



## CITY OF WASILLA

290 E. HERNING AVE.  
WASILLA, ALASKA 99687  
PHONE: (907) 373-9050  
FAX: (907) 373-0788

### COUNCIL MEMORANDUM NO. 90-04

FROM: Deputy Administrator


DATE: December 28, 1989

RE: Storm Drain Property Acquisition  
Julius Gisler - Lot 53, Snider Subdivision

The attached letter from an attorney for Julius Gisler responds to our offer of \$34,000 to purchase Lot 53 for the pump station location. The letter contains a counter offer of \$42,000 and outlines some legal basis for assigning a higher value to the property. Without going into details that could be used in potential litigation, the City Attorney has indicated that Mr. Gisler may have a credible claim. As a minimum, Mr. Deuser recommends obtaining appraisals of Lot 54 which would offer estimated values before and after the taking of Lot 53.

It is the opinion of Administration that the cost of additional appraisals, plus the cost of condemnation, plus the potential for additional compensation for loss of value of Lot 54, all add up to a situation where the City would be better served to pay the asking price of \$42,000.

Recommend that Council approve purchase of Lot 53 Snider Subdivision for \$42,000, contingent upon results of test holes, and Administration to negotiate the division of closing and other related costs.

  
\_\_\_\_\_  
Robert E. Harris  
Deputy Administrator

*Approved 1/22/90*

AGLIETTI, RODEY & OFFRET

ATTORNEYS AT LAW

733 WEST FOURTH AVENUE, SUITE 206

ANCHORAGE, ALASKA 99501

TERRY C. AGLIETTI  
PATRICK M. RODEY  
RONALD A. OFFRET  
J. ROBERT WOOFER, JR.

December 20, 1989

TELEPHONE  
(907) 279-8657  
TELECOPIER  
(907) 279-5534

RECEIVED

DEC 22 1989

City of Wasilla, Alaska

Richard F. Deuser, Esq.  
City of Wasilla  
165 East Parks Hwy., Suite 201  
Wasilla, AK 99687

Robert Harris  
City of Wasilla  
290 East Herning Ave.  
Wasilla, AK 99687

Re: Lot 53 Snider Subdivision/Julius Gisler

Gentlemen:

This letter will summarize the telephone conversation I had with Robert Harris on December 19, 1989. It will also set out what is in essence a counteroffer to the City of Wasilla's purchase money agreement received by my client over two weeks ago.

The property in question, which I understand to be desired by the City of Wasilla for the purpose of installing a pump station, is the subject of the City of Wasilla's offer to purchase for the price of \$34,000, contingent on certain drilling that would need to be done during the winter, to minimize damage to the property, to find if the property is suitable for construction. Mr. Gisler is willing to sign the earnest money agreement and to sell the property, but only if the City of Wasilla is willing to pay \$42,000. This figure is considered to be a compromise counteroffer, and its background is explained in the following paragraphs.

As you fully know, Mr. Gisler also owns Lot 52 and Lot 54 of the same subdivision. Lot 54 is immediately adjacent to the subject lot, and is a steeper lot which will in all likelihood have significantly less value if it is left standing alone by the sale of Lot 53 to the City of Wasilla. This concept is very much in the nature of inverse condemnation and Mr. Gisler is not inclined in any event to sell the land for \$34,000 simply because the lot in question has more value than that, both in terms of market value and in terms of its greater value to one who also owns Lot 54.

Gisler/City of Wasilla  
December 20, 1989  
Page 2

It is noteworthy that a member of the very City Council that will consider that counteroffer, Michael Carson, offered his opinion to Mr. Gisler less than one year ago, at the absolute bottom of the Alaska real estate market that the land was worth between \$3.00 and \$3.50 per square foot. The subject lot has 14,810 square feet, and that would indicate a range of value between \$44,430 and \$51,835. I have informally confirmed the concepts of value discussed above with a local appraiser.

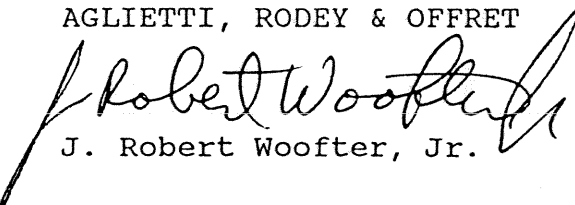
Mr. Gisler is as aware as any other intelligent resident of Alaska that real estate values have dropped significantly in the past several years. He is also aware that they have turned the corner, and that Lot 53 and Lot 54 together have a value which is greater than the per square foot value which would remain if he only owned Lot 54. As a result of his considerations, especially in light of my advice to him, concerning the power of eminent domain which is vested in the City of Wasilla, he is inclined to cooperation with the sale so long as he receives at least the low compromise sum of \$42,000. The enclosed, executed counteroffer will reflect our earlier discussion and the thoughts contained in this letter. By accepting this counteroffer, the City of Wasilla can certainly avoid the delays and expenses that might be incurred in a contested condemnation action, which would benefit no one in this particular case.

I took the liberty of slightly modifying the wording of Mr. Deuser's language concerning the degree of negligence Mr. Gisler would need to establish to recover in the unexpected event that the city were to damage Gisler's property in some significant way to reflect basic fairness and the usual legal standard. (See paragraph four) In addition, if there are any other costs of the sale, (See paragraph seven), the City of Wasilla should pay those.

If you have any questions regarding this matter, please do not hesitate to contact the undersigned at 279-8657 during business hours.

Very truly yours,

AGLIETTI, RODEY & OFFRET

  
J. Robert Woofter, Jr.

JRW/pk

Enclosure: Counteroffer

cc: Julius M. Gisler

## Carson Realty Inc.

P.O. Box 1205  
Wasilla, Alaska 99687

January 8, 1990

Mayor John Stein  
All City Council Members  
City of Wasilla

The City has been talking with Jules Gisler about buying a parcel of his land on Lake Lucille, near the northeast end.

Mr. Gisler's attorney has implied his property is worth over \$3.00 per foot just like other Lake Lucille property, of similar size, and uses me for his authority.

This is a gross error.

Mr. Gisler's attorney apparently is not aware that the property is subject to a 75-foot lake setback, and 25-foot road setback, and a 15-foot wide overhead power line easement, thus making it worthless without regulating authority waivers or variances.

The City of Wasilla and the MatSu Borough are the regulating authorities.

Thus the value of this land hinges on them.

As a City Council member, I would vote against paying more than the \$34000 offered Mr. Gisler. However, I cannot make this meeting tonight, as my schedule requires me to be at another meeting at the same time.

Therefore, I request that this matter be postponed until the next meeting, or that this letter be read or distributed to all councilmembers to inform them that \$34000 is a big price for a worthless piece of property, and \$42,000 is an outrageous price.

