



City of Bethel

Port Commission Agenda

Regular Meeting
Monday December 17, 2018 - 7 pm
City Council Chambers, City Hall, Bethel, AK



Commissioners

Alan Murphy
Chair
Term Expires 2018
(907)543-2805

Richard Pope
Port Commissioner
Term Expires 2020
(907)543-1900
bethelalaskapc@gci.net

Thomas Oosterman
Port Commissioner
Term Expires 2019
(907)545-6420

Fred Watson
Council Rep.
Term Expires 2019
(907)545-3755
fwatson@cityofbethel.net

Ex-Officio

Allen Wold
Port Director
(907)543-2310
awold@cityofbethel.net

Ed Flores
Port Admin
(907)543-2310
eflores@cityofbethel.net

- i. **CALL TO ORDER**
- ii. **ROLL CALL**
- iii. **PEOPLE TO BE HEARD**
- iv. **APPROVAL OF AGENDA**
- v. **APPROVAL OF MINUTES FROM THE REGULAR MEETINGS**
-APPROVAL OF MINUTES FROM April 2018, May 2018, July 2018, & September 2018, & November 2018
- vi. **SPECIAL ORDER OF BUSINESS**
-Election of Vice Chair
- vii. **DEPARTMENT HEAD COMMENTS**
- viii. **UNFINISHED BUSINESS**
- ix. **NEW BUSINESS**
-East Addition Update
-North Harbor Land Expansion
-Market Rent Appraisal Warehouse
- x. **COMMISSION MEMBER'S COMMENTS**
- xi. **ADJOURNMENT**

Attest:


Ed Flores – Commission Recorder

City of Bethel Port Commission Meeting Minutes

April 16, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

I. CALL TO ORDER

MEETING CALLED TO ORDER AT 1913 (7:13 P.M.)

NO QUORUM

II. ROLL CALL

COMMISSIONERS PRESENT:	
Comm. Murphy	Comm. Robb
Comm. Oosterman	Comm. Pope
COMMISSIONERS ABSENT:	
ALSO IN ATTENDANCE WERE THE FOLLOWING:	
Allen Wold	

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF AGENDA

MOVED:	Comm. Pope	Approval of agenda
SECONDED:	Comm. Robb	
VOTE ON MAIN MOTION	4-0 All in favor	

V. APPROVAL OF MINUTES

MOVED:	Comm. Robb	Approval of Minutes
SECONDED:	Comm. Pope	
VOTE ON MAIN MOTION	4-0 All in favor	

VI. SPECIAL ORDER OF BUSINESS

MOVED:	Comm. Oosterman	Motion to make Recommendation to City Council to hold Port Commission Meetings at the Port Office.
SECONDED:	Comm. Pope	
VOTE ON MAIN MOTION	4-0 All in favor	

VII. PORT DIRECTOR'S REPORT

VIII. UNFINISHED BUSINESS

FY-19 Draft Budget

City of Bethel Port Commission Meeting Minutes

April 16, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

IX. NEW BUSINESS

X. COMMISSION REPRESENTATIVES COMMENTS

XI. ADJOURNMENT

MOVED:	Comm. Murphy	Motion to Adjourn
SECONDED:	Comm. Pope	
VOTE ON MAIN MOTION	4-0 All in favor	

Respectfully Submitted:

Alan Murphy, Chairman

APPROVED THIS _____ day of _____ 2018.

ATTEST: _____

City of Bethel Port Commission Meeting Minutes

May 21, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

I. CALL TO ORDER

MEETING CALLED TO ORDER AT 1900 (7:00 P.M.)

NO QUORUM

II. ROLL CALL

COMMISSIONERS PRESENT:	
Comm. Murphy	Comm. Pope
Comm. Oosterman	
COMMISSIONERS ABSENT:	
Comm. Springer	
ALSO IN ATTENDANCE WERE THE FOLLOWING:	
Allen Wold	Edward Flores

III. PEOPLE TO BE HEARD

IV. APPROVAL OF AGENDA

V. APPROVAL OF MINUTES

VI. SPECIAL ORDER OF BUSINESS

VII. PORT DIRECTOR'S REPORT

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

X. COMMISSION REPRESENTATIVES COMMENTS

XI. ADJOURNMENT

Respectfully Submitted:

Alan Murphy, Chairman

APPROVED THIS _____ day of _____ 2018.

ATTEST: _____

City of Bethel Port Commission Meeting Minutes

July 16, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

I. CALL TO ORDER

MEETING CALLED TO ORDER AT 1922 (7:22 P.M.)

NO QUORUM

II. ROLL CALL

COMMISSIONERS PRESENT:	
Comm. Murphy	Comm. Pope
Comm. Oosterman	
COMMISSIONERS ABSENT:	
Comm. Springer	
ALSO IN ATTENDANCE WERE THE FOLLOWING:	
Allen Wold	Edward Flores

III. PEOPLE TO BE HEARD

IV. APPROVAL OF AGENDA

V. APPROVAL OF MINUTES

VI. SPECIAL ORDER OF BUSINESS

VII. PORT DIRECTOR'S REPORT

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

X. COMMISSION REPRESENTATIVES COMMENTS

XI. ADJOURNMENT

Respectfully Submitted:

Alan Murphy, Chairman

APPROVED THIS _____ day of _____ 2018.

ATTEST: _____

City of Bethel Port Commission Meeting Minutes

September 17, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

I. CALL TO ORDER

MEETING CALLED TO ORDER AT 1910 (7:10 P.M.)

NO QUORUM

II. ROLL CALL

COMMISSIONERS PRESENT:	
Comm. Murphy	
Comm. Oosterman	
COMMISSIONERS ABSENT:	
Comm. Springer	
Comm. Pope	
ALSO IN ATTENDANCE WERE THE FOLLOWING:	
Allen Wold	Edward Flores

III. PEOPLE TO BE HEARD

IV. APPROVAL OF AGENDA

V. APPROVAL OF MINUTES

VI. SPECIAL ORDER OF BUSINESS

VII. PORT DIRECTOR'S REPORT

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

X. COMMISSION REPRESENTATIVES COMMENTS

XI. ADJOURNMENT

Respectfully Submitted:

Alan Murphy, Chairman

APPROVED THIS _____ day of _____ 2018.

ATTEST: _____

City of Bethel Port Commission Meeting Minutes

November 19, 2018

Regular Meeting 7 p.m.

