

CLERK'S OFFICE

APPROVED

Date: 4-13-04
IMMEDIATE RECONSIDERATION
FAILED 4-13-04

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Department of Economic &
Community Development

For reading: March 16, 2004

ANCHORAGE, ALASKA

AO No. 2004-73

1 AN ORDINANCE AUTHORIZING THE SALE OF A MUNICIPAL BUILDING AND
2 MUNICIPAL LAND KNOWN AS GRANDVIEW GARDENS CULTURAL CENTER,
3 LOCATED IN ANCHORAGE AT 1325 PRIMROSE STREET, FOR LESS THAN FAIR
4 MARKET VALUE, TO THE ORGANIZATION FOR NORTHERN DEVELOPMENT,
5 INC., A 501(c)(3) NON-PROFIT CORPORATION, PURSUANT TO ANCHORAGE
6 MUNICIPAL CODE SECTION 25.30.040B.

7
8 THE ANCHORAGE ASSEMBLY ORDAINS:

9
10 **Section 1.** Anchorage Municipal Code Section 25.30.020 requires disposal of municipal land
11 by ordinance, and Anchorage Municipal Code Section 25.30.040B. authorizes disposal of
12 municipal land for less than fair market value;

13
14 **Section 2.** Grandview Gardens Cultural Center, located in Anchorage at 1325 Primrose
15 Street, is legally described as follows:

16
17 Lot 1A, Block 12, Grandview Garden Subdivision, Anchorage
18 Recording District, Third Judicial District, State of Alaska.

19
20 **Section 3.** The Organization For Northern Development, Inc. is an IRC 501(c)(3) non-profit
21 corporation dedicated to cultural, artistic, and educational purposes; and

22
23 **Section 4.** The Assembly finds that a disposal by sale of the real property and building at
24 Grandview Gardens Cultural Center to the Organization For Northern Development, Inc. will
25 allow use of the land and building for a public purpose beneficial to the municipality, pursuant to
26 the requirements of Section 25.30.040B.


27
28 **Section 5.** The terms of the sale are set out in the accompanying Assembly Memorandum are
29 approved. The Administration is authorized to negotiate such other terms and conditions as
30 necessary to finalize the sale.

31
32 **Section 6.** This ordinance shall become effective immediately upon passage and
33 approval by the Assembly.

34
35 PASSED AND APPROVED by the Anchorage Assembly this 13th day of
36 April, 2003.

37
38 
39 Chair of the Assembly

40 ATTEST:

41 
42 Municipal Clerk

MUNICIPALITY OF ANCHORAGE

Summary of Economic Effects -- General Government

AO Number: 2004-73

Title: AN ORDINANCE AUTHORIZING SALE OF A MUNICIPAL BUILDING AND MUNICIPAL LAND KNOWN AS GRANDVIEW GARDENS CULTURAL CENTER, LOCATED IN ANCHORAGE AT 1325 PRIMROSE STREET, FOR LESS THAN FAIR MARKET VALUE, TO THE ORGANIZATION FOR NORTHERN DEVELOPMENT, INC., A 501(c)(3) NON-PROFIT CORPORATION, PURSUANT TO ANCHORAGE MUNICIPAL CODE SECTION 25.30.040B.

Sponsor:

Preparing Agency: Office of Economic & Community Development - Real Estate Department

Others Impacted: Facilities & Maintenance

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)			
	FY04	FY05	FY06	FY07	FY08
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others	\$ (8)	\$ (8)	\$ (8)	\$ (8)	\$ (8)
Less: 7000 Charges to Others					
FUNCTION COST:	\$ (8)	\$ (8)	\$ (8)	\$ (8)	\$ (8)
REVENUES:	\$ (10)	\$ (10)	\$ (10)	\$ (10)	\$ (10)
CAPITAL:		\$ (75)	\$ (15)		
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

The Grandview Gardens property and improvements ("property") were recently appraised at a \$515,000 value. If the Municipality sells the property for one dollar to Organization For Northern Development, Inc., the Municipality's assets will be reduced by the \$515,000 valuation.

By selling the property, the Municipality avoids the expense of upcoming capital maintenance items, including an estimated \$75,000 to replace the roof and an estimated \$15,000 to replace the boiler, and avoids annual maintenance costs of \$5,000-\$6,000, plus insurance costs of \$2,000-\$3,000/year.

The current lease provides for payment of \$833.33/month, or approximately \$10,000/year, in rent to the Municipality. If the Municipality sells the property, the Municipality not receive \$10,000/year in rental income.

Sale of the property has no impact on tax revenues. A non-profit organization does not pay possessory tax for private use of a public facility. Similary, if the property is sold, no property tax would be paid, as a result of the non-profit status.

PRIVATE SECTOR ECONOMIC EFFECTS:

The Organization for Northern Development, Inc. gains an asset, but title is restricted with covenants against reselling the property. If use for art, educational and cultural purposes is discontinued, then the Municipality is entitled to receive the 20-year amortized value of the property.

The Lessee saves \$10,000/year in rent payments, but incurs approximately \$8,000/year in ongoing maintenance and insurance costs, as well as capital maintenance needs of the building.

Report by:

Unit Name:

Telephone:

4356

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 336-2004

Meeting Date: April 13, 2004

From: MAYOR

Subject: AN ORDINANCE AUTHORIZING SALE OF A MUNICIPAL BUILDING AND MUNICIPAL LAND KNOWN AS GRANDVIEW GARDENS CULTURAL CENTER, LOCATED IN ANCHORAGE AT 1325 PRIMROSE STREET, FOR LESS THAN FAIR MARKET VALUE, TO THE ORGANIZATION FOR NORTHERN DEVELOPMENT, INC., A 501(c)(3) NON-PROFIT CORPORATION, PURSUANT TO ANCHORAGE MUNICIPAL CODE SECTION 25.30.040B.