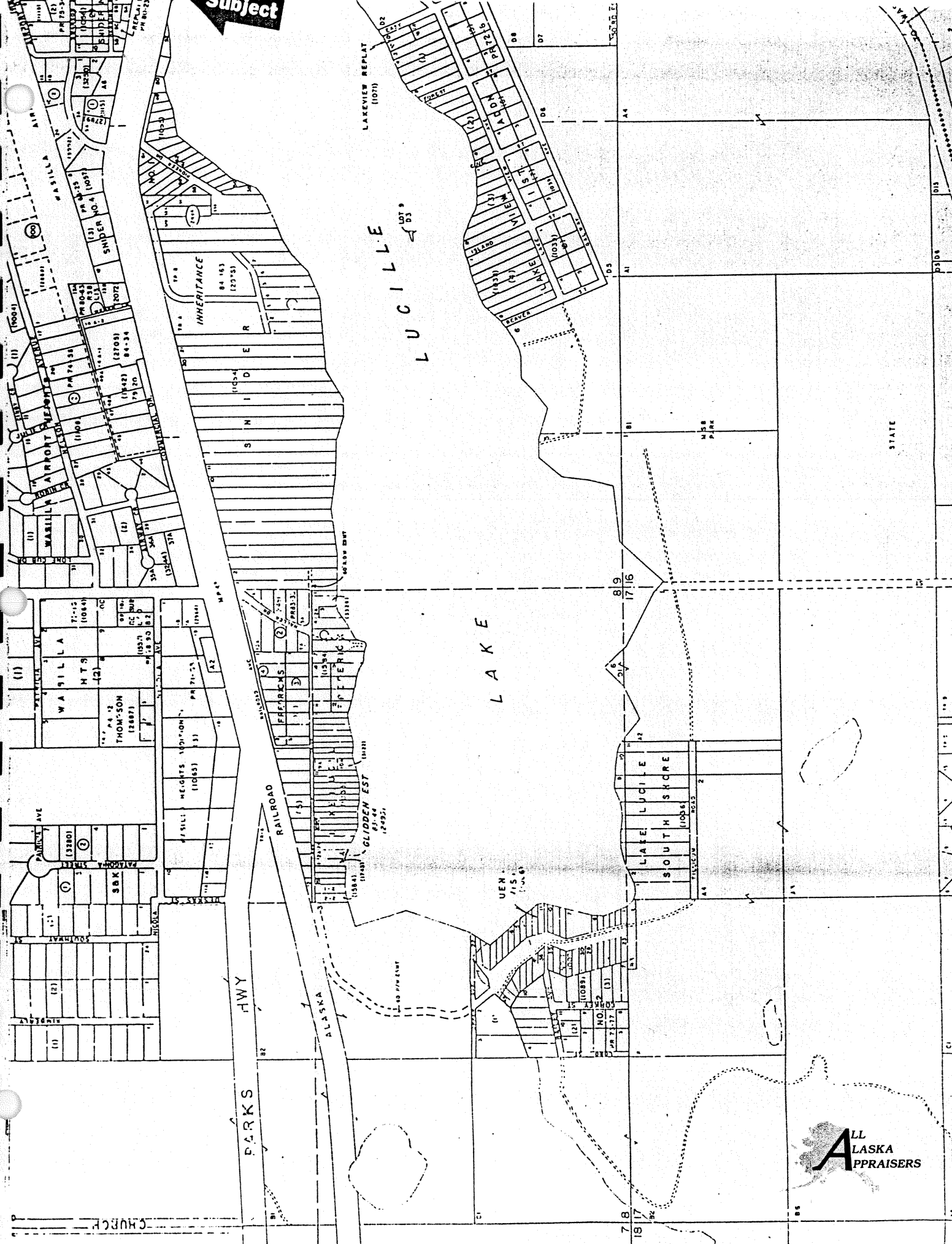
Down the street a couple of hundred feet is your alternative parcel, and I think you will find the seller reasonable, probably for a lot less than \$34,000 or \$42,000. Or, if they want the same price, then the Lake Lucille parcel would be preferable due to location.

I vote no on this issue on the consent agenda, and think it is pretty gutsy of this attorney to attribute such ridiculous suggestions to me.

Sincerely,



Michael A. Carson, Broker



**Subject**

LAKEVIEW REPLAT (1071)

LUCILLE

L A K E

PARKS HWY

RAILROAD

ALASKA

INHERITANCE

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(23753)

S I D E R

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MORON BAY

GLIDDEN EST (1022)

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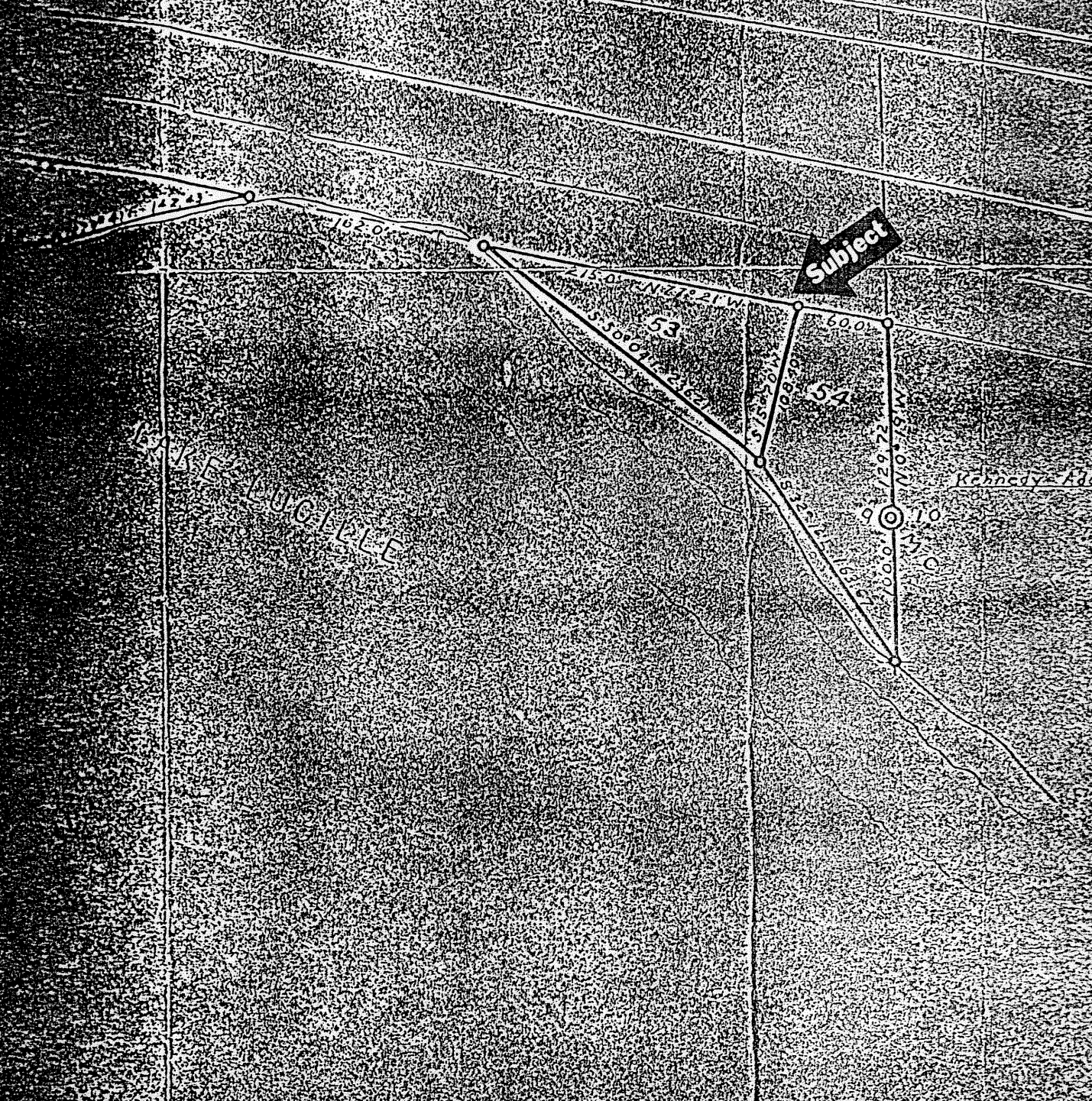
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ADDITION No. 1  
 TO  
 SNIDER SUBDIVISION  
 LOTS 1 & 4, SEC. 9, T17N-R1W-S1M  
 SURVEY & PLAT BY LLOYD V. SHORT  
 APRIL 27, 1960 SCALE 1" = 100'

Dist. recording  
 P.M.

## SITE DESCRIPTION

### Property #1

#### **Legal Description:**

The subject is legally described as Lot 53, Snider Subdivision, Addition No. 1, Wasilla, Alaska.

#### **Location:**

The subject is located on Lake Lucille in Wasilla, Alaska. The general area is bounded by the Parks Highway and the Alaska Railroad on the north and Lake Street on the east. The subject is bound by Railroad Avenue on the North and Lake Lucille on the south. The vacant lots on either side of the subject are owned by the same property owner; however, the railroad right of way, the frontage road, and the lake separate Lots 52 and 53.

#### **Size and shape of parcel:**

The subject parcel is triangular in shape and contains approximately 14,810 square feet. The dimensions are 215 feet by 108.4 feet by 236.21 feet. The lot has 215 feet of frontage on Railroad Avenue and 236.21 frontage on the lake. Its deepest point from road to lake is 108.40 feet.

