.00 | 2000.00 |
| 6016 | Overtime-PT | 0.00 | | | 0.00 |
| 6019 | Leave Expense | 8500.00 | | 1500.00 | 1500.00 |
| 6022 | Advertising | 0.00 | | | 0.00 |
| 6024 | Travel | 2500.00 | | 1500.00 | 1500.00 |
| 6026 | Training | 2000.00 | | 2000.00 | 2000.00 |
| 6027 | Legal Fees | 0.00 | | 2500.00 | 500.00 |
| 6029 | Services | 49123.00 | | 0.00 | 0.00 |
| | Trooper Lease | | | 52255.56 | 52255.56 |
| | Dispatch Lease | | | 0.00 | 0.00 |
| 6030 | Contractual Services | 7500.00 | 1000 | | 1000.00 |
| 6031 | Telephone | 7000.00 | | 1200.00 | 1200.00 |
| 6032 | Power | 12000.00 | | | 12000.00 |
| 6033 | Heat | 0.00 | 6000 | 0.00 | 6000.00 |
| 6034 | Water/Sewer/Garbage | 2000.00 | 2500 | 1200.00 | 3700.00 |
| 6037 | Insurance | 12117.00 | 2003 | 12117.00 | 14120.00 |
| 6041 | Office Supplies | 1500.00 | | 500.00 | 500.00 |
| 6043 | Uniform Expenditure | 2500.00 | | 500.00 | 500.00 |
| 6044 | Operating Supplies | 1000.00 | | 500.00 | 500.00 |
| 6045 | Repair & Maintenance | 2000.00 | 10000 | 4000.00 | 14000.00 |
| 6054 | Office Equipment | 4000.00 | | 1500.00 | 1500.00 |
| Total Communication Center | | 1057053.00 | 21503 | 203272.56 | 414775.56 |

Cost Savings with Contracting Services

642277.44

**City of Palmer
Resolution No. 20-029**

Subject: Authorizing the Sale of 12.65 Acre Parcel of Land Located at 2390 S. Glenn Highway to Alaska Frontier Fabrication, LLC, in the Amount of \$408,300.00 in Accordance with Palmer Municipal Code Section 3.20.080(M)


Agenda of: November 10, 2020 – Public Hearing
March 9, 2021 – Public Hearing (Pending Motion)

Council Action: **Approved** **Amended:** _____
 Defeated




Originator Information:

Originator: Brad Hanson, Community Development Director

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|---|-------------------|
| <u>X</u> | Community Development | <u></u> | <u>10/22/2020</u> |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|--|-----------------|
| City Manager | <u></u> | _____ |
| City Attorney | <u></u> | _____ |
| City Clerk | <u></u> | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **408,300.00**

This legislation (√):

- Creates revenue in the amount of: \$ 408,300.00
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted 04-00-00-3661

Director of Finance Signature: 

Attachment(s):

- Resolution No. 20-029
- 2017 Appraisal by Bethard & Carlson LLC
- Matanuska-Susitna Borough Real Property Detail
- Purchase and Sale Agreement

Summary Statement/Background:

The City Manager was directed to explore selling the property located at 2390 S. Glenn Highway known as the Church Property. The City of Palmer owns the property after a series of land exchanges with Wilder Construction and Granite Construction (Granite).

The property was originally deeded to the City as a donation for a future public purpose. That property was located at Mile 38.5 of the Glenn Highway. The property was approximately 5.56 acres of unimproved vacant land and was a portion of Section 18, Township 17 North, Range 2 East Seward Meridian and bordered a 107-acre tract owned by Wilder Construction d/b/a Central Paving Products (CPP). At the City Council meeting of July 11, 2006, the City Manager was authorized to negotiate a land exchange and development agreement with CPP. The agreement required CPP to pay the City \$0.60 per cubic yard of material excavated from the site. On October 3, 2006, the City received a royalty payment of \$152,298.60. In addition, the City received a parcel of property in 2006 that was 5.56 acres to match the size of the original donated property.

In 2009 during discussion with the City, Alaska Department of Transportation and Public Facilities (DOT&PF) and the Matanuska Susitna Borough platting it was agreed there would be significant access impacts when expansion of the Glenn Highway occurred to the City's new property. In 2010 negotiations began to trade the newly acquired property with the Church Property. On May 1, 2012, a Real Estate Exchange Agreement and Escrow instructions were executed to receive the Church Property. Included in the agreement was the requirement for Granite Construction Company (who purchased Wilder Construction) to install public utilities to the Church Property. On September 26, 2017, the City settled with Granite for \$150,000 releasing them from the performance obligation for installation of public utilities.

On May 23, 2017, City Council approved the sale of right-of-way to DOT&PF for the expansion of the Glenn Highway for \$64,600.00.

A determination was made to sell the property on a fair market value basis, Palmer Municipal Code (PMC) 3.20.080(M), rather than a PMC 3.20.080(K) public sale. With the DOT&PF acquisition in 2017 an appraisal was performed by Black-Smith, Bethard & Carlson LLC. The value of the parcel after the DOT&PF acquisition of necessary right-of-way was determined to be \$408,300.00. Borough assessment places a value in 2020 of \$335,200.00. The City had Valley Appraisal perform an appraisal in 2016. The appraised value of the property was determined to be \$375,000.00. Prospective buyers were told the price was a minimum of \$408,300.00. If buyers considered this appraisal too high they, at their expense, could commission a new appraisal. On October 20, 2020, the city received an offer and earnest money from Alaska Frontier Fabricators, LLC, for \$408,300.00.

This legislation authorizes the sale under the authority of the PMC 3.20.080(C).

Administration's Recommendation:

Recommend Postponing Resolution No. 20-029 Indefinitely for consideration of Resolution No. 21-008.

LEGISLATIVE HISTORY

Introduced by: City Manager Moosey
Public Hearing Date: November 20, 2020
Public Hearing Date: March 9, 2021
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 20-029

A Resolution of the Palmer City Council Authorizing the Sale of 12.65 Acre Parcel of Land Located at 2390 S. Glenn Highway to Alaska Frontier Fabrication, LLC, in the Amount of \$408,300.00 in Accordance with Palmer Municipal Code Section 3.20.080(M)

WHEREAS, In April 2012, the city of Palmer received ownership of land located at 2930 S. Glenn Highway, described as Lot D2, Section 18, Township 17 North, Range 2 East, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska; and

WHEREAS, Palmer Municipal Code 3.20.080(C) allows the city to sell or dispose of any real property, including property held for public use, when in the judgement of the City Council it is no longer required for municipal purpose; and

WHEREAS, Palmer Municipal Code 3.20.080(M) real property shall be sold for not less than fair market value. Where fair market value means the price determined in terms of money at which real property is appraised by a qualified appraiser or the value assessed by the borough tax assessor; and

WHEREAS, in 2017, an appraisal was performed with the expansion of the Glenn Highway by Black-Smith, Bethard & Carlson for \$408,300.00; and

WHEREAS, Alaska Frontier Fabrication, LLC, has submitted a signed purchase agreement offer of \$408,300.00.

NOW, THEREFORE, BE IT RESOLVED by the Palmer City Council hereby authorizes the sale of property located at 2390 S. Glenn Highway to Alaska Frontier Fabrication, LLC, in accordance with Palmer Municipal Code 3.20.080(M) in the amount of \$408,300.00.

Approved by the Palmer City Council this ____ day of _____, 2021.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

Appraisers
1199 E. Dimond Blvd. Ste. 200
Anchorage, Alaska 99515
Phone: 907-274-4654
Fax: 907-274-0889
E-mail: bsr@ak.net

BLACK-SMITH, BETHARD & CARLSON, LLC

March 30, 2017

Client: State of Alaska Department of Transportation and Public Facilities
Statewide Design & Engineering Division
Central Region - Right of Way Section
4111 Aviation Avenue
Anchorage, Alaska 99519-6900

Attention: Ms. Lorraine Kastner, Acquisitions Supervisor

Re: Glenn Highway Reconstruction Project; MP 34-42; Parks Highway to Old
Glenn Highway
Project Number: 58104/NH-0A1-5(24)
Parcel Number: 74, TCP 74
TCE Number: N/A
Property Owner: City of Palmer
Property Location: 2390 S. Glenn Highway, in Palmer, Alaska
Legal Description: Lot D2, Section 18, T17N, R2E, S.M., AK¹
Tax ID #: 17N02E18D002

Dear Ms. Kastner:

The attached *appraisal report* summarizes our appraisal of the proposed acquisition as of February 9, 2017 at:

\$64,600

The value opinion is stated in terms of cash and is qualified by certain definitions, assumptions, limiting conditions and certifications.

The appraisal and report are intended to comply with the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), and the procedures and guidelines of the Alaska Right-of-Way Manual.²

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC



Steve Carlson, MAI
General Real Estate Appraiser (Cert. #231)

March 30, 2017

Date

¹ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

² State of Alaska Department of Transportation and Public Facilities

NARRATIVE APPRAISAL SUMMARY

PROJECT INFORMATION

| | |
|------------------------|--|
| PROJECT NAME: | Glenn Highway Reconstruction Project; MP 34-42; Parks Highway to Old Glenn Highway |
| STATE PROJECT #: | 58104 |
| FEDERAL-AID PROJECT #: | NH-0A1-5(24) |
| PARCEL #: | 74, TCP 74 |
| TCE #: | N/A |

OWNER INFORMATION

| | |
|-----------------------|--|
| OWNER: | City of Palmer |
| ADDRESS: | 645 E. Cope Industrial Way, Palmer, Alaska 99645-6748 |
| TELEPHONE NUMBER: | 907-761-1304 (Nathan Wallace, City Manager, City of Palmer) |
| PARCEL LOCATION: | 2390 S. Glenn Highway, Palmer, Alaska |
| LEGAL DESCRIPTION: | Lot D2, Section 18, T17N, R2E, S.M., AK ³ |
| ZONING: | Un-zoned |
| CURRENT USE: | Under-Improved Mixed-Use Parcel |
| HIGHEST AND BEST USE: | Mixed-use development; could include residential & comm-indus elements |
| As Vacant | Removal in favor of mixed-use development |
| As Improved | |
| RIGHTS APPRAISED: | Fee Simple |
| INSPECTION DATE: | February 9, 2017 |
| DATE OF VALUE: | February 9, 2017 |

Note: The area shown on the Project Parcel Plat (14.368 AC⁴) includes submerged land. For the purpose of measuring compensation, I recognize an allocation to the uplands as the larger parcel.

| <u>Larger Parcel Reconstruction and Allocation</u> | | <u>AC</u> | <u>SF</u> |
|---|------|-----------|------------|
| Gross Area Per Parcel Plat | | 14.368 | ±625,870 |
| Less: allocation to submerged land | ±31% | (4.500) | (±196,020) |
| Allocation to Larger Parcel (uplands) | | 9.868 | ±429,850 |
| Less: Net Take | | (1.347) | (±58,675) |
| Remainder (uplands) | | 8.521 | ±371,175 |

PARCEL DESCRIPTION SUMMARY

| | | | |
|--|--|--------------------|----------------|
| PARCEL AREA: | Gross: 429,850 SF (9.868 AC) Net: 429,850 SF (9.868 AC) | EASEMENT ACQUIRED: | 0 SF (0.00 AC) |
| AREA OF ACQUISITION: | Gross: 58,675 SF (1.347 AC) Net: 58,675 SF (1.347 AC) | PERMIT ACQUIRED: | 0 SF (0.00 AC) |
| REMAINDER: | 371,175 SF (8.521 AC) | | |
| AREA OF LARGER PARCEL SUBJECT TO PLO OR SECTION LINE EASEMENT: | | | 0 SF (0.00 AC) |

³ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

⁴ The MSB assessor reports size of 14.00 AC (609,840 SF); slightly less than shown in the project plans. I relied on the project materials provided.

ACQUISITION SUMMARY

| | | | | | |
|--|------------|--------------|-----------|---|-----------|
| 1. MARKET VALUE BEFORE ACQUISITION: | See Note 1 | LAND | \$472,900 | | |
| | See Note 2 | IMPROVEMENTS | \$0 | = | \$472,900 |
| | | | | | |
| 2. LESS ACQUISITION VALUE AS PART OF THE WHOLE: | | LAND | \$64,600 | | |
| | | IMPROVEMENTS | \$0 | - | \$64,600 |
| | | | | | |
| 3. REMAINDER VALUE AS PART OF THE WHOLE: | | | | = | \$408,300 |
| | | | | | |
| 4. ESTIMATED MARKET VALUE OF REMAINDER: | | LAND | \$408,300 | | |
| | | IMPROVEMENTS | N/A | | \$408,300 |
| | | | | | |
| 5. DAMAGES (if any) | | | \$0 | | |
| 6. LESS SPECIAL BENEFITS (if any) | | | \$0 | * | \$0 |
| 7. ACQUISITION VALUE as PART of the WHOLE | | | | + | \$64,600 |
| 8. NET DAMAGES | | | | + | \$0 |
| 9. COST-to-CURE | | | | + | \$0 |
| 10. PERMITS: | | | | + | \$0 |
| 11. EASEMENTS: | | | | + | \$0 |
| 12. PLO OR SECTION LINE EASEMENTS: | | | | + | \$0 |
| 13. OTHER: Temporary Construction Easements (TCEs) | | | | + | \$0 |
| 14. MARKET VALUE OF ACQUISITION: See Note 1 | | | | = | \$64,600 |

1. The indicated value of the whole (and the value of the acquisition) reflects the fee value – unallocated for rights previously reserved or conveyed, if any (e.g. subsurface rights, utility easements, leaseholds, etc.).
2. The existing improvements are not affected by the acquisition; there are no incurable damages to the remainder. Given these conditions, their contribution (if any) is not essential to the measure of compensation. For the purpose of the analysis, the value of the whole is recognized as the land value plus the contribution of site improvements in the acquisition area that can't be relocated, if any.

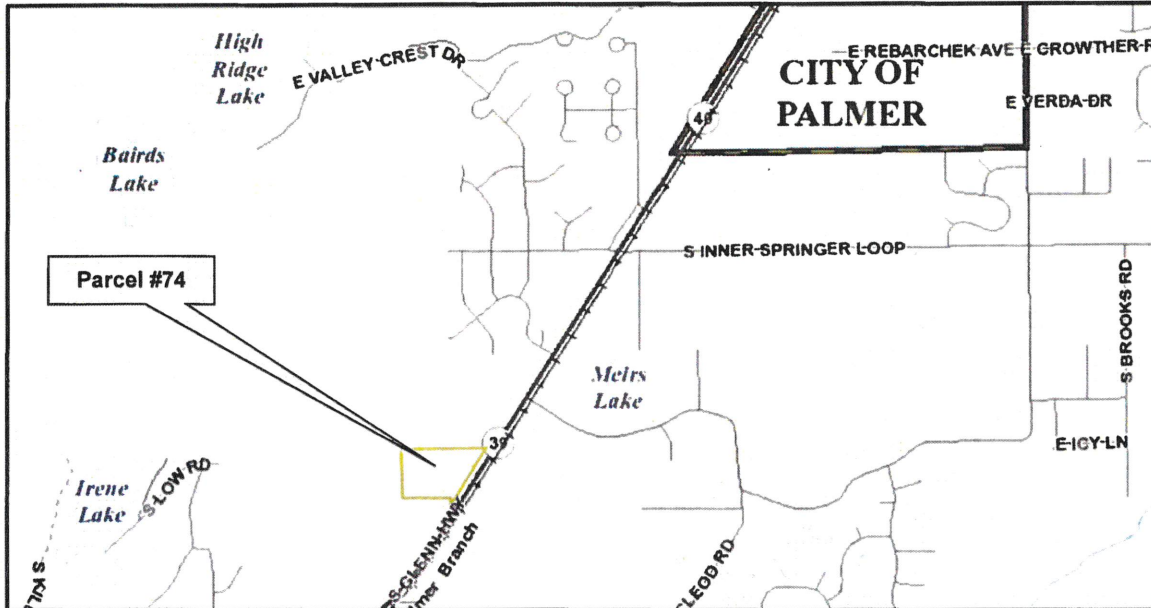
Date: March 30, 2017

Prepared By: Steve Carlson, MAI

IDENTIFICATION OF THE PROPERTY

LOCATION

The property is located at 2390 S. Glenn Highway in Palmer, Alaska (±MP 38.9).



LEGAL DESCRIPTION

Lot D2, Section 18, T17N, R2E, S.M., AK⁷

MOA TAX ID #

17N02E18D002

OWNERSHIP

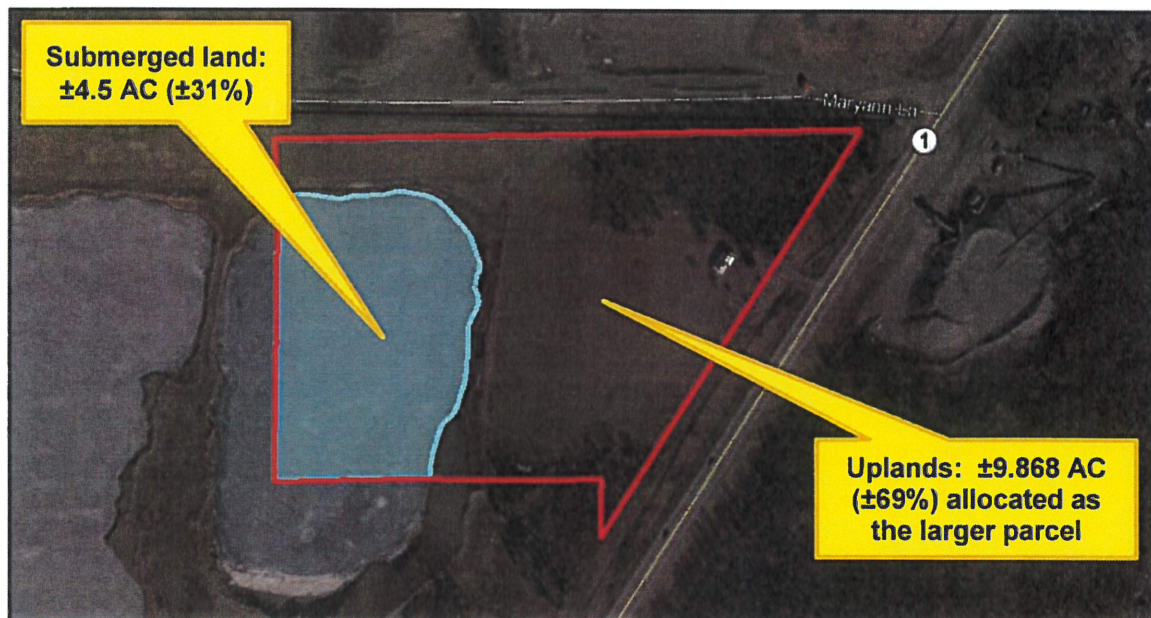
City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645-6748

907-761-1304 (Nathan Wallace, City Manager, City of Palmer)

⁷ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

Utilities: The site is served by electricity, a drilled well and septic system. Gas is on site. Public water and sewer mains extending south from Palmer are across the highway.

Topography: Approximately 4.5 acres are submerged by a gravel-pit pond.¹³ The uplands allocated as the larger parcel include a steep shoreline bluff but most of it is cleared and leveled at/near highway grade.



Soils / Wetlands: The soils appear to be suitable for improved uses including on-site well and septic systems. The subject is located outside classified wetlands. (Source: Google Earth image overlay).

Flood Plain: The subject site is outside the Matanuska River flood zone depicted on the MSB interactive parcel viewer.

Seismic: Most of south-central Alaska is classified in “seismic zone 4”. Permitting agencies typically recognize this zone in its application of the uniform building code.

Easements/ Encumbrances: Title report notes a 15’ MEA easement along the west Highway ROW boundary.

A blanket easement in favor of Matanuska Telephone Association (MEA) is typical for the area.

¹³ Google Earth Pro reconstruction



MATANUSKA-SUSITNA BOROUGH

Real Property Detail for Account: 17N02E18D002

Site Information

| | | | |
|---|--|-------------|---------|
| Account Number | 17N02E18D002 | Subdivision | |
| Parcel ID | 84393 | City | None |
| TRS | S17N02E18 | Map PA12 | |
| Abbreviated Description (Not for Conveyance) | TOWNSHIP 17N RANGE 2E SECTION 18 LOT D2 | | Tax Map |

Site Address 2390 S GLENN HWY

Ownership

| | | | |
|-------------------------|---|-------------------------|--|
| Owners | PALMER CITY OF | Buyers | |
| Primary Owner's Address | 645 E COPE INDUSTRIAL WAY PALMER AK 99645-6748 | Primary Buyer's Address | |

Appraisal Information

| Appraisal | | | | Assessment | | | |
|-----------|----------------|-----------------|-----------------|------------|---------------|----------------|-----------------------------|
| Year | Land Appraised | Bldg. Appraised | Total Appraised | Year | Land Assessed | Bldg. Assessed | Total Assessed ¹ |
| 2020 | \$330,600.00 | \$4,600.00 | \$335,200.00 | 2020 | \$0.00 | \$0.00 | \$0.00 |
| 2019 | \$330,600.00 | \$5,700.00 | \$336,300.00 | 2019 | \$0.00 | \$0.00 | \$0.00 |
| 2018 | \$330,600.00 | \$3,900.00 | \$334,500.00 | 2018 | \$0.00 | \$0.00 | \$0.00 |

Building Information

Structure 1 of 1

| | | | |
|-------------------|-----------------------|--------------------|--------------------------|
| Residential Units | 1 | Use | Residential Building |
| Condition | Sub-Standard | Design | One Story |
| Basement | Full | Construction Type | Frame |
| Year Built | | Grade | 03.6 |
| Foundation | Poured Concrete | Building Appraisal | \$45900 |
| Well | Well 1 - Drilled Well | Septic | Septic - 1 - Septic Tank |

Building Item Details

| Building Number | Description | Area | Percent Complete |
|-----------------|---------------------------|------|------------------|
| 1 | Fireplace Heatilator - 8N | | 1 Sq. Ft. 100% |
| 1 | Unfinished Basement - 2A | | 810 Sq. Ft. 100% |
| 1 | Fin. Basement Living - 2C | | 300 Sq. Ft. 100% |
| 1 | First Story | | 852 Sq. Ft. 100% |
| 1 | Oil Heat | | 1 Sq. Ft. 100% |

Tax/Billing Information

| Year | Certified | Zone | Mill | Tax Billed |
|------|-----------|------|--------|------------|
| 2020 | Yes | 0003 | 13.293 | \$0.00 |
| 2019 | Yes | 0003 | 13.419 | \$0.00 |
| 2018 | Yes | 0003 | 13.339 | \$0.00 |

Recorded Documents

| Date | Type | Recording Info (offsite link to DNR) |
|-----------|---------------------------|--------------------------------------|
| 8/2/2012 | WARRANTY DEED (ALL TYPES) | Palmer 2012-016338-0 |
| 8/29/2008 | WARRANTY DEED (ALL TYPES) | Palmer 2008-019455-0 |
| 6/27/2003 | QUITCLAIM DEED (ALL TYPE) | Palmer 2003-017548-0 |

Tax Account Status ²

| Status | Tax Balance | Farm | Disabled Veteran | Senior | Total | LID Exists |
|---------|-------------|------|------------------|--------|--------|------------|
| Current | \$0.00 | | \$0.00 | \$0.00 | \$0.00 | \$0.00 No |

Land and Miscellaneous

| Gross Acreage | Taxable Acreage | Assembly District | Precinct | Fire Service Area | Road Service Area |
|---------------|-----------------|-----------------------|------------------------|---------------------------|----------------------|
| 12.65 | 12.65 | Assembly District 002 | 11-065 | 132 Greater Palmer Consol | 016 South Colony RSA |

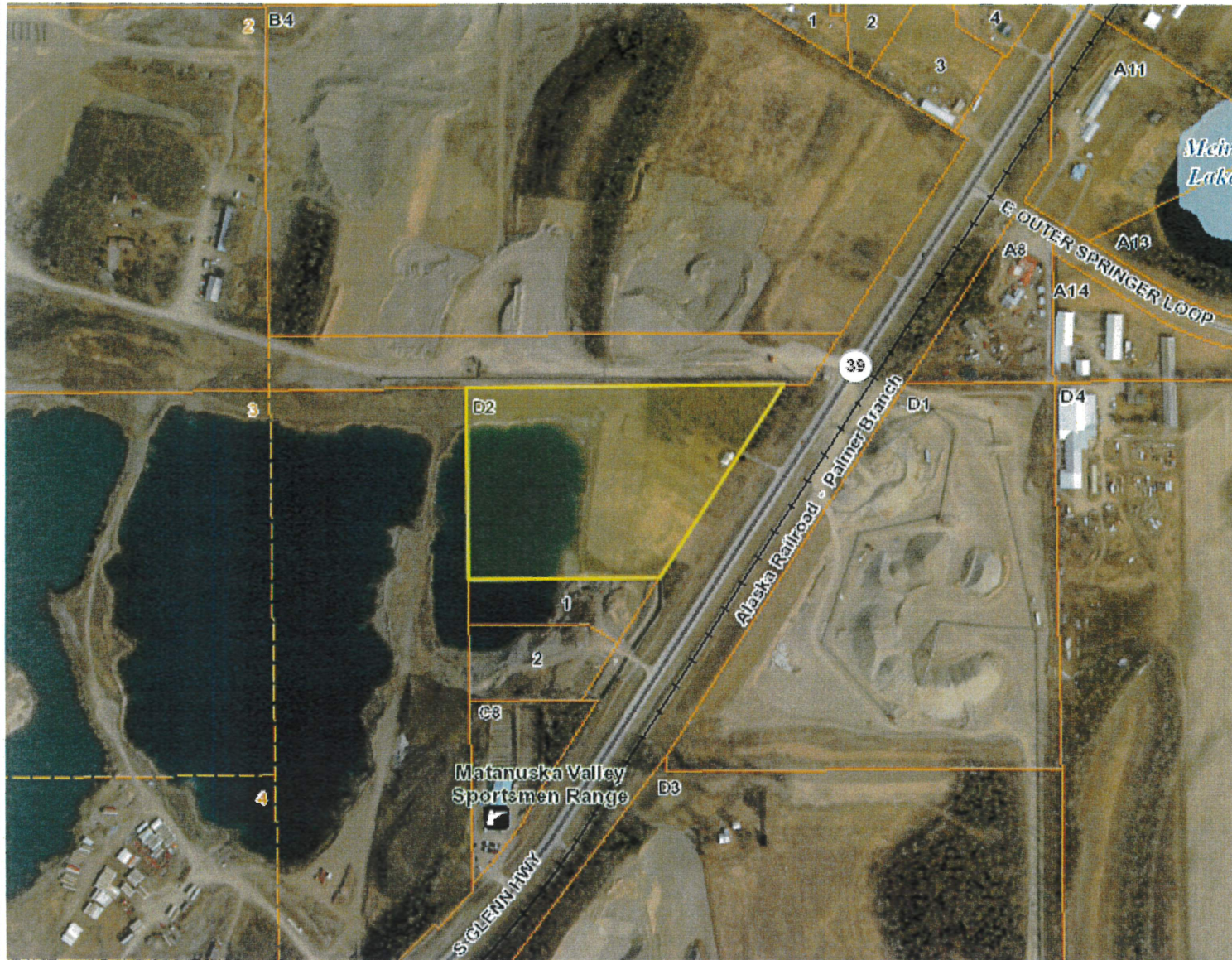
¹ Total Assessed is net of exemptions and deferrals, rest, penalties, and other charges posted after Last Update Date are not reflected in balances.