Bethel, Alaska

I. CALL TO ORDER

NO QUORUM

II. ROLL CALL

COMMISSIONERS PRESENT:	
COMMISSIONERS ABSENT:	
Comm. Murphy	Comm. Watson
Comm. Oosterman	Comm. Pope
ALSO IN ATTENDANCE WERE THE FOLLOWING:	

III. PEOPLE TO BE HEARD

IV. APPROVAL OF AGENDA

V. APPROVAL OF MINUTES

VI. SPECIAL ORDER OF BUSINESS

VII. PORT DIRECTOR'S REPORT

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

X. COMMISSION REPRESENTATIVES COMMENTS

XI. ADJOURNMENT

Respectfully Submitted:

Alan Murphy, Chairman

APPROVED THIS _____ day of _____ 2018.

ATTEST: _____

PORT OF BETHEL

Post Office Box 1388
Bethel, Alaska 99559
Voice: 907-543-2310
Fax: 907-543-2311



TO: Peter Williams, City Manager
FROM: Allen Wold, Port Director
SUBJECT: November 2018 Managers Report

- **Small Boat Harbor**
 - We are working on getting the last of the boats out and into storage for the season.
 - Boarded up SBH Shack.
- **City Dock/Beach 1**
 - Customers are still in and out of the Dock.
- **Port Office**
 - Property Maintenance checking on building daily.
 - Ordered office furniture.
- **Admin**
 - Monthly Storage billing for customers.
 - We have found a job for our last temporary employee up at Public Works.
 - Ed Flores was the Acting Port Director for a week due to Family Emergency leave.
- **Seawall**
 - Consistent clean up.
 - Removed trash barrels along the lower access of the seawall.
 - Graveling the pipes to prevent tripping hazards.
- **East Addition**
 - Fixing the cable fence along the seawall.
 - Installed chicken wire fencing and support along open spot in cable fence. Roughly 250 feet.
- **Misc./Vehicles**
 - Safety checks along the seawall.
 - Safety Meetings.
 - V&E working on our trucks.
 - Winterized all our equipment. (Drained our dust control truck, added plug-ins to loaders)
 - Looking into a new vehicle for next year from the NASPO Contract.
 - Working on purchasing a hedge trimmer for a piece of equipment.
- **Petro Port**
 - Winterized all our belonging down at the Petro.

CITY OF BETHEL
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

		MUNICIPAL DOCK					
		ENCUMBRANCE	YTD ACTUAL	TOTAL	BUDGET	UNEARNED	PCNT
<u>INTEREST & PENALTIES</u>							
52-40-403	CITY DOCK-PENALTIES & INT	.00	.00	.00	5,000.00	5,000.00	.0
	TOTAL INTEREST & PENALTIES	.00	.00	.00	5,000.00	5,000.00	.0
<u>CHARGES FOR SERVICES</u>							
52-43-402	CITY DOCK-STORAGE	.00	11,505.10	11,505.10	70,000.00	58,494.90	16.4
52-43-404	CITY DOCK-PERMITS	.00	.00	.00	3,000.00	3,000.00	.0
52-43-405	CITY DOCK-WHARFAGE	.00	137,472.02	137,472.02	160,000.00	22,527.98	85.9
52-43-407	CITY DOCK-DOCKAGE	.00	34,611.81	34,611.81	25,000.00	(9,611.81)	138.5
52-43-418	SBH PETRO PORT-FUEL THRU-PUT	.00	238,730.34	238,730.34	220,000.00	(18,730.34)	108.5
52-43-424	PETRO YARD - STORAGE	.00	1,433.60	1,433.60	2,000.00	566.40	71.7
52-43-426	PETRO PORT-FUEL THRU-PUT	.00	477,460.68	477,460.68	440,000.00	(37,460.68)	108.5
52-43-427	PETRO PORT-DOCKAGE	.00	20,085.49	20,085.49	20,000.00	(85.49)	100.4
52-43-433	SEAWALL MOORAGE	.00	.00	.00	25,000.00	25,000.00	.0
52-43-434	SEAWALL DOCKAGE	.00	15,696.97	15,696.97	10,000.00	(5,696.97)	157.0
52-43-435	SEAWALL-WHARFAGE	.00	.00	.00	1,000.00	1,000.00	.0
52-43-454	BEACH-STORAGE	.00	5,230.08	5,230.08	10,000.00	4,769.92	52.3
52-43-455	BEACH-WHARFAGE	.00	68,482.17	68,482.17	70,000.00	1,517.83	97.8
52-43-457	BEACH-DOCKAGE	.00	12,866.36	12,866.36	17,000.00	4,133.64	75.7
52-43-462	BOAT HARBOR-STORAGE	.00	.00	.00	3,500.00	3,500.00	.0
52-43-463	BOAT HARBOR-MOORAGE	.00	2,528.40	2,528.40	24,000.00	21,471.60	10.5
	TOTAL CHARGES FOR SERVICES	.00	1,026,103.02	1,026,103.02	1,100,500.00	74,396.98	93.2
<u>LEASE REVENUE</u>							
52-44-467	LEASE REVENUE	.00	8,120.00	8,120.00	24,000.00	15,880.00	33.8
	TOTAL LEASE REVENUE	.00	8,120.00	8,120.00	24,000.00	15,880.00	33.8
<u>MISCELLANEOUS</u>							
52-45-462	SMALL BOAT HARBOR STORAGE	.00	1,500.00	1,500.00	.00	(1,500.00)	.0
52-45-464	SMALL BOAT HARBOR PERMITS	.00	5,670.00	5,670.00	24,000.00	18,330.00	23.6
52-45-467	EXTRA WATER CALLS	.00	24,532.50	24,532.50	25,000.00	467.50	98.1
	TOTAL MISCELLANEOUS	.00	31,702.50	31,702.50	49,000.00	17,297.50	64.7
<u>MISCELLANEOUS</u>							
52-49-487	INVESTMENT INCOME	.00	.00	.00	2,000.00	2,000.00	.0
52-49-495	MISCELLANEOUS REVENUE	.00	6,925.00	6,925.00	5,000.00	(1,925.00)	138.5
	TOTAL MISCELLANEOUS	.00	6,925.00	6,925.00	7,000.00	75.00	98.9
	TOTAL FUND REVENUE	.00	1,072,850.52	1,072,850.52	1,185,500.00	112,649.48	90.5

CITY OF BETHEL
REVENUES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

MUNICIPAL DOCK

<u>ENCUMBRANCE</u>	<u>YTD ACTUAL</u>	<u>TOTAL</u>	<u>BUDGET</u>	<u>UNEARNED</u>	<u>PCNT</u>
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CITY OF BETHEL
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