#### **Zoning:**

The subject parcel is in an area with a zoning classification of WC, which means this is the Waterfront Core district. Generally this zoning classification is intended to allow low density residential development, parks and home occupations. Other uses may be considered if compatible with neighborhood and with special conditional permits. The complete WC zoning regulation is included in the addenda of this report. Within the WC District, construction is required to have a 25 foot setback from front lot lines.

#### **Land Use:**

The land is vacant and undeveloped at the present. Matanuska Susitna Borough land use regulations and Wasilla city ordinances stipulate that any structure to be built on waterfront lots must be set back 75 feet from the high water edge.

#### **Easements:**

A city sewer easement involving the subject parcel was granted in 1984.

#### **Access:**

Access to the property is by Railroad Avenue which is entered off the Knik-Goose Bay Road. Railroad Avenue is a gravel road which parallels the Alaska Railroad and ends just beyond the subject. The other access to the property is by water across Lake Lucille.

#### **Utilities:**

The subject is served by the city sewer. The city sewer system requires an on-site component to be installed on the property to tie into the city sewer lines. According to the City of Wasilla Public Works Department, such component would have to be 100 feet from any body of water. There is electricity on site. The closest natural gas line is at the corner of Lake Street and Susitna.

**Topography:**

The north border of the subject is at road grade. The lot slopes gradually toward the water. The lake border of the property is marshy.

**Soils Conditions:**

No soils reports were available for this parcel, but the soil appears to be typical for the area. The land near the water is marshy. The subject is heavily treed with birch, alder and natural ground cover.

**Assessed Valuation:**

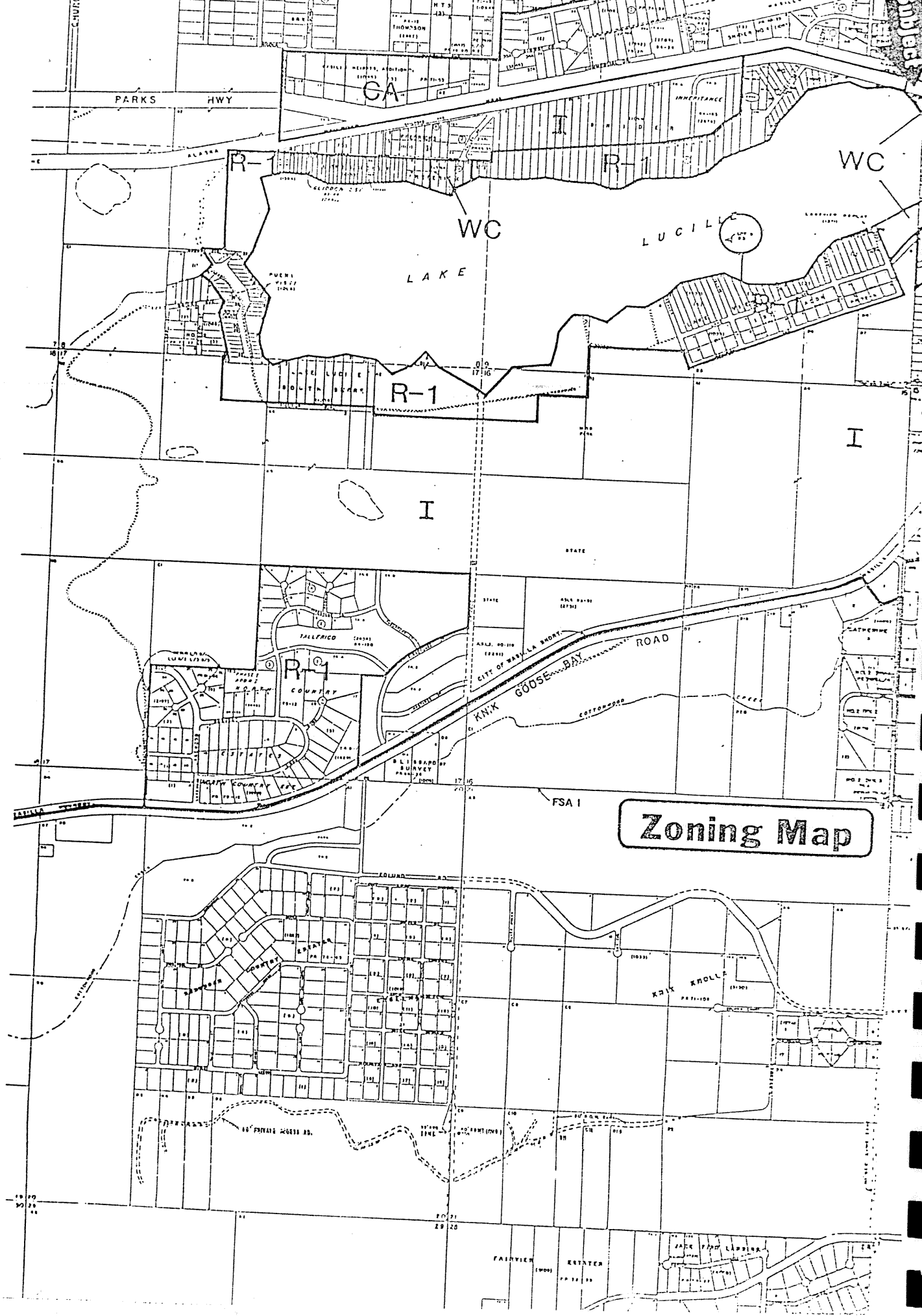
The 1989 assessed valuation of the subject is \$22,600 with adjustments for excess water frontage and "no building site." This is a decline from the 1988 assessed valuation of \$33,900. The subject is located in the city limits of Wasilla. The mill rate for the area for 1989 is 13.2. At the newly established mill rate the 1989 taxes will be approximately \$298.00.

**Conclusion:**

The subject is a small vacant waterfront parcel on Lake Lucille in the city of Wasilla. While it is served by all utilities, an on-site component for the system would be required before any improvements could be constructed. Borough and city land use regulations require a 75 foot set back from waterfront for improvements: zoning regulations require a 25 foot setback from the front lot line. The zoning classification for the subject limits use to residential, park or home business without special use permits. The subject is one of three contiguous lots owned by the same individual (Lots 53, 54 and 52). Lots 53 and 54 have common boundaries: Lot 52 is separated from Lot 53 where the lake shore meets the railroad right of way.

The subject is accessed by a gravel street which is the only buffer between the subject and the railroad. Directly on the other side of the railroad is the Parks Highway; however, the only access to the Parks Highway from the subject is via Railroad Avenue to Knik-Goose Bay Road.





# Zoning Map

## HIGHEST AND BEST USE

The process of identifying the highest and best use of the land is the major premise of an appraisal analysis. The possible use or uses considered during such a discussion are the opinion of the appraiser and the conclusion is the judgment of the appraiser.

The highest and best use concept is defined as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value." (9th ed., page 42)

By considering all the potential uses and applying the restrictions delineated in the above statement to the subject land, the appraiser can express a well-founded opinion of whether the site is being used to its optimum use. Each of the aforementioned criteria must be considered separately in this analysis.

**Physically Possible:** The subject is a triangular shaped lot of approximately 14,810 square feet. According to the subdivision plat, the sides are approximately 215 feet along the street, 236 feet on the water front and the deepest point is 108.40 feet.

The lot slopes from the road toward the lake. The soils are typical for the area with a marshy area along the shore.

Access to the lot is via Railroad Avenue, a gravel street which runs from Knik-Goose Bay Road to a point just beyond the subject.

The subject is directly across the road from the railroad and the railroad easement borders the subject and apparently includes Railroad Avenue.

The subject is on the Wasilla City sewer line. There is electricity on site with the electrical lines running along the street edge of the site. Natural gas lines are in the area but are some distance from the subject.

The physical characteristics of the property give a very limited building site but, with special designing, it could be used for a small single family residence, a mobile home site, a small retail building, a commercial dock for boats or float planes, a small restaurant, a private or public waterfront park or launching site for boats. It is also possible to consider holding the undeveloped property as an investment with anticipation of future benefits.

**Legally Permissible:** The subject is restricted in its use by the zoning regulations, land use regulations and environment regulations.