Last Updated: 9/11/2020 12:00:10 AM

² If account is in foreclosure, payment must be in certified funds.



Matanuska-Susitna Borough



Legend

- + Alaska Railroad
- Roads
 - Highway
 - Major
 - Medium
 - Minor
 - Primitive
 - Private
- ▭ Mat-Su Borough Boundary
- ▭ Incorporated Cities
- ▭ Parcels
- ▭ Lakes and Rivers
- ▭ Flood Zone

1: 5,983



0.2 0 0.09 0.19 Miles

THIS MAP IS NOT TO BE USED FOR NAVIGATION

NAD_1983_StatePlane_Alaska_4_FIPS_5004_Feet
© Matanuska-Susitna Borough

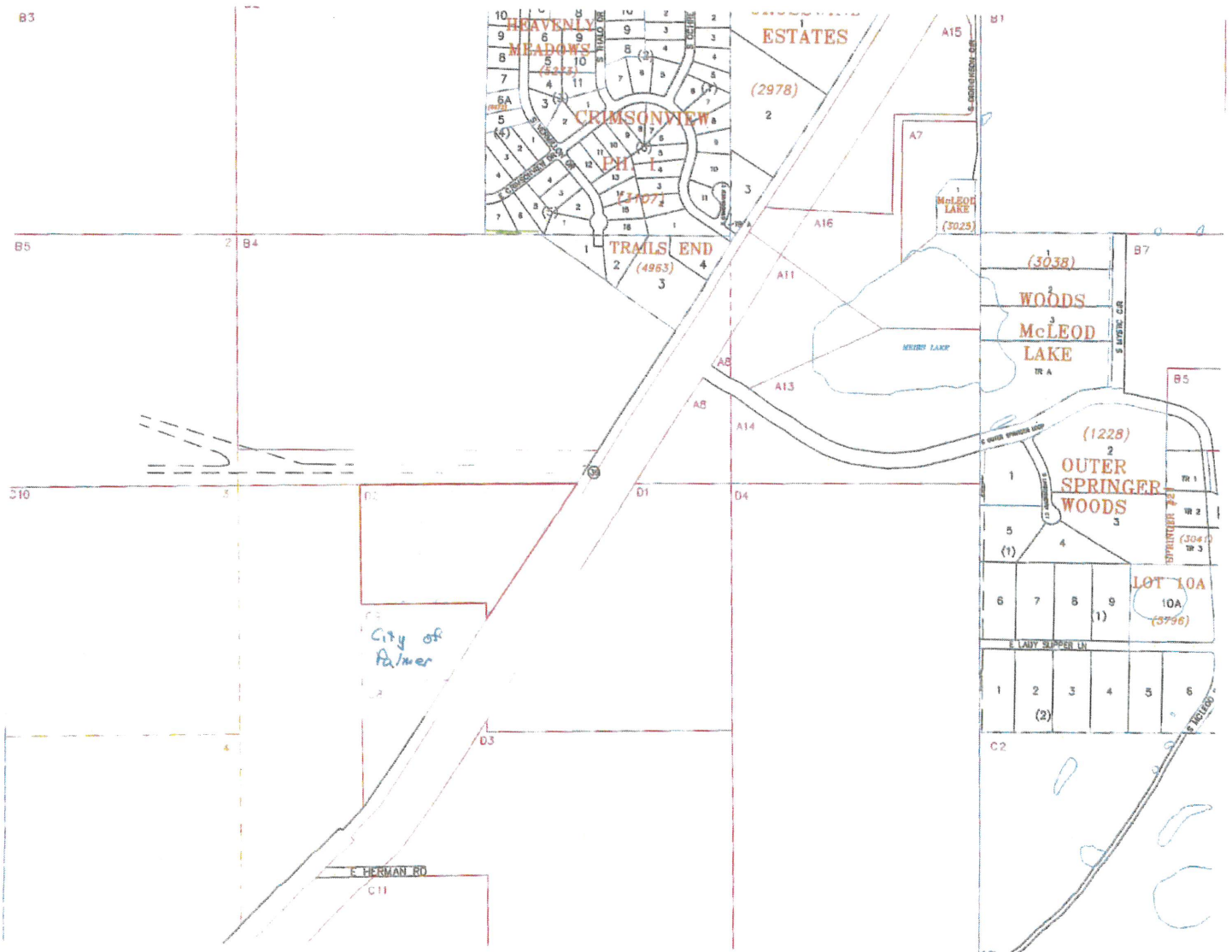
Reported on 01/26/2018 05:00 PM

This map is solely for informational purposes only. The Borough makes no express or implied warranties with respect to the character, function, or capabilities of the map or the suitability of the map for any particular purpose beyond those originally intended by the Borough. For information regarding the full disclaimer and policies related to acceptable uses of this map, please contact the Matanuska-Susitna Borough GIS Division at 907-861-7858.

Notes

This map was automatically generated using Geocortex Essentials.

- 150 -



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made as of 10/20, 2020 between Alaska Frontier Fabrication LLC ("Purchaser"), and the City of Palmer, Alaska, a municipality organized and existing under the laws of the State of Alaska ("Seller").

In consideration of the mutual promises and covenants set forth below, and intending to be legally bound, Purchaser and Seller agree as follows:

1. Description of Property:

Subject to the terms and conditions of this Agreement, Seller agrees to sell and Purchaser agrees to purchase the property and buildings, described as follows and hereafter collectively referred to as the "Property":

The Northeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (NE1/4 NE ¼ SW1/4) and all of the Northwest one-quarter of the Southeast one-quarter (NW1/ SE1/4) lying West of Alaska Railroad of Section 18, Township 17 North, Range 2 East, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska, EXCEPTING THEREFROM that portion conveyed to the State of Alaska by Warranty Deed, recorded April 14, 1967 in Book 65D at Page 121.

Physical Address: 2390 S. Glenn Highway, Palmer, Alaska 99645

Tax ID# 17N02E18D002

2. Property to be Conveyed "As Is":

The Property subject to this agreement is conveyed "as is," without warranty, express or implied, of merchantability or suitability for a particular purpose, or otherwise. Purchaser consents and agrees that it is relying solely on its own inspection of the premises and not on any representation of the Seller or Seller's agent or employees in making their determination to purchase the Property.

Purchaser acknowledges that it has inspected the Property and accepts the same "as-is" and without reliance on any expressed or implied representations or, warranties of Seller or agents or employees of Seller, as to the actual physical condition or characteristics thereof of the Property.

Seller expressly makes no warranties as to the physical condition of the Property and all inspection obligations rest with the Purchaser.

3. Purchase Price and Payment Terms:

Purchaser agrees to pay for the Property the sum of Four Hundred Eight Thousand Three Hundred and no/100 dollars (\$408,300.00), based upon the agreed price between Seller and Buyer, to be paid as follows:

- a. Five Thousand and No/100 Dollars (\$5,000) as the earnest money deposit, in the form of a check shall be held by Alyeska Title Guaranty Agency ("Alyeska Title") until closing, at which time this payment shall be credited to Buyer, or until this Agreement is otherwise terminated in accordance with the provisions of this Agreement. Earnest money shall be forfeited except upon disapproval of this Agreement by the Palmer City Council;
- b. The Principal Balance of Four Hundred Eight Thousand Three Hundred and No/100 Dollars (\$408,300) shall constitute the balance of the Purchase Price (minus the earnest money deposit under item (a) of this section) which shall be paid to the Seller at closing, and subject to all applicable provisions of the Palmer Municipal Code;
- c. Seller agrees to pay one-half of the closing costs;
- d. Buyer agrees to pay Real Property ad valorem taxes (if any) prorated from the recording date of transfer of the property;
- e. Owners Title Policy; and
- f. Other Title Company closing and recording fees.

4. Title:

Purchaser may provide a policy of title insurance, which indicates the condition of title subject to reservations, exceptions, easements, rights-of-way, covenants, conditions, and restrictions of record or created by operation of law; and also subject to governmental regulations including but not limited to setback, use classifications, zoning or special permit requirements, and any matters including, but not limited to, existing trails or encroachments which would be disclosed by actual inspection or survey of the property. The Purchaser shall initiate the order for the title report from the title company selected by Seller. Title shall be delivered by Quitclaim Deed ("Deed") to Purchaser as: Alaska Frontier Fabrication LLC.

5. Deed:

Title to the Property shall be conveyed to Purchaser by a Quitclaims Deed ("Deed") duly executed by Seller and recorded as soon as practicable after the execution of this Agreement.

6. Defense and Indemnification:

The Purchaser agrees that it shall defend, indemnify, and hold harmless Seller, its directors, officers, employees, contractors, assigns, and successors from any and all claims, actions, administrative proceedings (formal or informal), judgment damages, punitive damages, penalties, fines, costs, liabilities, amounts paid in settlement, interest, or losses including but not limited to attorney's fees, consultant fees, expert fees, arising out of or in any way related to any environmental claim, the existence of any hazardous substances or violation of any

environmental law, regulation, or ordinance resulting from or related to Seller's use, maintenance, ownership, or operation of the Property.

7. Hazardous Material:

Purchaser acknowledges that it has personally inspected the Property, and after due and diligent inquiry, found no evidence of environmental contamination on or near the Property; and that the Seller, to the best of its knowledge, is unaware of any environmental contamination on or near the Property; and that the Purchaser will maintain the Buildings in such a manner as to prevent the occurrence of any environmental contamination; and Seller makes no warranties express or implied with respect to the condition of the Property, the existence or non-existence of environmental contamination or the suitability for any purpose whatsoever. Purchaser agrees that if the presence of hazardous material in the Property is caused or permitted by the Purchaser, its agents, employees, contractors, or invitees, or of environmental contamination of the Property by hazardous materials otherwise occurs on the Property, Purchaser shall defend, indemnify and hold harmless Seller from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, but not limited to, sums paid in the settlement of claims, attorney's fees, consultant fees and expert fees) which indemnification includes, without limitations, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, restoration work required by any federal, state or local government in or under the Property. As used herein, the term "hazardous material" means any hazardous or toxic substance, material, or waste, which is or becomes regulated by any local government authority, the State of Alaska, or the United States government.

8. Commissions:

Each party represents and warrants to the other that it has not engaged the services of any real estate licensee, broker, finder or other person who would be entitled to any commission or fee in respect to the subject matter of this Agreement and each shall indemnify the other against any loss, cost, liability or expense incurred by the other as a result of any claim asserted by any such real estate licensee, broker, finder, or other person on the basis of any brokerage or similar arrangement or agreement made or alleged to have been made.

9. Notices:

No notice, consent, approval or other communication provided for herein or given in connection with this Agreement shall be validly given, made, delivered or served unless it is in writing and delivered personally, sent by overnight courier or sent by registered or certified United States mail, postage prepaid, with return receipt requested to:

Seller: City of Palmer
231 W. Evergreen Ave.
Palmer, Alaska 99645

Purchaser: Alaska Frontier Fabrication LLC

2281 E. Sun Mountain Ave., Suite B
Wasilla, Alaska 99654

or to such other addresses as either party may from time to time designate in writing and deliver in a like manner to the other party. Notices, consent, approvals, and communications given by mail shall be deemed delivered upon the earlier of three days after deposit in the United States mail in the manner provided above or immediately upon delivery to the respective addresses set forth above, if delivered personally or sent by overnight courier.

12. Costs and Fees:

If either party breaches any term of this Agreement, the breaching party agrees to pay to the non-breaching party all reasonable attorney's fees and reasonable costs and expenses incurred by the non-breaching party in enforcing this Agreement or preparing for legal or other proceedings, whether or not instituted. If any legal or other proceedings are instituted, the party prevailing in any such proceeding shall be paid the reasonable costs, expenses, and fees incurred by the other party, and if any judgment is secured by such prevailing party, all such costs, expenses, and fees shall be included in such judgment, attorney's fees to be set by the court and not by the jury.

13. Waiver:

Excuse or waiver of the performance of the other party of any obligation under this Agreement shall only be effective if evidenced by a written statement of the party so excusing. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the Seller or Purchaser of a breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

14. Assignment:

This Agreement is binding on the heirs, successors, and assigns of the parties, but shall not be voluntarily assigned by either party without prior written consent of the other party, which consent shall not be unreasonable withheld.

15. Entire Agreement:

This document contains the entire Agreement between the parties. It may not be modified except in a writing signed by all parties.

16. Construction of Agreement:

The captions of the paragraphs of this Agreement are for convenience only and shall not govern or influence the interpretation thereof. This Agreement is the result of negotiations

between the parties and, accordingly, shall not be construed for or against any part, regardless of which party drafted this Agreement or any portion thereof.

17. Surviving Covenants:

The provisions of this Agreement shall survive the delivery of the Deed.

18. Time is of the Essence:

Time is of the essence of this Agreement.

19. Controlling Law and Venue:

This Agreement shall be governed by, construed under, and enforced in accordance with the laws of the State of Alaska and the City of Palmer. Venue for actions between the parties arising out of or related to this Agreement shall be in The Third Judicial District Palmer, Alaska.

20. Further Assurances:

Whenever requested to do so by the other party, Seller or Purchaser promptly and expeditiously shall execute, acknowledge and deliver any and all such conveyances, assignments, confirmations, satisfactions, releases, instruments of further assurance, approvals, consents and any and all further instruments and documents as may be reasonably necessary, expedient, or proper in order to complete any and all conveyances, transfers, sales, and assignments herein provided, and to do any and all other reasonable acts and to execute, acknowledge and deliver any and all documents as so reasonably requested in order to carry out the intent and purpose of this Agreement.

21. Miscellaneous:

Purchaser acknowledges its responsibility to inspect the Property described herein and agrees the Seller assumes no liability for matters, which would have been disclosed to the Purchaser by an inspection of the Property. Purchaser further acknowledges that the Seller makes no warranties, either expressed or implied, nor assumes any liability whatsoever, regarding the social, economic or environmental aspects of the Property, to include without limitation, physical access, or natural or artificial hazards which may or may not exist or merchantability, suitability, or profitability of the Buildings for any use or purpose.

22. Permit Laws and Taxes:

Purchaser agrees that it will comply with all permits, laws, and taxes of any federal, state or local entity for any and all activities associated with the sale or use of the Property and any approvals necessary for development of the Property.

Purchaser shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to its performance under this Agreement. All actions taken by the Purchaser under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. The Purchaser shall pay all taxes pertaining to its performance under this Agreement.

Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and their respective successors or assigns, any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, as third party beneficiaries or otherwise and all of the terms, covenants and conditions hereof shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns.

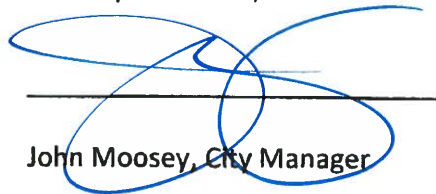
This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Each undersigned representative of the Purchaser and Seller certifies that he or she is fully authorized to enter into the terms and conditions of this Purchase Agreement and legally bind the Party he or she represents to this document.

Executed this 20 day of October, 2020.

Seller:

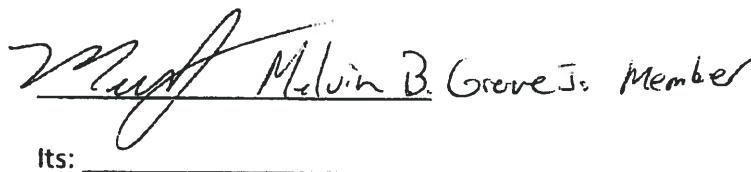
The City of Palmer, Alaska



John Moosey, City Manager

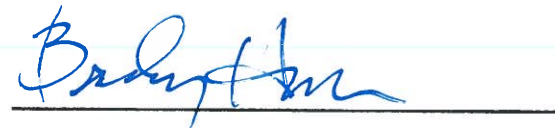
Purchaser:

Alaska Frontier Fabrication LLC



Its: _____

ATTEST:



Attachment(s):

1. Resolution No. 21-008
2. Purchase and Sale Agreement
3. Matanuska-Susitna Borough Real Property Detail
4. 2017 Appraisal Bethard & Carlson LLC
5. 2020 Appraisal Bethard & Carlson LLC

Summary Statement/Background:

The City of Palmer owns the property after a series of land exchanges with Wilder Construction and Granite Construction (Granite). The property was originally deeded to the City as a donation for a future public purpose. That property was located at Mile 38.5 of the Glenn Highway. The property was approximately 5.56 acres of unimproved vacant land and was a portion of Section 18, Township 17 North, Range 2 East Seward Meridian and bordered a 107-acre tract owned by Wilder Construction d/b/a Central Paving Products (CPP). At the City Council meeting of July 11, 2006, the City Manager was authorized to negotiate a land exchange and development agreement with CPP. The agreement required CPP to pay the City \$0.60 per cubic yard of material excavated from the site. On October 3, 2006, the City received a royalty payment of \$152,298.60. In 2006, the City was conveyed a different parcel of property that was 5.56 acres to match the size of the original donated property.

In 2009 during discussion with the City, the Alaska Department of Transportation and Public Facilities (DOT&PF) and the Matanuska Susitna Borough (MSB) Platting it was agreed there would be significant access impacts due to the Glenn Highway expansion project. In 2010 negotiations began to trade the newly acquired property with the Church Property. On May 1, 2012, a Real Estate Exchange Agreement and Escrow instructions were executed to receive the Church Property. Included in the agreement was the requirement for Granite Construction Company (who purchased Wilder Construction) to install public utilities to the Church Property. The public utilities were not installed. On September 26, 2017, the City entered a revised agreement whereby the City received \$150,000 in lieu of Granite constructing utility improvements to the property.

On May 23, 2017, City Council approved the sale of right-of-way to DOT&PF for the expansion of the Glenn Highway for \$64,600.

With the DOT&PF acquisition in 2017 an appraisal was performed by Black-Smith, Bethard & Carlson LLC. The value of the parcel after the DOT&PF acquisition of necessary right-of-way was appraised to be \$408,300. Borough assessment places a value in 2020 of \$335,200. The city had Valley Appraisal perform an appraisal in 2016. The appraised value of the property was determined to be \$375,000. On October 20, 2020, the city received an offer and earnest money from Alaska Frontier Fabricators LLC for \$408,300 and entered a Purchase and Sale Agreement, contingent upon City Council approval and the Mayor executing all land transfer documents. City Council directed the City Manager to commission a current appraisal. The appraisal was performed by Black-Smith, Bethard & Carlson LLC. The December 2020 appraisal was for \$470,000.

Palmer Municipal Code 3.20.080 allows for the sale or transfer of real property owned by the city. Palmer City Council approval for these sales or transfer of all real property is required. Depending on the type of sale transaction determined, a property valuation may be based on a qualified appraisal or Borough assessed value. Here the sale of this property can be considered a sale for industrial sites purposes allowing City Council to sell, lease or dispose of sites acquired for new industries benefiting the city upon the terms and conditions as the city council considers advantageous to the civic welfare of the city, to a person who agrees to install, maintain and operate a beneficial new industry this is what Alaska Frontier Fabrication intends for Development of the property as described below. As a result, the sale for the amount of \$408,300 fulfills the public purpose of a beneficial new industry establishing an industrial site.

Alaska Frontier Fabrication LLC is proposing to construct and operate a facility for boat manufacturing and sales. This beneficial new industry meets the public purpose by promoting value added economic activities and for skilled labor employment opportunities to local area residents, diversification of our local economy is important to

minimizing the impacts of economic business cycles on employment and economic activity, and creating jobs and growing the economy is a top priority for the city.

A further public purpose exists in the establishment of an industrial site for a beneficial new industry that enhances local economic activity as an entrance to the city on the expanded Glenn Highway, as well as increasing value of commercial property along the corridor. Increased valuation and market activity have a positive effect on promoting and attracting new industries to Palmer.

Administration's Recommendation:

Approve Resolution No. 21-008 for the sale of the property located at 2390 S. Glenn Highway to Alaska Frontier Fabricators, LLC for \$408,300 as an industrial site for the public purpose of establishing a beneficial new industry.

LEGISLATIVE HISTORY

Introduced by: City Manager Moosey
Public Hearing Date: March 9, 2021
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 21-008

A Resolution of the Palmer City Council Authorizing the Sale of a 12.65 Acre Parcel of Land Located at 2390 S. Glenn Highway more particularly described as Lot D2, Section 18, Township 17 North, Range 2 East, Seward Meridian located in the Palmer Recording District, Third Judicial District , State of Alaska to Alaska Frontier Fabrication LLC in Accordance with Palmer Municipal Code 3.20.080 in the Amount of \$408,300.00 For an Industrial Site

WHEREAS, in April 2012, the City of Palmer received ownership of land located at 2930 S Glenn Highway described as Lot D2, Section 18, Township 17 North, Range 2 East, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska; and

WHEREAS, Palmer Municipal Code 3.20.080 authorizes the City to sell or dispose of any real property, including property held for public use, when in the judgement of the City Council it is no longer required for municipal purposes; and

WHEREAS, Palmer Municipal Code 3.20.080 Industrial Sites provides that real property may be sold, leased or disposed of for new industries benefiting the city upon terms and conditions as the city council considers advantageous to the civic welfare of the city to any person who agrees to install, maintain and operate a beneficial new industry; and

WHEREAS, City Council finds that Alaska Frontier Fabrication LLC, is a beneficial new industry meeting an industrial site public purpose of the city; and

WHEREAS, in 2017 an appraisal was performed with the expansion of the Glenn Highway by Black-Smith, Bethard & Carlson for \$408,300 and updated in 2020 for \$470,000; and

WHEREAS, a new industry to Palmer will provide for employment and economic activity that will have a positive effect on local economy; and

WHEREAS, a new facility on the entrance to Palmer should provide a catalyst for future investment opportunities; and

WHEREAS, Alaska Frontier Fabrication LLC has submitted a purchase offer of \$408,300.

NOW, THEREFORE, BE IT RESOLVED that the Palmer City Council hereby authorizes the sale of the property described above by quit claim deed as is, where is located at 2390 S. Glenn Highway to Alaska Frontier Fabrication LLC in accordance with Palmer Municipal Code 3.20. in the amount of \$408,300 for an industrial site establishing a beneficial new business meeting the public purposes described above; and,

NOW, THEREFORE BE IT FURTHER RESOLVED that the Palmer City Council hereby authorizes the City Manager to negotiate and the Mayor to execute a Purchase and Sale Agreement with Alaska Frontier Fabrication LLC for the property described herein.

Approved by the Palmer City Council this ____ day of _____, 2021.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made as of 10/20, 2020 between Alaska Frontier Fabrication LLC ("Purchaser"), and the City of Palmer, Alaska, a municipality organized and existing under the laws of the State of Alaska ("Seller").

In consideration of the mutual promises and covenants set forth below, and intending to be legally bound, Purchaser and Seller agree as follows:

1. Description of Property:

Subject to the terms and conditions of this Agreement, Seller agrees to sell and Purchaser agrees to purchase the property and buildings, described as follows and hereafter collectively referred to as the "Property":

The Northeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (NE1/4 NE ¼ SW1/4) and all of the Northwest one-quarter of the Southeast one-quarter (NW1/ SE1/4) lying West of Alaska Railroad of Section 18, Township 17 North, Range 2 East, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska, EXCEPTING THEREFROM that portion conveyed to the State of Alaska by Warranty Deed, recorded April 14, 1967 in Book 65D at Page 121.

Physical Address: 2390 S. Glenn Highway, Palmer, Alaska 99645

Tax ID# 17N02E18D002

2. Property to be Conveyed "As Is":

The Property subject to this agreement is conveyed "as is," without warranty, express or implied, of merchantability or suitability for a particular purpose, or otherwise. Purchaser consents and agrees that it is relying solely on its own inspection of the premises and not on any representation of the Seller or Seller's agent or employees in making their determination to purchase the Property.

Purchaser acknowledges that it has inspected the Property and accepts the same "as-is" and without reliance on any expressed or implied representations or, warranties of Seller or agents or employees of Seller, as to the actual physical condition or characteristics thereof of the Property.

Seller expressly makes no warranties as to the physical condition of the Property and all inspection obligations rest with the Purchaser.

3. Purchase Price and Payment Terms:

Purchaser agrees to pay for the Property the sum of Four Hundred Eight Thousand Three Hundred and no/100 dollars (\$408,300.00), based upon the agreed price between Seller and Buyer, to be paid as follows:

- a. Five Thousand and No/100 Dollars (\$5,000) as the earnest money deposit, in the form of a check shall be held by Alyeska Title Guaranty Agency ("Alyeska Title") until closing, at which time this payment shall be credited to Buyer, or until this Agreement is otherwise terminated in accordance with the provisions of this Agreement. Earnest money shall be forfeited except upon disapproval of this Agreement by the Palmer City Council;
- b. The Principal Balance of Four Hundred Eight Thousand Three Hundred and No/100 Dollars (\$408,300) shall constitute the balance of the Purchase Price (minus the earnest money deposit under item (a) of this section) which shall be paid to the Seller at closing, and subject to all applicable provisions of the Palmer Municipal Code;
- c. Seller agrees to pay one-half of the closing costs;
- d. Buyer agrees to pay Real Property ad valorem taxes (if any) prorated from the recording date of transfer of the property;
- e. Owners Title Policy; and
- f. Other Title Company closing and recording fees.

4. Title:

Purchaser may provide a policy of title insurance, which indicates the condition of title subject to reservations, exceptions, easements, rights-of-way, covenants, conditions, and restrictions of record or created by operation of law; and also subject to governmental regulations including but not limited to setback, use classifications, zoning or special permit requirements, and any matters including, but not limited to, existing trails or encroachments which would be disclosed by actual inspection or survey of the property. The Purchaser shall initiate the order for the title report from the title company selected by Seller. Title shall be delivered by Quitclaim Deed ("Deed") to Purchaser as: Alaska Frontier Fabrication LLC.

5. Deed:

Title to the Property shall be conveyed to Purchaser by a Quitclaims Deed ("Deed") duly executed by Seller and recorded as soon as practicable after the execution of this Agreement.

