



CITY OF WASILLA

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INFORMATION MEMORANDUM NO. 97-17

From: Duane Dvorak, City Planner 

Date: April 23, 1997

Subject: Review of options relating to the status of the Wasilla Railroad Depot.

Council requested staff to investigate the status of the Wasilla Railroad Depot and outline the options available for dealing with this issue. Staff has provided a summary of the options available to Council along with a brief analysis.

Lease Status Summary

The depot is leased to the City for 55 years. The lease term began in 1982, so there are about 35 years remaining. The lease permits the City to sublease only to non-profit organizations. In the alternative, the City may maintain a small gift shop as part of a tourist center or a museum. The Alaska Railroad Corporation (ARRC) must approve, in writing, any sublease of the depot by the City.

The City is required to maintain a minimum of \$40,000 insurance coverage on the structure with a 10% increase every five years over the term of the lease. The minimum amount of insurance coverage at this time should be about \$58,564. The ARRC is required to be named on the insurance policy and a copy of the policy provided to their offices.

It appears from the original lease that the lease fee is \$100.00 for the duration of the lease. According to the lease agreement, the City is required to maintain the exterior and interior of the structure, including the heating, water, septic and electrical systems in accordance with the Secretary of Interior's Standards for Historical Properties. In addition, the City is responsible for all utilities required for the depot. The City is not authorized to modify or alter the depot without first submitting plans to the ARRC for approval. The City is required to permit ARRC passengers to utilize the depot building when waiting for trains during the time that the building is open.

Options

1. No Action. The "no action" alternative simply means that the Council can choose to do nothing. This will leave the depot in its present condition and unoccupied. This may violate the agreement with the ARRC to maintain the building and its systems in accordance with the Secretary of Interior's Standards for Historical Properties.
2. Complete Renovation - Then Lease. The Council has previously indicated a willingness to make the necessary repairs to the depot that are required to bring it into a serviceable

condition and then offer the building for lease by local non-profit organizations. This would require an appropriation of about 50 to 60 thousand dollars to complete, according to the recent study of the depot by the Greater Wasilla Chamber of Commerce.

3. Lease the Building "As-Is". The Council could lease the building "as-is" and negotiate with the lessee to make whatever improvements are necessary to make the depot suitable for occupancy. This would require plan approval by the ARRC. Modification of the depot may be limited because of the historical nature of the building.

4. Return the Depot to the ARRC. The Council could, with 90 days advance notice, terminate the lease agreement and return control of the depot to the ARRC. The City would not recoup the investment of funds and staff effort expended in the depot renovation process to-date.

Analysis

Options 1 and 4 are not consistent with the City's goal of maintaining the depot building as a historic landmark. Option 1 may not be consistent with the terms of the lease agreement with the ARRC which requires the City to maintain the depot. Option 4, would turn the depot back to the ARRC. The building would be returned to the ARRC "as-is" with no return on investment for improvements and staff effort expended by the City. The depot is surplus to the needs of the ARRC. The ARRC could lease the depot or continue to maintain it as the City is presently trying to do. In any event, the City would have no control over the leasing or occupancy of the depot except for compliance with land use and utility requirements. Unless the depot is enlarged or the use is substantially changed, the depot is grandfathered under most, if not all, of the City's land use regulations.

Options 2 and 3 provide the most potential for "adaptive re-use" of the depot. Adaptive re-use means that the building would not be used primarily for its historical purpose, but would instead be put to a more contemporary and beneficial use. In practice, this new use should help to justify the necessary expenditures to maintain the historical appearance and structural soundness of the building.

Recent Actions

In addition to staff time, the City of Wasilla has invested nearly \$18,000 for the renovation of the depot in FY1997. Most of this went into the new foundation under the building and some improvements to the exterior and heating system. The Greater Wasilla Chamber of Commerce recently submitted a proposal to Council requesting to lease and occupy the depot for its main offices. It appears from the proposal that the Chamber will take responsibility for completing the renovation and remodeling the interior to suit its needs. Subsequently, the Administration has circulated a Request for Proposals for the past three weeks to see what interest there might be by other non-profit organizations to lease the Wasilla Railroad Depot. As of the deadline on April 22, 1997, only the Greater Wasilla Chamber of Commerce responded to the RFP.

*Council approved Opt 3
to be negotiated with
the Chamber of Commerce.
using outline from 4/28/97 minutes*

APPROVED
DATE: 4/28/97
BY: [Signature]