



INFORMATION MEMORANDUM NO. 96-32

From: Karol Kolehmainen, Assistant City Planner ^{KK}

Through: Duane Dvorak, City Planner ^{DD}

Through: Sarah Palin, Mayor

To: Wasilla City Council

Date: November 20, 1996

Subject: Preliminary investigation of the possible sub-lease of the Alaska Railroad (ARR) Wasilla Depot Building by the Greater Wasilla Chamber of Commerce.

At the November 13, 1996 regular meeting, the Wasilla City Council requested staff investigate subject sub-lease. This memorandum provides information on the request, ownership of the Depot Building, and stage of remodel. Also included is background information on City goals for the building and past handling of such requests. While staff has not formulated any recommendations in this memorandum, we have provided some options and points for consideration by the Council.

The Request

The Greater Wasilla Chamber of Commerce (GWCO) formalized their request in a letter dated November 11, 1996 (att. 1). In paragraph seven, they requested the City consider making the Depot available "...at no cost, for its permanent location". The Chamber desires a site with maximum exposure, accessibility, and a high profile to fulfill their role as "...the primary conduit for tourist, business and community information". Of significant note are the statistics from the previous year, counting 6000 visitors and 4000 telephone calls. They expect these totals could conservatively double if located in their own stand alone facility. The letter addresses some of the renovation work necessary for the building and mentions a possible commitment by the Homebuilders Association to work on the exterior of the building stating they might "take the depot renovations as their pro-bono annual project." The letter indicates an interest in, but a lack of understanding of, interior repairs which are necessary.

Ownership

In 1982, the Depot and eighty-five (85) feet of the Railroad's mainline track right-of-way was leased to the City for fifty-five (55) years (att. 2). In the original agreement, the

lease could be assigned without Alaska Railroad (ARR) permission, subject to the terms and conditions of the City lease; however, this paragraph was changed in a supplemental agreement (att. 3) to require written consent. Also of note, is a change in the property to include only the north forty-five (45) feet of the southerly 85 feet of the right-of-way. Additionally, there is a twenty-five foot setback from the Railroad's track facilities and bumping blocks required for vehicular parking. These restrictions severely limit parking to certainly less than ten vehicles (perhaps as few as seven). The City is bound to sub-lease only to non-profits, with commercial use limited to a small gift shop for a tourist center or a museum.

Stage of Remodel

Mr. John Cooper's memorandum (att. 4), dated October 21, 1996, provides the most current insight as to the state of the remodel project. The basic, and necessary, restoration is almost complete (foundation, wood skirting almost done, new wiring heating and alarm systems, and basic window repairs). Also identified are the repairs which remain, including interior cleaning and painting, replacing the bathroom floor, repair of the plumbing, reworking the rear freight door (handicapped entrance), rebuilding the platform (the railroad is considering an old style plank deck), and stripping and repainting the building. The insulation in the building may also be very inadequate for a full time occupant. In the past, this project alone has had estimates between \$2500 and \$13,738. City funds, with a CIP request of \$51,173 with \$20,000 allocated, have essentially been expended.

City Goals

The City must maintain the depot as a historic landmark and any use would need to be compatible with this requirement. According to letters from Mayor Stein to interested parties, the City would like to restore the building to a stable condition and then sub-lease it to a not-for-profit tenant. Several factors for consideration are mentioned in the letter (att. 5), not the least of which is paragraph four, a reference to the City's desire to have a use which would generate sufficient revenue to pay the routine operation and maintenance costs. As stated earlier, parking is very limited and pedestrian traffic is subjected to the hazards of a forty-five mph main rail line.

There has been a previous sub-lease to the Lion's initiated in 1993. Among other requirements, the group agreed to maintain both the interior and exterior of the building. Other costs mentioned in this agreement were providing \$40,000 of insurance and utilities being paid by the Lion's.

Factors and Options

The costs and fees associated with the restoration and maintenance of the building seem to conflict with the City's needs and the Chamber's desires. The volume of traffic generated by any use and the safety of those involved must be considered. There

have been several previous inquiries from other non-profit organizations, the most recent being the 4-H Leaders Board at the September 23, 1996 Council meeting, and a fair process should be used to determine the occupant.