MUNICIPAL DOCK

	ENCUMBRANCE	YTD ACTUAL	TOTAL	BUDGET	UNEXPENDED	PCI
<u>DOCK EXPENDITURES</u>						
52-50-501 SALARIES	.00	64,851.17	64,851.17	178,152.00	113,300.83	3
52-50-502 OVERTIME	.00	1,716.88	1,716.88	.00	(1,716.88)	
52-50-508 LEAVE CASHOUT	.00	1,166.13	1,166.13	7,865.00	6,698.87	1
52-50-510 SOCIAL SECURITY EXPENSE	.00	511.31	511.31	1,293.00	781.69	3
52-50-511 MEDICARE FICA	.00	1,021.87	1,021.87	2,583.00	1,561.13	3
52-50-512 EMPLOYEE GROUP BENEFITS	.00	8,089.08	8,089.08	55,974.00	47,884.92	1
52-50-515 UNEMPLOYMENT	.00	.00	.00	2,496.00	2,496.00	
52-50-516 WORKERS' COMPENSATION	.00	.00	.00	7,528.00	7,528.00	
52-50-518 PERS	.00	12,830.64	12,830.64	39,193.00	26,362.36	3
52-50-519 UTILITY BENEFIT	.00	2,936.59	2,936.59	11,491.00	8,554.41	2
52-50-545 TRAINING/TRAVEL	.00	115.00	115.00	5,000.00	4,885.00	
52-50-561 SUPPLIES	.00	1,380.09	1,380.09	5,500.00	4,119.91	2
52-50-563 WEARING APPAREL	.00	.00	.00	1,300.00	1,300.00	
52-50-600 TIRES	.00	.00	.00	9,000.00	9,000.00	
52-50-601 VEHICLE MT. (PARTS & TOOLS)	.00	4,404.75	4,404.75	12,000.00	7,595.25	3
52-50-602 GASOLINE/DIESEL/OIL	.00	8,457.31	8,457.31	18,000.00	9,542.69	4
52-50-621 ELECTRICITY	.00	3,685.17	3,685.17	12,000.00	8,314.83	3
52-50-622 TELEPHONE	.00	816.54	816.54	1,000.00	183.46	8
52-50-623 HEATING FUEL	.00	683.80	683.80	2,400.00	1,716.20	2
52-50-624 WATER, SEWER, GARBAGE	.00	1,180.76	1,180.76	12,000.00	10,819.24	
52-50-626 WATER FOR BARGES	.00	5,451.99	5,451.99	12,000.00	6,548.01	4
52-50-627 STAFF CELLULAR PHONES	.00	312.44	312.44	1,320.00	1,007.56	2
52-50-642 LEGAL FEES	.00	532.90	532.90	5,000.00	4,467.10	1
52-50-643 PLANNING/ENGINEERING FEES	.00	.00	.00	5,000.00	5,000.00	
52-50-661 VEHICLE MAINT/REPAIR	.00	485.29	485.29	2,782.00	2,296.71	1
52-50-666 MUNICIPAL DOCK MAINT.	.00	49.99	49.99	5,000.00	4,950.01	
52-50-667 MAINT-SEAWALL	.00	119.97	119.97	7,000.00	6,880.03	
52-50-669 OTHER PURCHASED SERVICES	.00	1,949.21	1,949.21	25,000.00	23,050.79	
52-50-683 MINOR EQUIPMENT	.00	1,570.76	1,570.76	.00	(1,570.76)	
52-50-687 LAND/EASEMENT ACQUISITION	.00	.00	.00	50,000.00	50,000.00	
52-50-696 WATERFRONT FACILITIES IMPROV	.00	.00	.00	25,000.00	25,000.00	
52-50-697 HIGHLIFT FORKLIFT	.00	.00	.00	85,000.00	85,000.00	
52-50-721 INSURANCE	.00	.00	.00	16,000.00	16,000.00	
52-50-724 DUES	.00	25.98	25.98	1,000.00	974.02	
52-50-727 ADVERTISING	.00	.00	.00	1,000.00	1,000.00	
52-50-736 BANK CHARGES	.00	491.28	491.28	.00	(491.28)	
52-50-775 MUNICIPAL DOCK GRAVEL	.00	55,020.00	55,020.00	55,000.00	(20.00)	10
52-50-777 CONTAMINATED SOIL PROCESSING	.00	439.08	439.08	1,000.00	560.92	4
52-50-990 XFER OUT	.00	.00	.00	50,000.00	50,000.00	
52-50-996 ADMIN OVERHEAD-IT SVCS	.00	4,037.00	4,037.00	18,238.00	14,201.00	2
52-50-997 ICR-PROPERTY MAINTENANCE 5%	.00	.00	.00	24,751.00	24,751.00	
52-50-998 ADMINISTRATIVE OVERHEAD-GF	.00	11,819.00	11,819.00	59,436.00	47,617.00	1
TOTAL DOCK EXPENDITURES	.00	196,151.98	196,151.98	834,302.00	638,150.02	2
TOTAL FUND EXPENDITURES	.00	(876,698.54)	(876,698.54)	(351,198.00)	525,500.54	(24)

17. DIRECTIONS TO THE SITE

Starting from City Hall at 300 Chief Eddie Hoffman Highway, go SE along the highway until you cross the Brown Slough Bridge on Bridge Avenue. Take a left on Hanger Lake Road, then the next right until you hit North Harbor Road entrance on the left.

18. Nature of Activity (Description of project, include all features)

To widen the existing entrance to North Harbor Road. Place infill and extend existing culverts by adding (3) ten foot extensions.

19. Project Purpose (Describe the reason or purpose of the project, see instructions)

This project would help alleviate the summer boat congestion. Project to begin summer and end in summer of 2018.

USE BLOCKS 20-23 IF DREDGED AND/OR FILL MATERIAL IS TO BE DISCHARGED

20. Reason(s) for Discharge

n/a

21. Type(s) of Material Being Discharged and the Amount of Each Type in Cubic Yards:

Type	Type	Type
Amount in Cubic Yards	Amount in Cubic Yards	Amount in Cubic Yards

22. Surface Area in Acres of Wetlands or Other Waters Filled (see instructions)

Acres

or

Linear Feet 840 cubic feet of sand in the unnamed pond, and cap roadway with 120 cubic yards of D-1 gravel.