6. Defense and Indemnification:

The Purchaser agrees that it shall defend, indemnify, and hold harmless Seller, its directors, officers, employees, contractors, assigns, and successors from any and all claims, actions, administrative proceedings (formal or informal), judgment damages, punitive damages, penalties, fines, costs, liabilities, amounts paid in settlement, interest, or losses including but not limited to attorney's fees, consultant fees, expert fees, arising out of or in any way related to any environmental claim, the existence of any hazardous substances or violation of any

environmental law, regulation, or ordinance resulting from or related to Seller's use, maintenance, ownership, or operation of the Property.

7. Hazardous Material:

Purchaser acknowledges that it has personally inspected the Property, and after due and diligent inquiry, found no evidence of environmental contamination on or near the Property; and that the Seller, to the best of its knowledge, is unaware of any environmental contamination on or near the Property; and that the Purchaser will maintain the Buildings in such a manner as to prevent the occurrence of any environmental contamination; and Seller makes no warranties express or implied with respect to the condition of the Property, the existence or non-existence of environmental contamination or the suitability for any purpose whatsoever. Purchaser agrees that if the presence of hazardous material in the Property is caused or permitted by the Purchaser, its agents, employees, contractors, or invitees, or of environmental contamination of the Property by hazardous materials otherwise occurs on the Property, Purchaser shall defend, indemnify and hold harmless Seller from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, but not limited to, sums paid in the settlement of claims, attorney's fees, consultant fees and expert fees) which indemnification includes, without limitations, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, restoration work required by any federal, state or local government in or under the Property. As used herein, the term "hazardous material" means any hazardous or toxic substance, material, or waste, which is or becomes regulated by any local government authority, the State of Alaska, or the United States government.

8. Commissions:

Each party represents and warrants to the other that it has not engaged the services of any real estate licensee, broker, finder or other person who would be entitled to any commission or fee in respect to the subject matter of this Agreement and each shall indemnify the other against any loss, cost, liability or expense incurred by the other as a result of any claim asserted by any such real estate licensee, broker, finder, or other person on the basis of any brokerage or similar arrangement or agreement made or alleged to have been made.

9. Notices:

No notice, consent, approval or other communication provided for herein or given in connection with this Agreement shall be validly given, made, delivered or served unless it is in writing and delivered personally, sent by overnight courier or sent by registered or certified United States mail, postage prepaid, with return receipt requested to:

Seller: City of Palmer
231 W. Evergreen Ave.
Palmer, Alaska 99645

Purchaser: Alaska Frontier Fabrication LLC

2281 E. Sun Mountain Ave., Suite B
Wasilla, Alaska 99654

or to such other addresses as either party may from time to time designate in writing and deliver in a like manner to the other party. Notices, consent, approvals, and communications given by mail shall be deemed delivered upon the earlier of three days after deposit in the United States mail in the manner provided above or immediately upon delivery to the respective addresses set forth above, if delivered personally or sent by overnight courier.

12. Costs and Fees:

If either party breaches any term of this Agreement, the breaching party agrees to pay to the non-breaching party all reasonable attorney's fees and reasonable costs and expenses incurred by the non-breaching party in enforcing this Agreement or preparing for legal or other proceedings, whether or not instituted. If any legal or other proceedings are instituted, the party prevailing in any such proceeding shall be paid the reasonable costs, expenses, and fees incurred by the other party, and if any judgment is secured by such prevailing party, all such costs, expenses, and fees shall be included in such judgment, attorney's fees to be set by the court and not by the jury.

13. Waiver:

Excuse or waiver of the performance of the other party of any obligation under this Agreement shall only be effective if evidenced by a written statement of the party so excusing. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the Seller or Purchaser of a breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

14. Assignment:

This Agreement is binding on the heirs, successors, and assigns of the parties, but shall not be voluntarily assigned by either party without prior written consent of the other party, which consent shall not be unreasonable withheld.

15. Entire Agreement:

This document contains the entire Agreement between the parties. It may not be modified except in a writing signed by all parties.

16. Construction of Agreement:

The captions of the paragraphs of this Agreement are for convenience only and shall not govern or influence the interpretation thereof. This Agreement is the result of negotiations

between the parties and, accordingly, shall not be construed for or against any part, regardless of which party drafted this Agreement or any portion thereof.

17. Surviving Covenants:

The provisions of this Agreement shall survive the delivery of the Deed.

18. Time is of the Essence:

Time is of the essence of this Agreement.

19. Controlling Law and Venue:

This Agreement shall be governed by, construed under, and enforced in accordance with the laws of the State of Alaska and the City of Palmer. Venue for actions between the parties arising out of or related to this Agreement shall be in The Third Judicial District Palmer, Alaska.

20. Further Assurances:

Whenever requested to do so by the other party, Seller or Purchaser promptly and expeditiously shall execute, acknowledge and deliver any and all such conveyances, assignments, confirmations, satisfactions, releases, instruments of further assurance, approvals, consents and any and all further instruments and documents as may be reasonably necessary, expedient, or proper in order to complete any and all conveyances, transfers, sales, and assignments herein provided, and to do any and all other reasonable acts and to execute, acknowledge and deliver any and all documents as so reasonably requested in order to carry out the intent and purpose of this Agreement.

21. Miscellaneous:

Purchaser acknowledges its responsibility to inspect the Property described herein and agrees the Seller assumes no liability for matters, which would have been disclosed to the Purchaser by an inspection of the Property. Purchaser further acknowledges that the Seller makes no warranties, either expressed or implied, nor assumes any liability whatsoever, regarding the social, economic or environmental aspects of the Property, to include without limitation, physical access, or natural or artificial hazards which may or may not exist or merchantability, suitability, or profitability of the Buildings for any use or purpose.

22. Permit Laws and Taxes:

Purchaser agrees that it will comply with all permits, laws, and taxes of any federal, state or local entity for any and all activities associated with the sale or use of the Property and any approvals necessary for development of the Property.

Purchaser shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to its performance under this Agreement. All actions taken by the Purchaser under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. The Purchaser shall pay all taxes pertaining to its performance under this Agreement.

Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and their respective successors or assigns, any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, as third party beneficiaries or otherwise and all of the terms, covenants and conditions hereof shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns.

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Each undersigned representative of the Purchaser and Seller certifies that he or she is fully authorized to enter into the terms and conditions of this Purchase Agreement and legally bind the Party he or she represents to this document.

Executed this 20 day of October, 2020.

Seller:

The City of Palmer, Alaska

John Moosey, City Manager

ATTEST:

Purchaser:

Alaska Frontier Fabrication LLC

Melvin B. Grove Jr. Member

Its: _____

ALASKA FRONTIER FABRICATION

907-357-9323
2281 E. SUN MOUNTAIN AVE. STE. B
WASILLA, AK 99654

89-7202/3252



2849

10/20 2020

Pay to the order of Alaska Title \$5,000.00

Five thousand dollars & no/100ths

ALASKA USA FEDERAL CREDIT UNION

TOLL FREE (800) 525-9094
ANCHORAGE (907) 563-4567
ALASKAUSA.ORG

For 2390 S Glenn Hwy *[Signature]*



745-5443
CHG-CHL



MATANUSKA-SUSITNA BOROUGH

Real Property Detail for Account: 17N02E18D002

Site Information

| | | | |
|---|--|-------------|---------|
| Account Number | 17N02E18D002 | Subdivision | |
| Parcel ID | 84393 | City | None |
| TRS | S17N02E18 | Map PA12 | |
| Abbreviated Description (Not for Conveyance) | TOWNSHIP 17N RANGE 2E SECTION 18 LOT D2 | | Tax Map |

Site Address 2390 S GLENN HWY

Ownership

| | | | |
|-------------------------|---|-------------------------|--|
| Owners | PALMER CITY OF | Buyers | |
| Primary Owner's Address | 645 E COPE INDUSTRIAL WAY PALMER AK 99645-6748 | Primary Buyer's Address | |

Appraisal Information

| Appraisal | | | | Assessment | | | |
|-----------|----------------|-----------------|-----------------|------------|---------------|----------------|-----------------------------|
| Year | Land Appraised | Bldg. Appraised | Total Appraised | Year | Land Assessed | Bldg. Assessed | Total Assessed ¹ |
| 2020 | \$330,600.00 | \$4,600.00 | \$335,200.00 | 2020 | \$0.00 | \$0.00 | \$0.00 |
| 2019 | \$330,600.00 | \$5,700.00 | \$336,300.00 | 2019 | \$0.00 | \$0.00 | \$0.00 |
| 2018 | \$330,600.00 | \$3,900.00 | \$334,500.00 | 2018 | \$0.00 | \$0.00 | \$0.00 |

Building Information

Structure 1 of 1

| | | | |
|-------------------|-----------------------|--------------------|--------------------------|
| Residential Units | 1 | Use | Residential Building |
| Condition | Sub-Standard | Design | One Story |
| Basement | Full | Construction Type | Frame |
| Year Built | | Grade | 03.6 |
| Foundation | Poured Concrete | Building Appraisal | \$45900 |
| Well | Well 1 - Drilled Well | Septic | Septic - 1 - Septic Tank |

Building Item Details

| Building Number | Description | Area | Percent Complete |
|-----------------|---------------------------|-------------|------------------|
| 1 | Fireplace Heatilator - 8N | | 100% |
| 1 | Unfinished Basement - 2A | 810 Sq. Ft. | 100% |
| 1 | Fin. Basement Living - 2C | 300 Sq. Ft. | 100% |
| 1 | First Story | 852 Sq. Ft. | 100% |
| 1 | Oil Heat | 1 Sq. Ft. | 100% |

Tax/Billing Information

| Year | Certified | Zone | Mill | Tax Billed |
|------|-----------|------|--------|------------|
| 2020 | Yes | 0003 | 13.293 | \$0.00 |
| 2019 | Yes | 0003 | 13.419 | \$0.00 |
| 2018 | Yes | 0003 | 13.339 | \$0.00 |

Recorded Documents

| Date | Type | Recording Info (offsite link to DNR) |
|-----------|---------------------------|--------------------------------------|
| 8/2/2012 | WARRANTY DEED (ALL TYPES) | Palmer 2012-016338-0 |
| 8/29/2008 | WARRANTY DEED (ALL TYPES) | Palmer 2008-019455-0 |
| 6/27/2003 | QUITCLAIM DEED (ALL TYPE) | Palmer 2003-017548-0 |

Tax Account Status ²

| Status | Tax Balance | Farm | Disabled Veteran | Senior | Total | LID Exists |
|---------|-------------|------|------------------|--------|--------|------------|
| Current | \$0.00 | | \$0.00 | \$0.00 | \$0.00 | \$0.00No |

Land and Miscellaneous

| Gross Acreage | Taxable Acreage | Assembly District | Precinct | Fire Service Area | Road Service Area |
|---------------|-----------------|-----------------------|------------------------|---------------------------|----------------------|
| 12.65 | 12.65 | Assembly District 002 | 11-065 | 132 Greater Palmer Consol | 016 South Colony RSA |

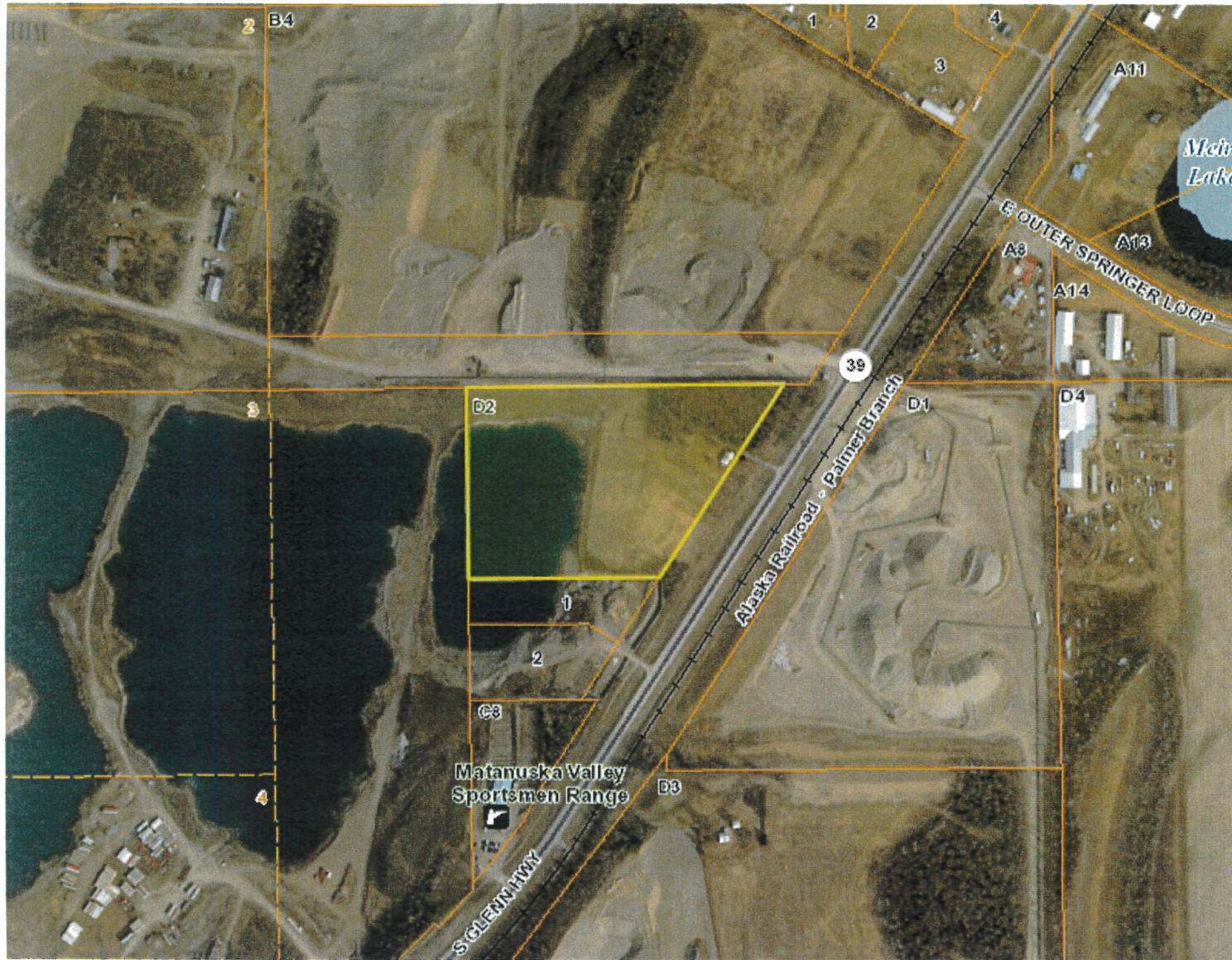
¹ Total Assessed is net of exemptions and deferrals, rest, penalties, and other charges posted after Last Update Date are not reflected in balances.

Last Updated: 9/11/2020 12:00:10 AM

² If account is in foreclosure, payment must be in certified funds.



Matanuska-Susitna Borough



Legend

- + Alaska Railroad
- Roads
 - Highway
 - Major
 - Medium
 - Minor
 - Primitive
 - Private
- ▭ Mat-Su Borough Boundary
- ▭ Incorporated Cities
- ▭ Parcels
- ▭ Lakes and Rivers
- ▭ Flood Zone

1: 5,983



0.2 0 0.09 0.19 Miles

THIS MAP IS NOT TO BE USED FOR NAVIGATION

NAD_1983_StatePlane_Alaska_4_FIPS_5004_Feet
© Matanuska-Susitna Borough

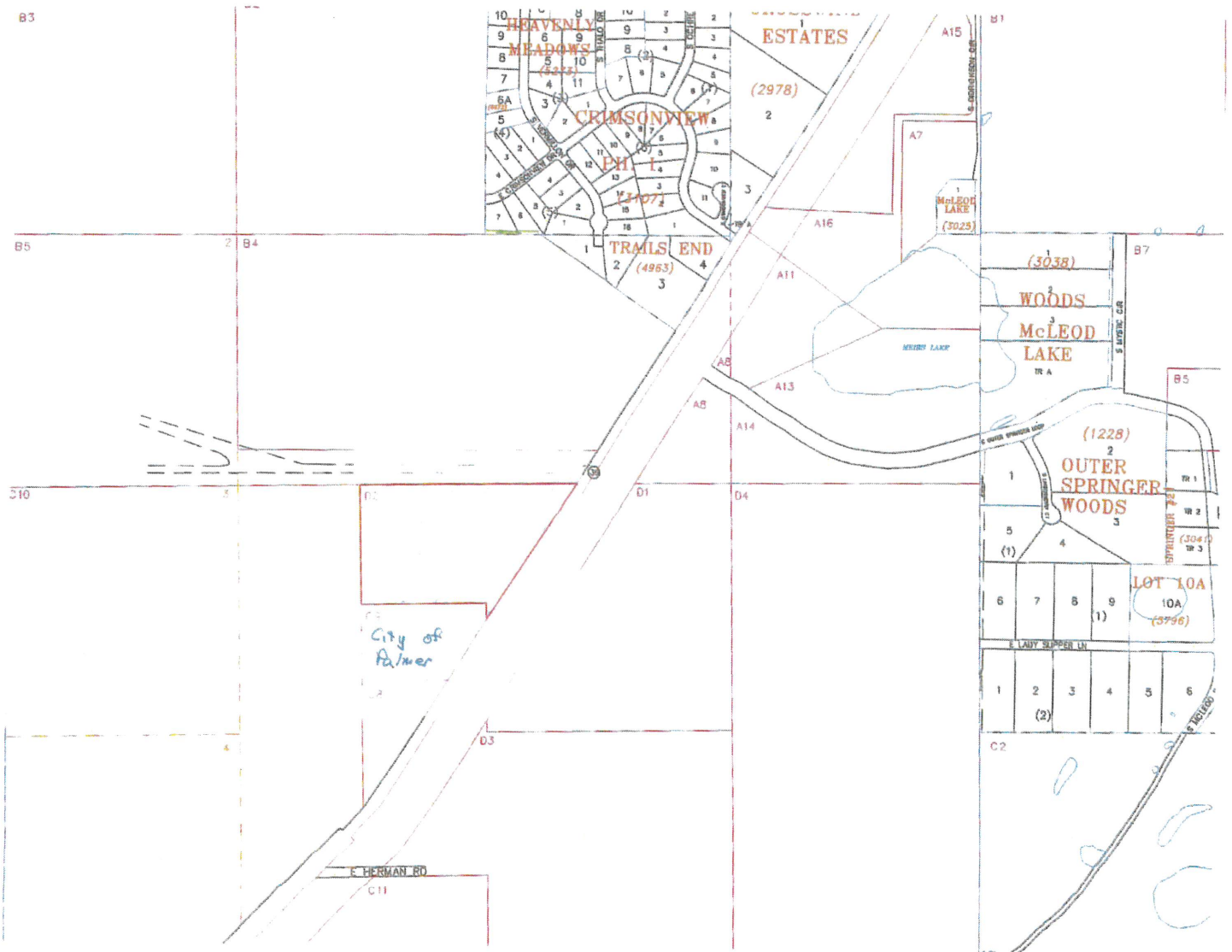
Reported on 01/26/2018 05:00 PM

This map is solely for informational purposes only. The Borough makes no express or implied warranties with respect to the character, function, or capabilities of the map or the suitability of the map for any particular purpose beyond those originally intended by the Borough. For information regarding the full disclaimer and policies related to acceptable uses of this map, please contact the Matanuska-Susitna Borough GIS Division at 907-861-7858.

Notes

This map was automatically generated using Geocortex Essentials.

- 150 -



Appraisers
1199 E. Dimond Blvd. Ste. 200
Anchorage, Alaska 99515
Phone: 907-274-4654
Fax: 907-274-0889
E-mail: bsr@ak.net

BLACK-SMITH, BETHARD & CARLSON, LLC

March 30, 2017

Client: State of Alaska Department of Transportation and Public Facilities
Statewide Design & Engineering Division
Central Region - Right of Way Section
4111 Aviation Avenue
Anchorage, Alaska 99519-6900

Attention: Ms. Lorraine Kastner, Acquisitions Supervisor

Re: Glenn Highway Reconstruction Project; MP 34-42; Parks Highway to Old
Glenn Highway
Project Number: 58104/NH-0A1-5(24)
Parcel Number: 74, TCP 74
TCE Number: N/A
Property Owner: City of Palmer
Property Location: 2390 S. Glenn Highway, in Palmer, Alaska
Legal Description: Lot D2, Section 18, T17N, R2E, S.M., AK¹
Tax ID #: 17N02E18D002

Dear Ms. Kastner:

The attached *appraisal report* summarizes our appraisal of the proposed acquisition as of February 9, 2017 at:

\$64,600

The value opinion is stated in terms of cash and is qualified by certain definitions, assumptions, limiting conditions and certifications.

The appraisal and report are intended to comply with the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), and the procedures and guidelines of the Alaska Right-of-Way Manual.²

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC



Steve Carlson, MAI
General Real Estate Appraiser (Cert. #231)

March 30, 2017

Date

¹ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

² State of Alaska Department of Transportation and Public Facilities

NARRATIVE APPRAISAL SUMMARY

PROJECT INFORMATION

| | |
|------------------------|--|
| PROJECT NAME: | Glenn Highway Reconstruction Project; MP 34-42; Parks Highway to Old Glenn Highway |
| STATE PROJECT #: | 58104 |
| FEDERAL-AID PROJECT #: | NH-0A1-5(24) |
| PARCEL #: | 74, TCP 74 |
| TCE #: | N/A |

OWNER INFORMATION

| | |
|-----------------------|--|
| OWNER: | City of Palmer |
| ADDRESS: | 645 E. Cope Industrial Way, Palmer, Alaska 99645-6748 |
| TELEPHONE NUMBER: | 907-761-1304 (Nathan Wallace, City Manager, City of Palmer) |
| PARCEL LOCATION: | 2390 S. Glenn Highway, Palmer, Alaska |
| LEGAL DESCRIPTION: | Lot D2, Section 18, T17N, R2E, S.M., AK ³ |
| ZONING: | Un-zoned |
| CURRENT USE: | Under-Improved Mixed-Use Parcel |
| HIGHEST AND BEST USE: | Mixed-use development; could include residential & comm-indus elements |
| As Vacant | Removal in favor of mixed-use development |
| As Improved | |
| RIGHTS APPRAISED: | Fee Simple |
| INSPECTION DATE: | February 9, 2017 |
| DATE OF VALUE: | February 9, 2017 |

Note: The area shown on the Project Parcel Plat (14.368 AC⁴) includes submerged land. For the purpose of measuring compensation, I recognize an allocation to the uplands as the larger parcel.

Larger Parcel Reconstruction and Allocation

| | | <u>AC</u> | <u>SF</u> |
|--|------|-----------|------------|
| Gross Area Per Parcel Plat | | 14.368 | ±625,870 |
| Less: allocation to submerged land | ±31% | (4.500) | (±196,020) |
| Allocation to Larger Parcel (uplands) | | 9.868 | ±429,850 |
| Less: Net Take | | (1.347) | (±58,675) |
| Remainder (uplands) | | 8.521 | ±371,175 |

PARCEL DESCRIPTION SUMMARY

| | | | |
|--|--|--------------------|----------------|
| PARCEL AREA: | Gross: 429,850 SF (9.868 AC) Net: 429,850 SF (9.868 AC) | EASEMENT ACQUIRED: | 0 SF (0.00 AC) |
| AREA OF ACQUISITION: | Gross: 58,675 SF (1.347 AC) Net: 58,675 SF (1.347 AC) | PERMIT ACQUIRED: | 0 SF (0.00 AC) |
| REMAINDER: | 371,175 SF (8.521 AC) | | |
| AREA OF LARGER PARCEL SUBJECT TO PLO OR SECTION LINE EASEMENT: | | | 0 SF (0.00 AC) |

³ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

⁴ The MSB assessor reports size of 14.00 AC (609,840 SF); slightly less than shown in the project plans. I relied on the project materials provided.

ACQUISITION SUMMARY

| | | | | | |
|--|--------------------------|----------------------|------------------|---|-----------|
| 1. MARKET VALUE BEFORE ACQUISITION: | See Note 1 See Note 2 | LAND IMPROVEMENTS | \$472,900 \$0 | = | \$472,900 |
| 2. LESS ACQUISITION VALUE AS PART OF THE WHOLE: | | LAND IMPROVEMENTS | \$64,600 \$0 | - | \$64,600 |
| 3. REMAINDER VALUE AS PART OF THE WHOLE: | | | | = | \$408,300 |
| 4. ESTIMATED MARKET VALUE OF REMAINDER: | | LAND IMPROVEMENTS | \$408,300 N/A | | \$408,300 |
| 5. DAMAGES (if any) | | | \$0 | | |
| 6. LESS SPECIAL BENEFITS (if any) | | | \$0 | * | \$0 |
| 7. ACQUISITION VALUE as PART of the WHOLE | | | | + | \$64,600 |
| 8. NET DAMAGES | | | | + | \$0 |
| 9. COST-to-CURE | | | | + | \$0 |
| 10. PERMITS: | | | | + | \$0 |
| 11. EASEMENTS: | | | | + | \$0 |
| 12. PLO OR SECTION LINE EASEMENTS: | | | | + | \$0 |
| 13. OTHER: Temporary Construction Easements (TCEs) | | | | + | \$0 |
| 14. MARKET VALUE OF ACQUISITION: See Note 1 | | | | = | \$64,600 |

1. The indicated value of the whole (and the value of the acquisition) reflects the fee value – unallocated for rights previously reserved or conveyed, if any (e.g. subsurface rights, utility easements, leaseholds, etc.).
2. The existing improvements are not affected by the acquisition; there are no incurable damages to the remainder. Given these conditions, their contribution (if any) is not essential to the measure of compensation. For the purpose of the analysis, the value of the whole is recognized as the land value plus the contribution of site improvements in the acquisition area that can't be relocated, if any.