Past inquiries have been met with a request of a budget for the proposed use. This is a reasonable request considering the investment by the community. In the interest of fairness, the City could go out for bids from all interested non-profits. The timing of the bid could aid some and eliminate others, especially if restoration is included as a requirement. The most recent stated policy has been to delay occupancy until restoration is complete. Keeping with this policy would mean denial of any requests until the building is restored. The City could continue this policy or determine if there are advantages to a "partnership" with a tenant prior to the completion of the project.

Attachment 1	GWCOG Letter
Attachment 2	ARR Lease Extract
Attachment 3	ARR Lease Supplement Extract
Attachment 4	John Cooper Memorandum
Attachment 5	Mayor Stein Letter

November 11, 1996

CLERKS OFFICE

ATTACHMENT 1

The Honorable Mayor Sarah Palin
290 East Herning Avenue
Wasilla, Alaska 99654-7091

NOV 12 1996
RECEIVED

Dear Sarah:

At your request I am writing to formalize the Chamber's interest in the Wasilla Depot as our permanent home. As you are aware, the Chamber is losing its long-standing lease with the Cottonwood Creek Mall Management on November 23, 1996.

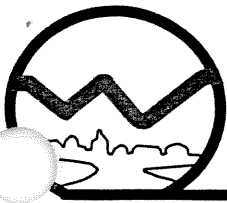
I have been asked by the Chamber Board to find new quarters, and have approached the task at two levels. First, I have initiated a search for a short-term solution. Ideally, this will result in rent-free housing for up to one year. Second, I have simultaneously begun exploring long-term permanent housing options.

At the top of our long-term list is the currently vacant train depot. It is our opinion that there is no better potential location for the Wasilla Chamber of Commerce offices than the depot. It affords maximum exposure and accessibility which are essential to the role we must fill for the community.

Last year, while located in the Cottonwood Creek Mall and without the benefit of direct exterior signing, we responded to over 6,000 people who visited our office. We also handled another 4,000 telephone requests for tourist/relocation information. This year's count appears to be close to equalling last year's, despite the drop in summer tourism throughout the Valley. It is obvious that if we were in a properly signed, stand-alone facility our visitor numbers would (conservatively) double.

As the City begins to assert itself as the destination location within the Valley, it is absolutely essential that the Chamber, the primary conduit for tourist, business, and community information, be located in the highest profile location the community can offer.

The current partially-renovated condition of the depot has been addressed by the President of the Homebuilders Association, Phil Lockwood. Phil indicated to me that his association would be willing to take the depot's renovations on as their pro-bono annual project. He further indicated that with their skills and attention, the entire exterior could probably be completed in one day. However, I have been told there are extensive renovations to the plumbing, heating, and interior which are required. Also, the historical integrity of any renovations must also be considered. The depot is listed on the National Historic Register, according to Jim Blasingame, Alaska Railroad Vice-President of Corporate Affairs.



Greater
Wasilla
Chamber of Commerce

Wasilla . . . "Home of the Iditarod"

1801 Parks Highway • Suite C 18 • Cottonwood Creek Mall • Wasilla, Alaska 99654 • Telephone (907) 376-1299 • Fax (907) 373-2560

I would like to request that the City of Wasilla consider making the depot available to the Chamber, at no cost, for its permanent location. I am planning to make myself available at the next City Council meeting in the hopes of addressing our request.

Please contact me if I can provide you with any additional information.

Sincerely,

Ed Brittingham, Executive Director
Greater Wasilla Chamber of Commerce

CC: Board of Directors, GWCO

Contract No. 69-25-0003-5480

ATTACHMENT 2

L E A S E

THIS INDENTURE, made this 30th day of September, 1982, by and between THE ALASKA RAILROAD, herein called the "Railroad," and CITY OF WASILLA, P.O. Box 430, Wasilla, AK 99687, herein called "Lessee."

WITNESSETH:

FIRST: The Railroad hereby leases to the Lessee the following described property:

The Alaska Railroad Wasilla Depot Building ARR Bldg. No. 16001 and appurtenances thereto i.e., fuel oil systems; septic systems along with the land described below all of which is located within the Railroad mainline track right-of-way at Wasilla, Alaska, described as follows:

The southerly 85 feet of the Railroad's mainline track right-of-way from the east right-of-way line of the State of Alaska crossing at track Survey Station 5662+12.60, Milepost 159.87 (Main Street extended) east to a point 150 feet east of the east side of said Wasilla Depot Building.

