

Introduced by: Mayor
Date: 06/06/23
Action: Adopted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-041**

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT
WITH TESORO ALASKA COMPANY REGARDING VALUATION AND SHARING
THE COST OF THE APPRAISAL OF TESORO’S REFINERY PROPERTY AND
AUTHORIZING A SOLE SOURCE CONTRACT TO KROLL, LLC TO PROVIDE
VALUATION SERVICES**

WHEREAS, in 2006 the Kenai Peninsula Borough (“Borough”) and Tesoro Alaska Company LLC (“Tesoro”) entered into a settlement agreement to resolve ongoing litigation and disputes, which dated back to a 2003 Board of Equalization appeal and subsequent litigation in superior court, related to the valuation of Tesoro’s refinery property (“Refinery Property”); and

WHEREAS, following the expiration of the 2006 settlement agreement, the parties each again expended extensive resources in litigating the valuation of the Refinery Property which ultimately resulted in the parties entering into a new settlement agreement in 2018; and

WHEREAS, the 2018 settlement agreement will expire at the end of calendar year 2023; and

WHEREAS, the Borough and Tesoro have preliminarily negotiated a Memorandum of Agreement (“MOA”) that mirrors past settlement agreements, provides for continued shared cost of a professional, independent appraisal of the Refinery Property, and establishes a valuation formula that complies with the law and should avoid future disputes that result in costly litigation and expenditure of Borough resources;

WHEREAS, as part of the MOA, the parties have agreed that Kroll, LLC is an experienced, independent, professional appraisal firm that can perform the valuation services and under a different name performed the appraisal in the past; and

WHEREAS, the Borough and Tesoro will equally (50/50) share the cost of the valuation services; and

WHEREAS, KPB 5.28.280 provides for sole source procurement of professional services; and

WHEREAS, it is in the best interests of the Borough to enter into an MOA with Tesoro that establishes a clear framework for calculating the full and true value of the Refinery Property for ad valorem tax purposes for tax year 2024 and future years;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Mayor is authorized to enter into an MOA with Tesoro Alaska, LLC, in a form similar to the agreement provided with this resolution, and other necessary documents, agreements, including confidentiality agreements, or amendments to effectuate the purpose of this resolution which is to facilitate the valuation of Tesoro's Refinery Property.

SECTION 2. That the Mayor is authorized to enter into a sole source contract with Kroll, LLC for the valuation services with the Borough paying 50% of the cost and Tesoro paying 50% of the cost of the services.

SECTION 3. That this resolution is effective immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6TH DAY OF JUNE, 2023.


Brent Johnson, Assembly President

ATTEST:


Michele Turner, CMC, Acting Borough Clerk



Yes: Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No: None
Absent: None