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| <b>TRANSMITTAL MEMORANDUM</b> |
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TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: April 27, 2022

RE: **Resolution No. 22-2848 – Providing for the Sale of Certain Surplus Tax-Foreclosed Property Previously Offered for Sale; And Establishing An Effective Date**

Pursuant to direction provided by the City Council at its meeting of February 17, 2022, City Attorney Mitch Seaver has drafted the attached resolution for City Council consideration at its meeting of May 5, 2022. If adopted, Resolution No. 22-2848 provides for the sale of certain surplus tax-foreclosed property currently under the City's ownership.

The attached memorandum from Public Works Director Mark Hilson establishes that staff has identified eleven (11) initial tax-foreclosed surplus vacant properties previously declared surplus and authorized for sale via ordinance. The sale of such properties would be via outcry auction with no minimum bid amount to facilitate timely sales per City Council direction.

Mr. Hilson will be attending the City Council meeting of May 5, 2022, in order to address any questions and/or concerns that City Councilmembers may have.

A motion has been prepared for City Council consideration.

**RECOMMENDATION**

It is recommended the City Council adopt the motion approving Resolution No. 22-2848 providing for the sale of certain surplus tax-foreclosed property previously offered for sale; and establishing an effective date.

**Recommended Motion:** I move the City Council approve Resolution No. 22-2848 providing for the sale of certain surplus tax-foreclosed property previously offered for sale; and establishing an effective date.

**PUBLIC WORKS / ENGINEERING DEPARTMENT**  
**Mark Hilson, P.E., Public Works Director**  
Kara Jurczak, P.E., Assistant Public Works Director

**CITY OF KETCHIKAN**  
Administrative Offices  
PH: 907.228.4727  
FAX: 907.225.8721

## **MEMORANDUM**

**TO:** Lacey Simpson, Acting City Manager

**CC:** Mitch Seaver, City Attorney  
Robert Diaz, Public Works Contracts/Grants Administrator

**FROM:** Mark Hilson, P.E., Public Works Director

**DATE:** April 26, 2022

**SUBJECT:** **Resolution No. 22-2848 – Providing for the Sale of Certain Surplus Tax-Foreclosed Property Previously Offered for Sale; and Establishing an Effective Date**

At the regular meeting of February 17, 2022, City Council directed staff to begin the process of selling certain surplus properties. Staff has been diligently working on researching these properties in order to determine which properties are legally available to offer for sale, and conversely what would have to be remedied get the remaining properties in a condition that they can be sold. In working on this effort, staff has also found that there are some properties that are so severely constrained by topography or by existing easements that it would not be reasonable to expend the effort to try to sell these properties. Understanding that the City Council has expressed a desire for a property sale as soon as possible, the City Attorney has identified 11 tax foreclosed surplus vacant properties the sale of which has been authorized by prior ordinances. Thus these properties can be quickly advertised for sale at a public auction should City Council adopt the attached Resolution No. 22-2848. Should City Council adopt Resolution No. 22-2848, staff would start the public notice period by publicly advertising the surplus sale as quickly as possible, with an outcry auction date anticipated for the first half of June.

In the meantime, staff will continue to get as many of the remaining properties cleared for surplus sale as is reasonably possible, and attempt to include any potential 2022 tax foreclosures that may occur in the May/June timeframe. It is possible that some of the remaining properties will not be able to be cleared for sale in timely fashion, and therefore may have to wait for an auction date in the more distant future in order to not delay our current efforts.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

It is recommended that the City Council adopt a motion approving Resolution No. 22-2848 providing for the sale of certain surplus tax-foreclosed property previously offered for sale; and establishing an effective date.

**Recommended Motion:** I move the City Council approve Resolution No. 22-2848 providing for the sale of certain surplus tax-foreclosed property previously offered for sale; and establishing an effective date.

**THE CITY OF KETCHIKAN, ALASKA**

**RESOLUTION NO. 22-2848**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA; PROVIDING FOR THE SALE OF CERTAIN SURPLUS TAX-FORECLOSED PROPERTY PREVIOUSLY OFFERED FOR SALE; AND ESTABLISHING AN EFFECTIVE DATE.**

**RECITALS**

A. The real property to be sold in accordance with this resolution has previously been offered for sale as set forth in Ordinance No. 95-1318 and amended by Ordinance No. 96-1349.