The zoning classification is WC, Waterfront Core District. The intent of the zoning regulations is to permit low density residential development, recreational and office development. Use of sites for single family residences, home businesses, parks and playgrounds are allowed by right. Conditional uses include some types of office buildings and restaurants. Specifically excluded are commercial moorages and resorts. Uses not allowed by right or conditional permit are prohibited.

The aforementioned zoning regulations would eliminate a commercial dock for boats or float planes, retail buildings or mobile home site. The elimination of commercial moorage facilities would likely apply to commercial boat launching facilities as well.

Land use regulations restrict building on a waterfront lot by requiring a 75 foot set back from the water edge, except for those structures located primarily over water. Over water structures, meaning docks, piers, marinas and boathouses, may not be used for habitation and may not contain sanitary facilities. The Wasilla City "Waterbody Protection" regulation also states: "The City may require dedication of a maintenance easement of up to fifteen feet from the high-water mark or cut bank of a body of water, whichever produces the greatest protection."

The City regulations stipulated that a 25 foot set back from the street is required within the Waterfront Core District for any type of construction. Since the subject is only 108 feet deep at its deepest point, the street front set back of 25 combined with the waterfront setback of 75 feet would eliminate the possibility of using the subject for a single family residence, a restaurant or an office building .

Since the remaining uses would not require an construction of buildings, the only concern would be in obtaining permission and the necessary permits to bring in gravel or landscaping materials, if such substances might contaminate the waterfront edge of the property.

**Financially Feasible:** Since nearly any type of building construction has been eliminated, the remaining use of a private water front park or a public park would require grounds preparation only. Because of the current economy of the area, commercial loans are extremely difficult to obtain, especially for speculative projects.

Development of a small private water front park would be more expensive than would be warranted by area demand. Both Lake Lucille and Wasilla Lake have public waterfront parks which appear adequate to handle the needs of the community. Unless the developer could demonstrate an unmet need within the community which would support the premise that a private park would be income producing, it is extremely doubtful that there would be loan funds available for development of a private park.

**Maximally Productive:** Finally, the use that produces the highest rate of return or the highest value, must be considered. The uses which have not been eliminated by the previous tests are those of public park site or retaining the property as an investment for future appreciation.

Developing or dedicating the subject property for use as a public park would not be a profitable use for the owner, except for possible tax considerations of a charitable donation.

**Conclusion:** Without special variances for construction, virtually every possible private use involving a building has been eliminated for the subject property because of the subject's size and location.

This would indicate that highest and best use for Property #1 which would meet the tests of physically possible, legally permissible, financially feasible and maximally productive would be to hold the land for future sale, apply for development variances or involve the adjacent lot and develop the expanded site across lot lines.

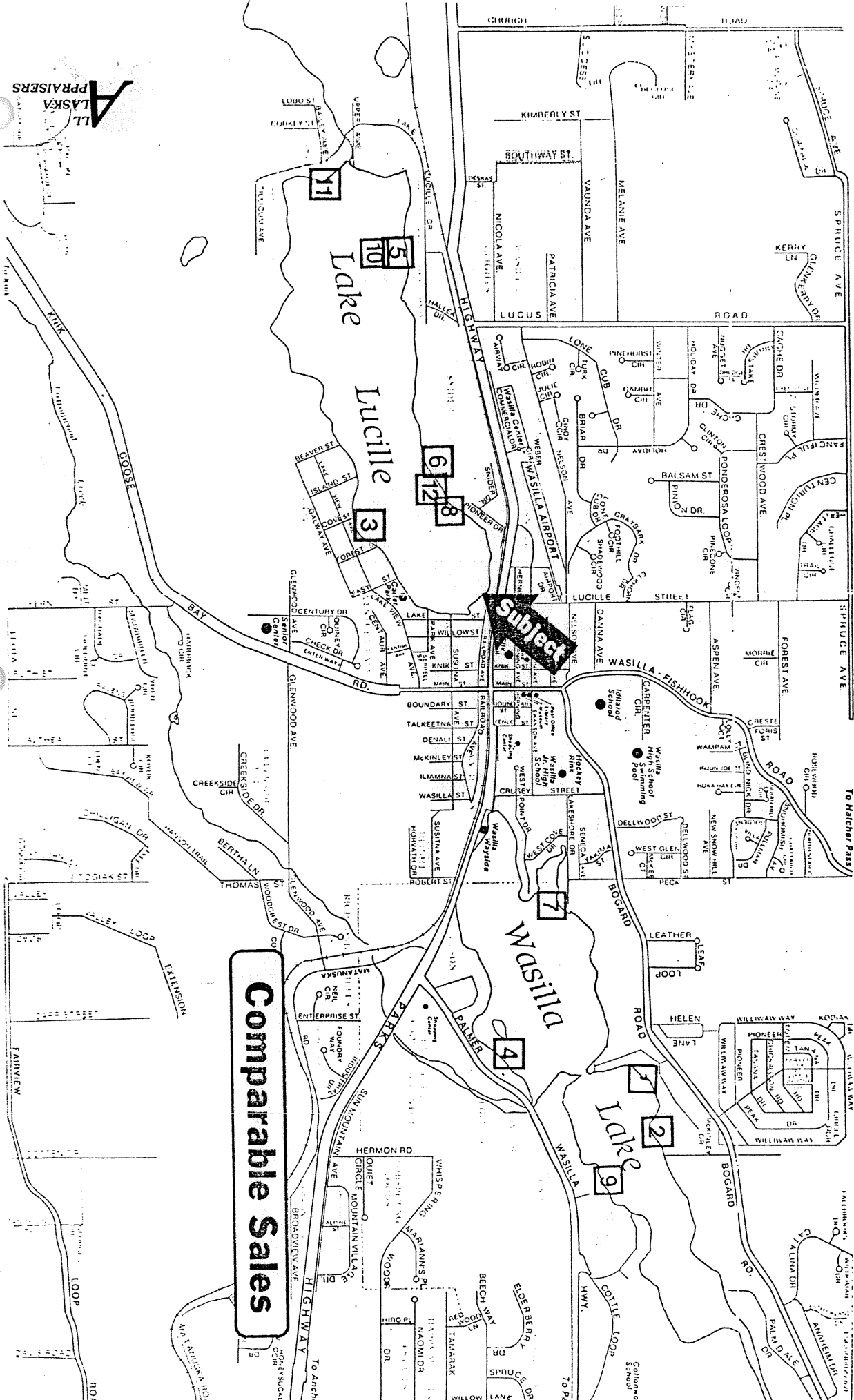
## PROPERTY VALUATION INTRODUCTION

In estimating the value of vacant land, there is generally only one method which gives indicators of value: the sales comparison approach. When information is available on recent sales of properties in the same area as the subject and those properties have a similar size, utility and amenities, the process is relatively simple. When such sales are not available., the appraiser must make decisions as to the sales to be included in an analysis, the adjustments to make and the final value opinion.

In this appraisal assignment, there were very few sales in the immediate vicinity of the subject properties. The appraiser conducted an extensive search for land sales. Contacts were made with numerous real estate agents, loan officers, title company personnel, other appraisers and Borough appraisal staff members. Borough records, Multiple Listing Services reports and the recorded documents at the recorder's office in Palmer were searched for vacant land sales in the Wasilla area.

Sales on both Lake Lucille and Lake Wasilla were taken into consideration. There were very few recent sales; therefore, sales from 1985 to the present were analyzed and adjusted appropriately. A total of 12 parcels were analyzed, including one recent sale which has not yet closed and one active listing. The active listing was included to give an indication of the current market.

The adjustments used in the analysis are included in a separate section of this report following the Land Comparables Summary section.



