



## KENAI PENINSULA BOROUGH

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DAVID R. CAREY  
BOROUGH MAYOR

### MEMORANDUM

TO: David R. Carey, Borough Mayor *W. Carey*  
FROM: Marcus A. Mueller, Land Management Officer *M. Mueller*  
DATE: January 5, 2010  
SUBJECT: Proposed Ordinance 2010-01

Agenda Item 2.2.c  
Committee Lands  
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Ordinance 2010-01 proposes to offer to the City of Soldotna a 10-acre parcel for \$55,000 in response to the City's request for conveyance of the parcel for cemetery purposes. I am having a difficult time reconciling this proposal.

The "\$55,000" figure stems from Ordinance 2005-26 which had previously authorized an exchange with the City of this 10-acres for land at ARC Lake which was at that time valued at \$55,000. More recently, the borough Assessing Department estimated the value of the borough's 10-acre parcel on Redoubt Ave at \$413,000. Neighborhood real estate listings include a 1.32-acre parcel across for Redoubt Elementary for \$149,000 and two 0.24-acre view lots on Judy Lane for \$175,000 each, which include use of a river boat launch. The City also recently purchased a 2.83-acre parcel near Knight Drive for \$68,000 in contemplation of a cemetery site. Public purpose conveyances at less-than-fair market value do present challenges when looking for the "appropriate value" that is a discount from full value. It has been the practice of the borough to find value in the public purpose, the proposed use of the property, or the use of the improvements, which it can use as consideration to generate the discount. Often the deed restriction that is attached to public purpose conveyance is viewed as both lowering value and generating consideration. When improvements such as access or utilities are developed that serve other borough lands or other public uses we tend to find value. When the public purpose fulfills public needs, we tend to find value. These findings, often generated from negotiated aspects of a proposal, have in precedent protected the best interest of the residents of the borough as a whole.

In attempting to reconcile the various aspects of the proposed offer, I find most difficulty in reconciling the public purpose from the prospective of "need" versus the "it does not hurt to ask" principal. This is where it is difficult to avoid the available information. The Cemetery Task Force report indicates that 10-acres is recommended which according to the report would serve the City's Cemetery needs at the rate of 75 years per cemetery acre; and the City already owns the adjoining 10-acres. It is my understanding from following the local issues that the City desires adequate lands to buffer and address concerns of neighboring property owners. I question if that is in essence the public purpose that the Assembly is contemplating under this ordinance.

In any case, I recommend that the findings attached to this ordinance reflect the terms of consideration for the conveyance. In the case that this proposal is to fulfill a preference rather than a need, I recommend either looking into a land exchange to facilitate the City's cemetery plan or reconciling a negotiated value that is closer to the fair-market value.