



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Mike Navarre, Borough Mayor
Scott Walden, Office of Emergency Management Director
Pat Malone, Road Service Area Director
Max Best, Planning Director

FROM: Marcus A. Mueller, Land Management Officer *ma*

DATE: August 18, 2015

SUBJECT: Executive Summary of Keohane Exchange Proposal

The ordinance proposing a land exchange has drawn a wide range of discussion including concerns involving legal or financial positions of the borough. This memo is to regain focus on the principles behind this proposal and the benefits which support this action being in the best interests of the borough.

- 1) This proposal sets out to secure for public benefit a drainage easement over a particular area that gives capacity for water collection from the ditches of Karluk Road, a borough maintained road.
- 2) That securing the right to outlet water from Karluk Road Ditch into this area provides a 3 million gallon buffer to having any further outlet concern.
- 3) That the 3 million gallon capacity exists without further improvement costs due to the shape of the land.
- 4) That a pipe system developed during the 2013 event provides an additional mechanism of relief if additional capacity is needed in the future. As the K-Beach Road crossing pipe has been installed adjacent to the proposed easement area, that asset is readily available for future use in conjunction with the proposed easement.
- 5) Effective use of the K-Beach crossing pipe relies on there being a point of water collection and storage which the Keohane easement would provide.
- 6) The scope and cost of installing a cross culvert under K-Beach road and a permanent outlet structure into Cook Inlet for Karluk Avenue is an order of magnitude different than the easement proposal. Securing this easement is a significantly more cost effective approach at this time.
- 7) That the proposed easement provides space to further develop drainage capacity, should such improvements be warranted in the future for borough operations.
- 8) This proposal is designed first and foremost to acquire a strategic asset on terms agreeable to the parties, subject to assembly approval.

- 9) That the borough parcel offered for exchange has a management objective also for drainage purposes, and that the drainage purposes will be preserved under this proposal through the reservation of a drainage easement the sufficiency of which has been affirmed by competent professionals.
- 10) That the disposal of the borough property, subject to the reservation of a drainage easement, in exchange for acquiring another strategic drainage easement that benefits the borough's road service area and the borough's emergency management operations is a co-beneficial application of land management practices and cost saving measure for the borough.
- 11) That this proposal neither obligates further expenditure by the borough to construct drainage facilities nor does it impair the borough's ability to do so.
- 12) That this proposal is not a compensation to the Keohane's for past activities but rather provides terms to secure an interest for future benefit, this proposal is motivated by the benefits that the borough receives in securing a strategic drainage asset that enables the best management of Karluk Avenue, a borough maintained road. Land Management worked closely with the Keohane's to identify the interests of both parties and design a proposal that meets the values and objectives of each party.
- 13) That reliance on "fair market values" of each property does not provide a complete basis of comparison in evaluating this exchange. The borough parcel is classified and managed for drainage purposes and would not otherwise be sold except to further to drainage purpose as this proposal provides. The drainage purpose reserved in this proposal retains the functional value of this borough parcel so no opportunity is lost. The residual value which is difficult for the borough to quantify is what is offered through the exchange and can be compared by the borough to the functional value attained in the Keohane easement. That functional value is found in a 3 million gallon drainage asset with no development cost to the borough. This can be contrasted to engineered systems installed in other areas around K-Beach at costs to RSA in excess of \$100,000 to develop. The principle of cost avoidance further supports the functional value in terms of higher cost alternatives that arise if having to create new facilities that cross under K-Beach road, which this easement may mitigate the future need.
- 14) That Land Management strongly recommends that this proposal be approved as the best available means considering borough authorities, borough objectives, borough finances, and public interests.

Land Management also notes that an inspection on August 17th revealed that the borough land subject to this proposal has been clearly encroached upon by neighboring uses which will be required to be removed as in any case of unauthorized trespass. The encroachments appear to be common variety personal property located as far as 50 feet into the property. These encroachments can be readily resolved by working with the owner to remove the items and uses.