**Comparable Sales**

**Subject**

Table #1

SUMMARY OF LAND COMPARABLES

## Lake Front Property

Sale No.	Location	Date of Sale	Zoning	Financing	Square Footage	Water Frontage	\$/SF	\$/FF
W-1	Wasilla Lake	5/89	None	Cash	56,628 sf	119 feet	\$1.15	\$546
W-2	Wasilla Lake	3/89	None	Seller	178,596 sf	196 feet	\$0.55	\$505
W-3	Lake Lucille	8/88	R-1	Seller	24,829 sf	75 feet	\$2.40	\$793
W-4	Wasilla Lake	4/87	None	Cash	37,462 sf	145 feet	\$2.14	\$552
W-5	Lake Lucille (Extraction)	8/86	R-1	Exchange	32,670 sf	100 feet	\$2.88	\$941
W-6	Lake Lucille	9/85	I & R-1	Seller	125,017 sf	100 feet	\$0.85	\$1060
W-7	Wasilla Lake	5/85	None	Assumption	14,375 sf	85 feet	\$4.94	\$835
W-8	Lake Lucille (Extraction)	4/85	I & R-1	Assumption	98,446 sf	100 feet	\$0.86	\$850
W-9	Wasilla Lake	3/85	None	Assumption	69,696 sf	100 feet	\$0.86	\$600
W-10	Lake Lucille (Extraction)	3/85	R-1	Seller	32,670 sf	100 feet	\$2.22	\$726
W-11	Lake Lucille	2/85	R-1	Cash	11,761 sf	50 feet	\$5.53	\$1300
W-12	Lake Lucille	Active Listing	R-1		45,302 sf	100 feet	\$1.99	\$900

## LAND VALUATION DISCUSSION

### Lake Front Properties

In analyzing the value of lake front properties, eleven sales and one active listing were considered. Since there have been relatively few recent sales, it was necessary to include sales which occurred between 1985 and the present. Sales of lake front properties around Lake Lucille and Wasilla Lake were used in the analysis.

Sales of lake front properties which had frontage on the Parks Highway were not included as it was felt that the adjustments for highway frontage would be too great to be considered reliable. There have been recent sales of improved property on both lakes which would not be included in this analysis as there appeared to be an adequate number of unimproved or partially improved lots.

The detailed descriptions of each sale are included in the addenda of this report.

Sales: (see Table #1)

Sale #W-1 is the most recent lake front property sale with the offer to purchase written on May 12, 1989. This property is 1.3 acres on Wasilla Lake in the North Shore Subdivision. It is located about one-quarter mile beyond the city limits and approximately one hundred feet off the Bogard Road on North Shore Drive. The lot is vacant and has been on the market for over a year. The purchase offer is for all cash. The lot has 119 feet of water frontage. The location would be considered superior to the subject. The unadjusted sales price is \$1.15 per square foot and \$546 per waterfront foot.

Sale #W-2 sold in March, 1989 and is also located on Wasilla Lake in North Shore Subdivision. The seller carried the financing with a 12% downpayment and 10% interest on a 10 year term. The property has 196 front feet and contains more than 4 acres. There is a well on the property. This vacant lot had been on the market for over two years for a listed price of \$200,000. The location would be considered superior to the subject. The unadjusted sales price was \$0.55 per square foot and \$505 per waterfront foot.

Sale #W-3 sold in August 1988 and is the most recent sale of vacant property on Lake Lucille. This property is located in Lake View Subdivision on the south side of Lake Lucille. The area is zoned for single family residential development. This is a small subdivision with attractive homes and obvious pride of ownership. The seller financed the sale with a 17% downpayment. The lot is slightly over a half acre with 75 feet of water frontage. The location would be considered superior to the subject. The unadjusted sales price was \$2.40 per front foot and \$793 per waterfront foot.



Sale #W-4 is an unimproved property located on Wasilla Lake in Lake Brook subdivision. The sale took place in April 1987. The property is located outside the west border of the city limits and has 125 feet of frontage on the Palmer-Wasilla Highway. The transaction was all cash to the seller. The lot includes more than 37,000 square feet and has 145 feet of frontage on the lake. The location and access would be considered superior to the subject. The unadjusted sales price was \$2.14 per square foot and \$551.72 per water front foot.

Sale #W-5 sold in August 1986 and is located on Lake Lucille. This sale involved a trade for the equity with the seller assuming the existing loan. The loan was written when this property was purchased in March 1985. The details of that sale are reported under Sale #W-10 in this analysis. The property is improved with a small house which is considered to be of minimal value. The cost of the improvement was calculated and the land value was extracted from the total sales prices. This property is located in Fredericks subdivision which is approximately one mile east of the subject. The zoning is a single family residential district. The sale included two lots with a total of 32,670 square feet and 100 feet of frontage on the lake. The location is considered similar to the subject. The terms of this sale make the overall value undeterminable. The unadjusted sales price, according to the seller, was \$2.88 per square foot with \$941 per water front foot.

Sale #W-6 took place in September 1985 and is located in the same subdivision as the subject; however, this property is divided between two zoning districts, Intermediate and Single Family Residential. The seller carried an interest only, short term loan with annual payments and a 7% down payment. This unimproved property contains nearly three acres with 100 feet of water frontage. The access and location are considered similar to the subject. The unadjusted sales price was \$0.86 per square foot and \$1080 per front foot.

Sale #W-7 sold in May 1985 with a loan assumption. This vacant property is located in the Lakeshore Subdivision on Wasilla Lake. There is one lot between this property and the city limits. The zoning district nearest this property is the Waterfront Core District which is similar to the subject. This property contains 14,375 square feet with 85 feet of water frontage on the lake. Access to the property is off Crusey Street by Lakeshore Drive. The location is considered similar to the subject. The unadjusted sales price was \$4.94 per square foot and \$835 per water front foot.

Sale #W-8 took place in April 1985 with the purchaser assuming the existing loan. This property is located on Lake Lucille in the same subdivision as the subject; however, this property is in two different zoning districts, Intermediate and single family residential. The parcel includes over 2 acres with 100 feet of frontage on the lake. The location is considered similar to the subject. The property was improved with a garage/hanger which the seller valued at \$25,000. Extracting the land value from total sales gave an unadjusted sales price of \$0.86 per square foot and \$850 per water front foot.

Sale #W-9 occurred in March 1985 and was also a loan assumption transaction. The property is located on Wasilla Lake near the Fred Hurd subdivision, just outside the city limits. The corner of the property is on the Palmer-Wasilla Highway but there is no discernible highway frontage. The borough records indicate a 15% drainage adjustment. The location is considered superior to the subject. The lot was sold as vacant property and contains 1.6 acres with 100 feet of frontage on the lake. The unadjusted sales price was \$0.86 per square foot and \$600 per water front foot.

Sale #W-10 is the same lot as described under Sale #W-5. This sale took place in March 1985 with a \$30,000 downpayment and the seller financing the balance for 17 years at 10% interest. This sale included a small cabin. This transaction had an unadjusted land extraction sales price of \$2.22 per square foot and \$726 per water front foot.

Sale #W-11 was also on Lake Lucille. The transaction took place in February 1985 and was purchased for cash. This vacant property is located in the Buena Vista Subdivision which is in the district zoned for single family residential use. This lot contains 11,761 square feet with 50 feet of water frontage. The location is considered superior to the subject. The unadjusted sales price was \$5.53 per square foot and \$1300 per frontage foot.

Comparable #W-12 is an active listing on Lake Lucille. This vacant lot has 106 front feet on the lake and contains slightly more than an acre. It is located in Inheritance Subdivision which is just east of the subject. It is in a single family residential zoning district. The location is considered similar to the subject. The property has been on the market for 18 months with no offers. The listed price is \$1.99 per square foot and \$849 per front foot.

Conclusion: Of the comparables considered in this analysis, seven are located on Lake Lucille and five are located on Wasilla Lake. Since the only land sales with water frontage which have taken place in 1989 have been on Wasilla Lake, it was considered important to include both lakes in this analysis. All of Lake Lucille properties are within the city limits and most of Wasilla Lake properties are outside the city limits; however, the sales included in this analysis were considered comparable to the subject.

Of the sales considered, only three were cash transactions. Three of the transactions were assumptions of existing loans and one was an equity exchange. The remaining four sales were seller financed. The usual type of financing for this type of property in this area is seller financing with 5 to 20% downpayments.

Because of the equity exchange, Comparable #W-5 is not considered a reliable comparable for this analysis. Less weight should be placed on Comparables #W-8 and #W-10 because of the improvements on the land which required land extraction for analysis. Comparable #W-3 is the best comparable because of it is located in the same area as the subject, is one of the more recent sales and is smaller in size than most of the other sales on the same lake.