The Grandview Gardens property, also known as the Grandview Gardens Cultural Center, has been leased continuously since 1991 from the Municipality of Anchorage by the Organization For Northern Development, Inc. The property was formerly utilized as a municipal branch library, then converted to an art and cultural center, and occupied by nonprofit organizations ever since. The property and improvements were recently appraised at \$515,000. The current lease provides for payment of \$833.33/month, or approximately \$10,000/year, in rent to the Municipality.

The center has served the public as a gathering place for activities and events through the years. This facility, available for art, educational and cultural activities, is an asset to the community. However, the cost to the municipality to own and maintain the facility has become a significant drain in terms of staff time, maintenance, and money.

The original facility, built in sections between 1958 and 1967, now needs substantial upgrades/replacements to the foundation, roof, boiler, and the exterior, and major components of the building infrastructure are obsolete.

By selling the property, the Municipality avoids the expense of upcoming capital maintenance items, including an estimated \$75,000 to replace the roof and an estimated \$15,000 to replace the boiler, and avoids annual maintenance costs of \$5,000-\$6,000, plus insurance costs of \$2,000-\$3,000/year.

Selling the Grandview Gardens Cultural Center to the current lessees is a positive step toward ensuring art, educational, cultural, and recreational activities remain at this location, and saves the Municipality future expenses for upcoming maintenance and repair.

The following provisions are pertinent to the sale:

Legal Description: Lot 1A, Block 12, Grandview Garden Subdivision, located at 1325 Primrose Street

Purchaser: Organization for Northern Development, Inc., an IRC 501(c)(3) non-profit corporation.

1 Purchase Price: \$1.00 consideration, plus the following conditions and obligations of the sale:

- 2
- 3 1. Purchaser shall perform all due diligence and accepts the property "as-is";
- 4 2. Purchaser shall acquire and pay for a title report, and any title insurance;
- 5 3. Purchaser shall perform an environmental audit of the property and
- 6 indemnify the Municipality for any environmental claims or damage;
- 7

8 MOA Security: Purchaser and Municipality agree to execute and record a Performance Deed of Trust
9 on the property to secure covenants running with the land, including:

- 10
- 11 1. Assembly approval of any proposed sale, lease or other conveyance to a non-
- 12 profit organization;
- 13 2. An Amortized Payment Obligation of \$500,000, reduced \$25,000 each year
- 14 over a 20-year period, must be satisfied at sale if a proposed sale, lease or
- 15 other conveyance of the property is to an entity other than a non-profit; and
- 16 3. Any use, other than artistic, educational, cultural or recreational uses, requires
- 17 payment equal to the balance owed per the Amortized Payment Obligation
- 18 described above; or
- 19 4. If a non-profit converts to a for-profit organization, payment equal to the
- 20 balance owed per the Amortized Payment Obligation described above is
- 21 required.
- 22

23 With these protections, the Administration recommends approval of the Ordinance.

24

25 Prepared by: Schawna Thoma, Deputy Director, Office of Economic & Community
26 Development

27 Approved by: Mary Jane Michael, Executive Director, Office of Economic &
28 Community Development

29 Concur: Denis C. LeBlanc, Municipal Manager

30 Respectfully submitted: Mark Begich, Mayor

Content Information

Content ID : 001736

Type: Ordinance - AO

AN ORDINANCE AUTHORIZING SALE OF A MUNICIPAL BUILDING
AND MUNICIPAL LAND KNOWN AS GRANDVIEW GARDENS

Title: CULTURAL CENTER, LOCATED IN ANCHORAGE AT 1325
PRIMROSE STREET, FOR LESS THAN FAIR MARKET VALUE, TO
THE ORGANIZATION FOR NORTHERN DEVELOPMENT, INC., A
501(c

Author: fehlenrl

Initiating Dept: Legal

Review Depts: ECD

Date Prepared: 4/8/04 5:01 PM

Director Name: Michael

Assembly

Meeting Date 03/16/04

MM/DD/YY:

Public Hearing

Date 04/13/04

MM/DD/YY:

7D

CLERK'S OFFICE

2004 APR 12 PM 12:56

14.0.A

Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	4/8/04 5:06 PM	Checkin	fehlenrl	Public	001736
AllOrdinanceWorkflow	4/8/04 5:08 PM	Reject	fehlenrl	Public	001736
AllOrdinanceWorkflow	4/8/04 5:12 PM	Checkin	fehlenrl	Public	001736
Legal_SubWorkflow	4/8/04 5:13 PM	Approve	fehlenrl	Public	001736
ECD_SubWorkflow	4/8/04 5:14 PM	Approve	thomasm	Public	001736
AllOrdinanceWorkflow	4/9/04 8:46 AM	Reject	pearcydl	Public	001736
AllOrdinanceWorkflow	4/12/04 11:31 AM	Checkin	fehlenrl	Public	001736
Legal_SubWorkflow	4/12/04 11:31 AM	Approve	fehlenrl	Public	001736
ECD_SubWorkflow	4/12/04 11:47 AM	Approve	thomasm	Public	001736

**CLERK'S NOTE: THIS ITEM WAS INTRODUCED BY TITLE ONLY ON
MARCH 16, 2004.**

NEW PUBLIC HEARINGS – ITEM 14.A.