B. Section 7 of Ordinance No. 95-1318 provides that:

The City Council may by motion sell any lots which remain unsold after all sales under the terms of this ordinance have been made. The Council shall be advised of and by motion approve the price, payment provisions, and other significant terms of sale and may approve of price, payments, and terms different from those provided in this ordinance. The Council may by motion also provide for the marketing and negotiated sale of any of the unsold lots.

C. Pursuant to Section 7 of Ordinance 95-1318, the City Council hereby approves the sale of such unsold real property in accordance with the provisions of this resolution.

**NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska, as follows:**

**Section 1. Property to be sold.** The property to be sold in accordance with this resolution are described in Exhibit A. The City Council finds that it is in the public interest to

retain previously recorded building covenants and use restrictions applicable to those lots listed in Exhibit A which are located in the Highlands Addition. Retention of the recorded building covenants and use restrictions promotes the public interest in assuring compatible development and use of the property. All of those lots in the Highlands Addition which are sold pursuant to this ordinance shall be sold subject to previously recorded building covenants and use restrictions.

**Section 2. Auction Sale of Property.** The property described in Exhibit A may be sold at public outcry auction. The city manager shall advertise the sale in a newspaper of general circulation. Any sale of the property will be to the highest bidder whose bid otherwise conforms to the terms of sale.

**Section 3. Terms of Sale.** (a) All property sold pursuant to this resolution shall be sold by quitclaim deed in "as is" condition with no representation or warranty by the City as to the condition of the property, the title to the property, the availability of utilities, or the adequacy of soil or subsoil conditions. It shall be the buyer's responsibility, at buyer's expense, to conduct surveys, perform inspections, obtain its own expert advice as to the condition and suitability of the property, and to obtain any title insurance desired by buyer.

(b) The property shall be sold for the highest bid amount plus recording fees. Payment shall be made in full at closing. A ten percent (10%) deposit shall be paid at the time the offer is accepted. The remainder of the purchase price shall be paid to the City at closing. The deposit shall be forfeited to the City in the event the buyer fails to close the sale within sixty

(60) days from the date the bid is submitted.

(c) The buyer shall assume all risks as to the existence on the property of any conditions, contamination, hazardous, toxic, or polluting substances or other defects and as to the remediation, removal or correction of such conditions, contamination, hazardous, toxic or polluting substance or other defects. The buyer, its successors, designees, and assigns, shall unconditionally release the City, its agents, officers and employees from and against any and all known and unknown, present and future: liability, lost use, profits, rents, business or sales; costs of remediation or removal; costs of repairing, maintenance, replacement, reconstruction or remodeling; and damages, injuries, or deaths arising out of or related to the existence, remediation or removal of any conditions, contaminants, hazardous, toxic or polluting substances or other defects on the property regardless of whether or not caused by the negligence of the City, its agents, officers or employees. Hazardous, toxic or polluting substances are defined as including substances: the presence of which require investigation, or remediation under any federal, state or local law, order or regulation; which are defined as hazardous waste, hazardous substances, pollutants or contaminants, under state, federal or local law, order or regulation; or which are toxic, carcinogenic, explosive, corrosive, infectious, polluting or contaminating under any federal, state or local law, order or regulation, including without limitation gasoline, diesel fuels, oil, other petroleum hydrocarbons, solvents, and asbestos.

(d) The manager may establish such other terms as the manager may deem in the City's best interests including, but not limited to, easements, building conditions and restrictions on use.

**Section 4: Effective Date.** This resolution shall be effective immediately upon passage.

**PASSED AND APPROVED** this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
**Dave Kiffer, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Kim Stanker**  
**City Clerk**