ADJUSTMENT DISCUSSION  
Lake Front Properties

In analyzing the properties in this section, the following units of comparison were considered: the price per square foot, the price per acre or portion of an acre and the price per frontage foot. Because of the size of the subject, it was felt that the price per acre would not be a reliable indication of value. The properties used in this analysis all had water frontage; however, the sizes of the properties ranged from 11,761 square feet to a parcel with 4.10 acres. This variation in size would obviously affect the value per water front foot. The unit of comparison which was felt to be the most reasonable was the price per square foot.

Eleven sales and one active listing were considered. The comparables were analyzed as to their similarities and differences to each other and to the subject property. The factors which appeared to affect the sales price of each property and which might require adjustments in their relationship to the subject were: financing, date of sale, water frontage, type of zoning, location and size of the parcel.

**Financing:** Three of the properties were sold for cash, three sold with cash to the seller for the equity and the buyer assuming the existing loan, one sold with an equity exchange and assumption of an existing loan, and four sold with the seller financing the transaction. All of the seller financed transactions had substantial downpayments and would not be considered advantageous enough to have affected the sales price. Comparable #W-5 sold with an equity exchange which would likely have had an impact on the sales price: for that reason, very little weight was placed on this comparable. No adjustment was made for financing as it was felt that the other transactions considered were purchased with normal financing for this type of property.

**Date of Sale:** Because of the lack of recent sales, the appraiser searched out all sales which had occurred on either lake that might be considered comparable. The search included properties purchased between February 1985 and May 1989. During this period, the area has experienced a major decline in real estate values due to the economic depression in Southcentral Alaska. A matched set analysis of Sales #W-11 and #W-3 was used to estimate a time adjustment factor. Sale #W-11 took place in February 1985 and Sale #W-3 took place in August 1988. Both properties are located on Lake Lucille, have the same type of zoning and are similar in size. The indicated time adjusted was 1.3% per month between 1985 and 1988. In other studies conducted by our firm, this is the same factor which has been indicated in other analyses. In discussing the current market with knowledgeable investors and real estate brokers, there is a general impression that prices have leveled in the first part of 1989 and there is no market evidence to indicate time adjustments since the last quarter of 1988. The time adjustment used for this analysis was 1.3% per month from February 1985 through August 1988.

**Water Frontage:** The subject has 236 feet of water frontage on Lake Lucille and an adjustment was considered for the amount of water frontage; however, none of the comparables had an excessive amount of water frontage. Comparable #W-2 has 196 feet of frontage on Wasilla Lake, but this property also contains over 4 acres. The amount of frontage for #W-2 is not considered excessive in proportion to its size. The other comparables had frontage ranging from 50 feet to 119 feet. No adjustment was made for water frontage as the difference appeared to be insignificant and could not support a market adjustment.

**Zoning:** In analyzing the comparables, there did not appear to be in noticeable difference between the sales prices of those properties within the city limits with zoning and those on the immediate edge of the city limits outside zoning districts. None of the comparables were in the Waterfront Core District, but this district is intended for low density residential use and compatible uses; therefore, there does not appear to be any significant difference, within this analysis, between R-1 (Single Family Residential) Districts and the Waterfront Core District.

**Size:** The parcels included in this analysis ranged in size from less than 12,000 square feet to more than 4 acres. The sales prices ranged from \$0.55 per square foot for the largest parcel to \$5.53 per square foot for the smallest lot. It appeared from considering the various sizes that there was a relationship between the size and sales price per square foot. It is well known within the real estate industry that the larger the property, the lower the price per square foot or per acre.

Four properties which were the most recent sales, #W-1, #W-2, #W-3 and #W-4, were compared to estimate a size adjustment factor. Sale #W-1 is 1.3 acres, #W-2 is 4.1 acres, #W-3 is 24,829 square feet and #W-4 is 37,462 square feet. In comparing the size to the sales price, adjustments were found which indicated that larger acreage parcels sold for approximately 1/3 of the sales price per square foot as compared to lots of 1/4 acre or less. Lots with an area in the vicinity of one acre sold for approximately 50% less per square foot than smaller lots. An adjustment of 30% was found between lots with 30,000 square feet or more when compared to smaller lots.

**Location:** The two location factors which had to be taken into consideration were the possible difference between Lake Lucille water front lots and Wasilla Lake water front lots, as well as the difference between the subject location and the location of the comparables.

In comparing the sales on Lake Lucille to the sales on Wasilla Lake, there did not appear to be a significant price difference between the two lakes. The major location adjustment appeared to be more related to less than desirable elements such as the railroad tracks and poor access roads, similar to the subject property.

In comparing the sales prices after adjusting for date of sale and size of parcels, a range of 25% to 27% were found as a location adjustment. Properties considered superior to the subject were adjusted by a 25% negative adjustment to arrive at an indicated price per square foot.

Conclusion: Adjustments to the comparables were made for the date of sale, the size of the property and the location. No adjustments were made for financing, zoning or for the amount of water frontage.

Properties #W-5 and #W-10 were not considered reliable comparisons as they were both on the same property which involved a trade for equity and had an existing improvement at the time of the first sale. The range of value for the remaining nine parcels was \$1.52 to \$1.82 per square foot with the central tendency around \$1.80 per square foot. The active listing included in this analysis has a listed price of \$1.99 per square foot and has been on the market for 18 months: this would indicate that an actual sales price for such property would be lower than the listed price and could indicate support for an adjusted sales price of \$1.80 per square foot.

RECONCILIATION

Property #1

The subject property is a small lot which fronts on Lake Lucille and is within the city limits of Wasilla. The lot has an excessive amount of water frontage for its size and is not large enough to support any type of commercial structure. Its water front edge is marshy and it is a questionable building site for any type of structure. While it is possible that the landowner might be able to obtain the necessary variances to develop the lot, the highest and best use of the parcel due to the current economy, is to retain it as an investment for future benefits.

The individual who owns this lot, also owns the property on either side of it and may, at some future date, assemble Lots 53 and 54 and develop the larger parcel. From this stand point, the subject has a value which must be considered.

In arriving at an estimated market value of the subject property, twelve water front parcels were analyzed and adjusted to indicate a sales price per square foot. The comparables were all located on either Lake Lucille or Wasilla Lake. Adjustments were made for the date of the sale, the size of the parcel and the location as compared to the subject. The subject's location was considered inferior due to the railroad proximity and the poor access, which is by the railroad frontage road.

The indicated market value for the subject is \$1.80 per square foot. There is an active listing on a property near the subject which has been on the market for 18 months for \$1.99 per square foot. This would indicate that the market value for properties of this type, in this area, would be less than \$1.99 per square foot.

At \$1.80 per square foot, the estimated market value would \$26,658.00, rounded to say, \$27,000.00.

$$(\$1.80 \times 14,810 \text{ square feet} = \$26,658)$$

It is the opinion of the appraiser that the estimated market value of the fee simple interest of the subject, as of May 12, 1989, is:

\$27,000.00.

(Twenty-seven Thousand Dollars)

AGLIETTI, RODEY & OFFRET

ATTORNEYS AT LAW

733 WEST FOURTH AVENUE, SUITE 206

ANCHORAGE, ALASKA 99501

TERRY C. AGLIETTI  
PATRICK M. RODEY  
RONALD A. OFFRET  
J. ROBERT WOOFER, JR.

December 20, 1989

TELEPHONE

(907) 279-8657

TELECOPIER

(907) 279-5534

RECEIVED

DEC 22 1989

City of Wasilla, Alaska

Richard F. Deuser, Esq.  
City of Wasilla  
165 East Parks Hwy., Suite 201  
Wasilla, AK 99687

Robert Harris  
City of Wasilla  
290 East Herning Ave.  
Wasilla, AK 99687

Re: Lot 53 Snider Subdivision/Julius Gisler

Gentlemen:

This letter will summarize the telephone conversation I had with Robert Harris on December 19, 1989. It will also set out what is in essence a counteroffer to the City of Wasilla's purchase money agreement received by my client over two weeks ago.

