



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Mike Navarre, Mayor *MN*

DATE: December 8, 2015

SUBJECT: Amendment to Ordinance 2014-32 / Ordinance 2014-32(Johnson Substitute)
Authorizing an exchange with the Keohanes/Authorization a sale to the Sterchis

The administration requests that the assembly amend either ordinance 2014-32 or Johnson's Substitute ordinance 2014-32 to provide that the borough obtain an independent appraisal of the borough-owned parcel to support the sale price of the property at milepost 12.1 of K-Beach Road to Dan and Teresa Sterchi ("Sterchis") as described in the below two options. Paula and Timothy Keohane ("Keohanes") have informed the administration that they support these options:

- 1) In the original ordinance, which transfers the parcel to the Keohanes, they agree to provide the Sterchis an option to purchase the property from them at a fair market appraisal price. The option could be open for a proscribed time-period.
- 2) In the Johnson Substitute, include requirements that the borough obtain a fair market appraisal and provide the Sterchis an opportunity to purchase the parcel for the appraised value. If the Sterchis choose not to purchase the parcel for that price, it would be conveyed to the Keohanes in exchange for the easement on their property.

To accomplish this, the following are proposed amendments to each version of the ordinance. **The first amendments only apply to the original ordinance and the amendments on page 3 only apply to the Johnson Substitute.**

A. AMENDMENTS TO ORIGINAL ORDINANCE 2014-32:

- Insert three new whereas clauses just before the existing final whereas clause as follows:

WHEREAS, during public testimony the property owner adjacent to the N1/2 of Government Lot 13, Dan Sterchi, testified that many years ago he asked the

borough to sell the property to him, and that he and his wife Teresa are emphatic that they are willing to buy this property subject to a drainage easement and drainage construction easement; and

WHEREAS, Paula and Timothy Keohane have indicated they are willing to grant the Sterchis an option to purchase the borough property from them for an amount equal to the appraised fair market value of that property; and

WHEREAS, the best interests of the borough, the Keohanes and the Sterchis may be secured by a three-party transaction in which the borough obtains an independent appraisal of the usable portion of the N1/2 of Government Lot 13 and offers to sell that property to Dan and Teresa Sterchi for the appraised price, then the borough pays the equivalent of the funds received from the Sterchi sale to the Keohanes as compensation for the 4.3 acre drainage easement on property adjacent to Karluck Avenue; and

- Insert a new section Section 2 as follows, and renumber the remaining sections:

SECTION 2. That the assembly further finds that the borough's best interests are served by conditioning the transfer of the property to Keohanes on the Keohanes granting to the Sterchis an option to purchase that property for the appraised fair market value within 90 days of receipt of the appraisal. If the Sterchis fail to exercise the option to purchase within the time provided the option shall expire.

- Amend Section 3 as follows:

SECTION 3. That the mayor is authorized to execute the Drainage Easement and Quitclaim Deed with Reservation of Drainage Easement substantially in the form of those accompanying this ordinance, an agreement to sell the borough-owned parcel described in Section 1 of this ordinance to Paula and Timothy Keohane subject to an option for Dan and Teresa Sterchi to purchase the property for the appraised value within the time allowed in this ordinance, and any and all documents necessary to effectuate this ordinance. The mayor is also authorized to obtain an independent fee appraisal of the property to be conveyed to Paula and Timothy Keohane subject to this option.

B. AMENDMENTS TO JOHNSON SUBSTITUTE ORDINANCE 2014-32:

- Amend Section 1 by inserting a new paragraph (a) that reads as follows and re-lettering the remaining paragraphs:

- a) The sale shall be for the fair market value established by a qualified fee appraiser hired by the borough.

- Amend Section 2 by filling in the blank as follows:

SECTION 2. That the Sterchis will pay the borough [\$] the appraised value due at closing for the borough parcel. The conveyance of the borough parcel shall be subject to the easements set forth in section 1 of this ordinance. The borough parcel shall be conveyed by quitclaim deed. The Sterchis shall pay costs of closing and title insurance.

- Amend Section 3 by filling in the blank as follows:

SECTION 3. The borough shall pay [\$] an amount equal to the payment received for the borough parcel to the Keohanes for the drainage easement on the Keohanes' parcel as described in section 2 of this ordinance.

- Amend Section 5 by filling in the blank as follows:

SECTION 5. That [\$] an amount equal to the amount received from Sterchis described in section 2 of this ordinance is appropriated from fund 250.21210.xxxxx.48610 for the purchase of the easement on the Keohane parcel.

Your approval of the applicable amendments would be appreciated.