


**SUBJECT:** INFORMING THE ASSEMBLY OF THE BOROUGH MANAGER ENTERING INTO A LAND LEASE AGREEMENT FOR A 5-YEAR TERM TO ALLOW LESSEE THE OPTION TO PURCHASE THE FEE SIMPLE ESTATE OF THE LAND UNDER CURRENT POLICY AND PROCEDURE, PART 60-10, FOR LOTS 2 AND 3, STEPAN LAKE ALASKA SUBDIVISION (ADL 19373/MSB001625).

**AGENDA OF:** November 27, 2018

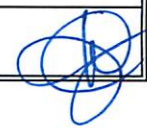
**ASSEMBLY ACTION:**

*Presented to the Assembly 11.27.18*  


**MANAGER RECOMMENDATION:** For information only.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:**



Route To:	Department/Individual	Initials	Remarks
	Originator	<i>JMM</i>	
	Community Development Director	<i>EP</i>	
	Finance Director	<i>AS</i>	
	Borough Attorney	<i>AS</i>	
	Borough Clerk	<i>JMM</i>	11/19/18 

**ATTACHMENT(S) :** Fiscal Note: ☒ Yes ☐ No  
 Map (1-pp)

**SUMMARY STATEMENT:**

Certain borough selected lands received patent from the state of Alaska through the Municipal Entitlement Land program that are subject to pre-existing 55-year Alaska Division of Lands (ADL) leases. Adopted policy and procedures for the ADL leases allows the lessee to purchase the fee simple estate.

This particular ADL lease expired on August 10, 2017. The applicant, Mr. Harry Winthrop Fowler, Jr., as the former Lessee of ADL 19373 since July 1985, desires to enter into a new lease with the borough to exercise his rights to purchase the fee simple estate pursuant to Land and Resource Management's Policy and Procedures, Part 60-10. A subdivision, which entails combining Lots 2 and 3, is required due to an improvement which is situated

on the common lot line of the two lots. Additionally, the shoreline setback for the improvement must be resolved in order to purchase the fee simple estate.

Since the former 55-year ADL lease expired in August 2017, a new lease agreement is required that adheres to current lease code and lease practices.

Public notice was conducted in accordance with Title 23 procedures and included advertising in the Frontiersman, on the borough's web site, mailing to private property owners, Big Lake Community Council, and assembly members. The Big Lake Community Council had no objection and there was one comment received from the public that had no objection.

The lease estate is for Lots 2 and 3, Stepan Lake Alaska Subdivision. The adjoining Lot 4 is already owned by the applicant and is not part of this transaction but is used for purpose to determine the fair market value of Lots 2 and 3. The assessed land value for Lot 4 is \$20,800 for 0.73 acre which equates to \$15,184 an acre, or \$0.65 SQ/FT.

Applying the land assessed value of Lot 4 to establish the land value for both Lots 2 and 3, combined with the current lease rate of 8% for borough-owned lands as required by code, the lease rates are as follows:

LOTS 2 & 3 STEPAN LAKE ALASKA SUBDIVISION				
LOT NO.	ACRES	SQ/FT	VALUE	8% RATE
LOT 2	0.98	42,688.80	\$ 27,747.72	\$ 2,219.82
LOT 3	1.09	47,480.40	\$ 30,862.26	\$ 2,468.98
<b>TOTAL ANNUAL RATE</b>				<b>\$ 4,688.80</b>

The terms of the lease are for a five-year term with an additional one-year renewal if platting approval for subdivision is obtained during the five-year lease term. The Lessee may terminate the lease and purchase the fee simple estate at fair market value pursuant to the Policy and Procedure Manual, Part 60-10.

Authority: 23.10.010(B), 23.10.020 and 23.10.030

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: November 27, 2018

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ORIGINATOR:

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u>\$23,440</u>	FUNDING SOURCE <u>Lease Agreement</u>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT: <u>203.000.000.366.500</u>	PROJECT #
VERIFIED BY: <u>Barbara Baumgardner</u>	CERTIFIED BY:
DATE: <u>11/5/18</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
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REVENUE		<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>
TOTAL		<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>