The property in question, which I understand to be desired by the City of Wasilla for the purpose of installing a pump station, is the subject of the City of Wasilla's offer to purchase for the price of \$34,000, contingent on certain drilling that would need to be done during the winter, to minimize damage to the property, to find if the property is suitable for construction. Mr. Gisler is willing to sign the earnest money agreement and to sell the property, but only if the City of Wasilla is willing to pay \$42,000. This figure is considered to be a compromise counteroffer, and its background is explained in the following paragraphs.

As you fully know, Mr. Gisler also owns Lot 52 and Lot 54 of the same subdivision. Lot 54 is immediately adjacent to the subject lot, and is a steeper lot which will in all likelihood have significantly less value if it is left standing alone by the sale of Lot 53 to the City of Wasilla. This concept is very much in the nature of inverse condemnation and Mr. Gisler is not inclined in any event to sell the land for \$34,000 simply because the lot in question has more value than that, both in terms of market value and in terms of its greater value to one who also owns Lot 54.

Gisler/City of Wasilla  
December 20, 1989  
Page 2

It is noteworthy that a member of the very City Council that will consider that counteroffer, Michael Carson, offered his opinion to Mr. Gisler less than one year ago, at the absolute bottom of the Alaska real estate market that the land was worth between \$3.00 and \$3.50 per square foot. The subject lot has 14,810 square feet, and that would indicate a range of value between \$44,430 and \$51,835. I have informally confirmed the concepts of value discussed above with a local appraiser.

Mr. Gisler is as aware as any other intelligent resident of Alaska that real estate values have dropped significantly in the past several years. He is also aware that they have turned the corner, and that Lot 53 and Lot 54 together have a value which is greater than the per square foot value which would remain if he only owned Lot 54. As a result of his considerations, especially in light of my advice to him, concerning the power of eminent domain which is vested in the City of Wasilla, he is inclined to cooperation with the sale so long as he receives at least the low compromise sum of \$42,000. The enclosed, executed counteroffer will reflect our earlier discussion and the thoughts contained in this letter. By accepting this counteroffer, the City of Wasilla can certainly avoid the delays and expenses that might be incurred in a contested condemnation action, which would benefit no one in this particular case.

I took the liberty of slightly modifying the wording of Mr. Deuser's language concerning the degree of negligence Mr. Gisler would need to establish to recover in the unexpected event that the city were to damage Gisler's property in some significant way to reflect basic fairness and the usual legal standard. (See paragraph four) In addition, if there are any other costs of the sale, (See paragraph seven), the City of Wasilla should pay those.

If you have any questions regarding this matter, please do not hesitate to contact the undersigned at 279-8657 during business hours.

Very truly yours,

AGLIETTI, RODEY & OFFRET



J. Robert Woofter, Jr.

JRW/pk

Enclosure: Counteroffer

cc: Julius M. Gisler



LAW OFFICE  
OF  
RICHARD DEUSER

f. 6

MAILING ADDRESS  
165 EAST PARKS HIGHWAY  
SUITE 201B  
WASILLA, ALASKA 99687

PHONE AND LOCATION:  
PHONE (907) 376-9484  
KRENK BUILDING, PARKS HIGHWAY

January 12, 1990

J. Robert Woofter  
Aglietti, Rodey & Offret  
733 W. 4th Ave., Suite 206  
Anchorage, AK 99501

RECEIVED

JAN 16 1990

City of Wasilla, Alaska

Re: Lot 53 Snider Subdivision/Gisler;

Dear Mr. Woofter:

This letter is intended to respond to your correspondence of January 8, 1990. The City Council of Wasilla will consider your counter offer at its regularly scheduled meeting of January 22, 1990. At that time it is anticipated that the Council will either accept or reject the counter offer. If accepted, we would evaluate the signed earnest money as to whether or not the changes in language are acceptable. In all likelihood we will be able to work out the wording in the earnest money if the Council authorizes acceptance of the counter offer. If the Council does not accept the counter offer, then we will be proceeding by condemnation against the property. If this alternative occurs, will you be authorized to accept service of process on behalf of Mr. Gisler? If you are not authorized to accept service of process in the event of the necessity of a condemnation action, will you offer cooperation in the form of telling us when Mr. Gisler will return from his vacation so that we may contact him for purposes of service?

I will simply await the Council's decision on January 22, 1990.

Sincerely yours,



Richard Deuser

RD/pjt

cc: Bob Harris, City of Wasilla

AGLIETTI, RODEY & OFFRET

ATTORNEYS AT LAW

733 WEST FOURTH AVENUE, SUITE 206

ANCHORAGE, ALASKA 99501

TERRY C. AGLIETTI  
PATRICK M. RODEY  
RONALD A. OFFRET  
J. ROBERT WOOFER, JR.

TELEPHONE  
(907) 279-8657  
TELECOPIER  
(907) 279-5534

January 8, 1990

CITY OF WASILLA, ALASKA  
JAN 10 1990  
RECEIVED

Richard F. Deuser, Esq.  
City of Wasilla  
165 East Parks Hwy., Suite 201  
Wasilla, AK 99687

Robert Harris  
City of Wasilla  
290 East Herning Ave.  
Wasilla, AK 99687

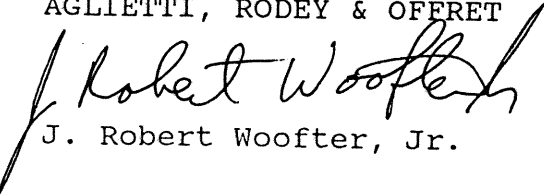
Re: Lot 53 Snider Subdivision/Julius Gisler

Dear Mssrs:

Please recall I represent Julius Gisler, owner of the above-described parcel of land the City of Wasilla offered to purchase. May we have an answer to our counteroffer and letter of December 20, 1989? If I have not heard from either of you by January 23, 1990, I will tell my client the City of Wasilla is apparently no longer interested in the subject parcel of land and that he need not delay his vacation plans to deal with an acceptance or counteroffer.

Very truly yours,

AGLIETTI, RODEY & OFFRET

  
J. Robert Woofler, Jr.

JRW/pk

cc: Julius M. Gisler

EARNEST MONEY AGREEMENT FOR  
PURCHASE AND SALE OF REAL PROPERTY

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 1989 between the City of Wasilla, a municipal corporation, organized and existing under the laws of the State of Alaska, 290 E. Herning Avenue, Wasilla, Alaska 99687, hereinafter referred to as "Buyer" and Jules Gisler, an unmarried man, whose address is 408 N. Lane Street, Anchorage, Alaska 99508, hereinafter referred to as "Seller."

1. Transfer Of Title Contingent Upon Re-Plat Of Property. The parties to this agreement do not believe that the local platting authority, the Matanuska-Susitna Borough, will require re-plat of the property in light of the sale pursuant to this agreement. If re-plat procedures are required, the parties agree as follows. Both parties to this agreement acknowledge and agree that the transfer of title, to be achieved by the terms of this agreement, is contingent upon recordation of a re-plat. Each party represents that good faith effort will be extended to cooperate in the actions necessary to accomplish the goals and purposes and intents of this agreement, including re-plat, if necessary.

2. Property Description. In consideration of the agreements to follow, the Seller hereby agrees to sell and the Buyer hereby agrees to purchase, upon terms and conditions herein set forth, Seller's interest and title in the following described real property:

Lot 53, Snider Subdivision, Addition No. 1, Section 9, T. 17 N., R. 1 W., S.M., according to Plat No. 60-11 recorded May 26, 1960, Palmer Recording District, Third Judicial District, State of Alaska.

SUBJECT TO those existing easements, conditions, covenants, reservations, and restrictions of record.

The property shall not be subject to any encumbrances affecting marketability of title, such as prior deeds of trust or other indebtedness. It is specifically understood that the City of Wasilla intends to make use of the property, upon transfer of the title, for general public purposes, including, but not limited to, constructing facilities for absorbing and transmitting surface waste water from other parts of the municipality. No encumbrance on the title inconsistent with this and other general public purposes will be permitted at the time of transfer.