23. Description of Avoidance, Minimization, and Compensation (see instructions)

Avoidance: the project location is in a region dominated by wetlands, lakes, and other aquatic resources.; avoidance of all wetlands is impracticable. Minimization: again, since the area is dominated by wetlands, not avoiding or minimizing as impact will be minimal. The applicant believes Compensatory mitigation should not be required as the scope of work requested is minimal.

VICINITY MAP



Scale:

Sheet No. 1 Of 5

Applicant:

File No.: POA-2018-00248

Waterway:

Sec. 17 T. 5M R. 71W M. T&N

Lat.: 60° 47' 39.6 Long.: W 161° 44' 23.2

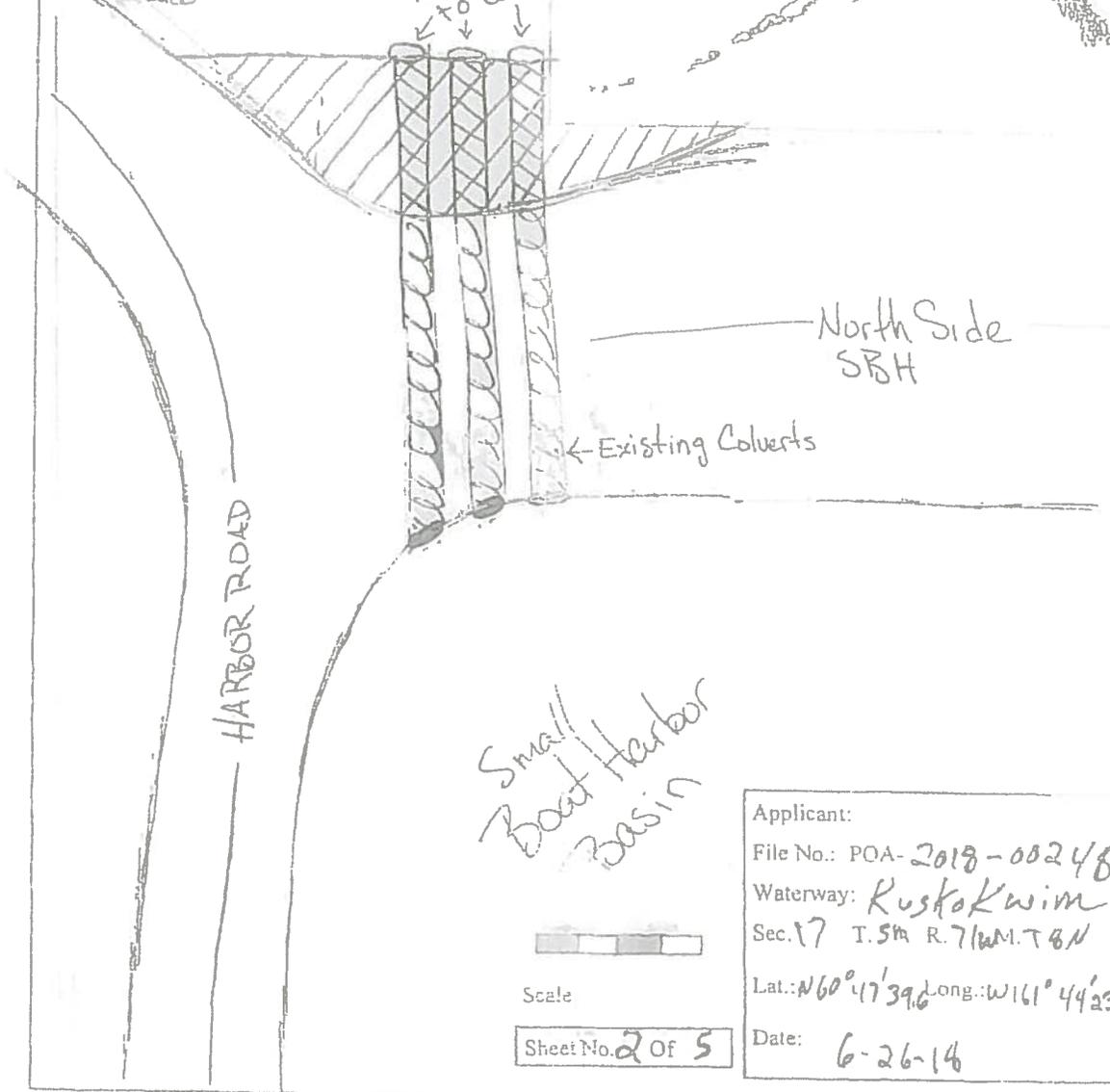
Date: 6-26-18

8x10x82

VICINITY MAP

Fill is to be provided to fill in the proposed 82 foot by 10 foot section to extend the road land where the North Boat Harbor meets the Harbor Road. An addition of 10 feet of Colverts to maintain drainage will be added to existing colverts

