

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE LESS THAN FAIR MARKET VALUE SALE OF NINE BOROUGH-OWNED PROPERTIES TO THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES FOR A PUBLIC PURPOSE. (MSB008235)

AGENDA OF: May 5, 2026

ASSEMBLY ACTION: Adopted without objection 05/19/26 - BJH

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	4 / 7 / 2 0 2 6 X Lisa Gray Signed by: Lisa Gray
Land & Resource Management Manager	Recoverable Signature X Joe Metzger Signed by: Joe Metzger
Community Development Department Director	4 / 2 1 / 2 0 2 6 X Jillian Morrissey Signed by: Jillian Morrissey
Finance Director	Recoverable Signature X Cheyenne Heindel Signed by: Cheyenne Heindel
Borough Attorney	4 / 2 2 / 2 0 2 6 X Nicholas Spiropoulos Signed by: Nicholas Spiropoulos
Borough Manager	4 / 2 2 / 2 0 2 6 X Michael Brown Signed by: Mike Brown
Borough Clerk	4 / 2 4 / 2 0 2 6 X Lonnie McKee Signed by: Lonnie McKee

ATTACHMENT (S) : Map (1 pp)
 Department of Transportation & Public Facilities
 Letter dated August 20, 2025 (2 pp)
 Best Interest Finding (6 pp)
 Ordinance Serial No. 26-050 (8 pp)

SUMMARY STATEMENT:

The State of Alaska Department of Transportation and Public Facilities (DOT&PF) is requesting transfer of ownership of nine Borough-owned parcels at less than fair market value for a public

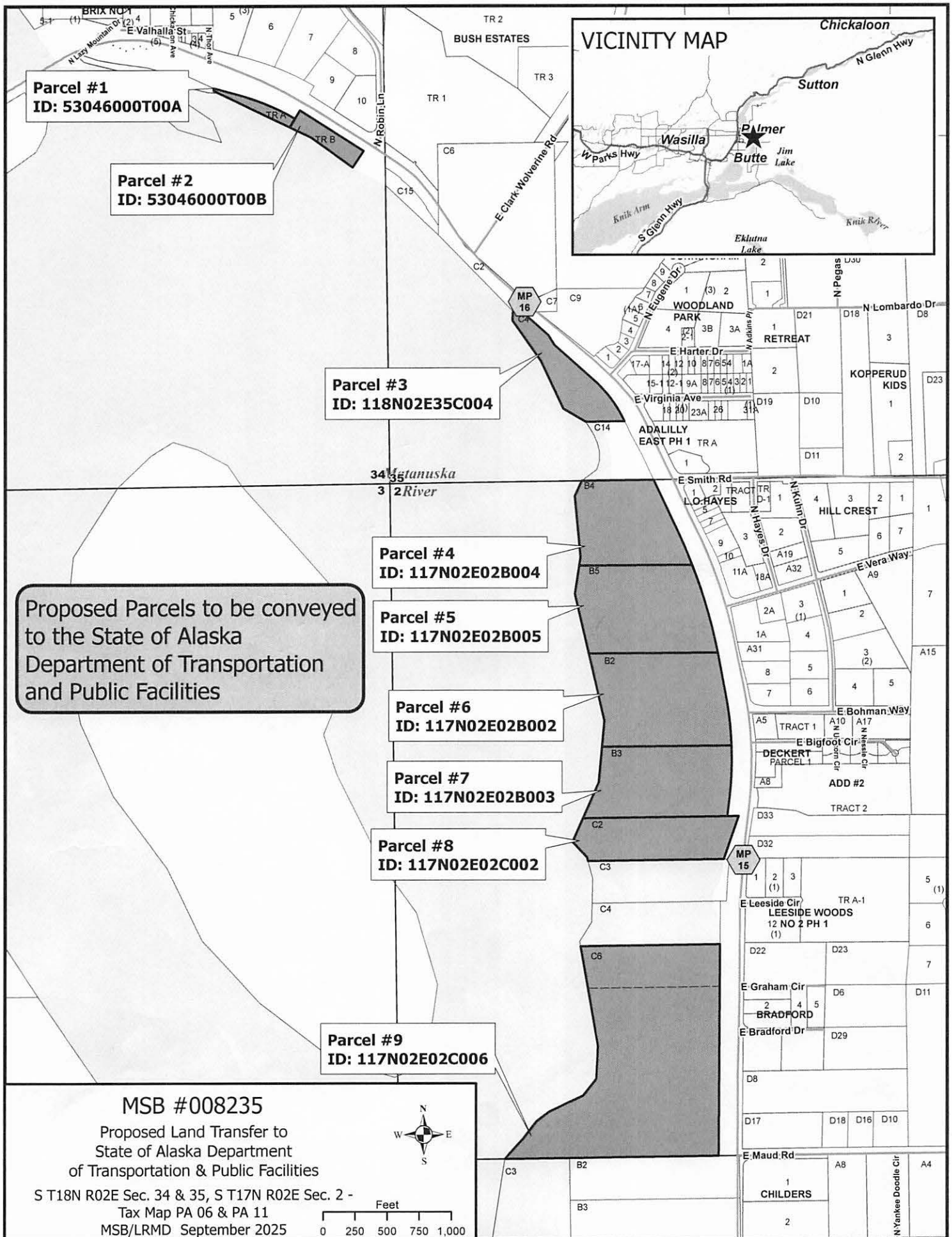
purpose. The parcels are located between the Old Glenn Highway and the Matanuska River in the Butte area. The Borough lands are restricted to a limited range of activities generally encompassing erosion control, open space and public access. DOT&PF plans to add the Borough lands to the Glenn Highway right-of-way to facilitate current and future erosion control efforts. DOT&PF understands that use for highway right-of-way and erosion protection will be both compatible with and will complement existing land use restrictions as highway right-of-way preserves and provides open space, erosion protection and public access. DOT&PF is currently in the early stages of developing plans to install erosion countermeasures directly east of the Palmer bridge and directly north of Maud Road. DOT&PF advises that transfer of select Borough parcels will allow DOT&PF to advance this project to construction more quickly. DOT&PF also advised that transfer of select Borough land will provide DOT&PF with greater flexibility when responding to erosion that may occur outside of the areas currently proposed for work.