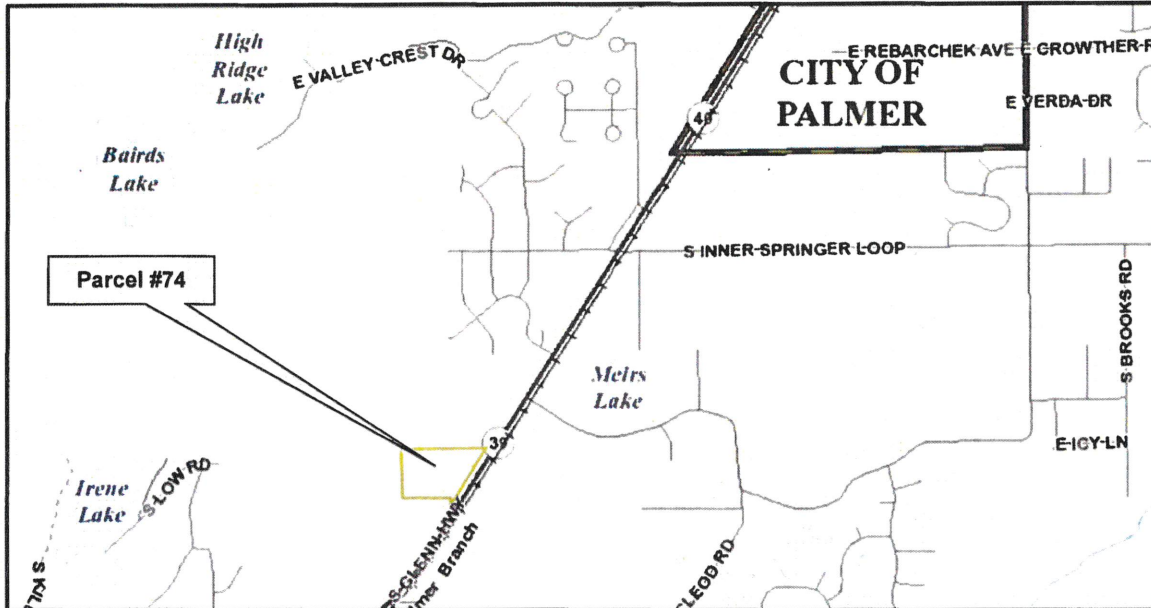
Date: March 30, 2017

Prepared By: Steve Carlson, MAI

IDENTIFICATION OF THE PROPERTY

LOCATION

The property is located at 2390 S. Glenn Highway in Palmer, Alaska (±MP 38.9).



LEGAL DESCRIPTION

Lot D2, Section 18, T17N, R2E, S.M., AK⁷

MOA TAX ID #

17N02E18D002

OWNERSHIP

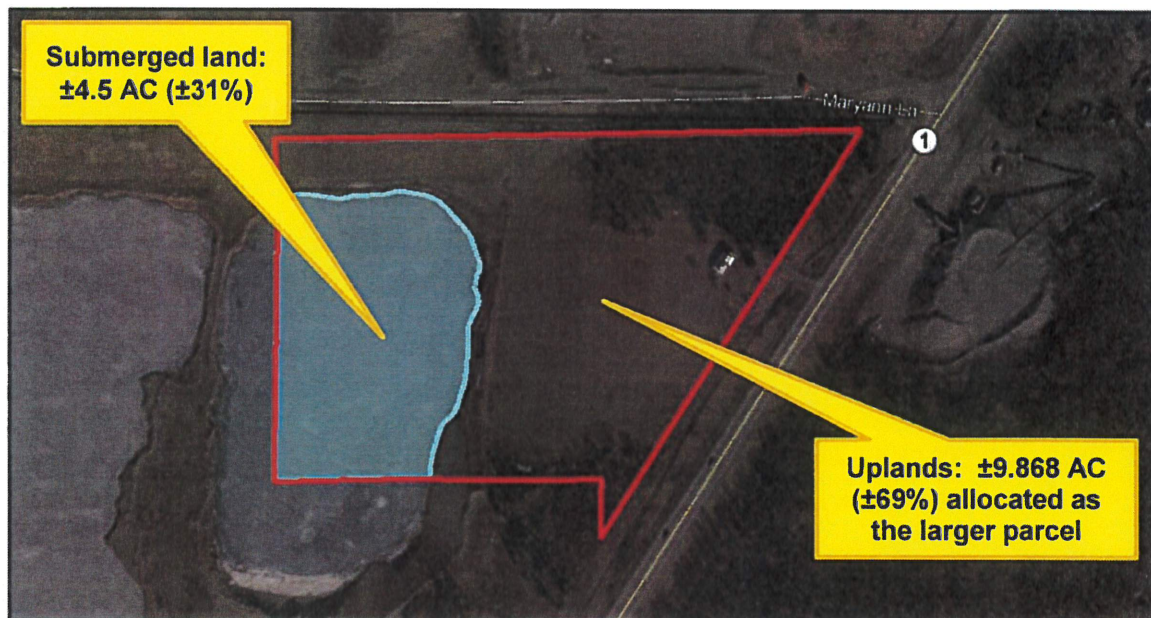
City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645-6748

907-761-1304 (Nathan Wallace, City Manager, City of Palmer)

⁷ The parcel is identified by a lengthy aliquot parts description found in the Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

Utilities: The site is served by electricity, a drilled well and septic system. Gas is on site. Public water and sewer mains extending south from Palmer are across the highway.

Topography: Approximately 4.5 acres are submerged by a gravel-pit pond.¹³ The uplands allocated as the larger parcel include a steep shoreline bluff but most of it is cleared and leveled at/near highway grade.



Soils / Wetlands: The soils appear to be suitable for improved uses including on-site well and septic systems. The subject is located outside classified wetlands. (Source: Google Earth image overlay).

Flood Plain: The subject site is outside the Matanuska River flood zone depicted on the MSB interactive parcel viewer.

Seismic: Most of south-central Alaska is classified in “seismic zone 4”. Permitting agencies typically recognize this zone in its application of the uniform building code.

Easements/ Encumbrances: Title report notes a 15’ MEA easement along the west Highway ROW boundary.

A blanket easement in favor of Matanuska Telephone Association (MEA) is typical for the area.

¹³ Google Earth Pro reconstruction

APPRAISAL REPORT



**Under-Improved Mixed-Use Parcel
Located at 2390 S. Glenn Highway
in Palmer, Alaska**

FOR

City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645

Attn.: Mr. Brad Hanson

B-SBC FILE No.

20-096

BY

Brian Bethard, MAI
General Real Estate Appraiser (Cert. #281)

DATE

Report Date

December 28, 2020

Effective Date of Value

December 21, 2020

Date of Inspection

December 21, 2020

Zack Rall, Appraiser

**BLACK-SMITH, BETHARD & CARLSON, LLC
1199 E. Dimond Blvd., Ste. 200, Anchorage, Alaska 99515**

BLACK-SMITH, BETHARD & CARLSON, LLC

December 28, 2020

Client: City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645

Attention: Mr. Brad Hanson, Director Community Development

Re: Under-Improved Mixed-Use Parcel
Located at 2390 S. Glenn Highway, Palmer AK
MSB Tax ID #: 17N02E18D002

Dear Mr. Hanson:

We are submitting the attached *appraisal report* that summarizes the development of our opinion of the as-is *market value* of the *fee-simple* (surface) interest in the property identified above. As a result of our analysis, we have formed the opinion that the property appraised has the following market value as of December 21, 2020:

| Market Value | Date | Value Conclusion |
|-------------------|-------------------|------------------|
| <i>Fee-Simple</i> | December 21, 2020 | \$470,000 |

The value opinion reported is qualified by certain definitions, assumptions, limiting conditions, and certifications. Our opinion of value is measured in terms of cash (or its equivalent) and a market exposure period (looking backward) of 1 year.

The appraisal conforms to and satisfies the requirements of the *Uniform Standards of Professional Practice* (USPAP) for an *appraisal report*.

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC



Brian Z. Bethard, MAI
General Real Estate Appraiser (Cert. # 281)



Zack P. Rall, Appraiser

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We certify that, to the best of our knowledge and belief:

2018-2019 USPAP Standard Rule 2-3, Page 27

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- We 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.
- We previously appraised the subject property in February of 2017 (B-BSC File No. 15-097 (74)) for a different client to establish value for a DOT project involving condemnation. We have performed no other services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value 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 appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Zack Rall provided significant real property appraisal assistance to the persons signing this certification. I limited his services to data documentation, preparation of exhibits and the organization of report contents.

Appraisal Institute (July 21, 2015), Certification Standard Rules 1-1, 1.2, & 1.3

- 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Brian Z. Bethard is a licensed General Real Estate Appraiser (#281). As of the date of this report, he has completed the continuing education requirements for the State of Alaska, as well as the continuing education program for Designated Members of the Appraisal Institute.

Dated this 28th day of December 2020.



 Brian Z. Bethard, MAI
 General Real Estate Appraiser (Cert. # 281)



 Zack P. Rall, Appraiser



| | |
|--|---|
| Location: | 2390 S. Glenn Highway |
| Legal Description: | Lot D2, Section 18, T17N, R2E, S.M., AK |
| Matanuska-Susitna Borough Tax ID: | 17N02E18D002 |
| Owner of Record: | City of Wasilla |
| Site Area: | Gross: ±13.021 AC (567,195 SF) Net of Submerged Land: ±8.521 AC (371,175 SF) |
| Zoning: | Un-zoned |
| Highest and Best Use: | Removal in favor of mixed-use development |
| Date of Valuation: | December 21, 2020 |
| Date of Inspection: | December 21, 2020 |
| Report Date | December 28, 2020 |
| OPINION OF MARKET VALUE | \$470,000 |

Our opinion of value is measured in terms of cash (or its equivalent) and a market exposure period (looking backward) of 1 year.



Looking south along uplands



Looking west towards NWC of site



Looking SW towards submerged lands



Looking SE across uplands towards Glenn Hwy.



Looking northerly along the Glenn Hwy.

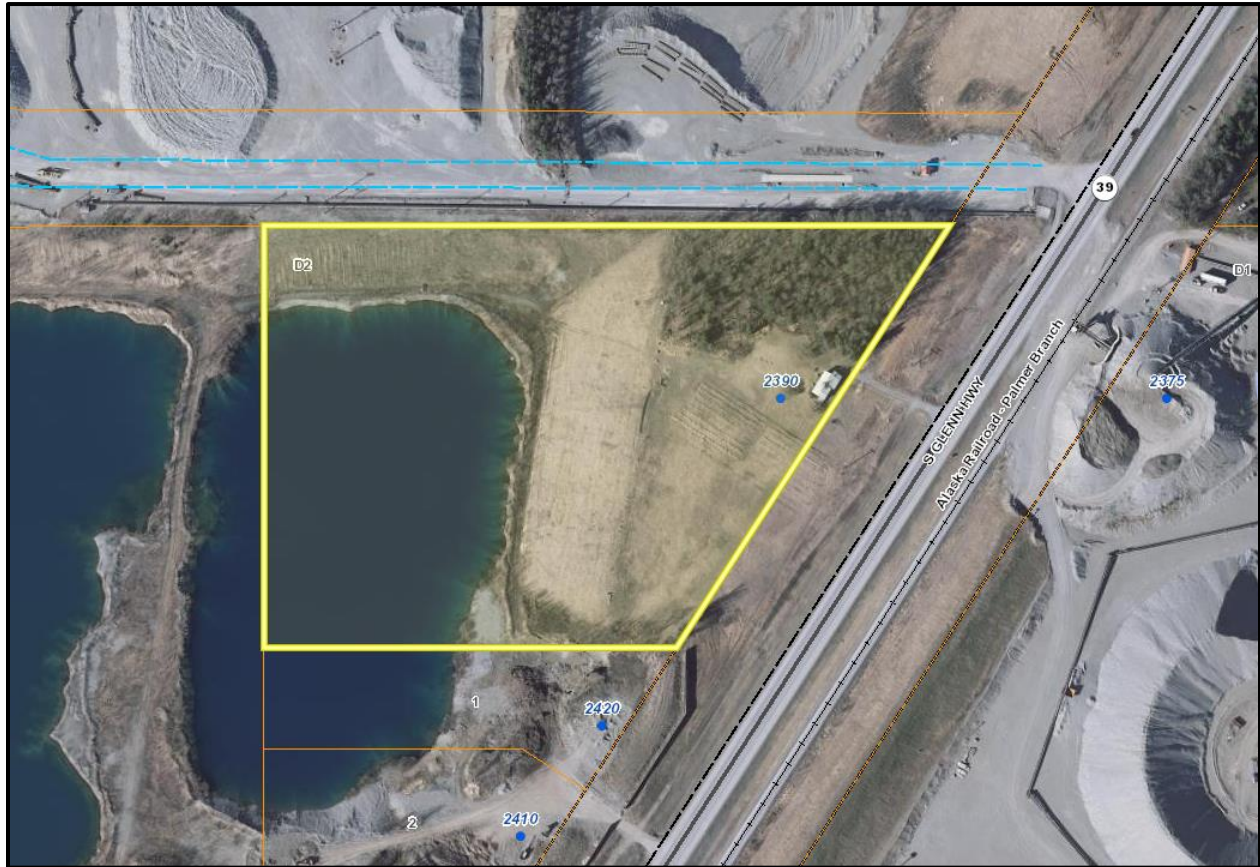


Looking southerly along the Glenn Hwy.

PART I – PREMISES OF THE APPRAISAL

LOCATION

The subject property is located at 2390 S. Glenn Highway, in Palmer, Alaska (±MP 38.9).

**LEGAL DESCRIPTION**

Lot D2, Section 18, T17N, R2E, S.M., AK¹

MATANUSKA-SUSITNA BOROUGH (MSB) TAX ID #

17N02E18D002

OWNERSHIP

City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645

Property History

Our firm has previously appraised the subject property (BSBC #15-097 (74)) as part of the Glenn Highway Reconstruction Project. There have been no sales of the subject property preceding the 3-year period of this report. The client has reported two separate offers as of our date of valuation based upon our 2017 appraisal. Both offers were reportedly at/near full price (\$472,900) and the prospective buyers intend the property for commercial uses.

¹ The parcel is identified by a lengthy aliquot parts description found in a previous Title Report. The MSB assessor recognizes an abbreviated description: Lot D2, Section 18, T17N, R2E, S.M., AK

NATURE OF THE ASSIGNMENT – STATEMENT OF THE APPRAISAL PROBLEM

Client

City of Palmer
645 E. Cope Industrial Way
Palmer, Alaska 99645

Attn.: Mr. Brad Hanson, Director Community Development

Purpose of the Appraisal and the Property Rights Appraised

The purpose of the appraisal is to estimate the as-is *market value*² of the *fee simple* (surface) interest in the properties identified.

The value opinion is stated in terms of cash (or its equivalent) and a market exposure period (looking backward) of one year.

Date of Report

December 28, 2020

Date of Inspection

December 21, 2020

Date of Valuation

December 21, 2020

Intended Use of the Appraisal Report

The intended use is to assist the client in the administration of a proposed purchase of the property.

Intended User(s) of the Appraisal Report

Intended users include the client and appropriate regulatory agencies.

² The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition (2015).*

Data sources and the steps in the appraisal development process are summarized:

PROPERTY DATA

Zack Rall inspected and photographed the property on December 21, 2020. Brian Z. Bethard, MAI is familiar with the property from a previous appraisal project. We obtained zoning information and a tax history from the Matanuska-Susitna Borough (MSB). All requested information that was available was provided.

AREA DATA

In order to identify significant trends and indicators, I spoke with local property owners, real estate agents, and appraisers. I also reviewed various publications, reports, and surveys including the *Anchorage Daily News* and *Alaska Economic Trends*.

MARKET ANALYSIS

Given the property type and stable market conditions, an *inferred demand* analysis is appropriate (demand is inferred from general market conditions and the available data).

MARKET DATA

Alaska is a non-disclosure state. The FLEX Multiple Listing Service (MLS) is the primary source of data. Secondary sources include real estate brokers/agents and other appraisers.

APPRAISAL DEVELOPMENT

The MSB inventories a small residence with a 2020 assessed value of \$4,600. Because the structure is an under-improvement and the value is in the land, the *cost and income* approaches are not applicable. We developed our land value opinion by the *sales comparison approach*.

APPRAISAL REPORTING

The report is intended to comply with the reporting requirements for an *appraisal report* as set forth under Standards Rule 2-2 of the USPAP. It presents summary discussions of the data, reasoning, and analysis that were used to develop my opinion of value. Supporting documentation is retained in my work file. The depth of discussion contained in this report is specific to the client's intended use.

General limiting conditions and assumptions are summarized in the addenda. *Extraordinary assumptions*,³ *hypothetical conditions*,⁴ and limiting conditions specific to this appraisal are identified below. *Note: Reliance on extraordinary assumptions and/or hypothetical conditions could affect the assignment results.*

Extraordinary Assumptions:

- N/A

Hypothetical Conditions:

- N.A

³ "An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." *Uniform Standards of Professional Practice*

⁴ "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." *Uniform Standards of Professional Practice*

PART III – PRESENTATION OF DATA

ALASKA

Population⁵

Alaska’s population decreased 0.4 percent from July 2018 to July 2019, our new estimates show. The biggest drivers were a decline in the number of people moving to Alaska and fewer births. While this was the third straight year of overall population loss, the declines have been small. Over those three years, Alaska’s population fell by a total of 1.2 percent. The state’s 2019 population of 731,007 is about 8,600 below the peak of 739,649 people in 2016.

Economic Outlook – January 2020

While the economy has become more diversified, Alaska is heavily dependent on the oil industry and government spending.

After three years of job losses, Alaska is regaining a small amount of lost ground as some industries show signs of recovery. We forecast 0.3 percent growth in 2020, or about 1,100 new jobs. While most industries’ growth will be tepid, record anticipated numbers of cruise ships visitors and the first wave of new military personnel at Eielson Air Force Base in the interior will be bright spots in 2020.⁶ Sectors devastated early in the recession are beginning to add jobs again. Oil industry employment stabilized in mid to late 2018, and increased activity on the North Slope signals resumed growth. Oil and gas will add jobs in 2020, although the sale of BP’s assets to Hillcorp will likely result in at least temporary job loss. The construction industry, hit especially hard during the recession’s first two years, began to add jobs in 2018 and picked up the pace in 2019, mainly through projects at Eielson Air Force Base in the Interior. Other sectors have stabilized and some, however state and local government will continue to lose jobs in 2020.⁷

ANCHORAGE and the MATANUSKA-SUSITNA BOROUGH

More than half of Alaska’s population resides in the adjoining south-central areas encompassed by the Municipality of Anchorage (MOA) and the Matanuska-Susitna Borough (MSB). Their population centers are physically separated by Joint Base Elmendorf Richardson (JBER) and the flats of the Matanuska & Knik Rivers.

Anchorage

Anchorage is Alaska’s largest city. It is a strategic hub for the state’s transportation industry and the center of commerce. Oil and gas industries, finance and real estate, communications, and government agencies are also headquartered in Anchorage.



⁵ Alaska Economic Trends, February 2020; Alaska Department of Labor

⁶ Karinne Wiebold, Alaska Economic Trends, January 2020

⁷ Karinne Wiebold, Alaska Economic Trends January 2020

Job loss has been the headline for the last three years in Anchorage, and although the decline became smaller each year, this has been the longest recession in the city's history. The city will inch back into positive territory in 2020 with 0.1 percent forecasted growth, not through any major project or event but by small gains in a number of industries. Although some Anchorage industries will continue to lose jobs, improving consumer sentiment and growth in tourism, construction, air freight, health care, and military spending will likely offset any declines. Forecasts are based on what we know now, however, so a dramatic oil price decline, big state government cuts, a national recession, or another economic shock would change the outlook considerably.⁸

Matanuska-Susitna Borough

The southern-most portion of the MSB is often described as a bedroom community to Anchorage, commonly referred to as the "Valley." While they have their own identities, the sister cities of Wasilla and Palmer are only 45 miles from Anchorage on the Glenn Highway, a multi-lane, paved expressway with modern interchanges.

Mat-Su has large tracts of undeveloped land, while urban Anchorage is mostly limited to infill sites that restrict growth and increase costs.⁹ Most boroughs and census areas have sustained net migration losses in recent years, losing people to other places in the state as well as outside. The Matanuska-Susitna Borough stands out for its large net inflows, averaging more than 1,200 people per year, even in a decade when most of the state's net migration has been negative....By area, the Matanuska-Susitna Borough remains the fastest-growing in the state, adding 1,024 people over the year to reach 106,438 in 2019.¹⁰

December 2020

Deteriorating economic conditions attributed to both the crash in oil prices and the COVID-19 pandemic can be expected to influence local real estate market conditions. However, at the time, there is no evidence of seller/lessor concessions.

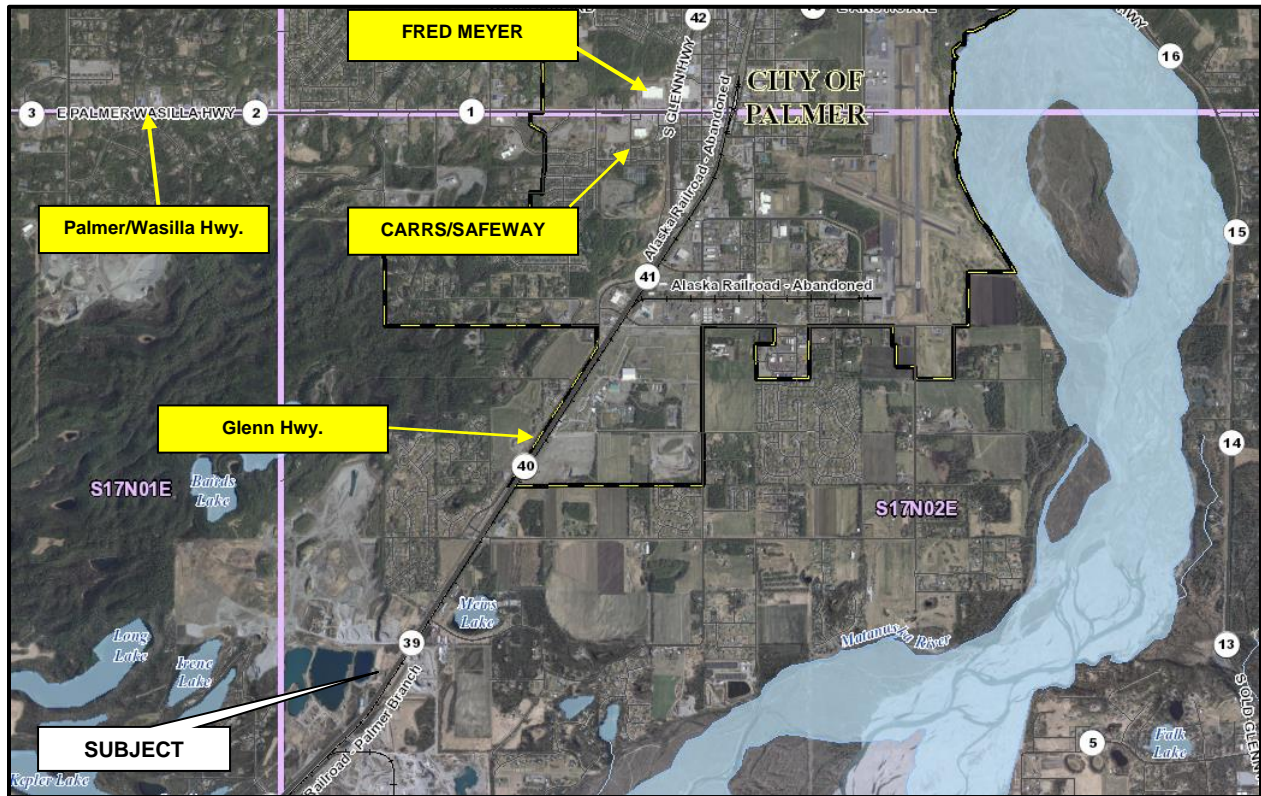
⁸ Neal Fried, *Alaska Economic Trends*, January 2020

⁹ *Alaska Economic Trends*, April 2014; Alaska Department of Labor

¹⁰ *Alaska Economic Trends*, February 2020; Alaska Department of Labor

GENERAL NEIGHBORHOOD

The general area is referenced by the City of Palmer between MP 38 & 42 of the Glenn Highway corridor.



- Access** The Glenn and the Palmer-Wasilla Highways are the main arterials serving the city.
- Utilities** Water, sewer, natural gas, electricity and telephone are available within city limits.
- Services** Police, fire protection and road maintenance are provided by the City of Palmer.
- Land Development** Development in the neighborhood consists of a variety of commercial, light industrial and institutional uses which vary in terms of age, quality and condition. The intersection of the Glenn and Palmer-Wasilla Highways has been the focal point for new development, including the newer Carr's/Safeway and Fred Meyers.
- Life Cycle** Stable/slow-growth.

SITE DESCRIPTION

Location: The property is located on the west side of the Glenn Highway (± MP 38.9) outside the Palmer city limits south of the fairgrounds. The street address is 2390 S. Glenn Highway.

Access: Direct access to/from the Glenn Highway is adequate (one established gravel driveway).

Plat: There is no official plat.

Land Area:

| | | |
|--|-------------------|----------------------|
| MSB Gross (includes submerged land): | 12.65 AC | 551,034 SF |
| BSBC Reconstructed Gross ¹¹ : | 13.021 AC | 567,195 SF |
| <u>Less Submerged Land:</u> | <u>(±4.50 AC)</u> | <u>(±196,020 SF)</u> |
| Net Useable Area (NUA): | 8.521 AC | 371,175 SF |

Shape: Irregular interior lot with high frontage to depth.

Road Frontage: ±790' Glenn Highway

Visibility/Exposure: Glenn Highway

Traffic Count (2019): 11,839 (ADT) – Glenn Highway

Utilities: The site is served by electricity, a drilled well and septic system. Gas is on site. Public water and sewer mains extending south from Palmer are across the highway.

Topography: Approximately 4.5 acres are submerged by a gravel-pit pond.¹² The uplands allocated as the larger parcel include a steep shoreline bluff but most of it is cleared and leveled at/near highway grade.



¹¹ The reconstructed gross area is based on our prior appraisal for the DOT where a project parcel plat was provided including the acquisition from the property. The MSB assessor's office confirmed there has been no additional acquisitions from the subject property since our appraisal. Despite the discrepancy in gross acreage, our reconstruction has been utilized in order to determine the Net Useable Area of the subject.

¹² Google Earth Pro reconstruction

| | |
|--|--|
| Soils/Wetlands: | The soils appear to be suitable for improved uses including on-site well and septic systems. The subject is located outside classified wetlands. (MSB Wetland Imagery). |
| Flood Plain | The subject site is outside the Matanuska River flood zone depicted on the MSB interactive parcel viewer. |
| Seismic | Most of south-central Alaska is classified in “seismic zone 4”. Permitting agencies typically recognize this zone in its application of the uniform building code. |
| Easements/ Encumbrances: | <p>A previously supplied title report noted a 15’ MEA easement along the west Highway ROW boundary.</p> <p>A blanket easement in favor of Matanuska Telephone Association (MEA) is typical for the area.</p> |
| Zoning/Public Restrictions: | <p>The subject is outside city limits but all land development is subject to Matanuska-Susitna Borough Code regulations that address building setbacks and permit requirements for a number of “conditional uses.” The minimum setbacks (unless otherwise specified in Special Land Use Districts etc.) are:</p> <ul style="list-style-type: none"> • 25’ from any right-of-way • 10’ from any side and rear lot lines. • 75’ from a watercourse or body of water <p>Well, septic tanks and drain fields may not be located within a public right-of-way and no part of any subsurface sewage disposal system shall be closer than 100 feet from any body of water or water course.</p> |
| Private Restrictions: | None noted. |
| Environmental Issues: | I am not aware of any environmental issues affecting the site. |
| Adjacent Properties: | <p>North: Industrial land (Anchorage Sand & Gravel)</p> <p>South: Vacant parcel</p> <p>East: Industrial (AS&G), agricultural and wooded land</p> <p>West: Industrial land (Central Monofill Services)</p> |
| Conclusion/ Suitability | <p>Direct access to/from the Glenn Highway is adequate. Utilities on site include electricity and gas. The site is also served by a drilled well and an on-site septic system. The soils and topographic conditions are favorable.</p> <p>Given these conditions/characteristics, the parcel appears to be suitable for uses evident along the highway corridor including residential, resident-commercial, and industrial.</p> <p>The pond is an attractive amenity for single and multi-family residential uses.</p> |

IMPROVEMENT DESCRIPTION



The parcel is improved with a dated residential building. The MSB assessor records indicate it was built in 1958 and the condition is “sub-standard.” Due to the Glenn Highway Reconstruction project, the set-back is less than 25’ but it qualifies as a legal non-conformity.¹³ Given the assessed value (\$4,600) the building is an under-improvement.

