

**To: Members of the State Board of
Education & Early Development**

August 24, 2021

From: Dr. Michael Johnson, Commissioner

Agenda Item: 2

◆ ISSUE

The board is being asked to consider authorizing the Commissioner, subject to a Final Best Interest Decision, to negotiate and enter into an agreement to sell Lot 15A associated with the Mt. Edgecumbe High School in Sitka, Alaska, to the City and Borough of Sitka for development as a seaplane base.

◆ BACKGROUND

- On March 29, 2019, the board heard a presentation from Cliff Richter of the City and Borough of Sitka (CBS) regarding an initial request to purchase an approximately 2-acre parcel of land located at 1190 Seward Avenue in Sitka and directed DEED staff to work with the Governor's Office, the Department of Law, and the Department of Natural Resources to further investigate the request of the CBS to purchase the requested parcel.
- In July 2019, DEED received from the CBS, an appraisal of the property which established a fair market value of \$835,900. Subsequently, under that interim value, DEED communicated with the CBS on July 24, 2019, expressing our willingness to work with the city through their evaluation of the site as suitable for use as a seaplane base under the process of their grant from the Federal Aviation Administration (FAA).
- Collaborative investigation and work were completed over the course of two years and in June 2021 the CBS completed their Environmental Assessment (EA) and received from the FAA a finding of no significant impact (FONSI). As part of the EA, the parcel was surveyed and the estimated size of 87,991sf, used in the 2019 appraisal, was corrected to 87,677sf. The known encroachments by the United States Coast Guard (USCG) were also evaluated and a smallest practicable tract of land to support the USCG operations was identified at 8,250sf, reducing the size of the portion available for transfer to the CBS to 79,427sf.
- In July 2021, the CBS completed an updated appraisal showing the total value of the parcel at \$790,000 and the portion available for transfer to CBS at \$716,000. On delivery of the appraisal, and in support of a grant application to the FAA, the CBS requested from DEED a binding agreement to sell.
- On July 16, 2021, in keeping with land disposal requirements under AS 14.07.030(a)(6) and Alaska Constitution Article VIII § 10, DEED issued a preliminary decision of land conveyance supporting a negotiated sale of the subject parcel to CBS "at or above fair market value." The comment period for this preliminary determination closed on August 16, 2021.
- Behind this cover memo are the Preliminary Decision of Land Conveyance, Preliminary Best Interest Decision, and public comment received.

- Lacey Sanders, Administrative Services Director, and Heidi Teshner, Acting Deputy Commissioner, will be present to brief the board.

◆ **OPTIONS**

This is a work session item. Action will take place under Agenda Item 8.