A Best Interest Finding has been completed and provides information pertaining to each parcel. Six of the parcels were acquired through the tax and LID foreclosure process. The Borough received a clerk's deed and recorded a Notice of Public Retention. The Notice of Public Retention states in part the properties were retained for public purposes and are to remain in federal, state, or municipal ownership. Parcel number two was acquired using FEMA funds under the Matanuska River Erosion Project (MSB project number 4162.0004) and must be used as open space in perpetuity in order to protect and preserve natural floodplain values. Parcel number eight was acquired by the Borough and has a restriction that it shall be retained in perpetuity for the public purpose of protecting the public's health, safety and welfare. Parcel number nine was acquired from the State of Alaska Municipal Entitlement Land program. This property was classified as Public Recreation and was included in the Asset Management Plan for the Butte Area. The plan states in part, "This parcel is considered a valuable flood-control site that supports a community dike system".

The conveyance for public purpose portion of the code requires the Borough to retain a reversionary interest in each conveyance granted under this section. Staff proposes notwithstanding the reversionary clause under MSB 23.10.280 (A)(2) and Land and Resource Management, Policy and Procedures Manual Part 60-16 (7.1). The property will be conveyed at less than fair market value without consideration, notwithstanding MSB 23.10.060 wherein the minimal fee is \$500 per parcel or range of 50 to 90 percent of market value, as determined by the Assembly.

RECOMMENDATION OF ADMINISTRATION:

Assembly approval for the less than fair market value conveyance of nine Borough-owned real properties to the State of Alaska Department of Transportation and Public Facilities. The conveyance document shall state the properties are to be used for public purposes and without a clause to revert back to the Borough.





THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and
Public Facilities

DESIGN & ENGINEERING SERVICES
CENTRAL REGION RIGHT OF WAY

RECEIVED

AUG 20 2025

Community Development

P.O. Box 196900
Anchorage, Alaska 99519-6900
Phone: 907.269.0700
Toll Free: 800.770.5263
TDD: 907.269.0473
TTY: 800.770.8973
Fax: 907.269.0828

August 20, 2025

Matanuska-Susitna Borough
350 E. Dahlia Avenue
Palmer, Alaska 99645
Via email to Lisa Gray and Taunnie Boothby

RE: Proposed transfer (donation) of borough owned lands between the Old Glenn Highway and Matanuska River

Dear Lisa and Taunnie,

Recent conversations between our offices have identified mutual interest in transferring borough land to DOT&PF that is located between the Old Glenn Highway and Matanuska River. This letter is intended as a follow-up to those conversations, specifically to make application for transfer of select parcels located between the Old Glenn Highway Bridge at Palmer and Maud Road as previously discussed by staff. DOT&PF also wishes to express gratitude to the borough and recognize its staff for the collaborative spirit that has been foundational in discussions to date.

DOT&PF understand that this request will be forwarded to MSB's assembly for consideration. DOT&PF notes the following information for MSB staff and Assembly in relation to this request:

- The Matanuska River is a braided river that experiences regular and ongoing channel changes due to its high sediment load. As channels converge against the river's banks, bank erosion can occur. The eastern bank of the Matanuska River has and continues to experience erosion that widens the river channel in an easterly direction towards the Old Glenn Highway between the Palmer Bridge and Maud Road.
- While the amount of land remaining between the river and highway varies, no more than 550 feet of uplands remain between the eastern river bank and highway right-of-way at the widest point. The river has already impacted the highway at one location, and will likely impact the highway again elsewhere in coming years.
- A variety of options exist to protect against erosion. However any erosion protection features that DOTPF builds must be placed within department owned land or easement (collectively: right-of-way).
- MSB has acquired the majority of upland parcels located between the western edge of the highway right-of-way and eastern bank of the river in prior decades through tax foreclosure, FEMA-funded buyout and state municipal entitlement land transfer.
- The use of these MSB lands is restricted to a limited range of activities generally encompassing erosion control, open space and public access. MSB's Assembly created and thereby directly controls the majority of the use restrictions that exist. A subset of parcel use restrictions were created

"Keep Alaska Moving through service and infrastructure"

IM No. 26-081
Ordinance Serial No. 26-050

by FEMA in connection with use funds provided by that federal agency for the purchase of parcels from willing sellers.

- DOT&PF proposes to add MSB lands to the Glenn Highway right-of-way to facilitate current and future erosion control efforts. DOT&PF understands that use for highway right of way and erosion protection will be both compatible with and will complement existing land use restrictions as highway right-of-way preserves and provides open space, erosion protection and public access.
- Bank erosion locations and rates are difficult to predict. Continued monitoring efforts are needed to evaluate where and when erosion will threaten transportation infrastructure. As a result, it isn't hard to see the impending challenges between project development timelines and erosion events.
- DOT&PF is currently in the early stages of developing plans to install erosion countermeasures directly east of the Palmer bridge and directly north of Maud Road. Please reference DOT&PF project CFHWY01252. Travis Holmes is the manager of this project. DOT&PF advises that transfer of select borough parcels will allow DOT&PF to advance this project to construction more quickly.
- DOT&PF also advises that transfer of select borough lands will provide DOT&PF with greater flexibility when responding to erosion that may occur outside of areas currently proposed for work under CFHWY01252. DOT&PF also expects that erosion protection can also be installed more quickly if lands between the river and highway are transferred in advance of future erosion. DOT&PF has therefore identified two groups of parcels under this request; those that are reasonably expected to be needed in the near-term to address actively eroding areas that threaten transportation infrastructure (Group 1), and those that may could be needed at a future date if and when the river channel moves farther eastwards (Group 2). DOT&PF advises that MSB solely decides what parcels it may choose to transfer, if any.
- DOT&PF also advises that compensation must be offered for borough property that is needed for the construction and maintenance of public projects. While DOT&PF believes that both borough residents and the traveling public will gain public benefit from the flexibility and time savings created by transfer, DOT&PF wishes to emphasize that waiver of compensation is solely a borough decision.
- DOT&PF also advises that DOT&PF will provide an appraisal of donated lands at MSB request, irrespective of whether compensation is then paid for said lands. DOT&PF also advises that the number of appraisal firms currently operating in Alaska is limited and encourages further discussion if appraisal is requested.