¹³ If a condemnation by a governmental agency reduces the building line setback of a structure below 25 feet, but there remains at least ten feet setback, and the setback reduced by the condemnation met the requirements of this section prior to the condemnation, the resulting setback shall be the setback requirements for the lot. (Ord. 11-159, § 2, 2011; Ord. 11-019, § 2, 2011; Ord. 93-042, § 2 (part), 1993; Ord. 88-190, § 3 (part), 1988)

REAL ESTATE TAXES AND ASSESSMENTS

Tax Identification Number: 17N02E18D002

The current ownership is tax-exempt.

A three-year history of the assessed valuations is summarized in the following table.

| Year | Land Appraised | Bldg. Appraised | Total Appraised |
|-------------|-----------------------|------------------------|------------------------|
| 2020 | \$330,600.00 | \$4,600.00 | \$335,200.00 |
| 2019 | \$330,600.00 | \$5,700.00 | \$336,300.00 |
| 2018 | \$330,600.00 | \$3,900.00 | \$334,500.00 |

Tax/Billing Information

| Year | Certified | Zone | Mill | Tax Billed |
|-------------|------------------|-------------|-------------|-------------------|
| 2020 | Yes | 0003 | 13.293 | \$0.00 |
| 2019 | Yes | 0003 | 13.419 | \$0.00 |
| 2018 | Yes | 0003 | 13.339 | \$0.00 |

Regardless, the property is appraised as free and clear.

PART IV – ANALYSIS OF DATA AND CONCLUSIONS

The Appraisal Institute recognizes two categories of market analysis: inferred and fundamental. Given the property type and stable market conditions, an *inferred demand* analysis is appropriate. Demand is inferred from general market conditions and the data selected for direct comparison.

GENERAL CONDITIONS

Population Trend

Historic population data is summarized in the following table:

| | *1990 | *2000 | *2010 | **2019 | %Δ over 29 years |
|----------------|---------|---------|---------|---------|------------------|
| Mat-Su Borough | 39,683 | 59,332 | 88,995 | 106,438 | 168% |
| Palmer | 2,866 | 4,533 | 5,937 | 6,041 | 111% |
| Wasilla | 4,028 | 5,469 | 7,831 | 8,736 | 117% |
| Anchorage | 226,338 | 260,283 | 291,826 | 291,845 | 29% |

* U. S. Census ** Alaska Department of Labor Estimates

Most boroughs and census areas have sustained net migration losses in recent years, losing people to other places in the state as well as outside. The Matanuska-Susitna Borough was the only part of the state to add a significant number of people, the borough grew by 1,024 in 2019 to 106,438. Mat-Su has been the state’s strongest source of growth for the past decade, although its growth has slowed. Mat-Su overtook the Fairbanks North-Star Borough as the state’s second-largest borough equivalent in 2015, when it approached 100,000 people.¹⁴

Market Activity

Ten-year trends compiled from Multiple Listing Service data for the Wasilla & Palmer areas (including Meadow Lakes) indicated that despite softness in some submarkets, market conditions are generally stable in terms of activity (transaction volume) and market exposure times (continue to trend <1 year).

Vacant Land

| Year | # Sold | Avg. DOM |
|------|--------|----------|
| 2010 | 293 | 160 |
| 2011 | 272 | 166 |
| 2012 | 319 | 139 |
| 2013 | 331 | 129 |
| 2014 | 426 | 150 |
| 2015 | 381 | 150 |
| 2016 | 365 | 186 |
| 2017 | 377 | 175 |
| 2018 | 309 | 163 |
| 2019 | 373 | 151 |

Commercial Sales

| Year | # Sold | Avg. DOM |
|------|--------|----------|
| 2010 | 12 | 230 |
| 2011 | 15 | 219 |
| 2012 | 13 | 347 |
| 2013 | 11 | 139 |
| 2014 | 18 | 215 |
| 2015 | 19 | 208 |
| 2016 | 24 | 247 |
| 2017 | 13 | 249 |
| 2018 | 28 | 282 |
| 2019 | 27 | 175 |

Commercial Leasing

| Year | # Sold | Avg. DOM |
|------|--------|----------|
| 2000 | 13 | 206 |
| 2011 | 22 | 303 |
| 2012 | 21 | 322 |
| 2013 | 16 | 251 |
| 2014 | 42 | 938 |
| 2015 | 24 | 173 |
| 2016 | 34 | 197 |
| 2017 | 23 | 278 |
| 2018 | 22 | 293 |
| 2019 | 41 | 141 |

¹⁴ Alaska Economic Trends- February 2020

HIGHEST AND BEST USE “AS VACANT”

Highest and Best Use is defined in the 14th Edition of the *Appraisal of Real Estate*, Appraisal Institute, as “the reasonably probable use that results in the highest value.”

“AS VACANT”**Possible Uses**

Direct access to/from the Glenn Highway is adequate. Utilities on site include gas and electricity. The site is also served by a drilled well and an on-site septic system. The soils and topographic conditions are favorable. In summary, the parcel could be developed with almost any legally permissible use.

Permissible Use

Legal restrictions, as they apply to the subject, include public restrictions (zoning), private restrictions (conditions, covenants, & restrictions [CCR's), plat notes, and easements.

Public Restrictions

The parcel is outside city limits and un-zoned. Applicable MSB land use regulations and Alaska DEC requirements are typical.

Private Restrictions

None noted.

Plat Notes

No official plat

Easements

The blanket easement noted in the title report is typical for the area. A 15' MEA easement along the west Highway ROW does not restrict use.

Given these conditions/characteristics, the parcel is suitable for the predominant uses evident along the corridor including residential, resident-commercial, and industrial.

Feasible Use

The feasibility of residential, commercial and industrial uses is evidenced by an active market for developable lots and acreage and several projects recently completed, underway, and proposed.

Maximally Productive Use

This submarket is user-driven. Because needs and preferences are not universal and the inputs necessary to evaluate alternatives are not available, the maximally productive use cannot be determined. Given the neighborhood characteristics, the highest and best use is mixed-use development that could include residential and commercial-industrial elements.

Most Probable Buyer – As Vacant

Probable buyers included users (owner-occupants) and developers.

AS-IMPROVED

I acknowledge that the MSB assessor inventories the improvements at \$4,600 on top of a land value of \$330,600, but the building is clearly an under-improvement. I'm not aware of any possible feasible use that justifies significant life extending repairs, renovations and upgrades. The highest and best use is removal in favor of redevelopment.

Most Probable Buyer – As Improved

Probable buyers included users (owner-occupants) and developers.

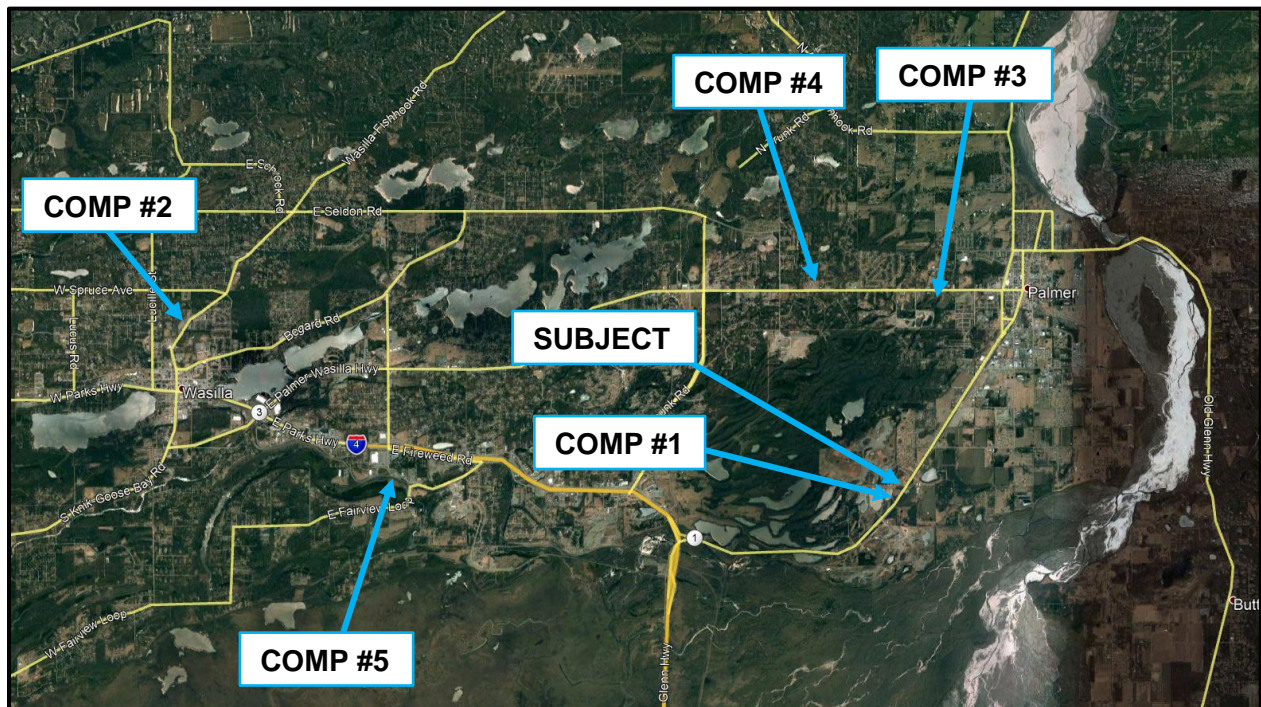
Sales comparison is the most common technique for valuing land and it is the preferred method when comparable sales are available. Elements of comparison include:¹⁵

- Property rights
- Financing terms
- Conditions of sale (motivation)
- Expenditures immediately after purchase
- Market conditions (sale date)
- Physical characteristics
 - Zoning
 - Utility availability
 - Access
 - Location
 - Soils and topography
 - Size
 - Shape

SUMMARY OF COMPARABLE SALES

Comparable sales selected for comparison are identified in the following table. The analysis recognizes a price-per-square-foot unit of comparison. Comparable sales and listings are identified in the following table.

| COMP # | Address/Location | Status | Date | \$ | AC | SF | \$/SF | DOM▼ |
|----------------|-----------------------------|-----------|-----------|-----------|--------------|----------------|-----------|-----------|
| <i>Subject</i> | <i>2390 S. Glenn Hwy</i> | <i>NA</i> | <i>NA</i> | <i>NA</i> | <i>8.521</i> | <i>371,175</i> | <i>NA</i> | <i>NA</i> |
| 1 | 2420 S. Glenn Hwy | Sold | 04-14 | \$181,300 | 4.155 | 180,992 | \$1.00 | 82 |
| 2 | 1200 N. Wasilla-Fishhook Rd | Sold | 06-16 | \$330,000 | 5.060 | 220,414 | \$1.50 | 615 |
| 3 | 2970 E. Palmer-Wasilla Hwy | Sold | 01-18 | \$587,500 | 5.300 | 230,868 | \$2.54 | 228 |
| 4 | 10221 E. Palmer-Wasilla Hwy | Sold | 02-20 | \$305,000 | 4.693 | 204,421 | \$1.49 | 337 |
| 5 | 3680/3700 Old Matanuska Rd | Sold | 08-20 | \$437,000 | 6.419 | 279,612 | \$1.56 | 645 |



15 The Appraisal of Real Estate, 14th Edition, Appraisal Institute

DESCRIPTION OF THE COMPARABLES

The comparables are identified in the previous table and on the map. The property characteristics are summarized in the following comparison grid. Details are retained in the appraiser's file.

CORRELATION (EXPLANATION OF THE ADJUSTMENTS)

All of the comparables reflect arm's length sales/acquisitions of the fee simple interest (except where noted). Atypical motivations, if any, are recognized in the reconciliation. The indicated unit values are already adjusted to a cash equivalent value (if required) and for expenditures immediately after purchase (e.g. demolition or the cost-to-cure known defects/deficiencies).

Market Conditions

Market conditions have been generally stable over the time period bracketed by the comparables and the date of valuation. I made no quantitative adjustment.

Physical Inequalities

I correlated the comparables with qualitative adjustments (superior, inferior, approximately equal) according to the following criteria.

Location

The qualitative adjustment recognizes:

- Proximity to goods and service
- Neighborhood compatibility (externalities)
- Exposure to traffic

Size

A large lot clearly has an advantage over a smaller site that is otherwise identical. In contrast, where the market recognizes a \$/SF unit of comparison; the data confirms the general trend - *unit price (\$/SF) decreases as parcel size increases*. In other words; in terms of *unit price*, a 20,000 SF parcel is generally superior to a 100,000 SF parcel - all other characteristics being equal.

Shape/Configuration

The comparative analysis recognizes both the corner/interior lot characteristic as well as the shape (frontage to depth). In general, a corner lot is superior to an interior lot and parcels with high ratios of frontage-to-depth are superior to those that are comparatively narrow and deep.

Access, Topography, Soils, Utilities, Restrictions

The qualitative adjustments for other inequalities are based on the observations summarized in the grid.

COMPARATIVE ANALYSIS

I correlated the comparables in the following *relative comparison analysis* grid. An overall net adjustment (<, >, ±) is applied to develop value indicators on the bottom line.

| COMP No. | SUBJECT | #1 | #2 | #3 | #4 | #5 |
|----------------------------|--|---|---|---|---|---|
| DC No. | | 2843 | 3669 | 2932 | 3736 | 3053 |
| Status | --- | Sold | Sold | Sold | Sold | Sold |
| Address/Location | 2390 S. Glenn Highway | 2420 S. Glenn Highway | 1200 Wasilla FSHK | 2970 E. P-W Hwy. | 10221 E P-W Hwy. | 3680/3700 Old Matanuska |
| Sale Price | --- | \$181,300 | \$330,000 | \$587,500 | \$305,000 | \$437,000 |
| Date | --- | April 2014 | June 2016 | January 2018 | February 2020 | August 2020 |
| Size (NUA) | 8.521 AC 371,175 SF | 4.155 AC (uplands) 180,922 SF | 5.060 AC 220,414 SF | 5.300 AC 230,868 SF | 4.693 AC 204,421 SF | 6.419 AC 279,612 SF |
| Indicated \$/SF | --- | \$1.00/SF | \$1.50/SF | \$2.54/SF | \$1.49/SF | \$1.56/SF |
| General Location | | | | | | |
| • <i>Neighborhood</i> | Mixed use highway corridor; no significant anchors | Mixed use highway corridor; no significant anchors | Mixed-use Wasilla-Fishhook Rd. on the periphery of Wasilla core | Mixed-use Palmer-Wasilla Hwy. corridor east of Wasilla core | Mixed-use Palmer-Wasilla Hwy. corridor east of Wasilla core | Developing area south of commercial Seward Meridian / Parks Hwy. corridor |
| • <i>ADT (2019)</i> | 11,839 – Glenn Highway | 11,839 – Glenn Highway | 6,267 – Wasilla-Fishhook | 13,129 – Palmer-Wasilla | 11,829 – P-W Hwy. | 1,250 – Old Mat-Su Rd. |
| Access | Adequate - paved | Adequate - paved <i>approx.=</i> | Adequate – paved; access from two sides <i>superior</i> | Adequate - paved <i>approx.=</i> | Adequate - paved <i>approx.=</i> | Adequate - paved <i>approx.=</i> |
| Topography | Mostly cleared & leveled at/near grade; rear steeply slopes towards lake | Rolling and partially cleared; moderate to steep slope to lake <i>slightly inferior</i> | Mostly cleared & generally level at/near road grade; ±15% at the SEC is steep upward slope <i>approx.=</i> | Mostly cleared & generally level at/near road grade; ±10% at the SEC is steep upward slope <i>approx.=</i> | Mostly cleared & generally level at/near road grade; ±15% at the NEC is steep upward slope <i>approx.=</i> | Mostly cleared, generally level, at/near grade <i>superior</i> |
| Soils | Adequate | Upland soils adequate <i>approx.=</i> | Adequate <i>approx.=</i> | Adequate <i>approx.=</i> | Adequate <i>approx.=</i> | Adequate <i>approx.=</i> |
| Utility Availability | G & E on-site | G & E reportedly adj. <i>slightly inferior</i> | G & E in area <i>inferior</i> | G & E on-site <i>approx.=</i> | E & G reportedly adjacent <i>slightly inferior</i> | G & E on-site <i>approx.=</i> |
| Size (NUA)* | 8.521 AC 371,175 SF | 4.155 AC (uplands) 180,922 SF <i>superior</i> | 5.060 AC 220,414 SF <i>superior</i> | 5.300 AC 230,868 SF <i>superior</i> | 4.693 AC 204,421 SF <i>superior</i> | 6.419 AC 279,612 SF <i>approx.=</i> |
| Shape: | | | | | | |
| • <i>Corner/interior</i> | Irregular interior | Irregular interior | Irregular (minor) corner | Rectangular interior | Rectangular interior | Irregular interior |
| • <i>Frontage to depth</i> | High | Adequate <i>slightly inferior</i> | High <i>slightly superior</i> | Adequate <i>slightly inferior</i> | Adequate <i>slightly inferior</i> | High <i>approx.=</i> |
| Restrictions | | | | | | |
| • <i>Zoning</i> | Un-zoned | Un-zoned | Commercial (C) | Un-zoned | Un-zoned | Un-zoned |
| • <i>Other (plat/CCRs)</i> | None reported | None reported <i>approx.=</i> | None reported <i>approx.=</i> | None reported <i>approx.=</i> | None reported <i>approx.=</i> | None reported <i>approx.=</i> |
| Other | Pond amenity | Pond amenity but adjacent to shooting range; bisected by OH electric line; sale conditions <i>inferior</i> | None noted <i>slightly inferior</i> | None noted <i>slightly inferior</i> | None noted <i>slightly inferior</i> | Adjacent to ARRC Railroad <i>slightly inferior</i> |
| Indicated \$ | --- | > \$1.00/SF | < \$1.50/SF | < \$2.54/SF | < \$1.49/SF | < \$1.56/SF |

*Net Useable Area

Reconciliation

The data generates an overall range of \$/SF unit values from \$1.00 to \$2.54/SF. The relative market position of the subject is isolated in the following table.

| COMP # | \$/SF | Reconciliation |
|---------|----------|---|
| #3 | ▼ \$2.54 | Clearly superior. |
| #5 | ▼ \$1.56 | Superior topography and extensive frontage outweigh negative characteristics. |
| #2 | ▼ \$1.50 | Off-setting characteristics, most weight given to size advantage |
| #4 | ▼ \$1.49 | Off-setting characteristics, most weight given to size advantage |
| Subject | --- | --- |
| #1 | ▲ \$1.00 | Adjacent to the subject; size advantage is more than offset by inferior characteristics and it is a dated sale. |

The subject's market position is situated below the \pm \$1.50/SF benchmark. Comparable No. 1 is adjacent and shares similar features, but clearly is inferior and is a dated sale. The subject is better situated slightly above the middle of the narrowed bracketing range. In the end, the market is user-driven; preferences and evaluation criteria are not universal. Market value is fairly represented at \$1.25/SF to \$1.30/SF, or \$463,969 ($\$1.25/\text{SF} \times 371,175 \text{ SF}$) to \$482,528 ($\$1.30/\text{SF} \times 371,175 \text{ SF}$).

Our firm previously appraised the subject parcel for DOT in regards to the Glenn Highway Reconstruction Project (MP 34-42) in 2017. Our opinion of market value was estimated at \$472,900 and on a \$/SF basis at \$1.10/SF. However, the site was appraised in the "as-is" condition and the parcel was larger at 428,671 SF, 9.841 AC. Considering the reduction in size, it is reasonable that the \$/SF indicator increases. According to the property contact, there has been interest from parties wishing to purchase the property near the \$472,900 value conclusion from our prior report.

The recent offers on the subject property support the indicated value range of \$464,000 to \$483,000 (rounded) and in the end market value is concluded at **\$470,000**.

ADDENDA

LIMITING CONDITIONS AND ASSUMPTIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies (if any) are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

Additional Assumptions and Limiting Conditions:

1. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
2. The client agency provided the area estimates for the larger parcel, area of the acquisition, and the remainder. Design changes, if any, that result in changes to those area estimates will require a modification of the appraisal.
3. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
4. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance surveyor analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

QUALIFICATIONS OF BRIAN BETHARD, MAI – ALASKA STATE CERTIFICATION #281

Brian Z. Bethard, MAI

State Certification No. 281

General Education

Service High School, Anchorage, Alaska - Graduate 1989

The Colorado College, Colorado Springs, CO - Bachelor of Arts, Economics 1993

University of Alaska, Anchorage, Anchorage, AK - MBA 1996

Employment History

Black-Smith, Bethard & Carlson, LLC -

Managing Member – 2005 +

Black-Smith and Richards, Inc. -

Fee Appraiser -1995 to 2005

Randall, Hayes, and Henderson, Inc. -

Fee Appraiser -1993 to 1995

Appraisal Courses/Seminars Taken

Residential Case Study - University of Alaska Anchorage - 1994

Uniform Residential Appraisal Report - Appraisal Institute - 1993

Standards of Professional Practice, Part A & B - Appraisal Institute - 1996

Advanced Sales Comparison & Cost Approaches - Appraisal Institute - 1997

Appraisal Principles & Procedures - Appraisal Institute - 1998

Highest and Best Use Market Analysis - Appraisal Institute - 1998

Advanced Applications and Market Analysis - Appraisal Institute - 1998

Report Writing and Valuation Analysis - Appraisal Institute, 1998

Advanced Income Capitalization, Course 510 - Appraisal Institute - 2000

Intro to Statistics & Supporting Adjustments - Appraisal Institute - 2002

Market Studies for Affordable Housing - NH&RA - 2002

Standards of Professional Practice - Appraisal Institute – 2002/03/04/05/07/09/11/13/15

Subdivision Analysis - Appraisal Institute – 2004/15

Rates & Ratios – Appraisal Institute – 2005

Principles of Real Estate Law – IRWA – 2005

Skills of Expert Testimony – IRWA – 2006

Analyzing Distressed Real Estate – AI – 2006

Condemnation Appraising – AI – 2007

Appraisal Challenges in Declining Markets – AI, 2009

Forecasting Revenue – AI, 2009

USPAP Update – AI, 2011

Yellow Book – AI, 2011

Appraisal Curriculum, General – AI, 2011

Real Estate Financing, Statistics & Value Modeling – AI, 2013

Appraisal of Limited Service Hotels – AI, 2015

Certifications

Alaska State Certification: General Real Estate Appraiser #281

Affiliations

Member Appraisal Institute (Member No. 11857)

President: Alaska Chapter Appraisal Institute – 2005 & 2006
Vice Pres: Alaska Chapter Appraisal Institute - 2004

Typical Clients

Northrim Bank
Alaska Housing Finance Corp.
The Blomfield Company
The Municipality of Anchorage
The City of Valdez
Alaska Industrial Development & Export Authority
National Bank of Alaska
Key Bank
State of Alaska Department of Natural Resources
First National Bank Alaska

Typical Appraisal Assignments

Village Inn Hotel, Valdez AK
Alaska Fish & Game Building, Anch., AK
Highlands Luxury Apartments, Anch., AK
The Veco Building, Anch., AK
Charter North Hospital, Anch., AK
Eagle Pointe Subdivision, Eagle River, AK
The School District Building, Anch., AK
Alaska DOT Building, Juneau, AK
Golden Heights Apartments, Juneau, AK
Royal Suite Annex, Anch., AK



QUALIFICATIONS OF ZACK RALL, APPRAISER

Zack P. Rall
Appraiser

General Education

University of Alaska Anchorage, Business Administration, Business Management, Graduate 2017

University of Alaska Anchorage Real Estate Specific Courses:

- Leasing in Property Management
- Real Estate Principles
- Maintenance in Property Management
- Real Estate Investment Finance
- Real Estate Operations Management
- Real Estate Appraisal
- Real Estate Law

South Anchorage High School, Anchorage, Alaska – Graduate 2010

Business Experience

Black-Smith, Bethard and Carlson, LLC, Appraiser, 2013 +

Appraisal Courses Taken

Basic Appraisal Principles, Appraisal Institute, September 2014

Basic Appraisal Procedures, Appraisal Institute, August 2015

General Appraiser Income Approach/Part 1, June 2020

General Appraiser Income Approach/Part 2, October 2020

General Appraiser Site Valuation and Cost Approach, December 2020

APPRAISAL EXPERIENCE

Typical assignments include the appraisals of commercial retail and office properties, industrial properties, medical and professional buildings, apartment buildings, remote properties, vacant land, and subdivisions.

**City of Palmer
Resolution No. 21-009**

Subject: Accepting a Loan and Grant from the United States Department of Agriculture Rural Development, Rural Utilities Service Loan amount not to exceed \$8,121,000.00 and Grant amount of \$458,000.00 for the Engineering, Construction, and Installation of Secondary Clarifiers at the Palmer Wastewater Treatment Plant Facility in Accordance with Federal Consent Decree and Civil Action No: 3:16-cv-00204-TMB


Agenda of: March 9, 2021

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: John Moosey, City Manager

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-------------------------------------|-----------------------|---|------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| <input checked="" type="checkbox"/> | Public Works |  | 02/22/2021 |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **8,579,000.00**

This legislation (√):


- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 8,121,000.00 Loan; \$458,000.00 Grant
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted 24-53-41-6226 USDA Grant; 24-53-42-6226 USDA Loan

Director of Finance Signature: 

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | _____ |
| City Attorney | _____ | _____ |
| City Clerk | <u>Norma L. Alley</u> | _____ |

Attachment(s):

- 1. Resolution No. 21-009
- 2. USDA Letter of Conditions
- 3. RUS Bulletin 1780-27 Loan Resolution
- 4. HDR Engineer Cost Estimate

Summary Statement/Background:

In accordance with the City of Palmer’s Federal Consent Decree (Civil Action No: 3:16-cv-00204-TMB), the City is required to install and operate two Secondary Clarifiers units at the Palmer Wastewater Treatment Plant Facility.

