

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Dale Bagley, Assembly President
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MEMORANDUM

TO: Dale Bagley, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Brent Johnson, Assembly Member *(B) for B. J.*

DATE: October 16, 2015

RE: Ordinance 2014-32 (Substitute), An Ordinance Authorizing the Sale of Borough Property to Dan and Teresa Sterchi Subject to a Drainage Easement and the Acquisition of a 4.3 Acre Drainage Easement on Property Along Kalifornsky Beach Road from Paula and Timothy Keohane (Johnson)

During the fall flooding in 2013 it became evident that the Karluk Avenue ditch system had no outlet except an old gravel pit on Tract 1, Kingswood Estates Subdivision, immediately adjacent to the lowest extent of the ditch. The administration communicated with the Tract 1 owners, Paula and Timothy Keohane, who permitted use of the property for drainage purposes. The location became known as the "Karluk Basin." A pipe was installed under K-Beach Road and a hose was stretched along the section line to Cook Inlet, making it possible to mechanically pump water out of the basin once it reached its estimated 3 million gallon capacity.

Since that time, longer term solutions have been discussed with Keohanes. Those discussions led to the proposal outlined in the letter dated August 1, 2014. This proposal would exchange a 1.84 acre borough-owned parcel (known as N 1/2 of Government Lot 13) for the drainage easement that would make the Karluk Basin a permanent drainage asset for the Karluk Avenue ditch system.

The N 1/2 of Government Lot 13 parcel at mile 12.1 K-Beach Road also has its own drainage functions present, which was the basis for it being classified as "Government" by Resolution 94-055. Ordinance 2014-32 would have preserved the management intent of the government classification by reserving a drainage outlet easement that would encumber approximately half of the N 1/2 of Government Lot 13 parcel. In the context of the parcel being used in part as consideration (or trade) for the 4.3 acre Karluk Avenue drainage easement, the management intent of the borough-owned parcel was expanded to accomplish the larger goals of drainage for the area.

During review and public testimony on what was then Ordinance 2014-32, Dan Sterchi testified that he had, many years ago, made a request to buy the lot known as the N 1/2 of Government Lot 13, which is

adjacent to property he owns with his wife, Teresa. In Resolution 94-055 the borough determined that it should retain an easement on the property for potential drainage needs. No action was subsequently taken on selling the portion of the N 1/2 of Government Lot 13 that was in excess of easements. Mr. Sterchi testified that he and his wife were still were very interested in purchasing this property.

Keohanes didn't want to sell their tract because it had been a family possession for many years, but they were willing to trade for the usable portion of the N 1/2 of Government Lot 13. Sterchis, however, had owned their lot adjacent to the N 1/2 of Government Lot 13 for over 30 years and opposed the land exchange between the borough and Keohanes.

At this impasse the administration brokered a proposal in which the borough would sell the usable portion of the N 1/2 of Government Lot 13 to the Sterchis. The borough will then pay the Keohanes an equivalent amount in exchange for the aforementioned 4.3 acre drainage easement on Tract 1, Kingswood Estates Subdivision.

The new ordinance is in the best interest of Dan and Teresa Sterchi, who will buy property they have long wanted; the ordinance is in the best interest of Paula and Timothy Keohane, who didn't want to sell their property outright and who wanted to save the borough from spending actual cash reserves to purchase the easement; the ordinance is in the best interest of the borough, which gets the needed easement on Tract 1 and retains the needed easements on the N 1/2 of Government Lot 13, as well as benefits from adding the latter lot to the tax rolls. While the borough will lose the 4.3 acre drainage easement from its tax rolls, that would be inevitable even if the easement was purchased outright.