DOT&PF therefore requests the following in connection with this application, if approved:

- Confirmation that lands that have been restricted by prior borough ordinance may be used for highway purposes if transferred to DOT&PF.
- Confirmation by ordinance or other documentation that the borough waives compensation.
- Confirmation by ordinance or other documentation that the that the borough waives appraisal.

A pair of quitclaim deeds are included that collectively encompass the two groups of parcels. Please note that DOT&PF has included a reverter clause in the deeds as the transfer is proposed to be made without compensation. DOT&PF staff are available to assist with any research or document preparation that may be needed. Please consider DOT&PF Central Region Project Coordination Supervisor James Sowerwine to be your primary point of contact for this request. James can be reached at 907-269-0647 or by email at james.sowerwine@alaska.gov. I, James and the remainder of my staff look forward to working with you to address any questions or concerns MSB may have about DOT&PF's request.

Sincerely,



Bob Keiner, acting for Melanie Arnolds, P.E.
DOT&PF Central Region ROW Chief

Enclosures:

- Quitclaim deed for Group 1 parcels
- Quitclaim deed for Group 2 parcels
- Completed MSB Application to Lease, Purchase, or Use Borough-Owned Land or Resources

BEST INTEREST FINDING
For the
Less Than Fair Market Value Sale of Borough-owned Land

I. Summary of Proposed Action

The Matanuska-Susitna Borough (Borough), Land & Resource Management Division has received an application from the State of Alaska Department of Transportation and Public Facilities (DOT&PF) to transfer (donate) nine Borough-owned parcels between the Old Glenn Highway and Matanuska River. DOT&PF will use the land to facilitate current and future erosion control efforts. The Borough lands are restricted to a limited range of activities generally encompassing erosion control, open space and public access. DOT&PF proposed use is compatible with the restricted parcels.

II. Property Site Factors

A. Location: The subject parcels are located between the Old Glenn Hwy and the Matanuska River after the Old Glenn Hwy bridge and before Maud Road.

B. Parcel Information:

Parcel #1

Legal: Tract A, Foothill Estates Subdivision, Plat 73-29 (tax account number 53046000T00A)

Size: .99 acres

2026 Tax Appraised Value: \$1,200

Title Status: This property was acquired through tax foreclosure by a Clerks Deed, and a Retained for Public Purpose was recorded 5-19-06 at serial 2006-013472-0.

Easements: DOT&PF drainage easement recorded 10-8-82, in Book 278 at Page 93, east 50'.

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #2

Legal: Tract B, Foothill Estates Subdivision, Plat 73-29 (tax account number 53046000T00B)

Size: 1.94 acres

2026 Tax Appraised Value: \$34,500

Title Status: This parcel was acquired through the Matanuska River Erosion Project #4162.0004 Parcel #68, FEMA restrictions apply, property is reserved for open space in perpetuity.

Easements: none

Land Classification: Currently unclassified

Public Comments: none

Parcel #3

Legal: A part abstracted from Government Lot #2, in Section 35, Township 18 North, Range 2 East; all of that portion lying between the center of Glenn Highway and Matanuska River, except the south 460 feet of property, excepting therefrom that portion conveyed to SOA/DOT&PF by quitclaim deed recorded at 2008-005801-0, 3-12-2008 (tax account number 118N02E35C004)

Size: 9.94 acres.

2026 Tax Appraised Value: \$102,900

Title Status: This property was acquired through tax foreclosure by a Clerks Deed, and a Retained for Public Purpose, recorded 10-4-00 in Book 1093 at Page 646.

Easements: none

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #4

Legal: Tract 3A, MSB Waiver Resolution Serial No. 84-105-PWm, recorded 11-1-84 at 84-244W, excepting therefrom that portion conveyed to SOA/DOTPF by quitclaim deed recorded 3-12-08 at 2008-005800-1 (tax account number 117N02E02B004)

Size: 7.94 acres.

