

Alaska Department of Education and Early Development PRELIMINARY BEST INTEREST DECISION

Japonski Island ASLS 88-62 Tracts C, C-1, F-1 Negotiated Sale

This Preliminary Best Interest Decision is the State of Alaska’s best interest finding regarding a proposed disposal of interest in state land. The public is invited to comment on this Preliminary Decision. The deadline for commenting is 4:00 PM, Friday, January 13, 2023. Please see the Public Notice section of this decision for requirements related to submitting comments for consideration.

Requested Action

The United States Coast Guard (USCG) wishes to purchase and own the real property identified as Tracts C, C-1, and F-1 of ASLS 88-62, according to Plat 2010-10, and located on Seward Avenue, Sitka, Alaska. USCG proposes to obtain the property to construct, operate, and maintain facilities to support a new faster response cutter and to replace the existing USCG pier. Aerial photographs showing the location are included as Attachment A and a drawing showing a concept project layout is included as Attachment C.

Proposed Action

Department of Education and Early Development (DEED) proposes a negotiated sale at or above fair market value of Tracts C, C-1, and F-1 to USCG.

Scope of Decision

The scope of this decision is to determine if it is in the State’s best interest for DEED to convey the property to USCG. The administrative review is limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) the facts pertaining to the land or resources; and (4) any issues that are material to the determination.

Authority

This sale is authorized under AS 14.07.030(a)(6), powers of the department:

Sec. 14.07.030. Powers of the department.

(a) The department may . . .

(6) acquire and transfer personal property, acquire real property, and transfer real property to federal agencies, state agencies, or to political subdivisions; . . .

Subject Property

Geographic Location: The parcels are located on Japonski Island in the City and Borough of Sitka, along the east side of Seward Avenue, as shown in Attachments A and B.

Physical Address: 1460, 1470, and 1480 Seward Avenue in Sitka, Alaska.

Legal Description: A tract of land within Sections 2 and 35, Township 55 South, Range 63 East, Copper River Meridian, Alaska being within the Sitka Recording District, First Judicial District, State of Alaska and more particularly described as follows:

Tracts C (containing 0.69 acres, more or less), C-1 (containing 0.60 acres, more or less), and F-1 (containing 0.27 acres, more or less) of Alaska State Land Survey 88-62, according to Plat 2010-10, recorded May 10, 2010, Sitka Recording District, First Judicial District, State of Alaska, containing 1.56 acres, more or less.

Title

The State of Alaska received title via a Land Patent 50-90-0267 from the United States of America recorded in the Sitka Recording District on July 9, 1990 in Book 89, Page 647. DEED received title via Quitclaim Deed No. 1372 from State of Alaska, Department of Natural Resources (DNR), recorded in the Sitka Recording District on February 25, 1999, in Book 135, Pages 733-735. DNR casefile ADL 104883.

Adjacent Landowners

The parcels are bordered to the west by Seward Avenue and DEED property, to the north by DNR lands managed by the University of Alaska (UA), and to the southeast by DNR lands leased by the USCG. To the east is waterfront to the Sitka Channel, with tide and submerged lands owned by DNR.

Third Party Interests

DNR maintains a reversion clause on the condition of unrestricted public use and access.

City and Borough of Sitka (CBS) sewer utility easements on Tract C-1 and Tract F-1, dedicated by Plat 2010-10, recorded May 10, 2010, Sitka Recording District.

There are no other third-party interests that would prevent the issuance of this land sale.

Hazardous Materials and Potential Contaminants

There are no known environmental contaminants within the proposed site.

Background

The parcel was surveyed as United States Survey 1496 of the Naval and Military Reserve situated on Japonski Island, in Sitka Bay, Territory of Alaska, August 27, 1926. The United States Congress authorized the conveyance of certain property to the state by Public Law 98-63, July 30, 1983, amended by Public Law 98-396, August 22, 1984. Conveyance of title to the state was subject to an agreement by the State of Alaska to open and operate a Mt. Edgecumbe boarding school facility no later than September 30, 1985.

Effective January 1, 2005, with renewal options through September 30, 2044, DEED and USCG entered into a long-term lease for Tract C to allow development of support facilities for the Sitka pier, expanding on and superseding a prior 1998 use agreement for a smaller parcel to be used for parking. USCG leases Tract B of ASLS 88-62 and tidelands from the Department of Natural Resources (DNR) for the construction and operation of pier facilities.