3. Purchase Price And Closing. <sup>JG</sup> The total purchase price for the Seller's interest and title, in the property shall be thirty-four-thousand dollars (\$34,000) and shall be payable at the time of the transfer of title. Both parties agree to offer good faith effort to expedite the transfer of title by offering cooperation to each other for the purpose of achieving the closing of this transaction. As an indication of the goals of the parties, it is anticipated that closing will occur within 60 days of the signing of this agreement, if not sooner.

4. Sale Contingent Upon Feasibility Of Construction. The parties to this agreement agree that the purchase transaction will be contingent upon the feasibility of construction, as planned by the City of Wasilla, for improvement of its surface drainage water disposal. More particularly, the City plans to construct permanent improvements upon the property for the Wasilla Storm Drainage System. To establish whether or not the property is capable of accommodating improvements contemplated by the City of Wasilla, two test holes will be necessary. Upon execution of this agreement, the City of Wasilla will be entitled to proceed with the test holes referred to herein. If those test holes confirm that the construction plans of the City of Wasilla are not feasible upon the property, this agreement may be terminated by the City of Wasilla and shall not be binding upon the City of Wasilla. The City shall so notify the Seller and no further obligation on either party will exist. However, if the test holes verify the adequacy of the property for the construction plans of the City, then the understandings of this agreement shall become binding. The City is hereby authorized to perform all work related to the test hole and to enter the land for all purposes related thereto. Such entry is hereby permitted and shall not create a cause of action in favor of the Seller of the land. The Seller hereby acknowledges that the test holes will not cause considerable damage to the land in a manner affecting its value and further acknowledges that the City will not be responsible for injury to the land caused by the test holes except in the events of ~~gross~~ negligence, ~~wanton carelessness,~~ and ~~malice.~~ The expense of the test holes will be borne by the City.

5. No Earnest Money Deposit. The consideration for this agreement is the mutual covenants and understandings of the parties as expressed herein. No earnest money deposit shall be paid or required at this time.

6. Nature Of Deed At Closing. In addition to the description of the deed provided in the property description paragraph, above, it is understood that the Seller shall

convey to the Buyer, by statutory warranty deed duly executed and acknowledged, title to the real property described above.

7. Title Insurance, Closing Costs, And Fees Anticipated Prior To Closing. Prior to the closing of this transaction, the Buyer will request a preliminary commitment for title insurance from an appropriate title insurance agency underwriting the assurance of title for transactions in the Matanuska-Susitna Borough. If any encumbrances are reflected by the title report given in response to the request for a preliminary commitment for title insurance which conflict with the Buyer's intended use of the property to be transferred by Seller to Buyer pursuant to the terms of this agreement, Seller shall take the necessary steps to assure the removal of such encumbrances by the time of closing. Buyer shall not be required to accept title to the property at the closing unless the encumbrances have been removed.

It is mutually agreed by the Buyer and Seller to pay for the costs designated below. Those items listed under "Buyer" shall be paid by and the responsibility of the Buyer. Those items listed under "Seller" are to be paid by and are the responsibility of Seller.

Buyer:

One-half of title insurance premium costs.

If necessary, the Buyer will pay the costs of surveying and re-platting of the property so as to designate that portion of the existing real estate which is to be transferred to the City. However, Seller represents that it will offer good faith cooperation in the form of attending all necessary meetings and presenting all necessary documentation and/or other in-put required by the re-platting authority.

Recording fees associated with the closing of the sale.

Buyer's attorney's fees.

Seller:

Property taxes due as of closing.

One-half of title insurance premiums.

Seller's attorney's fees.

All other costs, if any, related to the conclusion of this transaction shall be paid for by the ~~Seller~~ Buyer.

J. G.

8. Representations By Seller. The Seller represents to the Buyer that 1) Seller has entered into no other contracts of sale relating to the sale of the subject real estate, and 2) Seller is not currently insolvent nor is Seller currently involved in any bankruptcy proceedings as a petitioner, whether by way of Chapter 7, Chapter 11, Chapter 13, or other provision of the Bankruptcy Code.

9. Succession Of Interest. This agreement shall bind and inure to the benefit of the respective legal representatives, successors and assigns of the Seller and Buyer.

10. Assessments. All assessments for local improvements now encumbering the property or which may become a lien against the property, prior to closing, if any, shall be paid by the Seller. All assessments accruing after the date of closing shall be the responsibility of the Buyer.

11. Risk Of Loss. The risk of loss or damage, total or partial, to the property hereinabove described shall remain on the Seller during the period of the contract. However, upon and at the time of closing, the risk of loss or damage, total or partial, to the property shall pass from the Seller to the Buyer.

12. Possession. Possession of the property shall be given to the Buyer at closing.

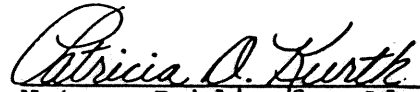
13. Approval By All Owners. Buyer is of the understanding that the Seller is the sole and exclusive owner of the property. In the event that Seller has any partners or in the event that other persons or entities hold an ownership interest in the property, Seller shall indemnify and hold harmless the Buyer from any and all damages that may accrue in favor of other owners of an interest in the real property that is the subject of this agreement. If the Seller is aware of any other party who holds an ownership interest in this property, the Seller shall obtain the written approval from that person or entity of this agreement.

14. Rule Of Contract Interpretation Not Applicable. Both parties to this agreement acknowledge their participation in the terms of drafting this agreement. Both parties acknowledge that they have had an opportunity to consult with counsel of their choice regarding this agreement. The rule of law that construes ambiguous terms in a contract against the draftsman of that contract shall not be applicable to the interpretation of this agreement.



Alaska, personally appeared Jules Gisler to me known to be the individual described in and who executed the foregoing document and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

  
Notary Public for Alaska  
My Commission Expires: 10-27-91



**Topography:**

The north border of the subject is at road grade. The lot slopes gradually toward the water. The lake border of the property is marshy.

**Soils Conditions:**

No soils reports were available for this parcel, but the soil appears to be typical for the area. The land near the water is marshy. The subject is heavily treed with birch, alder and natural ground cover.

**Assessed Valuation:**

The 1989 assessed valuation of the subject is \$22,600 with adjustments for excess water frontage and "no building site." This is a decline from the 1988 assessed valuation of \$33,900. The subject is located in the city limits of Wasilla. The mill rate for the area for 1989 is 13.2. At the newly established mill rate the 1989 taxes will be approximately \$298.00.

**Conclusion:**

The subject is a small vacant waterfront parcel on Lake Lucille in the city of Wasilla. While it is served by all utilities, an on-site component for the system would be required before any improvements could be constructed. Borough and city land use regulations require a 75 foot set back from waterfront for improvements: zoning regulations require a 25 foot setback from the front lot line. The zoning classification for the subject limits use to residential, park or home business without special use permits. The subject is one of three contiguous lots owned by the same individual (Lots 53, 54 and 52). Lots 53 and 54 have common boundaries: Lot 52 is separated from Lot 53 where the lake shore meets the railroad right of way.

The subject is accessed by a gravel street which is the only buffer between the subject and the railroad. Directly on the other side of the railroad is the Parks Highway; however, the only access to the Parks Highway from the subject is via Railroad Avenue to Knik-Goose Bay Road.



LL  
LASKA  
PPRAISERS

January 11, 1990

RECEIVED

JAN 11 1990

City of Wasilla, Alaska

Bob Harris, Manager  
City of Wasilla  
290 East Herning Avenue  
Wasilla, AK 99687

Dear Mr. Harris

In response to your request for the cost of completing a narrative report on Lot 54, Snider Subdivision, in the City of Wasilla, the following is our understanding of the assignment:

The report should include the current market value of Lot 54 and the total cost of the adjoining Lot 53 plus Lot 54 as of the date of the original appraisal assignment for land involved in the city storm drainage project, May 1989. Lot 53 was included in the original report and the data from that report would be incorporated in the new report. It is our understanding that this report will be ordered by your office on or before February 1, 1990.

Based on the foregoing description: the cost of completing this request would be \$1750.00 and the report would be available to you or before March 31, 1990.

We hope this letter is sufficient for your purposes; however, please feel free to contact our office at your convenience should additional information be necessary.

Sincerely,

Thomas J. Sokol

Loretta D. Sokol