**EXHIBIT A**  
**SURPLUS/TAX-FORECLOSED PROPERTY**

| <b>PARCEL #</b> | <b>LEGAL DESCRIPTION</b>  | <b>GENERAL DESCRIPTION</b>   |
|-----------------|---|--|
| 1               | Lot 18A, Block 1, Bear Valley Addition U.S.M.S. 769.  | 1300 Block Fairy Chasm Road<br>13,206 Square Feet  |
| 2               | Lot 17A, Block 1, Bear Valley Addition U.S.M.S. 769.  | 1300 Block Fairy Chasm Road<br>13,203 Square Feet  |
| 3               | Lot 1, Block 2, Washington Park Addition, as shown on Plat 93-35, U.S.M.S. 769.   | Valley Forge Drive<br>11,403 Square Feet   |
| 4               | Lot 18, U.S. Survey 2635 according to the plat of the Nordstrom Subdivision, filed October 31, 1977, as Plat No. 77-43. | 700 Block of the undeveloped Nordstrom Drive right-of-way<br>34,000 Square Feet                  |
| 5               | Lot 32, U.S. Survey 2635 according to the Plat of the Nordstrom Subdivision, filed October 31, 1977, as Plat No. 77-43. | 700 Block of the Undeveloped Scout Lake Road right-of-way<br>29,452 Square Feet                  |
| 6               | Lot 9A, Block 3, Highlands Addition, U.S.M.S. 769.  | 700 Block Forest Avenue<br>22,000 Square Feet  |
| 7               | Lot 13, Block 1, Highlands Addition, U.S.M.S. 769.  | 700 Block Summit Terrace<br>28,474 Square Feet   |
| 8               | Lot 3, Block 5, Highlands Addition, U.S.M.S. 769.   | 800 Block of Miller Ridge Road<br>36,656 Square Feet.  |
| 9               | Lot 7, Block 4, U.S.M.S. 787.   | 1800 Block of Second Avenue across the street from the White Cliff Building<br>5,000 Square Feet |
| 10              | Lot 8, Block 4, U.S.M.S. 787.   | 1800 Block of Second Avenue across the street from the White Cliff Building<br>5,000 Square Feet |
| 11              | Lot 9, Block 4, U.S.M.S. 787.   | 1800 Block of Second Avenue across the street from the White Cliff Building<br>6,197 Square Feet |

**All of the above are located in the Ketchikan Recording District, First Judicial District, State of Alaska.**  
**All square footages are approximate.**  
**Parcels 1 through 8 are tax-foreclosed property. Parcels 9 through 11 are surplus property.**