Proposed 10' extension to Colverts

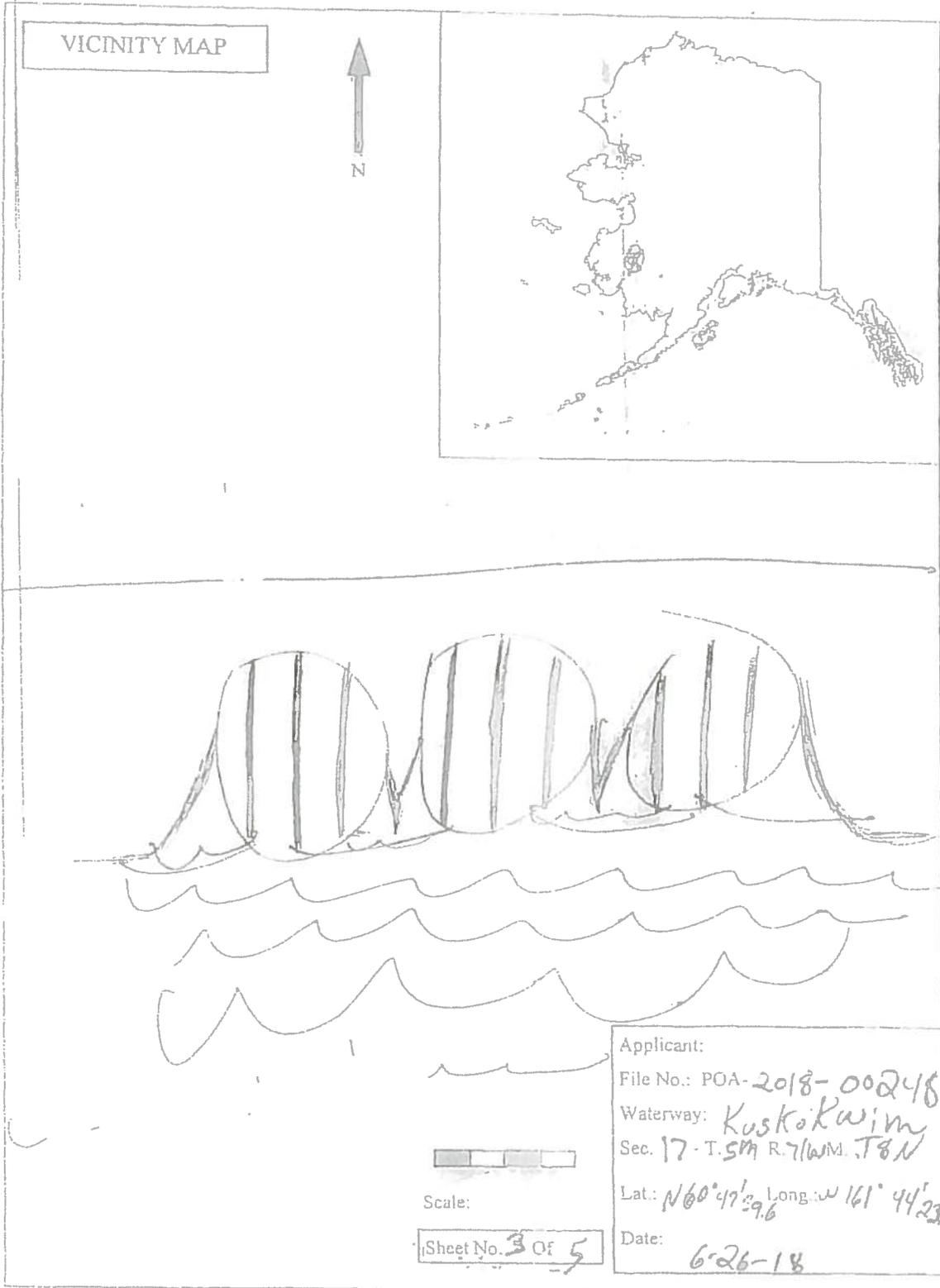


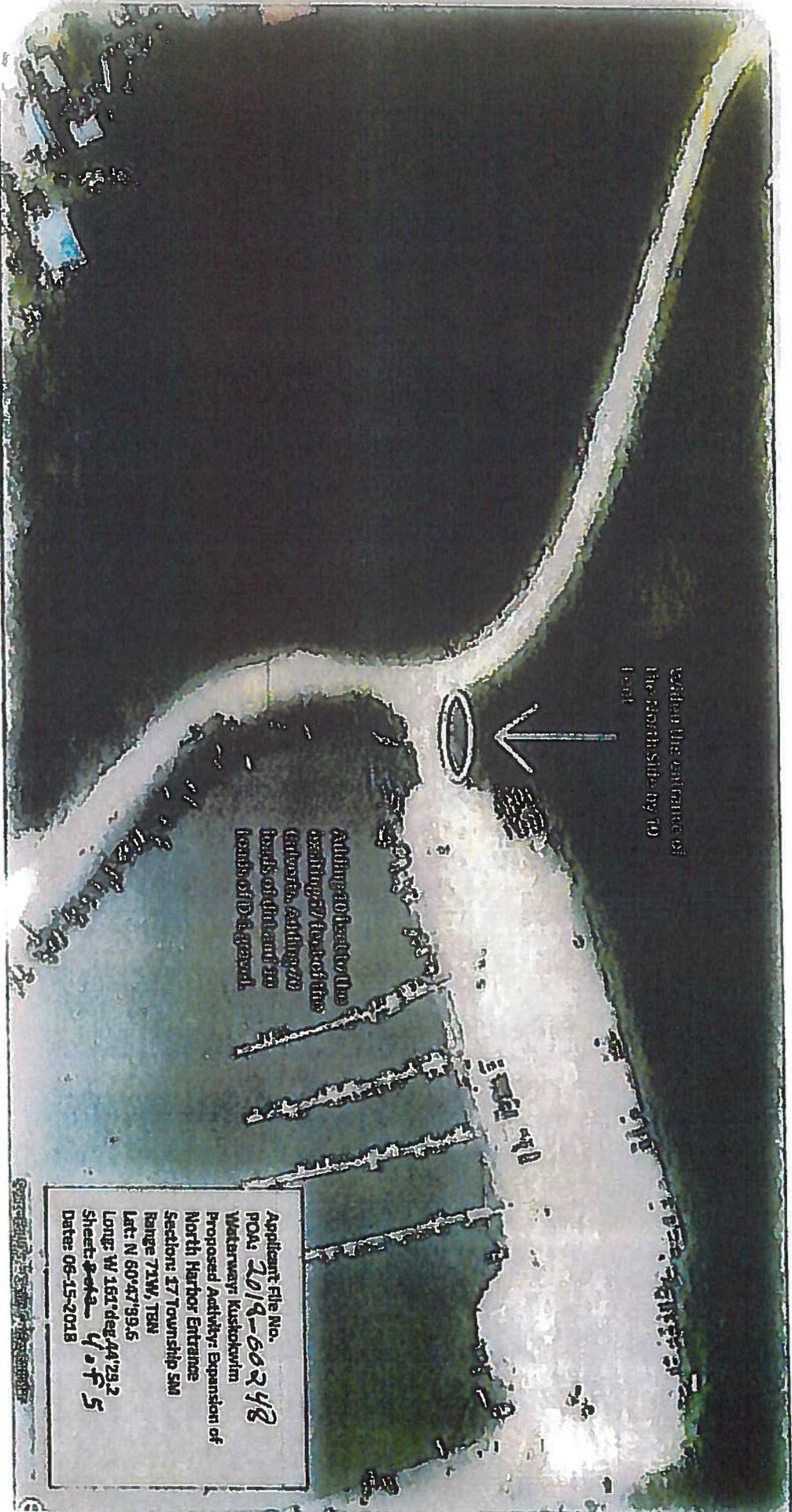
Small Boat Harbor Basin

Applicant:
File No.: POA-2018-00248
Waterway: Kuskokwim
Sec. 17 T. 5th R. 7th W. M. T & N
Lat.: N60° 47' 39.6 Long.: W161° 44' 23.2
Date: 6-26-14