USCG has received federal appropriations to replace the existing pier and to construct a new pier and support facilities to home port a new fast response cutter (FRC) in Sitka, Alaska. Given the timelines to design, conduct environmental permitting, notifications, consultations and contract processing time, USCG requested a decision on the sale no later than January 2023, otherwise it risks the funds expiring before a construction contract can be executed.

Since transfer from DNR to DEED, the two parcels of Tract C-1 and F-1 have remained mostly undeveloped from the remnants of U.S. naval installations. Tract F-1 is used for student recreational purposes. Pre-2000 MEHS land use plans identified the lands of the three tracts as a future location for development of a marine sciences center. More recent land use plans, developed after the USCG lease do not identify future uses for the parcels.

Discussion

DEED manages land parcels on Japonski Island to benefit the Mt. Edgecumbe boarding school (Mt. Edgecumbe High School or MEHS). The State Board of Education and Early Development (SBOE) serves as the governing board of the school (4 AAC 33. 100) and has appointed an advisory board to advise and inform on topics relating to MEHS.

In 2017, USCG consulted with DEED about the potential of a long-term lease of the adjacent parcel, Tract C-1, to the leased Tract C. This was in support of market research in the process of evaluating the feasibility of various locations for home porting a new FRC. The intended use would be for the purposes of constructing, operating, and maintaining a cutter support building, parking space, and shore side storage space.

In March 2020, USCG informed MEHS that a review of options in the Sitka area by stakeholders identified Tract C-1 as “an essential part of a viable solution for a new FRC facility.” The letter asked whether MEHS was willing to lease the parcel. A July 2021 letter followed up, asking whether the land was available for purchase by USCG.

USCG reached out in July 2022 provided a concept plan with parcel use as follows:

- Tract C has existing USCG facilities and pier access and is required to construct the new FRC pier.
- Tract C-1 is required to construct the FRC support facility and provide additional parking and storage.
- Tract F-1 would be used for laydown of buoys and storage.

Additionally, the USCG revised request outlined combinations of options for purchase or lease of the parcels and the impacts or viability of those options for the USCG:

- 1) Purchase of all three parcels (USCG preferred option). Allows for full concept: construction of new pier, FRC support facility, parking, and buoy layout space.
- 2) Purchase of Tracts C and C-1, with long-term lease of Tract F-1.
- 3) Purchase of Tract C, with long-term lease of C-1 and Tract F-1.
- 4) Lease of all three parcels (not a viable option for USCG).

USCG has expressed the desire to reduce annual operating budgets by limiting leased property assets, instead purchasing real property in conjunction with capital construction projects. Further, it cannot enter into a long-term lease where the lease payments over the term exceed the full market value of the property.

At its September 2022 meeting, SBOE heard public comment by CBS and USCG representatives and a presentation by department personnel on the USCG request to purchase the land owned by the department. SBOE moved to “approve department staff to working with the U.S. Coast Guard on their request to purchase approximately 1.56 acres over three parcels of land located at 1460, 1470, and 1480 Seward Avenue in Sitka, Alaska.” This motion does not limit DEED staff from working with USCG on an option for leasing the requested parcels.

The MEHS Advisory Board met on November 3 and December 1, 2022, and made recommendations to SBOE, which included agreement to sell Tracts C and C-1, request to lease Tract F-1 with option to purchase, and relocation and upgrade of the student park and improvements.

At its December 8, 2022 meeting, SBOE met and authorized the sale (or lease) of the three parcels to USCG, pending public notice and a final best interest decision.

The City and Borough of Sitka has provided a letter of support for the land sale to ensure the timely arrival of the FRC in Sitka. The Alaska congressional delegation has written in support of a timely resolution to homeporting the FRC in Sitka.

The MEHS Advisory Board and SBOE have previously indicated the desire for land disposals to benefit MEHS students and for any proceeds from a sale to go back to the high school. As authorized by the Alaska State Legislature in the FY2023 operating budget, sec. 65(c), ch. 11, SLA 22, proceeds from the sale will be appropriated to the Mt. Edgecumbe boarding school.