2026 Tax Appraised Value: \$36,600

Title Status: This property was acquired through tax foreclosure by a Clerks Deed, and a Retained for Public Purpose, recorded 8-21-07 at serial 2007-021407-0

Easements: A 50 ft. section line easement runs along the northern boundary of the parcel. MTA easement recorded 8-3-1988 in Book 556 at Page 907

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #5

Legal: Tract 3B, MSB Waiver Resolution Serial No. 84-105-PWm, recorded 11-1-84 at 84-244W, excepting therefrom that portion conveyed to SOA/DOTPF by quitclaim deed recorded 3-12-08 at 2008-005800-1 (tax account number 117N02E02B005)

Size: 10.76 acres.

2026 Tax Appraised Value \$49,500

Title Status: This property was acquired through tax foreclosure by a Clerks Deed, and a Retained for Public Purpose, recorded 8-21-07 at serial 2007-021407-0

Easements: MTA easement recorded 8-3-1988 in Book 556 at Page 907

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #6

Legal: Tract 4A, MSB Waiver Resolution Serial No. 84-101-PWm, recorded 11-1-84, at 84-245W, excepting therefrom that portion conveyed to SOA/DOTPF by quitclaim deed recorded 3-12-08 at 2008-005798-0 (tax account number 117N02E02B002)

Size: 11.53 acres

2026 Tax Appraised Value: \$53,000

Title Status: This property was acquired through tax foreclosure by a Clerks Deed, and a Retained for Public Purpose, recorded 8-21-07 at serial 2007-021407-0

Easements: MEA easement recorded 1-15-73 in Book 68 at Page 940 and MTA easement recorded 8-3-1988 in Book 556 at Page 907

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #7

Legal: Tract 4B, MSB Waiver Resolution Serial No. 84-101-PWm, recorded 11-1-84 at 84-245W, excepting therefrom that portion conveyed to SOA/DOTPF by quitclaim deed recorded 3-12-08 at serial #2008-005799-0 (tax account number 117N02E02B003)

Size: 9.46 acres

2026 Tax Appraised Value: \$43,500

Title Status: This property was acquired through tax foreclosure by a Clerks Deed and a Retained for Public Purpose, recorded 8-21-07 at serial 2007-021407-0.

Easements: MEA easement recorded 1-15-73 in Book 68 at Page 940 and MTA easement recorded 8-3-1988 in Book 556 at Page 907.

Land Classification: Clerks Deed parcels are exempt from classification per PPM Part 60-48 (2.3).

Public Comments: none

Parcel #8

Legal: N1/2 N1/2 of G.L.O. Lot 5 located in Section 2, T 17N, R02E (tax account number 117N02E02C002)

Size: 3.80 acres

2026 Tax Appraised Value: \$200

Title Status: Per Warranty Deed and Ordinance 14-062 property shall be retained for public purpose.

Easements: MEA easement recorded 9-3-1980 in Book 218 at Page 690

Land Classification: Currently unclassified

Public Comments: none

Parcel #9

Legal: S1/2 S1/2 of Government Lot 5 and Government Lot 6 of section 2, T 17N, R02E (tax account number 117N02E02C006)

Size: 51.41 acres

2026 Tax Appraised Value: \$138,900

Title Status: This property was acquired through the State of Alaska Municipal Entitlement Land program. The State patent number is 1119, and it was recorded 12-18-70 in Book 86D at Page 235.

Easements: A 50 ft. section line easement runs along the southern boundary of the parcel.

Land Classification: Property was classified as Public Recreation by Ordinance 2007-60 and was included in the Asset Management Plan for the Butte Area (site #5 riverfront

parcel), the plan states, “This parcel is considered a valuable flood-control site that supports a community dike system” and “Manage as a recreation corridor and conservation area. Improve trail access for both motorized and non-motorized use with a link to Palmer and to a Borough wide trail system. Develop wildlife viewing opportunities. Examine option for and develop trailhead access points.”

Public Comments: none

All parcels are located in the Palmer Recording District, Seward Meridian, Third Judicial District, State of Alaska. The above legal descriptions are abbreviated for some parcels, but the entire legal description will be used on the quitclaim deeds.