The clarifiers are to be of sufficient treatment and settling capacity to enable the facility to meet all effluent limits in its current Alaska Pollutant Discharge Elimination System permit or any subsequent Alaska Pollutant Discharge Elimination System permits that may be issued by the United States Environmental Protection Agency or the Alaska Department of Environmental Conservation.

The system shall be configured to allow for the future addition of a third clarifier, if necessary, to support treatment of a future maximum monthly flow of 1.5 million gallons a day.

Under the proposed loan and grant conditions:

| | |
|--------------------|---------------------|
| USDA Agency Loan: | \$ 8,121,000 |
| USDA Agency Grant: | \$ 458,000 |
| Applicant Match: | <u>\$ 1,511,000</u> |
| Total Funds: | \$10,090,000 |

Engineers Estimate for the Project: \$10,090,000

Accepting the United States Department of Agriculture Rural Development, Rural Utilities Service loan and grant, with prescribed conditions will provide the City with needed funds and allow the City to install the required clarifiers and associated items as required by our Federal Consent Decree.

Administration’s Recommendation:

Approve Resolution No. 21-009

LEGISLATIVE HISTORY

Introduced by: City Manager Moosey
Public Hearing Date: March 9, 2021
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 21-009

A Resolution of the City Council of the City of Palmer, Alaska, Accepting and Allocating a Loan and Grant from the United States Department of Agriculture Rural Development, Rural Utilities Service Loan Amount Not to Exceed \$8,121,000.00 and Grant Amount of \$458,000.00 for the Engineering, Construction and Installation of Secondary Clarifiers at the Palmer Wastewater Treatment Plant Facility in Accordance with Federal Consent Decree and Civil Action No: 3:16-cv-00204-TMB

WHEREAS, the installation of two Secondary Clarifiers at the Palmer Wastewater Treatment Plant Facility are required as part of our current Federal Consent Decree; and

WHEREAS, the city of Palmer needs monies to bring the Palmer Wastewater Treatment Plant Facility into full compliance with its Federal Consent Decree requirements; and

WHEREAS, the U.S. Department of Agriculture Rural Development, Rural Utilities Service has offered the city of Palmer a loan in the amount not to exceed \$8,121,000.00 and grant in the amount of \$458,000.00, with a required city match of \$1,511,000.00, to assist in bringing its Wastewater Treatment Plant Facility into compliance.

NOW, THEREFORE, BE IT RESOLVED, the Palmer City Council hereby accepts the United States Department of Agriculture Rural Development, Rural Utilities Service loan and grant terms and loan funds in the amount not to exceed \$8,121,000.00 and grant funds in the amount of \$458,000.00 and allocates the funds to the Water/Sewer Capital Projects Fund.

Approved by the Palmer City Council this ____ day of _____, 2021.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

February 19, 2021

John Moosey, City Manager
City of Palmer
231 W. Evergreen Ave.
Palmer, AK 99645

SUBJECT: Recipient Name: City of Palmer
Project Name: Wastewater System Improvements Project
Wastewater Application
CFDA Number: 10.760
Agency Loan: \$8,121,000
Agency Grant: \$458,000
Applicant: \$1,511,000

Dear Mr. Moosey:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State staff of USDA Rural Development, of which are referred to throughout this letter as the Agency. Any changes in project cost, source of funds, scope of project, or any other significant changes in the project or applicant must be reported to and concurred with by the Agency by written amendment to this letter. If significant changes are made without obtaining such concurrence, the Agency may discontinue processing of the application.

All conditions set forth under Section III – Requirements Prior to Advertising for Bids must be met within 90 days of the date of this letter. If you have not met these conditions, the Agency reserves the right to discontinue the processing of your application.

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please complete and return the following forms within 5 days:

Form RD 1942-46, “Letter of Intent to Meet Conditions”
Form RD 1940-1, “Request for Obligation of Funds”
RUS Bulletin 1780-12, “Water and Waste System Grant Agreement”

The loan/grant will be considered approved on the date Form RD 1940-1, “Request for Obligation of Funds,” is signed by the approving official. Thus, this letter in itself does not constitute loan and grant approval, nor does it ensure that funds are or will be available for the project. When funds are available, the Form 1940-1 will be provided to you for your signature. After you sign and return the form to the Agency, the request will be processed, and loan/grant funds will be approved and obligated.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access information and regulations referenced in this letter at our website located at www.rd.usda.gov.

The conditions are as follows:

SECTION I - PROJECT DETAIL

1. **Project Description** – Funds will be used to make the improvements to the existing municipal wastewater system by constructing and installing two clarifiers in the treatment process.

Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of Federal, State, and local agencies. The proposed facility design must be based on the Preliminary Engineering Report (PER) as concurred with by the Agency.

2. **Project Funding** – The Agency is offering the following funding for your project:

| | |
|----------------|-------------|
| Agency Loan - | \$8,121,000 |
| Agency Grant - | \$458,000 |

This offer is based upon the following additional funding being obtained:

| | |
|--------------------------|-------------|
| Applicant Contribution - | \$1,511,000 |
|--------------------------|-------------|

TOTAL PROJECT COST - \$10,090,000

This funding is offered based on the amounts stated above. Prior to loan closing, any increase in non-Agency funding will be applied first as a reduction to Agency grant funds, up to the total amount of the grant, and then as a reduction to Agency loan funds.

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

3. **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

| <u>Project Costs:</u> | <u>Total Budgeted:</u> |
|-------------------------------------|-------------------------------|
| Construction | \$7,995,000 |
| Contingency | \$799,500 |
| Engineering Fees | \$955,500 |
| Includes: | |
| Construction CA Services | \$753,800 |
| Design | \$241,700 |
| Legal Fees - Local Attorney & Admin | \$100,000 |
| Legal Fees - Bond Counsel | \$200,000 |
| TOTAL | \$10,090,000 |

Obligated loan or grant funds not needed to complete the proposed project will be deobligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

SECTION II – LOAN AND GRANT TERMS

- 4. Loan Repayment** – (Semi-annually) The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

Your loan will be scheduled for repayment over a period of **40 years**. Payments will be two equal semi-annual amortized installments, beginning 180 days after closing. For planning purposes, use a **1.75%** interest rate, which provides for an annual payment of **\$141,631**. The precise payment amount will be based on the interest rate at which the loan is closed and may be different than the one above.

The payment due date will be established as the day that the loan closes. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided.

- 5. Security** – The loan will be secured by a Parity Revenue bond with a first lien position in the amount of **\$8,121,000**, authorized and prepared in accordance with RUS Instruction 1780, Paragraph 1780.14. The bond will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

The Bonds and any ordinance of resolution relating thereto must not contain any provision in conflict with RUS Bulletin 1780-27, “Loan Resolution (Public Body)” applicable regulations, and law.

- 6. Preauthorized Debit Payment (PAD)** – Payments will be made on the day your payment is due through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28, “Authorization Agreement for Preauthorized Payments,” for all new and existing indebtedness to the Agency prior to loan closing. It will allow for your payment to be electronically debited from your account on the day your payment is due.
- 7. Construction Completion Timeframe** - All projects must be completed, and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit to the Agency a written request for extension of time with adequate justification of circumstances beyond your control. Requests for waivers beyond the initial extension will be submitted to the Assistant Administrator for concurrence decision.
- 8. Disbursement of Agency Funds** - Agency funds will be disbursed into the borrower’s depository account through an electronic transfer system. SF 3881, “ACH Vendor/Miscellaneous Payment Enrollment Form,” must be completed and submitted to the Agency prior to advertising for bids.

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless a written agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant Agreement must not be closed, and funds must not be disbursed prior to loan funds except as specified in RUS Instruction

1780.45(d). In the unlikely event the Agency mistakenly disburses funds, the funds will be remitted back to the Agency electronically.

Grant funds are to be deposited in an interest-bearing account (exception provided below) in accordance with 2 CFR Part 200 and interest in excess of \$500 per year remitted to the Agency. The funds should be disbursed by the recipient immediately upon receipt and there should be little interest accrual on the Federal funds. Recipients shall maintain advances of Federal funds in interest-bearing accounts, unless:

- a. The recipient receives less than \$120,000 in Federal awards per year.
- b. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- d. A foreign government or banking system prohibits or precludes interest-bearing accounts.

9. **Reserves** – Reserves must be properly budgeted to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise. The following reserves are required to be established as a condition of this loan:

- a. **Debt Service Reserve** – It has been determined as part of this funding proposal that you have sufficient funds to establish reserves for the following purposes and amounts:

As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan.

When funds are withdrawn during the life of the loan, deposits will commence at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal \$2,360.52 per month; this amount should be deposited monthly until a total of \$141,631 has been accumulated.

This reserve should be maintained in a separate bookkeeping account, and proof of the reserve balance will be provided each year in the Balance Sheet and/or the Notes to the Financial Statements in the Annual Audit report. This reserve is in addition to any existing or future reserve account obligations of the Owners.

- b. **Short-Lived Asset Reserve** – In addition to the debt service reserve fund, you must establish a short-lived asset reserve fund. Based on the preliminary engineering report, you must deposit at least \$232,803 into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is your responsibility to assess your facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

Current assets can also be used to establish and maintain reserves for expected expenses, including but not limited to operation and maintenance, deferred interest during the construction period, and an asset management program.

SECTION III – REQUIREMENTS PRIOR TO ADVERTISING FOR BIDS

10. Environmental Requirements – At the conclusion of the proposal’s environmental review process, specific action(s) were determined necessary to avoid or minimize adverse environmental impacts. As outlined in the Environmental Report dated December 2016, the following actions are required for successful completion of the project and must be adhered to during project design and construction:

1. The City of Palmer (“City”) shall obtain and comply with all required County, State, and federal permits, including mitigations measures.
2. Construction activities must be limited to working hours to reduce noise impact (10 hours).
3. Contractor to prepare a Storm Water Pollution Prevention Plan (SWPPP), in compliance with the Alaska Pollution Discharge Elimination System General Construction Permit.
4. No building shall be constructed within the 100-year floodplain. Any improvements within the floodplain need to be flood proofed.
5. Fugitive dust from construction activities must be reduced during construction by use of water or dust control plans.
6. Emissions from vehicles and equipment must be maintained within applicable state and local emission control plans.
7. Movement of construction material and machinery must be scheduled for non-peak or non-critical times.
8. Best management practices must be utilized during construction to minimize or avoid potential impacts to water quality or resources.
9. All waste materials generated during construction will be disposed of in the landfill or the waste will be backhauled to an approved facility.
10. Proper sedimentation and erosion control construction techniques will be used.
11. Mitigation measures will be taken to minimize impacts to migratory birds. The site will be examined for the presence of animal or bird habitat and breeding ground before ground disturbing activities. Vegetation clearing will take place outside of the nesting season. If a bald eagle nest is observed, any construction activity will be stopped and will not continue until further consultation with USFWS.
12. Potential impacts to regional water quality from construction will be prevented by implementing appropriate construction best management practices (BMPs), including but not limited to use of silt fences and soil stabilization measures, temporary cover practices to prevent erosion of exposed soils, preservation of existing vegetation to the maximum extent practicable.

The project as proposed has been evaluated to be consistent with the National Environmental Policy Act. Other Federal, State, tribal, and local laws, regulations and or permits may apply or be required. If the project or any project element deviates from or is modified from the originally approved project, additional environmental review may be required.

11. Engineering Services – You have been required to complete an Agreement for Engineering Services, which should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance,” or other approved form of agreement. The Agency will provide concurrence prior to advertising for bids and must approve any modifications to this agreement.

12. Contract Documents, Final Plans, and Specifications

- a. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.
- b. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.
- c. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

13. American Iron and Steel (AIS) - Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) applies a new American Iron and Steel requirement:

- (1) No Federal funds made available for this fiscal year for the rural water, waste water, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless all of the iron and steel products used in the project are produced in the United States.
- (2) The term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- (3) The requirement shall not apply in any case or category of cases in which the Secretary of Agriculture (in this section referred to as the “Secretary”) or the designee of the Secretary finds that—
 - a. applying the requirement would be inconsistent with the public interest.
 - b. iron and steel products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
 - c. inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

14. Legal Services – You have been required to execute a legal services agreement with your attorney and bond counsel, if applicable, for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a “not to exceed” amount for the services, including reimbursable expenses. RUS Bulletin 1780-7, “Legal Services Agreement,” or similar format may be used. The Agency will provide concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.

15. Property Rights - Prior to advertising for bids, you and your legal counsel must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-way needed for the project. Acquisitions of necessary land and rights must be accomplished in

accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Such control over the lands and rights will be evidenced by the following:

- a. **Right-of-Way Map** – Your engineer will provide a map clearly showing the location of all lands and rights-of-way needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
- b. **Form RD 442-20, “Right-of-Way Easement”** – This form may be used to obtain any necessary easements for the proposed project, or a comparable method recommended by your attorney.
- c. **Form RD 442-21, “Right-of-Way Certificate”** – You will provide a certification on this form that all right-of-way requirements have been obtained for the proposed project.
- d. **Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way”** – Your attorney will provide a certification and legal opinion on this form addressing rights-of-way, easements, and title.

The approving official may waive title defects or restrictions, such as utility easements, that do not adversely affect the suitability, successful operation, security value, or transferability of the facility. Any such waivers must be provided by the approving official in writing prior to closing or the start of construction, whichever occurs first.

You are responsible for the acquisition of all property rights necessary for the project and for determining that prices paid are reasonable and fair. The Agency may require an appraisal by an independent appraiser or Agency employee in order to validate the price to be paid.

16. System Policies, Procedures, Contracts, and Agreements – The facility must be operated on a sound business plan. You must adopt policies, procedures, and/or ordinances outlining the conditions of service and use of the proposed system. Mandatory connection policies should be used where enforceable. The policies, procedures, and/or ordinances must contain an effective collection policy for accounts not paid in full within a specified number of days after the date of billing. They should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees. A draft of these policies, procedures, and/or ordinances must be submitted for Agency review and concurrence, along with the documents below, before closing instructions may be issued unless otherwise stated.

- a. **Conflict of Interest Policy** – Prior to obligation of funds, you must certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict or potential conflict to disclose the conflict/potential conflict; (2) a clause that prohibits interested members of the applicant’s governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant’s official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, “Sample Conflict of Interest Policy,” at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

- b. Contracts for Other Services/Lease Agreement** – Drafts of any contracts or other forms of agreements for other services, including audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.

Fully executed copies of any policies, procedures, ordinances, contracts, or agreements must be submitted prior to loan closing, with the exception of the conflict of interest policy, which must be in place prior to obligation of funds.

- 17. Closing Instructions** – The Agency will prepare closing instructions as soon as the requirements of the previous paragraphs are complete, as well as a draft of the security instrument(s). Closing instructions must be obtained prior to advertising for bids.
- 18. Interim Financing** – For all loans exceeding \$500,000, where loan funds can be borrowed at reasonable interest rates on an interim basis from commercial sources for the construction period, such interim financing will be used to preclude the necessity for multiple advances of Agency loan funds. You must provide the Agency with a copy of the interim loan financing agreement for review prior to advertising for bids. The Agency approving official may make an exception when interim financing is cost prohibitive or unavailable. Grant funds from the Agency will be disbursed by multiple advances through electronic transfer of funds after interim financing or Agency loan funds are expended, in accordance with RUS Instruction 1780.45.
- 19. Construction Account** – You must establish a construction account for all funds related to the project. Construction funds will be deposited with an acceptable financial institution or depository that meets the requirements of 31 CFR Part 202. A separate account will not be required for Federal funds and other funds; however, the recipient must be able to separately identify, report, and account for all Federal funds, including the receipt, obligation and expenditure of funds. Financial institutions or depositories accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral, in accordance with 31 CFR Part 202. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the construction account at any one time. Your financial institution can provide additional guidance on collateral pledge requirements.

Agency funds will be disbursed into the borrower’s depository account through an electronic transfer system. SF 3881, “ACH Vendor/Miscellaneous Payment Enrollment Form,” must be completed and submitted to the Agency prior to advertising for bids.

- 20. System Users** – This letter of conditions is based upon your indication at application that there will be at least **1,649 residential users, 351 non-residential users**, and 0 bulk / wholesale users on the existing system when construction is completed.

Before the Agency can agree to the project being advertised for construction bids, you must certify that the number of users indicated at application are currently using the system or signed up to use the system once it is operational.

If the actual number of existing and/or proposed users that have signed up for service is less than the number indicated at the time of application, you must provide the Agency with a written plan on how you will obtain the necessary revenue to adequately cash flow the expected operation, maintenance, debt service, and reserve requirements of the proposed project (e.g., increase user rates, sign up an adequate number of other users, reduce project scope, etc.). Similar action is required if there is caused to modify the anticipated flows or volumes presented following approval.

If you are relying on mandatory connection requirements, you must provide evidence of the authorizing ordinance or statute along with your user certification.

21. **Other Funding** – Prior to advertising for bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter from each source.
22. **Proposed Operating Budget** – You must establish and/or maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance (O&M), debt service, and reserves. ***Prior to advertising for bids, you must submit a proposed annual operating budget to the Agency which supports the operation, maintenance, debt service, and reserves, as well as your proposed rate schedule.*** The operating budget should be based on a typical year cash flow after completion of the construction phase and should be signed by the appropriate official of your organization. Form RD 442-7, “Operating Budget,” or similar format may be utilized for this purpose. It is expected that O&M will change over each successive year and user rates will need to be adjusted on a regular basis.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested, please contact our office for information.

23. **Permits** –The owner or responsible party will be required to obtain all applicable permits for the project, prior to advertising for bids. The consulting engineer must submit written evidence that all applicable permits required prior to construction have been obtained with submission to the Agency of the final plans, specifications, and bid documents.
24. **Vulnerability Assessment/Emergency Response Plan (VA/ERP)** – The Agency requires all financed water and wastewater systems to have a VA/ERP in place. Borrowers with existing systems must provide a certification that a VA/ERP has been completed prior to advertising for bids. The VA/ERP documents themselves are not submitted to the Agency. The VA/ERP must address potential impacts from natural disasters and other emergency events. In particular, it should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. The documents should be reviewed and updated every three years at a minimum.

For new systems, see Section V of this letter of conditions. For VA/ERP requirements throughout the life of the loan, see Section VII. Technical assistance at no cost is available in preparing these documents.

25. **Bid Authorization** - Once all the conditions outlined in Section III of this letter have been met, the Agency will authorize you to advertise the project for construction bids. Such advertisement must be in accordance with applicable State statutes.

SECTION IV - REQUIREMENTS PRIOR TO START OF CONSTRUCTION

- 26. Bid Tabulation** – Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer’s evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of Section III of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.
- a. Cost Overruns. If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds. Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.
 - b. Excess Funds. If bids are lower than anticipated at time of obligation, excess funds must be deobligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be deobligated, with grant funds being deobligated first. Excess funds do not include contingency funds as described in this letter.
- 27. Contract Review** – Your attorney will certify that the executed contract documents, including performance and payment, if required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61(b).

Once your attorney has certified that they are acceptable, the contract documents will be submitted to the Agency for its concurrence. The Notice to Proceed cannot be issued until the Agency has concurred with the construction contracts.

- 28. Final Rights-of-Way** – If any of the rights-of-way forms listed previously in this letter contain exceptions that do not adversely affect the suitability, successful operation, security value, or transferability of the facility, the approving official must provide a written waiver prior to the issuance of the Notice to Proceed. For projects involving the acquisition of land, you must provide evidence that you have clear title to the land prior to the issuance of the Notice to Proceed.

Final Title Work - Your attorney must furnish a separate final title opinion on all existing real property related to the facility, now owned and to be acquired for this project, as of the day of loan closing or start of construction, whichever occurs first. Form RD 1927-10, “Final Title Opinion” may be used.

29. Insurance and Bonding Requirements - Prior to the start of construction or loan closing, whichever occurs first, you must acquire and submit to the Agency proof of the types of insurance and bond coverage for the borrower shown below. The use of deductibles may be allowed, providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. **General Liability Insurance** – Include vehicular coverage.
- b. **Workers’ Compensation** – In accordance with appropriate State laws.
- c. **Fidelity or Employee Dishonesty Bonds** – Include coverage for all persons who have access to funds, including persons working under a contract or management agreement. Coverage may be provided either for all individual positions or persons, or through blanket coverage providing protection for all appropriate workers. During construction, each position should be bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The coverage may be increased during construction based on the anticipated monthly advances. After construction and throughout the life of the loan, the amount of coverage must be for at least the total annual debt service of all outstanding Agency loans. The Agency will be identified in the fidelity bond for receipt of notices. Form RD 440-24, “Position Fidelity Schedule Bond,” or similar format may be used.
- d. **National Flood Insurance** - If the project involves acquisition or construction in designated special flood or mudslide prone areas, you must purchase a flood insurance policy at the time of loan closing.
- e. **Real Property Insurance** – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured, and subsurface lift stations except for the value of electrical and pumping equipment. The Agency will be listed as mortgagee on the policy when the Agency has a lien on the property. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.

Insurance types described above are required to be continued throughout the life of the loan. See Section VII.

30. Initial Compliance Review – The Agency will conduct an initial compliance review of the borrower prior to loan closing or start of construction, whichever occurs first, in accordance with 7 CFR 1901, Subpart E.

SECTION V – REQUIREMENTS PRIOR TO LOAN CLOSING

31. Interim Financing - Interim financing is being used. Loan closing will occur near the end of construction when interim funds are about to be completely disbursed. Documents detailed above from Sections II and III regarding security, electronic payments (Form 3550-28), and system policies, procedures, contracts, and agreements must be adopted and/or executed and submitted to the Agency prior to loan closing. In addition, the following items are required prior to closing:

32. Vulnerability Assessment/Emergency Response Plan (VA/ERP) – The Agency requires all financed water and wastewater systems to have a VA/ERP in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operation, and a certification that a VA is complete must be submitted within one year of the start of operation. Borrowers with existing systems must provide a certification that a VA and ERP are completed prior to authorization to advertise for bids. The VA/ERP documents are not submitted to the Agency. Technical assistance is available in preparing these documents at no cost to you. The VA/ERP must address potential impacts from natural disasters and other emergency events. In particular, it should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. The documents should be reviewed and updated every three years at a minimum.

33. Other Requirements – All requirements contained in the Agency’s closing instructions, as well as any requirements of your bond counsel and/or attorney, must be met prior to loan closing.

- a. **System for Award Management**. You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: <http://sam.gov>. This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended. See Appendix A.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the “Help” section at <http://sam.gov>).

- b. **Litigation**. You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first. Additional documentation regarding the situation and litigation may be requested by the Agency.
- c. **Certified Operator**. Evidence must be provided that your system has or will have, as defined by applicable State or Federal requirements, a certified operator available prior to the system becoming operational, or that a suitable supervisory agreement with a certified operator is in effect.

SECTION VI – REQUIREMENTS DURING CONSTRUCTION AND POST CONSTRUCTION

34. Resident Inspector(s) – Full-time inspection is required unless you request an exception. Such requests must be made in writing and the Agency must concur with the request. Inspection services are to be provided by the consulting engineer unless other arrangements are requested in writing and concurred with by the Agency. A resume of qualifications of any resident inspector(s) will be submitted to the owner and Agency for review and concurrence prior to the pre-construction conference. The resident inspector(s) must attend the pre-construction conference.

- 35. Preconstruction Conference** – A preconstruction conference will be held prior to the issuance of the Notice to Proceed. The consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, other funders, and other interested parties, and will provide minutes of this meeting to the owner and Agency.
- 36. Inspections** - The Agency requires a pre-construction conference, pre-final and final inspections, and a warranty inspection. Your engineer will schedule a warranty inspection with the contractor and the Agency before the end of the one-year warranty period to address and/or resolve any warranty issues. The Agency will conduct an inspection with you of your records management system at the same time and will continue to inspect the facility and your records system every three years for the life of the loan. See Section VII of this letter.
- 37. Change Orders** – Prior Agency concurrence is required for all Change Orders.
- 38. Payments** – Prior Agency concurrence is required for all Invoices and Partial Payment Estimates before Agency funds will be released. Requests for payment related to a contract or service agreement will be signed by the owner, project engineer, and contractor or service provider prior to Agency concurrence. Invoices not related to a construction contract or service agreement will include the owner’s written concurrence.
- 39. Use of Remaining Funds** – Applicant contribution and connection or tap fees will be the first funds expended in the project, followed by non-Agency sources of funds. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:
- a. Remaining funds may be used for eligible loan and grant purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan and grant remains the same.
 - b. Grant funds not expended for authorized purposes will be cancelled (de-obligated) within **60 days** of final completion of project. Prior to actual cancellation, you and your attorney and engineer will be notified of the Agency’s intent to cancel the remaining funds and given appropriate appeal rights.
 - c. Loan funds that are not needed will be cancelled (de-obligated) prior to loan closing.
- 40. Technical, Managerial and Financial Capacity** - It is required that members of the Board of Directors, City Council members, trustees, commissioners and other governing members possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. It is recommended members receive training within one year of appointment or election to the governing board, and a refresher training for all governing members on a routine basis. The content and amount of training should be tailored to the needs of the particular individual and the utility system. Technical assistance providers are available to provide this training for your organization, often at no cost. Contact the Agency for information.
- 41. Reporting Requirements Related to Expenditure of Funds**

- a. **Financial Audit**– An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

If an audit is required, you must enter into a written agreement with the auditor and submit a copy to the Agency prior to the advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit to be completed, the time frame in which the audit will be completed, and how irregularities will be reported.

- b. **Reporting Sub-awards and Executive Compensation** – You as a recipient of Federal funds and your first-tier contractors are required by 2 CFR Part 170 to report disbursements to sub-recipients in accordance with Appendix B of this letter and www.fsr.gov. Your Agency processing office can provide more information.

SECTION VII – SERVICING REQUIREMENTS DURING THE TERM OF THE LOAN

42. **Prepayment and Extra Payments** - Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.

43. **Graduation** - By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines you are able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. Your ability to refinance will be assessed every other year for those loans that are five years old or older.
44. **Security/Operational Inspections** – The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

45. Annual Financial Reporting/Audit Requirements – You are required to submit an annual financial report at the end of each fiscal year. The annual report will be certified by the appropriate organization official and will consist of financial information and a rate schedule. Financial statements must be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) and must include at a minimum a balance sheet and income and expense statement. The annual report will include separate reporting for each water and waste disposal facility, and itemize cash accounts by type (debt service, short-lived assets, etc.) under each facility. All records, books and supporting material are to be retained for three years after the issuance of the annual report. Technical assistance is available at no cost with preparing financial reports.

The type of financial information that must be submitted is specified below:

- a. **Audits** – An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within 9 months of your fiscal year end.

If an audit is required, you must enter into a written agreement with the auditor and submit a copy to the Agency prior to the advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit or financial statements to be completed, the time frame in which the audit or financial statements will be completed, what type of reports will be generated from the services provided, and how irregularities will be reported.