Sheet No. 2 of 5

SIDE VIEW



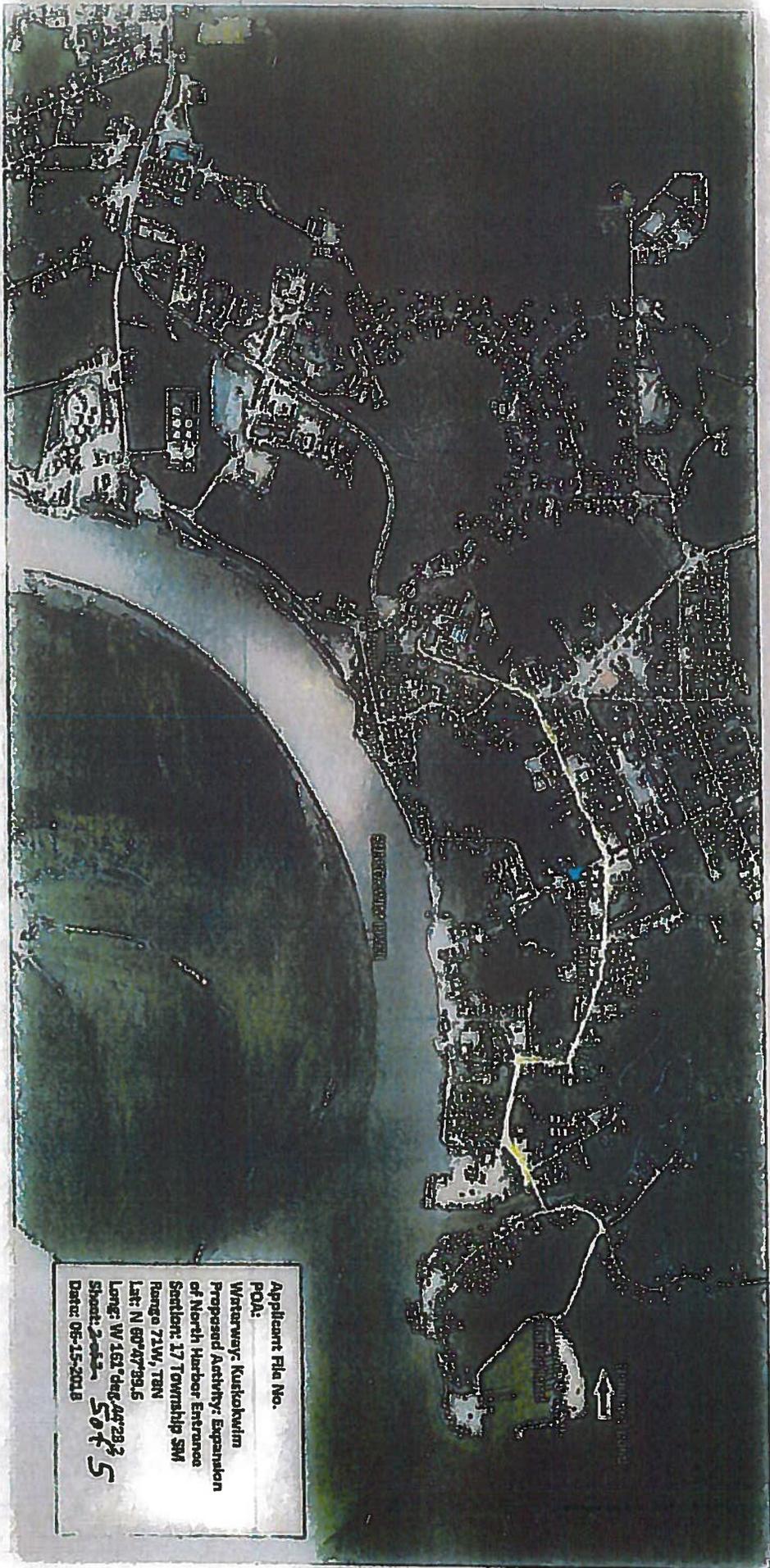


Within the entrance of
the north side by 10
feet

Adding 10 feet to the
existing 57 feet of the
entrance, adding 20
feet of draft to
banks of D.S. gravel

Applicant File No.
POA: 2019-60242
Waterway: Kuskokwim
Proposed Activity: Expansion of
North Harbor Entrance
Sections: 17 Township SM
Range 73W, T8N
Lat: N 60°47'39.6
Long: W 161°46'44.2
Sheet: 2-42-40FS
Date: 06-15-2018

Source: NOAA, Nautical Chart 11353



Applicant File No.
POA:
Watershy: Kuskokwim
Proposed Activity: Expansion
of North Harbor Entrance
Section: 17 Township SM
Range: 73W, 78N
Lat: N 69°47'39.6
Long: W 161°46'49.293
Sheet: 2055 5045
Date: 06-15-2018

**A LIMITED SCOPE
NARRATIVE APPRAISAL REPORT
A MARKET RENT ESTIMATE OF
1169 SECOND AVENUE
LOT 3, BLOCK 20, USS 3230 A&B
BETHEL ALASKA**

FOR
MR. PETER WILLIAMS
PORT DIRECTOR
CITY OF BETHEL
PO BOX 1388
BETHEL, ALASKA 99559

VALUATION DATE
DECEMBER 16, 2015

BY

STANLEY D. DUNAGAN

AFFILIATED APPRAISERS OF ALASKA
501 W. NORTHERN LIGHTS BOULEVARD, SUITE 201
ANCHORAGE, ALASKA 99503

OUR FILE NO. SDD-15-1062

Affiliated Appraisers of Alaska

501 W. Northern Lights Blvd., Suite 201
Anchorage, Alaska 99503
(907) 274-1949 / Fax (907) 277-2304
E-Mail: affappak@ak.net

January 16, 2016

Mr. Peter A. Williams
Port Director
City of Bethel
PO Box 1388, Bethel, Alaska 99559

Re: A Limited Scope Appraisal of 1169 Second Avenue, Bethel, Alaska

Our File No. SDD-15-1062

Dear Mr. Williams,

As requested, the above referenced property has been inspected for the purpose of estimating its market rent. It is appraised on a cash or cash equivalent basis.

