

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*
Robert Ruffner, Planning Director *RR*
Marcus A. Mueller, Land Management Officer *RRFMM*

FROM: Aaron Hughes, Land Management Agent *AH*
Jon Marsh, Western Emergency Services Fire Chief *JM*
Brandi Harbaugh, Finance Director *BH*

DATE: July 28, 2022

RE: Ordinance 2022-19-08, Authorizing the Acquisition of Real Property Located in Anchor Point, Alaska on Behalf of Western Emergency Services through an Interfund Loan from the Land Trust Investment Fund, Appropriating Loan Proceeds for the Property Acquisition, and Appropriating Western Emergency Service Area Operating Funds for the Annual Loan Payment to the Land Trust Investment Fund (Mayor)

Western Emergency Service Area (WESA) provides fire and emergency response services to residents and visitors of the borough. WESA's Anchor Point Station 3 is located adjacent to the parcels proposed for acquisition.

WESA is currently under a 5-year lease in the amount of \$2,000.00 per month for building space within Lot 20 that is currently being utilized for the storage and maintenance of a ladder truck and related equipment.

Although there are no current plans for expansion of the WESA Anchor Point Station 3 facility, the subject parcels have been determined to support future WESA operational needs and growth. The proactive acquisition of the subject properties will provide the real estate necessary for future expansion while converting an existing leased facility into a KPB-owned facility.

The proposed land acquisition involves 4 individual parcels of land from two different property owners. Two of the parcels contain improvements to be immediately utilized by WESA. The agreement reached with the respective

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property owners is based on fair market valuations determined by third-party appraisals.

The funding for the acquisition as proposed is to originate from the Land Trust Investment Fund ("LTIF") as outlined in KPB Ordinance 2018-29, which established the LTIF. KPB 5.10.200 and KPB 5.20.200 provides for the use of the LTIF as an interfund loan funding source for approved borough land acquisitions and capital improvements and provides for the terms and conditions of such loans.

From its inception, the LTIF has been utilized to preserve borough land sale proceeds within an investment strategy that provides returning benefits to the borough and financial tools to achieve long-term land program objectives. This transaction marks the first interfund loan funding from the LTIF which will be leveraged for the purpose to assist a service area meeting its land needs, showcasing the success of the LTIF framework and the importance of the continued stewardship of the fund as a powerful financial tool for the benefit of the borough for generations to come. Utilizing the fund in this manner will diversify the LTIF investment portfolio while providing a direct financial and operational benefit to borough taxpayers.

Acquisition of the proposed properties is an important proactive step in securing a long-term campus for WESA Station 3. As a part of the fiscal year 2023 budget process, Western Emergency Services appropriated \$44,400.00 to be applied as installment payments for the proposed land acquisition. The ordinance authorizes the acquisitions at a total price of \$735,000.00 plus surveying, title and closing costs, and due diligence fees not to exceed \$20,000. This ordinance also appropriates an additional \$52,560 from WESA's operating fund balance to provide for the first of ten annual loan

payments of \$92,960 and appropriates the LTIF loan proceeds in the WESA Capital Project Fund for the proposed land acquisition of up to \$755,000.

Your consideration of the ordinance is appreciated.

**FINANCE DEPARTMENT
 ACCOUNT / FUNDS VERIFIED**

Acct. No. 252.10210

Amount: Not to exceed \$755,000

Acct. No. 209.27910

Amount: \$ 52,560

By:  Date: 7/27/2022