C. Other Restrictions:

1. Land Use Plans – The properties are located within the Matanuska River Management Plan. Parcel #9 is part of the Butte Area Asset Management Plan.
2. Zoning – None

D. Current Land Use: The parcels have been retained for public purposes, which includes open space for flood and erosion protection, to protect and preserve natural floodplain values, public access and preserve wildlife habitat. There are no structures on any of the parcels.

E. Surrounding Land Use: General Purpose, Residential, and Recreational

F. Soils & Terrain: The subject properties contain a mix of soils. Parcel 1 and Parcel 2 have Knik silt loam soils which are well drained soils. All the other properties have mostly Kidazgeni-Niklason complex soils which are somewhat excessively drained soils.

G. Resources: There is no specific data on resources for these parcels.

III. Review and Public Notice

In accordance with Title 23 and the Land Management Policy and Procedure Manual, landowners within 600 feet of the proposed properties have been notified of the proposed land donation. Additionally, notices were published in the Frontiersman and posted in the Butte Post Office and on the Borough website. The Butte Community Council, Parks, Recreation & Trails Advisory Board, and local Road Service Area and Fire Service Area boards were also asked to comment. No comments were received in response to public notice.

An interdepartmental review was done and there were no objections from Borough Departments. However, comments were received from the Planning Department with concerns regarding Parcel #2 which was acquired using FEMA funds. The Planning Department wants to ensure that DOT&PF understands that if any concerns arise from FEMA in the future, DOT&PF will be responsible for addressing the concerns. The MSB Floodplain Administrator commented “*The only concern I would have is to ensure that DOT understands that, if any concerns arise from FEMA in the future, DOT will be responsible for them. We should document that thoroughly. The*

reason MSB, in good faith, took action to remove people from harm's way, and we do not want to be held responsible if FEMA decides it is not in their best interest to provide DOT the land to protect the road. I do not foresee an issue, but DOT would need to address it to protect the road". Staff notes there are FEMA deed restrictions recorded within the warranty deed recorded November 22, 2019, at serial number 2019-026924-0 and restrict the land to open space in perpetuity in order to protect and preserve natural floodplain values. DOT&PF understands that FEMA may examine the use of the parcel at any time in the future to ensure that uses are consistent with the agency's grant fund limitations.

IV. Analysis & Discussion

DOT&PF requested conveyance of nine Borough-owned properties along the Matanuska River in the Butte area for less than fair market value. DOT&PF plans to add Borough lands to the Glenn Highway right-of-way to facilitate current and future erosion control efforts. DOT&PF understands that use for highway right-of-way and erosion protection will be both compatible with and will complement existing land use restrictions as highway right-of-way preserves and provides open space, erosion protection and public access. DOT&PF is currently in the early stages of developing plans to install erosion countermeasures directly east of the Palmer bridge and directly north of Maud Road. DOT&PF advises that transfer of select Borough parcels will allow DOT&PF to advance this project to construction more quickly. DOT&PF also advised that transfer of select Borough lands will provide DOT&PF with greater flexibility when responding to erosion that may occur outside of the areas currently proposed for work.

MSB 23.10.280 (A) allows the transfer of Borough land to the state without limit or consideration, for public purpose if approved by the Assembly and the manager ensures, by regulation, deed restriction, covenant, or otherwise, that transfers of land under this section serve a public purpose and are in the public interest, and the Borough retains a reversionary interest. Staff proposes notwithstanding MSB 23.10.280(A)(2) and PPM Part 60-16 (7-1) which requires a reversionary interest in each conveyance granted under this section.

The total 2026 tax appraised value of all the parcels is \$460,300 and contains 107.77 acres.

V. Authorization

MSB 23.05.030. The manager may, with assembly approval, convey Borough-owned real property to a government entity when making Borough property available for specific benefit to the public.

MSB 23.10.280. The manager may, with assembly approval, transfer Borough-owned real property to a public agency without limit or consideration for a public purpose.

VI. Recommendation

Assembly approval for the less than fair market value conveyance of nine Borough-owned real properties to the State of Alaska Department of Transportation and Public Facilities. The

conveyance document shall state the properties are to be used for public purposes and without a clause to revert back to the Borough.