Located within this report are descriptive information, valuation data, analyses and conclusions used in estimating the subject's market rent. Values are based on current market conditions and surveys. The value found herein is subject to the Contingent and Limiting Conditions found in the report. This appraisal conforms to Volume 12, Code of Federal Regulations, Part 34, Subpart C (FIRREA) and is in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

As a result of my investigation and analyses, it is my opinion the subject's market rent, as of December 16, 2015 is as follows:

Estimated Monthly Market Rent: \$2,400

Estimated Yearly Market Rent: \$28,800

As instructed, the market rent estimate includes the building and land within the building footprint only, it does not include yard and parking area.

As agreed, this report is a limited scope appraisal report in a summary format. It presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of market rent. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client. The appraiser is not responsible for unauthorized use of this report.

Mr. Peter Williams
January 16, 2016
Page 2

I hope you find the details of this appraisal relevant to your decisions regarding the subject property. If you have any questions, please call.

Sincerely,

AFFILIATED APPRAISERS OF ALASKA

A handwritten signature in black ink, appearing to be 'Stanley D. Dunagan', with a stylized, overlapping loop structure.

Stanley D. Dunagan
Real Estate Appraiser
State Certification No. AA-37

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Letter of Transmittal
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APPRAISAL REPORT

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ADDENDA

GU – General Use Zoning Ordinance
Qualifications of Appraiser

SUMMARY OF SALIENT FACTS

LOCATION: The subject is located in the east portion of the townsite of Bethel, in the port industrial area. Its street address is 1169 Second Avenue, Bethel, Alaska, 99559.

LEGAL DESCRIPTION: Lot 3, Block 20, USS 3230 A&B, Bethel Recording District, Fourth Judicial District, State of Alaska

LATITUDE/LONGITUDE: 60.792341/161.747454

OSTENSIBLE OWNER (Lessor): City of Bethel

PROPERTY OCCUPANT: Lynden Alaska Marine Lines, who uses it for palletized freight in the summer and storage in the winter.

LAND AREA: Lot 3 contains 20,412 square feet. However, this market rent estimate is for the building and land beneath it only, which is 4,800 square feet.

TYPE OF IMPROVEMENTS: Located on-site is a fair to average quality 4,800 square foot steel frame storage warehouse in average- condition.

ZONING: I - Industrial

DATE OF INSPECTION: December 16, 2015

DATE OF MARKET RENT ESTIMATE: December 16, 2015

DATE OF REPORT: January 16, 2016

PROPERTY RIGHTS APPRAISED: Market rent. As instructed, the market rent estimate includes the building and land within the building footprint only, it does not include yard and parking area.

HIGHEST AND BEST USE: As Improved - Industrial Use

PURPOSE OF APPRAISAL: To estimate the subject's market rent.

CLIENT OF REPORT: Mr. Peter Williams, Port Director, City of Bethel

INTENDED USER: City of Bethel

INTENDED USE: The client intends to use this appraisal for internal decisions regarding the subject.

ESTIMATED MARKET RENT: \$2,400 Per Month/\$28,800 Per Year

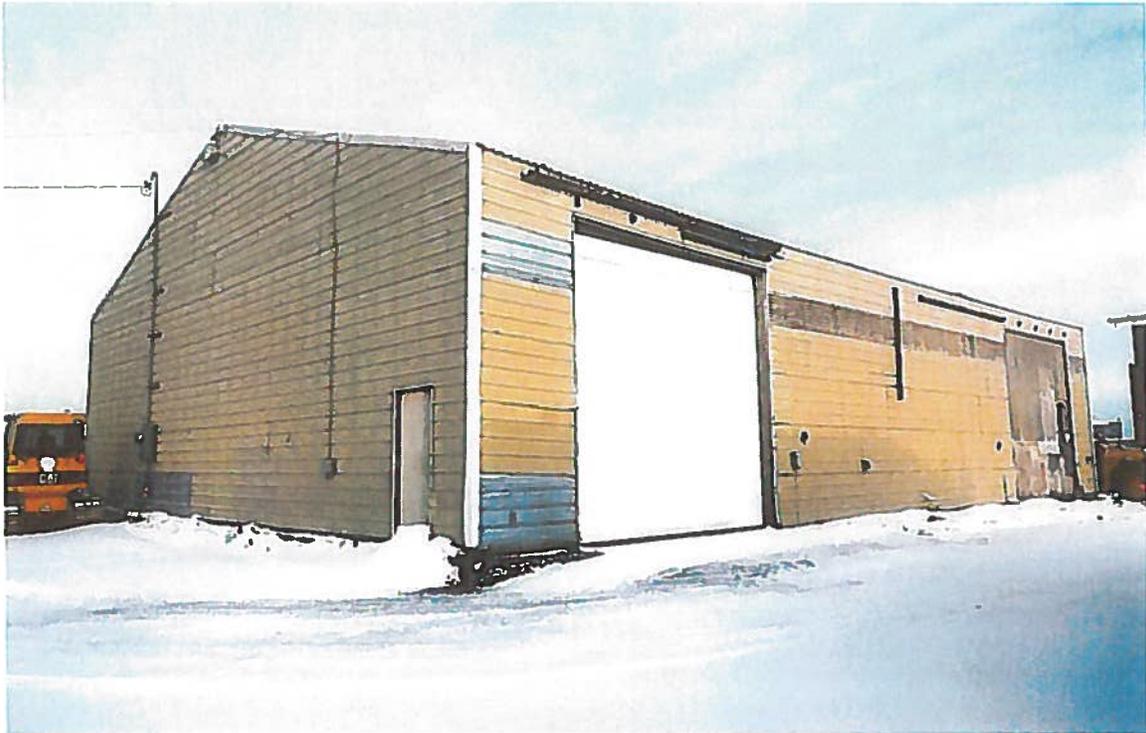
SUBJECT PHOTOGRAPHS

TAKEN BY: S.D. Dunagan

DATE TAKEN: December 16, 2015



Southeast view towards the subject.



Northeast view towards the subject.