- b. **Financial Statements** – If you expend less than \$750,000 in Federal financial assistance per fiscal year, you may submit financial statements in lieu of an audit which include at a minimum a balance sheet and an income and expense statement. You may use Form RD 442-2, “Statement of Budget, Income and Equity,” and 442-3, “Balance Sheet,” or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official and submitted within 60 days of your fiscal year end.

46. Annual Budget and Projected Cash Flow - Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. With the submission of the annual budget, you will be required to provide a current rate schedule, and a current listing of the Board or Council members and their terms. The budget must be signed by the appropriate borrower official. Form RD 442-2 or similar format may be used.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system, as well as completing the annual budget. If you are interested, please contact our office for information.

- 47. Vulnerability Assessment/Emergency Response Plan (VA/ERP)** – You will be required to submit a certification to the servicing office every three years that the VA/ERP is current and covers all sites related to the facility. The documents themselves are not submitted to the Agency. The VA/ERP must address potential impacts from natural disasters and other emergency events. In particular, it should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. The documents should be reviewed and updated every three years at a minimum.
- 48. Insurance**. You will be required to maintain insurance on the facility and employees as previously described in this letter for the life of the loan.
- 49. Statutory and National Policy Requirements** – As a recipient of Federal funding, you are required to comply with U.S. statutory and public policy requirements, including but not limited to:
 - a. **Section 504 of the Rehabilitation Act of 1973** – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.
 - b. **Civil Rights Act of 1964** – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
 - c. **The Americans with Disabilities Act (ADA) of 1990** – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
 - d. **Age Discrimination Act of 1975** – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
 - e. **Limited English Proficiency (LEP) under Executive Order 13166** - LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA

programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, “Improving Access to Services by Persons with Limited English Proficiency” and further affirmed in the USDA Departmental Regulation 4330-005, “Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.”

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during regular compliance reviews.

50. Compliance Reviews and Data Collection – The Agency will conduct regular compliance reviews of the borrower and its operation in accordance with 7 CFR Part 1901, Subpart E, and 36 CFR 1191, Americans with Disabilities Act (ADA) Accessibility Guidelines for Buildings and Facilities; Architectural Barriers Act (ABA) Accessibility Guidelines. Compliance reviews will typically be conducted in conjunction with the security inspections described in this letter. If beneficiaries (users) are required to complete an application or screening for the use of the facility or service that you provide, you must request and collect data by race (American Indian or Alaska Native, Asian, Black or African American, White); ethnicity (Hispanic or Latino, Not Hispanic or Latino); and by sex. The Agency will utilize this data as part of the required compliance review.

SECTION VIII – REMEDIES FOR NON-COMPLIANCE

Non-compliance with the conditions in this letter or requirements of your security documents will be addressed under the provisions of 7 CFR 1782 and other applicable regulations, statutes, and policies.

We look forward to working with you to complete this project. If you have any questions, please contact me at (907) 761-7770, or by e-mail at robert.chambers@usda.gov

Sincerely,

ROBERT CHAMBERS
Director, Community Programs

Attachments

cc: Ryan Moyer, P.E.

FORMS and BULLETINS:

Internal Revenue Service Form 1023, Appendix A, “Sample Conflict of Interest Policy” - Item 15
Form RD 440-24, “Position Fidelity Schedule Bond” – Item 28
Form RD 442-2, “Statement of Budget, Income and Equity” – Items 44 and 45
Form RD 442-3, “Balance Sheet” – Item 44

Form RD 442-7, “Operating Budget” – Item 21
Form RD 442-20, “Right-of-Way Easement” – Item 14
Form RD 442-21, “Right-of-Way Certificate” – Item 14
Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” – Item 14
Form RD 1940-1, “Request for Obligation of Funds” – Pages 1 and 2
Form RD 1942-46, “Letter of Intent to Meet Conditions” – Page 1
Form RD 3550-28, “Authorization Agreement for Preauthorized Payments” – Items 6 and 30
SF 3881, “ACH Vendor/Miscellaneous Payment Enrollment Form” – Items 8 and 18
RUS Bulletin 1780-7, “Legal Services Agreement” – Item 13
RUS Bulletin 1780-12, “Water and Waste System Grant Agreement” – Page 1 and Item 5
RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Documents on Water and Waste Projects
with RUS Financial Assistance” – Items 11 and 12
RUS Bulletin 1780-27, “Loan Resolution (Public Bodies)” – Item 5

[The following two appendices are included as required by 2 CFR Parts 25 and 170 and apply to all direct and guaranteed loans and grants]

Appendix A 2 CFR Part 25

SYSTEM FOR AWARD MANAGEMENT AND UNIVERSAL IDENTIFIER REQUIREMENTS

A. Requirement for System for Award Management

Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another appendix.

B. Requirement for unique entity identifier

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (*see* definition in paragraph C of this appendix) may receive a subaward from you unless the entity has provided its unique entity identifier to you.
2. May not make a subaward to an entity unless the entity has provided its unique entity identifier to you.

C. Definitions

For purposes of this appendix:

1. System for Award Management (SAM) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the SAM Internet site (currently at <http://www.sam.gov>).
2. Unique entity identifier means the identifier required for SAM registration to uniquely identify business entities.
3. Entity, as it is used in this appendix, means all of the following, as defined at 2 CFR part 25, subpart C:
 - a. A Governmental organization, which is a State, local government, or Indian Tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

4. Subaward:

- a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
- b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR 200.330).
- c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.

5. Subrecipient means an entity that:

- a. Receives a subaward from you under this award; and
- b. Is accountable to you for the use of the Federal funds provided by the subaward.

[75 FR 55673, Sept. 14, 2010, as amended at 79 FR 75879, Dec. 19, 2014; 80 FR 54407, Sept. 10, 2015]

Appendix B
2 CFR Part 170

Reporting Subawards and Executive Compensation

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this appendix, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this appendix).
2. Where and when to report.
 - i. You must report each obligating action described in paragraph a.1. of this appendix to <http://www.fsrs.gov>.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action listed in the submission instructions posted at <http://www.fsrs.gov>.

b. Reporting Total Compensation of Recipient Executives.

1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if—
 - i. the total Federal funding authorized to date under this award is \$25,000 or more;
 - ii. in the preceding fiscal year, you received—
 - (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

- iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
2. Where and when to report. You must report executive total compensation described in paragraph b.1. of this appendix:
 - i. As part of your registration profile at <https://www.sam.gov>.
 - ii. By the end of the month following the month in which this award is made, and annually thereafter.
- c. Reporting of Total Compensation of Subrecipient Executives.
1. Applicability and what to report. Unless you are exempt as provided in paragraph d. of this appendix, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if—
 - i. in the subrecipient's preceding fiscal year, the subrecipient received—
 - (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and
 - ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
 2. Where and when to report. You must report subrecipient executive total compensation described in paragraph c.1. of this appendix:
 - i. To the recipient.
 - ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a

given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

d. Exemptions

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

- i. Subawards, and
- ii. The total compensation of the five most highly compensated executives of any subrecipient.

e. Definitions. For purposes of this appendix:

1. Entity means all of the following, as defined in 2 CFR part 25:

- i. A Governmental organization, which is a State, local government, or Indian tribe;
- ii. A foreign public entity;
- iii. A domestic or foreign nonprofit organization;
- iv. A domestic or foreign for-profit organization;
- v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

2. Executive means officers, managing partners, or any other employees in management positions.

3. Subaward:

- i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
- ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. __ .210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
- iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

4. Subrecipient means an entity that:

- i. Receives a subaward from you (the recipient) under this award; and
 - ii. Is accountable to you for the use of the Federal funds provided by the subaward.
5. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
- i. Salary and bonus.
 - ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 - iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
 - iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 - v. Above-market earnings on deferred compensation which is not tax-qualified.
 - vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

75 FR 55669, Sept. 14, 2010, as amended at 79 FR 75879, Dec. 19, 2014]

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Palmer City Council

OF THE City of Palmer

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

WASTE WATER TREATMENT PLANT

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of Palmer

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Eight Million One Hundred Twenty-One Thousand & 00 100

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as CITY MANAGER of the City of Palmer
 hereby certify that the PALMER CITY COUNCIL of such Association is composed of
 _____ members, of whom , _____ constituting a quorum, were present at a meeting thereof duly called and
 held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of _____ ,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this _____ day of _____

 Title JOHN MOOSEY, CITY MANAGER



Memo

Date: Monday, February 01, 2021

Project: Palmer Wastewater Treatment Facility Improvements

To: Chris Nall, Director of Public Works, City of Palmer

From: HDR

Subject: Palmer WWTF Improvements Phase II Cost Estimate

PALMER WWTF IMPROVEMENTS - PHASE II
Rough Order of Magnitude Opinion of Probable Cost - Secondary Clarifiers

| Item # | Item | Unit | Unit Price | Quantity | Total |
|------------------|--|------|-------------|----------|--------------------|
| 1 | Site Preparation | LS | \$220,000 | 1 | \$220,000 |
| 2 | Site Earthwork | LS | \$250,000 | 1 | \$250,000 |
| 3 | Site Improvements | LS | \$160,000 | 1 | \$160,000 |
| 4 | Site Electrical | LS | \$450,000 | 1 | \$450,000 |
| 5 | Yard Piping | LS | \$750,000 | 1 | \$750,000 |
| 6 | Process Systems | LS | \$400,000 | 1 | \$400,000 |
| 7 | Flow Splitter Box | LS | \$150,000 | 1 | \$150,000 |
| 8 | Clarifier No. 1 | LS | \$1,800,000 | 1 | \$1,800,000 |
| 9 | Clarifier No. 2 | LS | \$1,800,000 | 1 | \$1,800,000 |
| 10 | Clarifier Scum Pit | LS | \$150,000 | 1 | \$150,000 |
| 11 | Waste Activated Sludge Vault | LS | \$550,000 | 1 | \$550,000 |
| 12 | Lagoon Manholes | LS | \$75,000 | 1 | \$75,000 |
| 13 | Lagoon Outfalls & Intakes | LS | \$90,000 | 1 | \$90,000 |
| 14 | Lagoon Cover Removal and Disposal | LS | \$65,000 | 1 | \$65,000 |
| 15 | Start-up/Demonstration/Closeout Submittals | LS | \$200,000 | 1 | \$200,000 |
| 16 | Mobilization/Demobilization | LS | \$150,000 | 1 | \$150,000 |
| 17 | Emergency Generator | LS | \$200,000 | 1 | \$200,000 |
| 18 | Facility Instruments & Controls | LS | \$470,000 | 1 | \$470,000 |
| 19 | General Requirements | LS | \$65,000 | 1 | \$65,000 |
| Subtotal: | | | | | \$7,995,000 |

| MARK-UPS: | Percentage | QTY | |
|--|--|----------|---------------------|
| A | Subtotal | | \$7,995,000 |
| B | Construction Engineering Services | | \$753,800 |
| Total Estimated Construction Costs: | | | \$8,748,800 |
| C | Contingency | (% of A) | 10% |
| D | Engineering Design | | \$240,440 |
| E | City Admin/Legal | (% of A) | 3.75% |
| F | Total Estimated Non-Construction Costs: | | \$1,340,000 |
| G | Total Estimated Project Costs: | | \$10,090,000 |

**City of Palmer
Resolution No. 21-010**

Subject: Approving a Code of Ethics and Conduct for Elected Officials

Agenda of: March 9, 2021

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: City Attorney Mike Gatti

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **0.00**

This legislation (√):


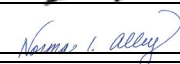
- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted

Director of Finance Signature: 

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|--|-----------------|
| City Manager | <u></u> | _____ |
| City Attorney | _____ | _____ |
| City Clerk | <u></u> | _____ |

Attachment(s):

1. Resolution No. 21-010
2. Code of Ethics and Conduct

Summary Statement/Background:

The Mayor and Council after reviewing several examples of conduct codes decided the attached draft proposal was satisfactory for adoption as a policy applicable to the elected officials. Please again review the language of the policy for amendments or questions.

LEGISLATIVE HISTORY

Introduced by: City Council
Date: March 9, 2021
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 21-010

A Resolution of the City Council of the City of Palmer, Alaska, Approving a Code of Ethics and Conduct for Elected Officials

WHEREAS, the city council requested the development and review of a code of ethics; and

WHEREAS, committee of the whole's were held to review code of ethics on June 9, 2020, June 23, 2020, July 14, 2020, and September 22, 2020.

NOW, THEREFORE, BE IT RESOLVED, the Palmer City Council hereby adopts a Code of Ethics and Conduct for Elected Officials is hereby attached and by this reference incorporated.

Approved by the Palmer City Council this ____ day of _____, 2021.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

****DRAFT****

**City of
Palmer**

**Code of Ethics and
Conduct for
Elected Officials**

Purpose

The Palmer City Council (Council) adopts this Code of Ethics and Conduct for Elected Officials for the promotion of public confidence and trust in the City of Palmer (City) government.

A. ETHICS

The Council supports accountable City government as follows:

- Compliance with laws and policies affecting City government activities;
- Be independent, impartial and fair in Council judgment and actions;
- Act in the public's interest;
- Avoid personal benefit; and
- Promote respect and civility during official City proceedings.

In accord with the foregoing principles the Council adopts the following principles:

1. **Act in the Public Interest.** The Council will act in the public's interests when exercising City official action.
2. **Compliance with Law.** The Council will comply with applicable law when engaged in official business.
3. **Conduct of Members.** The Council should avoid the appearance of impropriety.
4. **Respect for Process.** Councilmembers shall perform their duties in accordance with council processes and rules of order. Members should conduct deliberations with civility and refrain from abusive conduct, personal charges or verbal attacks upon the character or motives of other members of Council, Boards, Committees and Commissions, the staff or public.
5. **Conduct at Public Meetings.** Councilmembers should be familiar with City services, activities and matters presented for Council action and be prepared for Council meetings. Councilmembers should listen courteously and attentively to public testimony; and
6. **Decision making.** Councilmembers shall consider their decisions on the merits, substance, and public testimony of the matter at hand.
7. **Quasi-judicial decision making.** When making quasi-judicial decisions Councilmembers should base their decisions on the evidence presented at the hearing.

For quasi-judicial matters pending before the Council, councilmembers shall refrain from receiving ex parte communications. Councilmembers shall publicly disclose ex parte communications.

8. **Conflict of Interest.** To assure independence and impartiality, council members shall use best efforts to refrain from creating an appearance of impropriety in their actions and decisions. Councilmembers shall not use their official positions to influence government

decisions in which they have (a) a substantial financial interest **that equals 10% of** **?**, unless the (1) financial interest in the matter is insubstantial, or of a type that is possessed generally by the public or a large class of persons to which the municipal officer belongs; or (2) action or influence would have insubstantial or conjectural effect on the matter. Any effort to benefit a substantial financial interest through official action is a violation of the public trust. The Council finds that, so long as it does not interfere with the full and faithful discharge of an official's public duties and responsibilities, this code does not prevent an official from following other independent pursuits. The Council further recognizes that (1) in a representative democracy, the representatives are drawn from society, and therefore cannot and should not be without personal and financial interests in the decisions and policies of City government; (2) people who serve as municipal officials retain their rights to interests of a personal or financial nature; and (3) standards of ethical conduct for Councilmembers need to distinguish between those minor and insubstantial conflicts that are unavoidable in a free society, and those conflicts of interests that are substantial and material.

A member who has a potential conflict of interest regarding a particular decision shall disclose that interest in accord with the process contained in City code and AS 29.20.010.

9. **Gifts and Favors.** Councilmembers shall not take any special advantage of services or opportunities for personal gain, by virtue of their public office that is not available to the public in general. They shall refrain from accepting any gifts, favors or promises of future benefits which might compromise their independence of judgment or action or give the appearance of being compromised.
10. **Confidential Information.** Councilmembers must maintain the confidentiality of all written materials and verbal information provided to members which is confidential or privileged. Members shall neither disclose confidential information without proper legal authorization, nor use such information to advance their personal, financial or other private interests.
11. **Use of Public Resources.** Councilmembers shall not use public resources which are not available to the public in general (e.g., City staff time, equipment, supplies or facilities) for private gain or for personal purposes not otherwise authorized by law.
12. **Representation of Private Interests.** In keeping with their role as stewards of the public interest, members of Council shall not appear on behalf of the private interests of third parties before the Council or any Board, Committee, Commission or proceeding of the City, nor shall members of Boards, Committees and Commissions appear before their own bodies or before the Council on behalf of the private interests of third parties on matters related to the areas of service of their bodies.
13. **Advocacy.** Councilmembers shall represent the official policies or positions of the City Council, Board, Committee or Commission to the best of their ability when designated as delegates for this purpose. When presenting their individual opinions and positions, members shall explicitly state they do not represent their body or the City of Palmer, nor will they allow the inference that they do. Councilmembers and Board, Committee and

Commission members have the right to endorse candidates for all Council seats or other elected offices. It is inappropriate to mention or display endorsements during Council meetings, or Board, Committee and Commission meetings, or other official City meetings.

14. **Policy Role of Members.** Councilmembers shall respect and adhere to the council-manager structure of Palmer City government as outlined in the Palmer City Code. In this structure, the City Council determines the policies of the City with the advice, information and analysis provided by City staff, Boards, Committees and Commissions, and the public. Except as provided by the City Code, members shall not interfere with the administrative functions of the City or the professional duties of City staff; nor shall they impair the ability of staff to implement Council policy decisions.
15. **Independence of Boards, Committees and Commissions.** Because of the value of the independent advice of Boards, Committees and Commissions to the public decision-making process, members of Council shall refrain from using their position to unduly influence the deliberations or outcomes of Board, Committee and Commission proceedings.
16. **Positive Work Place Environment.** Councilmembers shall support the maintenance of a positive and constructive work place environment for City employees and for citizens and businesses dealing with the City. Members shall recognize their special role in dealings with City employees to in no way create the perception of inappropriate direction to staff.

B. CONDUCT GUIDELINES

The Conduct Guidelines are designed to describe the manner in which elected and appointed officials should treat one another, City staff, constituents, and others they come into contact with while representing the City of Palmer.

1. Elected and Appointed Officials' Conduct with Each Other in Public Meetings

Elected and appointed officials are individuals with a wide variety of backgrounds, personalities, values, opinions, and goals. Despite this diversity, all have chosen to serve in public office in order to preserve and protect the present and the future of the community. In all cases, this common goal should be acknowledged even though individuals may not agree on every issue.

- (a) *Honor the role of the -mayor in maintaining order*
It is the responsibility of the mayor to keep the comments of members on track during public meetings. Members should honor efforts by the chair to focus discussion on current agenda items. If there is disagreement about the agenda or the chair's actions, those objections should be voiced politely and with reason, following procedures outlined in parliamentary procedure.
- (b) *Practice civility and decorum in discussions and debate*
Difficult questions, tough challenges to a particular point of view, and criticism of ideas and information are legitimate elements of debate by a free democracy in action and may be rigorously but respectfully debated.
- (c) *Avoid personal comments that could offend other members*
If a member is personally offended by the remarks of another member he or she should call to the mayor for a point of order.
- (d) *Demonstrate effective problem-solving approaches*
Members have a public stage and have the responsibility to show how individuals with

disparate points of view can find common ground and seek a compromise that benefits the community as a whole.

2. Council Conduct with the Public in Public Meetings

The mayor and councilmembers should make the public feel welcomed by exercising respect and civility.

- (a) *Maintain an open mind*
Members of the public deserve an opportunity to influence the thinking of elected and appointed officials.
- (b) *Ask for clarification, but avoid debate and argument with the public*
Only the chair – not individual members – can interrupt a speaker during a presentation. However, a member can ask the chair for a point of order if the speaker is off the topic or exhibiting behavior or language the member finds disturbing.

3. Council Conduct with City Staff

Governance of a City relies on the cooperative efforts of elected officials, who set policy, appointed officials who advise the elected, and City staff who implement and administer the Council's policies. Therefore, every effort should be made to be cooperative and show mutual respect for the contributions made by each individual for the good of the community.

- (a) *Treat all staff as professionals*
Clear, honest communication that respects the abilities, experience, and dignity of each individual is expected. Poor behavior towards staff is not acceptable.
- (b) *Do not disrupt City staff from their jobs*
Elected officials should not disrupt City staff while they are in meetings, on the phone, or engrossed in performing their job functions in order to have their individual needs met. Do not attend City staff meetings unless requested by staff.
- (c) *Never publicly criticize an individual employee*
Elected and appointed officials should avoid expressing concerns about the performance of a City employee in public, to the employee directly, or to the employee's manager. Comments about staff performance should only be made to the City Manager through private correspondence or conversation. Appointed officials should make their comments regarding staff to the City Manager.
- (d) *Do not get involved in administrative functions*
Elected and appointed officials acting in their individual capacity must not attempt to influence City staff on the making of appointments, awarding of contracts, selecting of consultants, processing of development applications, or granting of City licenses and permits.
- (e) *Do not solicit political support from staff*
Elected and appointed officials should not solicit any type of political support (financial contributions, display of posters or lawn signs, name on support list, etc.) from City staff. City staff may, as private citizens with constitutional rights, support political candidates but all such activities must be done away from the workplace.

4. Council Conduct with Boards, Committees and Commissions

The City has established several Boards, Committees and Commissions as a means of gathering more community input. Citizens who serve on Boards, Committees and Commissions become more involved in government and serve as advisors to the City Council. They are a valuable resource to the leadership and should be treated with appreciation and respect.

a) *If attending a Board, Committee or Commission meeting, be careful to only express personal opinions*

Councilmembers may attend any Board, Committee or Commission meeting, which are always open to any member of the public. However, they should be sensitive to the way their participation – especially if it is on behalf of an individual, business or developer – could be viewed as unfairly affecting the process. Any public comments by a Councilmember at a Board, Committee or Commission meeting should be clearly made as individual opinion and not a representation of the feelings of the entire City Council.

b) *Limit contact with Board, Committee and Commission members to questions of clarification*

It is inappropriate for a Councilmember to contact a Board, Committee or Commission member to lobby on behalf of an individual, business, or developer, and vice versa. It is acceptable for Councilmembers to contact Board, Committee or Commission members in order to clarify a position taken by the Board, Committee or Commission.

c) *Respect that Boards, Committees and Commissions serve the community, not individual Councilmembers*

The City Council appoints individuals to serve on Boards, Committees and Commissions, and it is the responsibility of Boards, Committees and Commissions to follow policy established by the Council. But Board, Committee and Commission members do not report to individual Councilmembers. Appointment and re-appointment to a Board, Committee or Commission should be based on such criteria as expertise, ability to work with staff and the public, and commitment to fulfilling official duties.

d) *Be respectful of diverse opinions*

A primary role of Boards, Committees and Commissions is to represent many points of view in the community and to provide the Council with advice based on a full spectrum of concerns and perspectives. Councilmembers may have a closer working relationship with some individuals serving on Boards, Committees and Commissions, but must be fair and respectful of all citizens serving on Boards, Committees and Commissions.

e) *Keep political support away from public forums*

Board, Committee and Commission members may offer political support to a Councilmember, but not in a public forum while conducting official duties. Conversely, Councilmembers may support Board, Committee and Commission members who are running for office, but not in an official forum in their capacity as a Councilmember.

C. **IMPLEMENTATION**

(a) *Acknowledgement of Code of Ethics and Conduct*

Councilmembers shall sign an acknowledgement that they have read and understand the Code of Ethics and Conduct for Elected Officials.

(b) *Ethics Training for Local Officials*

The Council may receive periodic ethics training.

(c) *Behavior and Conduct*

The Palmer Code of Ethics and Conduct expresses standards of ethical conduct expected

for the Council. Members themselves have the primary responsibility to assure that ethical standards are understood and met, and that the public can continue to have confidence in the integrity of government. The Council may intervene when actions of members that appear to be in violation of the Code of Ethics and Conduct are brought to their attention.

Councilmembers:

Councilmembers who intentionally and repeatedly do not follow proper conduct may be reprimanded or formally censured by the Council. Serious infractions of the Code of Ethics or Code of Conduct could lead to other sanctions as deemed appropriate by the Council.

Individual Councilmembers should point out to the offending Councilmember perceived infractions of the Code of Ethics and Conduct. If the offenses continue, then the matter should be referred to the Mayor in private. If the Mayor is the individual whose actions are being questioned, then the matter should be referred to the Vice Mayor. It is the responsibility of the Mayor (or Vice Mayor) to initiate action if a Councilmember's behavior may warrant sanction. If no action is taken by the Mayor (or Vice Mayor), then the alleged violation(s) can be brought up with the full Council.

When deemed warranted, the Mayor or majority of Council may call for an investigation into alleged ethical violations. Also, should the City Manager or City Attorney believe an investigation is warranted, they shall confer with the Mayor or Council. The Mayor or Council shall ask the City Manager or the City Attorney to investigate the allegation and report the findings.

These sanctions are alternatives to any other remedy that might otherwise be available to remedy conduct that violates city code or state or federal law.

The Code of Ethics and Conduct is intended to be self-enforcing and is an expression of the standards of conduct for the Council. It therefore becomes most effective when members are thoroughly familiar with it and embrace its provisions.

For this reason, this document shall be included in the regular orientations for candidates for mayor and City Council, and newly elected officials. Members entering office shall sign a statement (example below) acknowledging they have read and understand the Code of Ethics and Conduct for Elected Officials. In addition, the Code of Ethics and Conduct for Elected Officials shall be periodically reviewed by the mayor and city council and updated as necessary.

Example:

I affirm that I have read and understand the City of Palmer Code of Ethics and Conduct for Elected Officials.

Signature

Date

CITY CHARTER AND CODE EXCERPTS

Alaska Statutes

Section 29.20.010. Conflict of interest.

Sec. 29.20.010. Conflict of interest. (a) Each municipality shall adopt a conflict of interest ordinance that provides that (1) a member of the governing body shall declare a substantial financial interest the member has in an official action and ask to be excused from a vote on the matter; (2) the presiding officer shall rule on a request by a member of the governing body to be excused from a vote; (3) the decision of the presiding officer on a request by a member of the governing body to be excused from a vote may be overridden by the majority vote of the governing body; and (4) a municipal employee or official, other than a member of the governing body, may not participate in an official action in which the employee or official has a substantial financial interest. (b) If a municipality fails to adopt a conflict of interest ordinance by June 30, 1986, the provisions of this section are automatically applicable to and binding upon that municipality. (c) This section applies to home rule and general law municipalities.

Palmer Municipal Code

Title 2 – Administration:

Section 2.04.047 Prohibition regarding employment.

A person who holds or has held an elective city office shall not be eligible for appointment to an office or for employment for which a salary is paid by the city until one year has elapsed following the term for which that person was elected or appointed. An exception may be made with the approval of five or more members of the council. (Ord. 648 § 3, 2005)

Section 2.04.061 Vacancies.