CITY OF KETCHIKAN



PARCEL #1





CITY OF KETCHIKAN



PARCEL #2



 PARCEL #3





CITY OF KETCHIKAN



PARCEL #4





CITY OF KETCHIKAN

 PARCEL #5



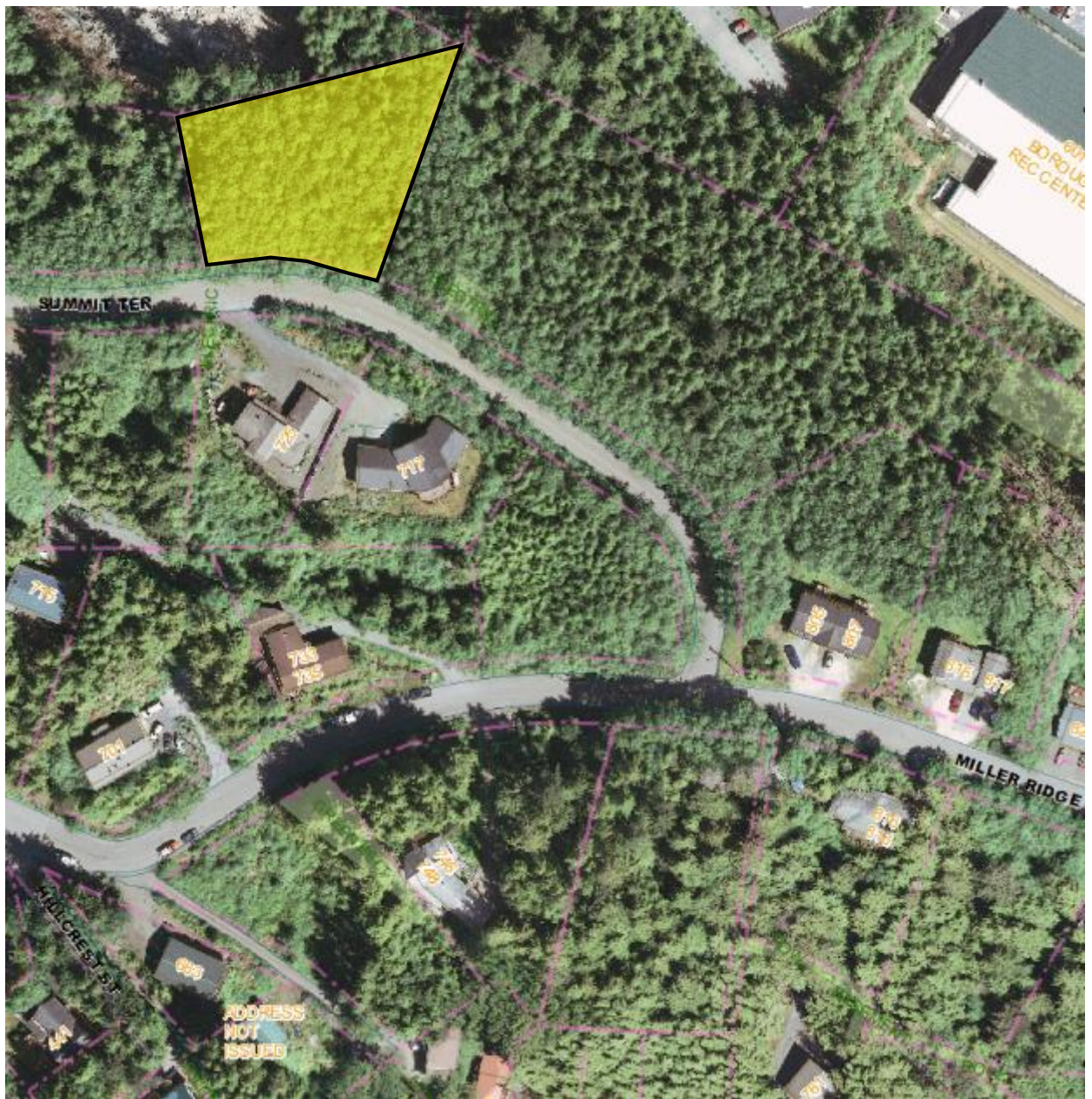


CITY OF KETCHIKAN



PARCEL #6





CITY OF KETCHIKAN

 PARCEL #7





CITY OF KETCHIKAN



PARCEL #8





Note: No Access to Third Ave is available

CITY OF KETCHIKAN

 PARCEL #9





Note: No Access to Third Ave is available

CITY OF KETCHIKAN



PARCEL #10





Note: No Access to Third Ave is available

CITY OF KETCHIKAN



PARCEL #11

**Discussion of City-Owned Surplus Properties – Councilmember Bradberry**

Councilmember Bradberry stated she would like to start the discussion with Acting City Manager Hilson giving a brief overview of the process.

Acting City Manager Hilson said staff has included a memo and a map outlining the City's current list of surplus properties. He said before we can begin moving into the sale, each property requires an in-depth look into its specifics because there are various ways we acquire properties and different legal requirements the City must follow in order to sell it. He informed the list includes forty properties, and they are a mix of tax foreclosures and other properties that the City owns. He indicated most are vacant and a few do have improvements. He said the properties would be sold by ordinance and this will take a little bit of time. He said regarding the tax-foreclosed properties, there would need to be a minimum valuation established and not more than the value of the property itself. He felt it would be helpful to have direction from the Council on what they would like to achieve.

Councilmember Bradberry felt it would be beneficial to the community to sell off the properties we do not need and get them back on the tax roll. She said she would like to see the City move forward with disposing of the properties that are not foreclosures in an outcry auction with a no minimum bid. She said then work through the tax-foreclosed properties and then put those out to an outcry auction with the least minimum bid.

Councilmember Gass said he was happy to get moving on this, but understands some properties need to be held back because of access to utilities and things of that nature and questioned if those properties were removed from this list.

In answer to Councilmember Gass, Acting City Manager Hilson stated the properties that have some sort of utility on them, or have been identified for some other use, are not on this list. He said until we have identified the particulars on each property we don't want to decide what means of disposing of the properties as to either an outcry auction or a sealed bid process as there are advantages to both, and we would want that flexibility for now. He said he will need to meet with the City Attorney to see where each property stands and come up with a game plan, then bring them back to the Council with recommendations.

Vice-Mayor Flora asked for a show of hands to direct staff to start the process, and at least four hands were shown.

**VOUCHERS**

Moved by Bradberry, seconded by Mahtani for approval of vouchers to Parnassus Books in the amount of \$80.80.

Motion passed with Gage, Bradberry, Mahtani, Kistler, Flora, Zenge and Gass voting yea.

**CITY MANAGER'S REPORT**

Acting City Manager Hilson said there will be a new cruise ship calendar coming next week with a few changes and a couple of additions.