Review of prior MEHS Master Plans, documents evaluating educational programmatic needs, current facility conditions and capital needs, and land usage, show older, pre-2000 plans identifying future development of the parcels for a marine sciences center; more recent plans do not address the future uses of these parcels. DEED received a 2021 legislative capital appropriation for development of an updated Master Plan that will include an evaluation of uses for MEHS land; this process is underway, and an updated plan is expected by early Summer

2023. Limited land is available on Japonski Island for MEHS expansion that would be convenient to the campus.

The timeline for the USCG to utilize the federal appropriation lends a deliberate haste to resolve this use issue. DEED concurs that USCG provides valuable public services, including maritime protection and search and rescue, to the communities throughout Alaska and acknowledges the high interest the state of Alaska has in supporting these endeavors. Tract C has a long history of use by USCG and MEHS no longer has documented future need for the land in support of its educational programs. In addition, MEHS has no documented future use for Tract C-1 in support of its educational programs.

Once an alternative location for the student recreational area occupying Tract F-1 is determined, DEED can issue a long-term lease with option to purchase to USCG for Tract F-1 for the anticipated usages in support of home porting of the new FRC in Sitka. Lease terms can be at or below fair market value, to be negotiated, any purchase option will be a fair market value or above.

DEED makes no representations and no warranties, expressed or implied, concerning the existence or absence of any hazardous substances, hazardous wastes, contaminants, or pollutants on the land proposed for possible conveyance. DEED does not assume any liability for the removal of hazardous substances, hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances ever be identified.

Performance Guaranty and Insurance

Following sale of the parcel, the State of Alaska will no longer have any ownership rights to the sites. All rights and responsibilities will be transferred to USCG. As a result of this transfer, insurance and a performance guaranty to address risk to the State of Alaska are not required. No construction is authorized prior to the final conveyance.

Compensation and Appraisal

DEED will convey the property for at or above a fair market value as determined by an independent appraiser.

Public Notice

This decision will be advertised for a 30-day public comment period, starting on December 13, 2022. The notice will be posted on the State of Alaska Online Public Notice website located at: aws.state.ak.us/OnlinePublicNotices/Default.aspx.

Public notice will also be provided to USCG, DNR, Department of Transportation and Public Facilities (DOT&PF), UA, CBS, and SEARHC.

A copy of the Final Decision, along with instructions on filing a request for reconsideration and appeal, will be sent to all persons who comment on this Preliminary Decision. If public comments result in significant changes to this Preliminary Decision, additional public notice may be given.

To be eligible to appeal, a person affected by the Final Decision must provide written comments during the public comment period.

Written comments about this decision must be received by DEED no later than 4:00 PM on Friday, January 13, 2023, to be considered.

To submit comments please choose one of the following methods:

Mail: Department of Education and Early Development
Facilities Section
P.O. Box 110500
Juneau AK 99811-0500

Email: deed.commissioner@alaska.gov

Fax: (907) 465-4156

Persons with disabilities who need accommodations to participate should contact Janell Andrews at 907-465-2802 or e-mail Janell.Andrews@alaska.gov at least five days before the accommodation is needed. For more information, call 907-465-2802.

Questions about the land sale can be directed to DEED at (907) 465-2800.

Recommendation

Recommendation to convey the identified parcels herein to the United States Coast Guard, subject to the following conditions:

1. Issue a long-term lease with option to purchase for Tract F-1 until historical use is established by the USCG and an alternative student recreation area is constructed.
2. The conveyance shall be subject to valid existing rights.
3. Sale of parcels must occur in a fiscal year where appropriation language provides for sale proceeds to be appropriated to DEED to support MEHS.
4. Title document requires parcel to maintain a public purpose.

The Final Best Interest Decision will incorporate changes justified by comments during the public review process.

/ signature on file / 12/13/2022
Lori Weed, School Finance Specialist II, DEED Date

The Preliminary Best Interest Decision presented above has been review and considered. I find that the recommended action may be in the State's best interest and is hereby approved to proceed to public notice.

/ signature on file / 12/13/2022
Lacey Sanders, Deputy Commissioner, DEED Date

Attachments

Attachment A – Location Map

Attachment B – Plat 2010-10

Attachment C – USCG Concept Layout Plan