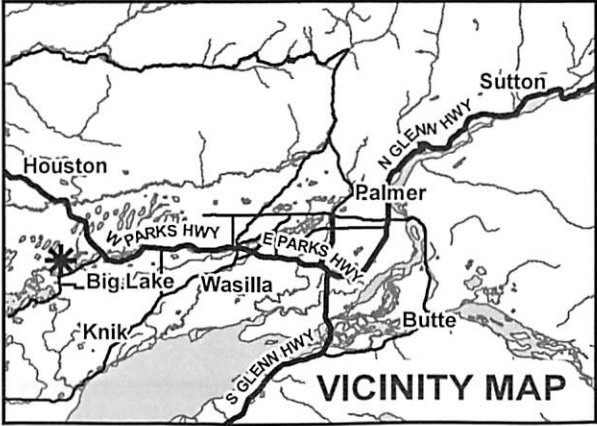
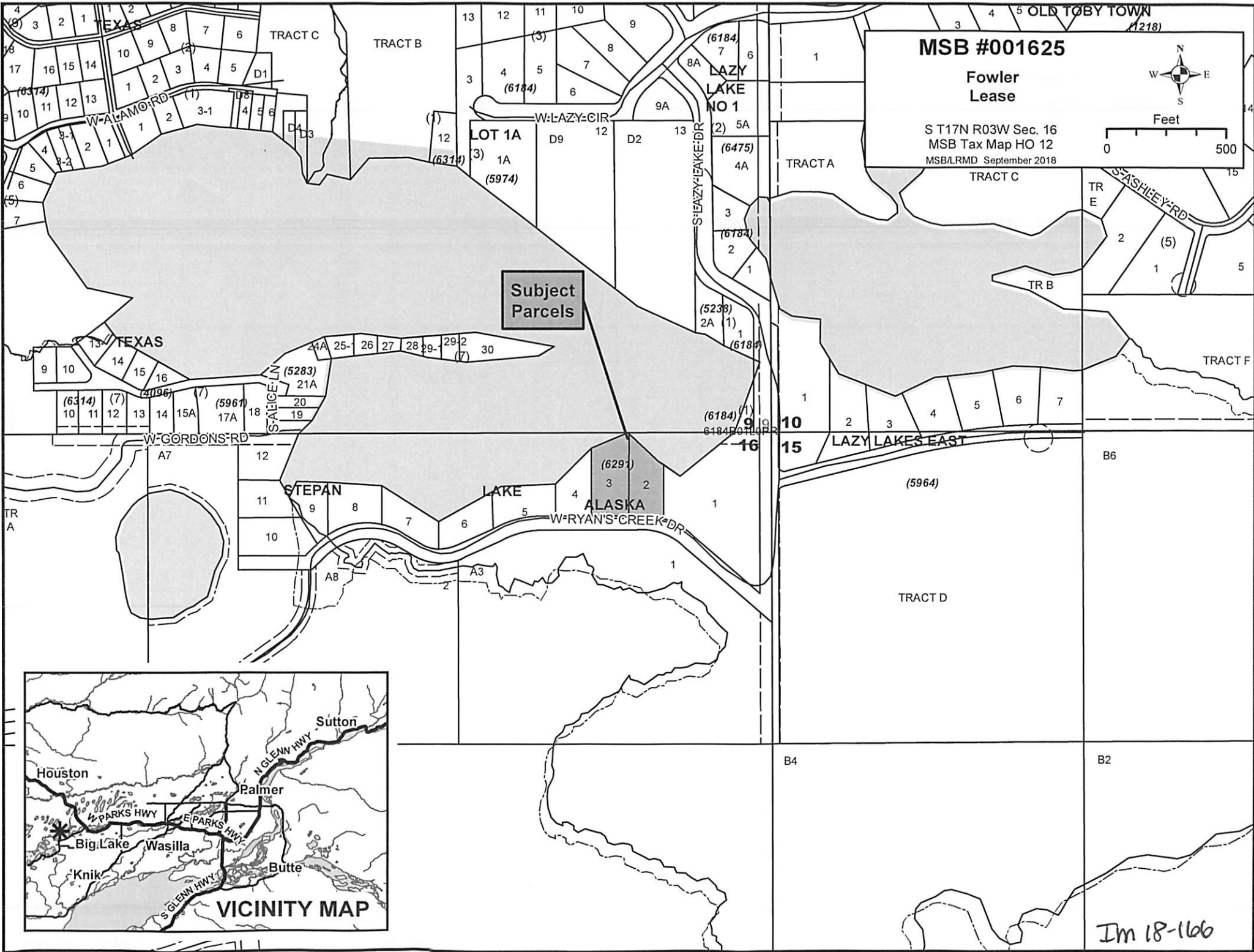
POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: Chapman Dean DATE: 11/5/18  
 APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_





Im 18-1166