A council seat shall become vacant upon the occurrence of any of the following:

- A. Expiration of the term of office;
- B. Death of the incumbent;
- C. Resignation approved by council;
- D. A removal from office in the manner provided by law;
- E. Ceasing to possess the qualifications of eligibility required by the city of Palmer Charter for election or appointment to office;
- F. Final conviction of a felony involving moral turpitude or an offense involving a violation of an oath of office;
- G. Judicial determination that the incumbent is of unsound mind;
- H. A decision of a competent tribunal declaring the election of the incumbent void;
- I. Failure to take an oath of office within 10 days of appointment or election to office or within such other time, not exceeding 20 days, as the council may fix;
- J. Unless excused by the council, is physically absent from the city for 90 consecutive calendar days;
- K. Is convicted of a felony or a misdemeanor described in AS 15.56;
- L. Is convicted of a violation of AS 15.13;
- M. If a member misses three consecutive regular meetings, unless excused by the council; or
- N. No longer physically resides in the city. (Ord. 07-022 § 4, 2007; Ord. 648 § 3, 2005)

Section 2.05.035 Prohibition regarding employment.

A person who holds or has held an elective city office shall not be eligible for appointment to an office or for employment for which a salary is paid by the city until one year has elapsed following the term for which that person was elected or appointed. An exception may be made with the approval of five or more members of the council. (Ord. 10-006 § 3, 2010; Ord. 648 § 4, 2005)

Section 2.05.070 Vacancy.

The office of mayor shall become vacant upon the occurrence of any of the following:

- A. Expiration of the term of office;
- B. Death of the incumbent;
- C. Resignation approved by council;
- D. A removal from office in the manner provided by law;
- E. Ceasing to possess at any time the qualifications of eligibility required for elective office;
- F. Final conviction of a felony involving moral turpitude or an office involving a violation of an oath of office;
- G. Judicial determination that the incumbent is of unsound mind;
- H. A decision of a competent tribunal declaring the election of the incumbent void;
- I. Failure to take an oath of office within 10 days of appointment or election to office or within such other time, not exceeding 20 days, as the council may fix;
- J. Unless excused by the council, is physically absent from the city for 90 consecutive calendar days;
- K. Is convicted of a felony or a misdemeanor described in AS 15.56;
- L. Is convicted of a violation of AS 15.13; or
- M. No longer physically resides in the city. (Ord. 10-006 § 3, 2010; Ord. 648 § 4, 2005).

Section 2.06.010 Parliamentary authority.

A. The presiding officer shall be charged with the responsibility of maintaining order and decorum at all times. The presiding officer shall make rulings as deemed necessary concerning points of order or concerning spectators. The presiding officer shall instruct members of the public to be as brief as possible and, when speaking as an individual, to contain remarks to three minutes, and if representing a group, to contain remarks to five minutes.

B. A motion to appeal the challenge the ruling of the presiding officer may be made by any council member, subject to a second. The motion to appeal is not debatable. The presiding officer's ruling stands unless disapproved by a majority vote of the council. (Ord. 648 § 5, 2005)

Section 2.06.020 Speaking procedure.

A. Any council member, wishing to speak, shall address the presiding officer, and shall refrain from speaking until recognized.

B. When two or more members request recognition simultaneously, the presiding officer shall determine which one shall speak first.

C. Every member while speaking shall confine him or herself to the subject under debate, shall refrain from personalities, and shall not refer to any other member of the council except in a respectful manner.

D. Unless a member who has the floor yields for that purpose, no member shall interrupt another while speaking, except to submit a parliamentary inquiry or make a point of order.

E. No member shall speak more than twice or for more than 10 minutes continuously to any one question, except that one or more additional periods of 10 minutes may be granted by unanimous consent. The reading of papers desired by any member shall be read by the member or by the city clerk, within the member's time limitation. (Ord. 648 § 5, 2005)

Section 2.06.030 Parliamentary inquiry of chair.

Any council member may make a parliamentary inquiry of the presiding officer at any time during the meeting. (Ord. 648 § 5, 2005)

Section 2.06.040 Point of order.

Any member may request a point of order without a second. The presiding officer may speak to points of order in preference to other members and shall decide all such questions, subject to appeal to the council. No further business shall be conducted until resolution of the point of order. (Ord. 648 § 5, 2005)

Section 2.05.120 Rules-Amendment-Observance requires-Transgression.

A. A proposed amendment to, or repeal of, any rule shall be submitted in writing, be laid on the table at the meeting to which it is submitted, and shall become the first item of unfinished business at the next regular meeting.

B. In all matters of parliamentary procedure not covered by these rules, Robert's Rules of Order shall be applicable and govern.

C. The city council rules and order of business shall be observed in all cases, unless suspended temporarily for a special purpose of an emergency nature by a vote of four members present. Any member may move at any time for the suspension of any rule, and such motion must be seconded to entitle it to consideration.

D. If any member, in speaking or otherwise, transgresses the rules of the council, the presiding officer shall, or any member can, call the member to order; in which case the member so called to order shall immediately cease discussion unless permitted by the presiding officer to explain; and the council, if appealed to, shall decide the question without debate. If the decision is in favor of the member so called to order, the member shall be at liberty to proceed; if otherwise, the member shall not proceed without leave of the council to proceed in order. (Ord. 648 § 5, 2005)

Section 2.06.130 Conflict of interest and voting.

A. A member of the council shall declare a substantial financial interest the member has in an official action and ask to be excused from a vote on the matter;

1. The presiding officer shall rule on the request to be excused from the vote;

2. The decision of the presiding officer on the request may be overridden by a majority vote;

B. Declaration to be excused must be made before the vote, and shall be decided without debate;

C. A municipal employee or official, other than a member of the governing body, may not participate in an official action in which the employee or official has a substantial financial interest;

D. The presiding officer shall declare all votes; but if any member doubts a vote, the presiding officer, without further debate upon the question, shall request the members voting in the affirmative and negative respectively to so indicate, and shall declare the result;

E. The vote upon all matters considered by the council shall be taken by yes or no votes which shall be entered upon the record, except that when the vote is unanimous, it shall be necessary only to so state. (Ord. 648 § 5, 2005)

Section 2.07.007 Council-initiated legislation requests.

At a regular meeting, two council members may direct the city attorney, the manager or the clerk to prepare legislation, as described in PMC 2.07.005, for action at a subsequent meeting; provided, however, the majority of the council may vote to override the direction. The direction and motion to override may occur even though neither is on the agenda. (Ord. 07-020 § 4, 2007; Ord. 06-008 § 3, 2006)

Section 2.20.140 Cause for removal.

A. A commission seat shall become vacant upon the occurrence of any of the following:

1. Expiration of the term of office;
2. Death of the commission member;
3. Resignation approved by the council;
4. Ceasing to possess the required eligibility qualifications to be a commission member;
5. Conviction of a felony involving moral turpitude or an offense involving a violation of an oath of office;
6. Judicial determination that the commission member is of unsound mind;
7. Failure to take an oath of office within 30 days of appointment to office;
8. No longer physically resides in the city; or
9. Other just cause for removal, as determined by a majority vote of the city council.

B. In addition, a commission member may be removed by the council if, during any 12-month period while in office:

1. The commission member is absent from three meetings without excuse; or
2. The commission member is absent from six meetings.
3. Absence from a meeting for good and sufficient cause shall be provided to the chair and commission's technical advisor prior to the meeting. The commission will determine if the good or sufficient absence is considered excused or unexcused by means of consent of the commission. The absence will be presumed unexcused if notification of the absence is not received prior to the meeting. (Ord. 19-019 § 3, 2019; Ord. 14-014 § 3, 2014; Ord. 05-013 § 3, 2005; Ord. 605 § 3, 2003. Formerly 2.20.321)

Section 2.20.150 Conflict of interest.

A. A commission member shall declare a substantial financial interest the member has in an official action prior to discussion and vote on the matter.

B. The chair shall rule on the request to be excused from discussion and vote.

C. The decision of the chair on the request may be overridden by a majority vote of the commission and shall be decided without debate. (Ord. 19-019 § 3, 2019; Ord. 14-014 § 3, 2014; Ord. 05-013 § 3, 2005; Ord. 605 § 3, 2003. Formerly 2.20.331)

Title 3 – Revenue and Finance

Section 3.21.350 Conflict of interest.

A. All purchases and contracts shall be for the public benefit of the city.

B. Any city official, officer or employee who has financial interest, direct or indirect, or by reason of ownership, in any land, materials, supplies, goods, or services, or regarding a contractor supplying the city, shall make known that interest. He or she shall not vote on the awarding of any contract in which he or she has such a financial interest. He or she shall file with the city clerk a statement, under oath, setting forth the nature of such business dealings, and his or her interest therein, not less than 10 days before the date when action may be taken by the council or by any officer or agency of the city upon the matter involved. Such statement shall be sufficient for continuing transactions of a similar or like nature for six months from the date of its filing. Any city official, officer or employee who willfully conceals such a financial interest or willfully violates the requirements of this section is guilty of malfeasance in office or position and shall forfeit his office or position. Violation of this section with the knowledge express or implied of the person or corporation contracting with or making a sale to the city renders the contract voidable by the city council.

C. There shall be no hidden charges, remuneration, kickback, or any other financial

consideration not specifically stated in the lease, contract, or in the notice and instructions to bidders. Violation of this section shall render the contract voidable by the city council.

D. If the person who willfully violates this section is an officer or employee of the city, he or she shall immediately forfeit the office or position he or she holds upon proof of the violation. (Ord. 644 § 4, 2004)

Palmer City Charter

Section 2.9 Vacancies in office.

- (a) A city office shall become vacant upon the occurrence of any of the following:
- (1) the expiration of the term of office;
 - (2) the death of the incumbent;
 - (3) a resignation when approved by the Council;
 - (4) a removal from office in the manner provided by law;
 - (5) ceasing to possess at any time the qualifications or eligibility required by this charter for election or appointment to office;
 - (6) final conviction of a felony involving moral turpitude or an offense involving a violation of an oath of office;
 - (7) a judicial determination that the incumbent is of unsound mind;
 - (8) a decision of a competent tribunal declaring the election or appointment of the incumbent void;
 - (9) failure to take the oath or make the affirmation, or file the bond required for the office within ten days from the date of election or appointment or within such other time, not exceeding twenty days thereafter, as the Council may fix;
 - (10) any other event which, by law, creates a vacancy;
- (b) The Council shall provide in the code for creating vacancies in elective offices because of failure to perform the duties of the office. Such provision shall be self-executing.

Section 2.12 Recall.

An elective officer may be recalled. The vacancy thereby created shall be filled in the manner prescribed by law.

Section 3.6 Meetings of the council.

- (a) All meetings of the Council shall be public meetings and the public shall have a reasonable opportunity to be heard.
- (b) Reasonable public notice shall be given for all meetings of the Council. The notice shall include the date, time, and place of the meeting and if the meeting is by teleconference, the location of the teleconferencing facilities that will be used.
- (c) Four members of the Council shall be a quorum for the transaction of business. In the absence of a quorum, any member less than a quorum may adjourn a meeting to a later date.
- (d) The vote of at least four members shall be required for official action by the Council, unless a larger majority is required by law. The vote upon all matters considered by the Council shall be taken by "Yes" or "No" vote which shall be entered upon record, except that, where the vote is unanimous, it shall be necessary only so to state.
- (e) The Council shall determine its own rules and order of business and shall keep minutes of all its proceedings. The minutes of each Council meeting shall be signed by the Clerk and countersigned by the Mayor.
- (f) No Council member may vote on any question upon which he or she has a substantial direct or indirect financial interest. Otherwise, each Council member shall vote on each question before the Council for determination, unless excused by the affirmative vote of all remaining members

able to vote on the question. If a question is raised under this section at any Council meeting, the question shall be determined before the main question shall be voted on. Council members affected may not vote on such determination.

(g) The Council may, after its agenda is otherwise completed, recess for the purpose of discussing, in an executive session, any question permitted by law which is expressed in the motion calling for the executive session. The public may be excluded from the session. Final action on any matter discussed in executive session shall occur in open session. (Amended October 2, 2007 election)

Section 3.8 Restrictions of powers of the council.

(a) The Council and its members shall not direct the appointment or removal of any administration officer or employee of the city and shall deal with the administrative service of the city through the City Manager only.

(b) There shall be no standing committees of the Council.

Section 12.4 Business dealings with city.

The Council shall provide in the code the procedure whereby an officer or employer of the city, who intends to have business dealings with the city whereby he or she may derive income or benefits other than those provided as remuneration for his or her official duties or the duties of his or her employment with the City, shall file with the City Clerk a statement, under oath, setting forth the nature of such business dealings and his or her interest therein, not less than ten days before the date when action may be taken by the Council or by any officer or agency of the City upon the matter involved. Such statement shall be sufficient for continuing transactions of a similar or like nature for six months from the date of its filing. (Amended October 5, 2004 election)

**City of Palmer
Action Memorandum No. 21-017**

Subject: Approving a Council Community Grant in the Amount of \$5,000.00 to Hatcher Pass Avalanche Center Inc. for Avalanche Forecasting and Public Advisory

Agenda of: March 9, 2021

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Norma Alley, City Clerk

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **5,000.00**



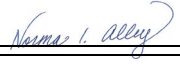
- This legislation (√):
- Creates revenue in the amount of: \$ _____
 - Creates expenditure in the amount of: \$ 5,000.00
 - Creates a saving in the amount of: \$ _____
 - Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-02-10-6068 Community Council Grants
- Not budgeted _____

Director of Finance Signature: 

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|--|-----------------|
| City Manager | <u></u> | _____ |
| City Attorney | <u></u> | _____ |
| City Clerk | <u></u> | _____ |

Attachment(s):

- 1. Council Grant Application
- 2. PMC 2.04.160

Summary Statement/Background:

Per Palmer Municipal Code 2.04.160(F), I have reviewed the application for completeness and forwarding the application to City Council for Council's consideration.

In February, 2014, the City Council adopted Ordinance No. 14-043, which established the Council Community Grant program. The City Council approved \$12,000.00 in the Community Council Grants line item for 2021.

| Legislation # | Organization | Amount | Date Approved |
|-----------------------------------|---------------------------------------|--------|---------------|
| | None for 2021 as of February 12, 2021 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total 2021 Grants approved prior: | | 0 | |

Administration's Recommendation:

Approve Action Memorandum No. 21-017.



City of Palmer • City Manager's Office
231 W. Evergreen Avenue • Palmer, AK 99645
 Phone: 907-745-3271 Fax: 907-745-0930

Council Community Grant Application

Program, service, project or event title: Hatcher Pass Avalanche Center: Forecasting
 Date(s) of program, service, project or event: 02/1/2021 to 04/15/2021

Applicant Information

Name: Hatcher Pass Avalanche Center INC; Andy Dennis (Board Chair)
 Address: 5269 N Brywood Cir
 City: Palmer State: AK Zip: 99645
 Phone: 406-249-4045 Email: andydennis@hpavalanche.org

Organization Information

Name of organization/group: Hatcher Pass Avalanche Center INC (HPAC)
 Type of organization: Non-profit Volunteer community group Other

Funding Request

Amount of Request: \$ 5,000
 Matching funds provided by applicant: \$ 5,000

Project Summary Information

In the space below, provide a concise, on paragraph summary of your proposed program, service, project or event and how it promotes economic development for the City of Palmer.

The mission of HPAC is to provide avalanche information and advisories to educate the public in avoiding avalanches in Hatcher Pass. To support this mission HPAC publishes twice weekly professional avalanche forecasts for the winter season. These forecasts are available free to the residents of Palmer on our website, social media, and through the Alaska State Parks. In addition to the weekly forecasts; curated public observations, professional accident reports, and emergency information is published. HPAC is managed by a volunteer board and is federally recognized 501c3. HPAC is the on-call avalanche safety resource for Hatcher Pass and employs 3 forecasters.

Project Scope of Work

Please list the steps to be taken to conduct the program, service, project or event. Be sure to address issues such as: beginning and ending date, who will work to conduct the event/project, clean-up team, where is the project going to occur (location).

HPAC is seeking funding to support critical avalanche safety messaging for the 20/21 winter season. HPAC publishes at least two weekly forecasts and employs 3 professional avalanche forecasters. HPAC is fully insured and operates under permit from Alaska State Parks. Depending on the timeline of grant disbursement, HPAC will use the funding for the current season (through April 2021) or the following season (November 2021-April 2022). HPAC has operated for over 12 years and plans to continue to provide this service as funds allow.

Eligibility

Describe how your program, service, project or event meets the eligibility guidelines.

HPAC maintains a public website (www.hpavalanche.org) that includes forecasts, weather conditions, and general safety information. Residents of Palmer rely on the professional services that HPAC provides. During the COVID pandemic winter recreation at Hatcher Pas is at an all time high. Our ability to host fundraisers is hampered by this health crisis. HPAC is an inclusive, open organization that welcomes feedback from the community. HPAC strives to maintain excellent relationships with user groups and local businesses. HPAC operates under approved Federal and State procedures and adheres to strict budgeting/accounting standards.

Matching Funding Source

Describe source of matching funding. Have alternate sources of funding been explored?

HPAC is an independent non-profit organization that secures funding from a variety of sources. HPAC relies on funds from individual donors, corporate giving, grants, community councils, and fundraisers. In each of the past three years HPAC has raised at least \$20,000 to support avalanche forecasting operations. The attached budget represents a fully funded operational avalanche center. HPAC counts on the support of the Palmer City Council.

Community Benefit and Reporting

Please indicate how the results of your program, service, project or event will enhance economic development or generally benefit the City of Palmer. Describe the expected number of participants to be attracted by the event or project. Please explain how your organization will evaluate the community benefit of your event. Examples might include surveys, registrations, sign-in sheets, number of people served, etc. Please explain how and when your organization will report results back to the City Council.

Since 1985 there have been 14 avalanche fatalities in Hatcher Pass. Last season a 17 year old snowboarder lost his life on the popular 16 Mile Road Runs. The risk is real.

Palmer relies on HPAC as the sole source of avalanche information in Hatcher Pass.

Each forecast and update reaches about 6,000 users. During times of high avalanche danger HPAC reaches about 12,000 people per website/social media update. Several hundred people attend HPAC's free avalanche workshops. HPAC will begin presenting avalanche information lectures in Palmer High School this winter.

Detailed Budget

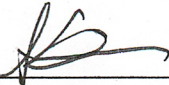
Revenue:

| Source: | Cash | In-Kind | Total |
|-------------------|------------|----------|-----------|
| Donations | \$ 12,000 | \$ 0 | \$ 12,000 |
| Fundraising | \$ 10,000* | \$ 0 | \$ 10,000 |
| Grants | \$ 30,000 | \$ 0 | \$ 30,000 |
| Merchandise Sales | \$ 1000 | \$ 0 | \$ 1,000 |
| Equipment | \$ 0 | \$ 10000 | \$ 10,000 |
| Totals | \$ 43,000 | \$ 10000 | \$ 53,000 |

Expenditures:

| Item/Service: | Cash | In-Kind | Total |
|------------------|--------------|-----------|--------------|
| Administration | \$ 3,400 | \$ 10,500 | \$ 13,900 |
| Insurance | \$ 3,440.05 | \$ 0 | \$ 3440.05 |
| Forecaster Wages | \$ 30,000 | \$ 0 | \$ 30000 |
| Travel | \$ 2000 | \$ 0 | \$ 2000 |
| Equipment | \$ 12,000 | \$ 0 | \$ 12,000 |
| Totals | \$ 50,840.05 | \$ 10,500 | \$ 61,340.05 |

Applications may be submitted at any time to the address listed above. Please allow at least six weeks lead time for application review and City Council agenda scheduling.

Applicant signature: 

Date: 1/08/2021

For Office Use Only

Date received by Manager's Office: _____

City Council agenda date: _____

Action Memorandum No.: _____

City Council: Approved Denied

Date Manager's Office notified applicant of request outcome: _____

2.04.160 Council community grants.

The purpose of the city of Palmer council community grant program is to recognize the valued contributions being provided through the volunteer efforts of community champions on behalf of its citizens. Community grant funding demonstrates the council's commitment to programs, services, projects, and events that are a benefit to the community while at the same time recognizing the financial constraints impacting the city's ability to provide funding. This policy identifies the types of funding available through this community grant process and establishes eligibility requirements. The goal of the community grant program is to provide modest levels of support and assistance to help foster and develop community programs, services, projects, and events that enhance Palmer's quality of life. The objective of this policy is to treat all organizations fairly and consistently while creating a minimal administrative process.

A. Council shall retain the right to make the final decision on:

1. Annual council community grant operating budget;
2. Determining community grant recipients;
3. Determining community grant amounts.

B. To be eligible to qualify for funding, the group or organization must demonstrate its commitment to all the following principles:

1. *General.*

- a. Event is open – accessible – to all members of the community;
- b. Event is effective in providing a community benefit to Palmer;
- c. Applicant is accountable for the grant through sound management and financial practices;
- d. Individuals are not eligible;
- e. The applicant/organization, within the current fiscal year, must spend grant funding on the sole purpose for which it was awarded;
- f. Any unspent money shall be returned to the city.

C. *Community Grant Types.* Defined as a program, service, project, or event that benefits Palmer by supporting, sustaining, promoting, informing, educating, celebrating, preserving, and/or providing access to the arts, culture, environment, heritage, recreation, and/or health activities.

D. *Community Grant.* Defined as a program, service, project, or event that the council has determined provides significant benefits to the Palmer community as a whole. The different types of grants under the community grant program are:

-
1. In-kind grants – based on the provision of municipal property/facilities, materials, or resources provided to an applicant, and do not include the provision of cash funds to, or on behalf of, the applicant. Cash funds are not provided in relation to in-kind grants;
 2. Cash contribution grant – based on the provision of cash funds provided to, or on behalf of, the applicant; or
 3. Combination grant – based on a combination of subsections [\(D\)\(1\)](#) and [\(D\)\(2\)](#) of this section.

E. *Grant Application.* Completed application forms may be submitted to the city clerk’s office at any time during a fiscal year. All applications shall be submitted on the grant application form together with the information/documentation listed below:

1. An outline of the benefits the grant recipient would provide to the community as well as how this supports the council’s strategic priorities;
2. The amount of financial or in-kind assistance required;
3. The degree in which the community benefits as a result of the grant;
4. A proposed budget for the current project, detailing expenditures and anticipated revenues, including a list of all other grants and/or donations; and
5. How an applicant proposes to provide a post-event report with details on economic impact.

F. *Grant Compliance and Reporting.*

1. The city clerk will review grant applications for completeness and forward each application to the city council. The city clerk’s comments on applications requesting in-kind nonfinancial assistance will include a report on the effect, if any, providing the in-kind assistance would have on the city’s ability to meet its regularly scheduled work responsibilities.
2. Council shall retain the right to make the final decision on both the overall grant allocation and individual grants.
3. Council may request community grant recipient to provide a written or oral summary report. (Ord. 20-015 §§ 3, 4, 2020; Ord. 14-043 § 3, 2015)

**City of Palmer
Information Memorandum No. 21-001**

Subject: Committee of the Whole for Discussion Regarding Election Matters

Agenda of: March 9, 2021

Originator Information:

Originator: Norma I. Alley, City Clerk

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|------------|-------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **0.00**

This legislation (√):



- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted _____

Director of Finance Signature: 

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|--|----------|
| City Manager | <u></u> | _____ |
| City Attorney | <u></u> | _____ |
| City Clerk | <u><i>Norma I. Alley</i></u> | _____ |

Attachment(s):

1. Election Calendar

Summary Statement/Background:

There is a request to conduct a Committee of the Whole for general discussion on matters of election. Topics identified, but not limited to, are:

1. By request of Council Member Carrington and former Council Member L. Combs on May 12, 2020, pursuing designated seats, which will require amendments in multiple Code Titles.
2. Per discussion by Council, adjustments to petition (initiative, referendum, recall) deadlines to allow Council consideration and review time before legislative deadline.
3. Per request of Mayor DeVries, discuss canvass board's timeframe before the election certification.
4. Change the ballot proposition deadline to 67 calendar days before election day, which would meet and comply with new ballot printing deadlines (MSB adjusted theirs in 2019). Current deadline is 53 calendar days before a regular election and 75 calendar days before a special election.
5. Update to dates for calling a Special Election (conflicts within Title 18).

| DATE | ACTION | AUTHORITY |
|---------------|--|---|
| May 11 | Last <u>regularly</u> scheduled Council meeting to <i>introduce</i> legislation changing the administration of the election | |
| May 25 | Last <u>regularly</u> scheduled Council meeting to <i>adopt</i> legislation changing the administration of the election | |
| July 16 | Declaration of candidacy packets available online and from the Office of the City Clerk (no later than the Friday preceding the opening) | |
| July 19 | Candidate filing period opens at 8 a.m. (78 days prior to election) | PMC 18.15.026 |
| July 30 | Candidate filing period closes at 4 p.m. (67 days prior to election) | PMC 18.15.026 |
| August 2 | First day to declare candidacy as a write-in candidate (day immediately following last day of filing) | PMC 18.15.023 and Charter Section 1.8 |
| August 6 | Last day to withdraw candidacy by 4 p.m. (7 days after closing of filing period) | PMC 18.15.020(C)(2)(e) and 18.15.030(C) and Charter Section 1.8 |
| August 10 | Last <u>regularly</u> scheduled Council meeting to <i>adopt</i> legislation placing propositions and questions on the ballot (53 days prior to election, which is August 14) | PMC 18.05.067 |
| August 10 | Last day for Council to appoint Precinct Election Officials | PMC 18.22.020(B) |
| September 5 | Last day to register to vote (30 days prior to election) | Charter Section 10.3 and PMC 18.10.010 |
| September 20 | <ul style="list-style-type: none"> • Early In-Person voting begins (15 calendar days prior to election) • First day to request Special Need Ballot | PMC 18.27.040 PMC 18.27.060(B)(1) |
| September 28 | Last day to request an Absentee By-Mail ballot (7 calendar days prior to election) | PMC 18.27.020 |
| September 30 | Last day to declare candidacy as a write-in candidate by 5 p.m. (5 days prior to election) | PMC 18.15.023 |
| October 4 | <ul style="list-style-type: none"> • Early In-Person voting ends at 5 p.m. • Last day to request Special Need Ballot | PMC 18.27.040 PMC 18.27.060(B)(1) |
| October 5 | Election Date – Polls open from 7 a.m. to 8 p.m. | Charter Section 10.1 and PMC 18.05.045 |
| October 7 & 8 | Canvass Board Election Certification at Palmer Council Chambers at a time TBD (additional days may be added as needed) | PMC 18.35.100 |

| DATE | ACTION | AUTHORITY |
|-------------------|---|---|
| October 11 | <ul style="list-style-type: none"> • Council Election Certification (Within five days and no later than the second Tuesday after election) • Oath of Offices (within 10 days of election) • Election of Deputy Mayor and Alternate Deputy Mayor (First meeting following the election) | Charter Section 2.4 and PMC 18.35.100(B) Charter Section 3.1 Charter Section 3.3 PMC 2.05.070 PMC 2.05.060 |