TO HAVE AND TO HOLD the above-described premises, subject to the provisions following for a term of FIFTY-FIVE (55) YEARS, beginning OCTOBER 1, 1982, but subject always to the following express conditions, namely:

ATTACHMENT 3

Supplement No. 1 to
Contract No. 69-25-0003-5480

S U P P L E M E N T

WHEREAS, by a lease dated September 30, 1982, designated as Contract No. 69-25-0003-5480, THE ALASKA RAILROAD therein called "Railroad", did lease to the CITY OF WASILLA, P.O. Box 430, Wasilla, AK 99687, therein called "Lessee", The Alaska Railroad's Wasilla Depot Building along with a portion of the Railroad's mainline track right-of-way at Wasilla, Alaska; and

WHEREAS, it has been discovered that there are two (2) errors in the subject lease which require correcting. The first error is in the legal description and the second error appears in Condition 21.

NOW, THEREFORE, it is hereby agreed between the parties hereto that effective upon execution of this Supplement the lease between them dated September 30, 1982, designated as Contract No. 69-25-0003-5480, is hereby amended as follows:

1. The legal description contained on Page 1 of the aforesaid lease is hereby deleted in its entirety and the following inserted in place thereof:

The Railroad hereby leases to the Lessee the following described property:

The Alaska Railroad's Wasilla Depot Building
ARR Bldg. No. 160-01 and appurtenances thereto
i.e., fuel oil systems, septic systems along
with the land described below all of which is
located within the Railroad's mainline track
right-of-way at Wasilla, Alaska, described as
follows:

The north 45 feet of the southerly 85 feet of
the Railroad's mainline track right-of-way from
the east right-of-way line of the State of
Alaska crossing at track Survey Station
5662+12.60, Milepost 159.87 (Main Street
extended) east to a point 150 feet east of the
east side of said Wasilla Depot Building.

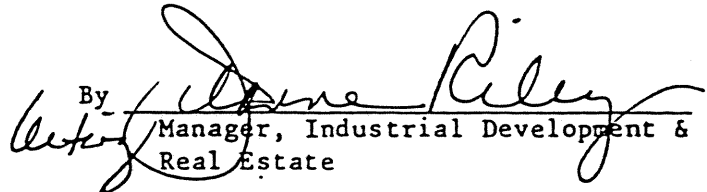
...2. Condition 21, Page 5 of the aforesaid lease is hereby deleted in its entirety and the following inserted in place thereof:

It is further agreed that the Lessee shall have no power to assign this lease, for the purpose of transferring total interest therein to another without first having received the written consent of the Railroad. The prohibition shall not prohibit Lessee from subleasing or renting the premises herein leased to others subject to the terms and conditions of this lease without the prior consent of the Railroad.


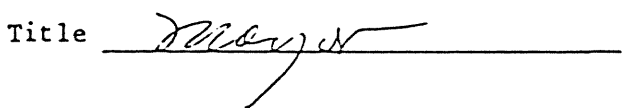
EXCEPT AS HEREIN AMENDED, all other terms and conditions of the aforesaid lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Supplement this 29th day of December, 1982.

THE ALASKA RAILROAD

By 
Manager, Industrial Development &
Real Estate

CITY OF WASILLA

By 
Title 

10/21/96

ATTACHMENT 4

Memo

Ref.: Brief closure report, larger projects or potential problem overview.

To: Sarah Palin, Mayor
From: John Cooper, Director

Sarah,

As you already know staff in both the Museum and Recreation Divisions are lined out for the immediate future and know what their tasks are. For the last half of this month, before seasonal layoff, Jana Griffin and Ken Langlois will be primarily focusing on Museum Division maintenance projects and will be paid out of the museum's special salaries account. As you may already be aware with 8 buildings and a small park the Museum Division has had to run its own small Public Works Dept..

Wonderland Playground: I have arranged, and paid for, an M.E.A. power drop for security lights, and the installation of a light pole. The meter base has been installed and we have an electrician ready to install the security lights after M.E.A. does their part. Because of time, season, and cost the wooden perimeter fencing of the playground will have to wait. Where possible existing fencing has been strengthened.

Old Wasilla Airport Park: #1. I believe at all costs the City should avoid further involvement with the bleachers loaned to us by the school district and which have been placed at the Iditarod Start site. They are slick metal types, which need a fair amount of work anyway, and I think represent a major liability to the city in frost or rain conditions. #2. Landscape Architect Jonathon Shilk is working on the final concept design drawing (after multiple public meetings and planning sessions) for the 29 acre Airport Park site. It will soon be presented to the Parks and Recreation Commission who will then send it to the Planning Commission. The Planning Commission will in turn send it to City Council for their review and approval.

Wasilla R.R. Depot: The most basic, and necessary, restoration of the building is almost complete. The foundation repairs are complete. The wooden skirting replacement will soon be complete. Wiring, heating, and alarm systems are new. Basic window repairs are complete. To do: Interior cleaning and painting needs to be done. The bathroom floor needs installation and the plumbing needs to be reengineered and installed. The rear freight door needs to be rebuilt and ramped as a handicapped access portal. The platform needs to be rebuilt and the Railroad has agreed to consider redoing an old style plank deck. To date two contractors have not gotten us the estimates required by the railroad. The building needs to be stripped and repainted in its original color (Latte tan or dark green) and due to expense may wind up as a volunteer project in

warmer weather.

Herning/Teeland Store: The sewer installation will go in tomorrow. The water hookup (access to water) has some problems and we hope to have them resolved this week. If not it may take till late May to connect.

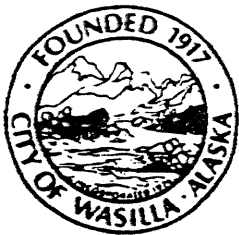
Historical Park: Due to log repairs and a new and higher foundation the Trench Cabin needs a raised floor. It will be installed in November.

Museum Sprinkler System: As originally intended, and funded, a straight forward sprinkler system installation would be relatively easy to install. However, the buildings roof badly needs support which could be given as part of a restoration of the main exhibit hall. To do this the plan has been to sell the existing 600 lbs of existing halon fire suppression gas for the best price possible and to combine the money with existing money as to allow both restoration of the building and installation of a sprinkler system. At this time it might be better to simply follow the original plan unless sufficient skilled help can be marshalled to follow through on the preferred plan. (Perhaps with Historical Society volunteer support?)

Bumpus Ballfields/Mat-Su Softball Association management contract: Late in the season this year it became clear there was a problem developing with the Mat-Su Softball Association and how they have, or have not, lived up to their contract. The Assoc. seems to currently be in clear violation of the contract inasmuch as without making any arrangement with or talking to the City about it they hired an employee to do functions normally provided by the city and then also in violation of the contract they billed the City for said employees services. In order to insure contract compliance the contract should be renegotiated, in one year increments.

Department status: A great deal of staff, thought, examination, and planning went into the formation of the Museum and Recreation Services Department (not to mention years of volunteer time and service). As a professional I strongly recommend the organization be left as is.

Training: Seasonal crew chiefs should both be assisted in getting their water system certifications as to be much more efficient timewise when it comes to turning water mains on and off at public facilities. Now they have to wait for Public Works staff to do it when they can schedule it in. More skills should be required of our seasonals, such as Certified Drivers Licenses, and we may have to pay more as well. With only one crew chief CDL driver and a very large water truck the crew chief will be tied up too much when his supervision and skills are needed elsewhere.



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-9085

September 26, 1996

ATTACHMENT 5

4-H Team Leaders' Board
Dorothy Adams
HC01 Box 6267
Palmer, Alaska 99645

Dear Ms. Adams:

Thank you for your inquiry and ideas for use of the old Wasilla railroad depot.

As you are aware, the depot foundation is being restored as well as its basic mechanical and electrical systems. The City's goal is to get the building into stable condition and ready to sub-lease to a not-for-profit tenant sometime in 1997. The City will advertise for proposals at that time.

As you consider your proposed use, please consider the following criteria which we expect will be among those to be used to select the tenant:

- (1) The depot is a historical landmark. It is to be kept in a condition and used in a manner which preserves its historically accurate appearance both outside and in.
- (2) Because of its limited parking and neighboring congested highway, any use should minimize generation of automobile traffic.
- (3) Because of its location adjacent to the dangerous 45 mph main rail line, pedestrians must be safely separated from the tracks.
- (4) The proposed use should generate revenue sufficient to pay the routine operation and maintenance of the building including heat, lights, insurance, snow removal, reserves for painting, roof replacement, furnace repair and so forth.

In order to fully understand those costs, you should develop a budget for the building for your proposed term of use. Museum and Recreational Services Director John Cooper may be able to help you with cost estimates.

We look forward to discussing this opportunity with you.

Sincerely,

John C. Stein, Mayor

cc: Council
John Cooper