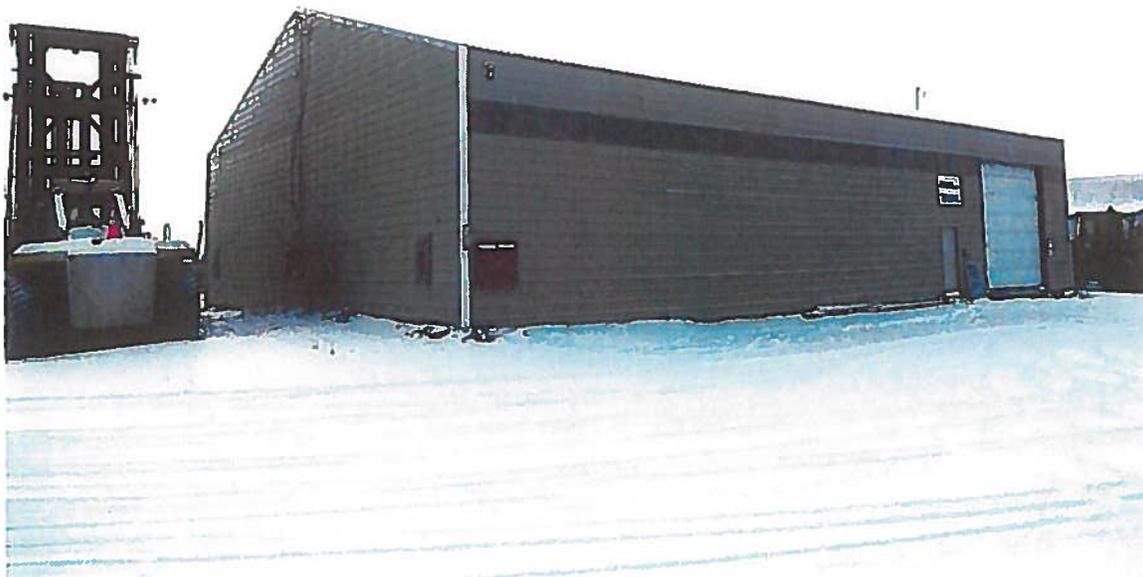
SUBJECT PHOTOGRAPHS

TAKEN BY: S.D. Dunagan

DATE TAKEN: December 16, 2015



Northwest view towards the subject.



Southwest view towards the subject.

SUBJECT PHOTOGRAPHS

TAKEN BY: Peter Williams

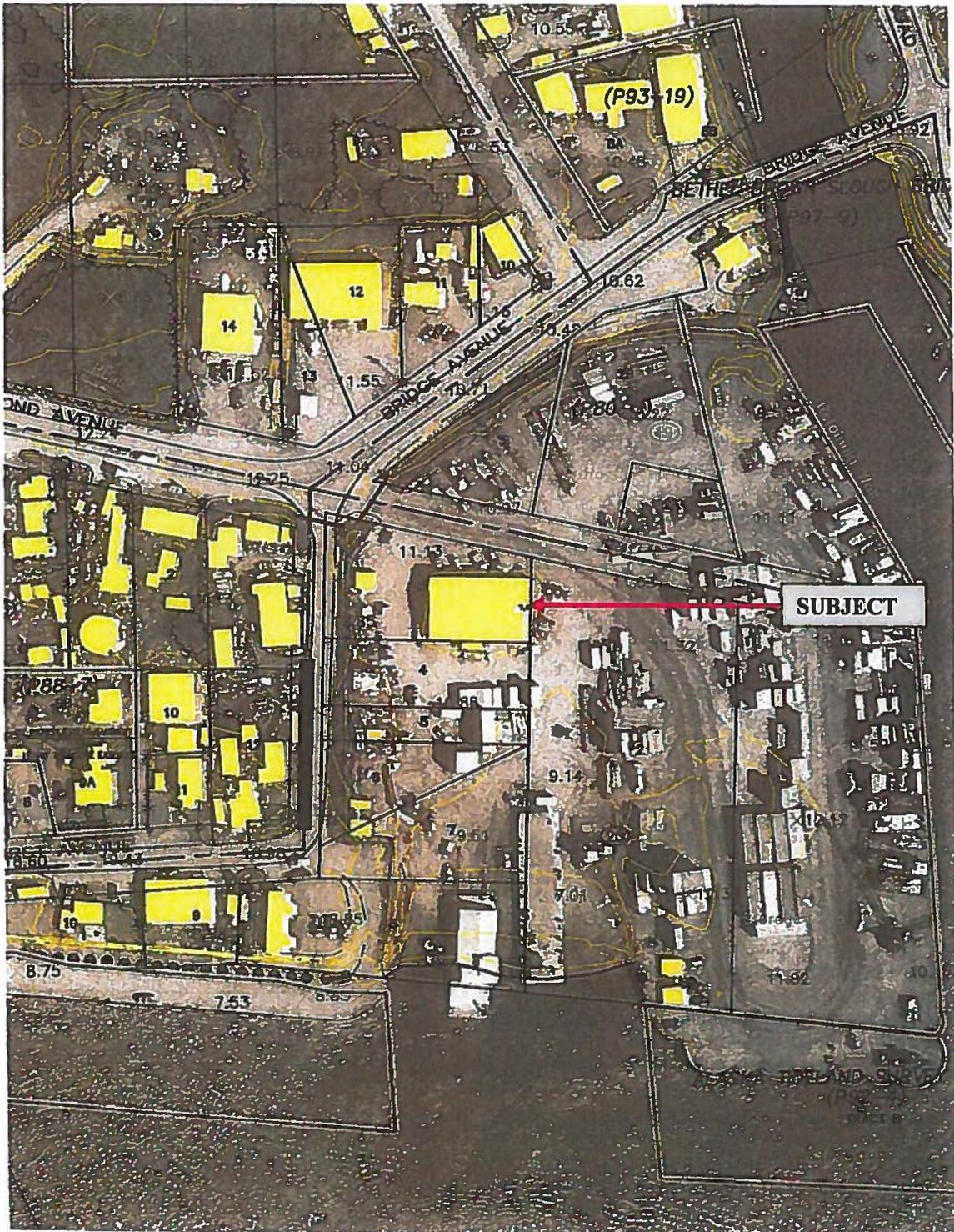


Interior view.



Interior view.

BETHEL 1713 GRID MAP – JUNE 17, 2002



GOOGLE EARTH AERIAL PHOTOGRAPH – AUGUST 26, 2012



CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in this report.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.

4. If applicable, any distribution of the valuation in the report between land and improvements applies only under the existing program or utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.

7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification and only in its entirety. This appraisal report is incomplete and cannot be relied upon without the letter of transmittal.

9. This appraisal report has been prepared for the exclusive benefit of the client and intended user. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written

consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute. Further, the appraiser or Affiliated Appraisers of Alaska assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

10. If applicable, on all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

11. The Appraiser is not a qualified expert and makes no statement as to the certification of subject to be free of hazardous conditions. The only way to be certain as to the condition of the property with respect to "environmental hazards" is to have an expert in the field inspect the property. The appraisal should not be relied upon as to whether or not environmental hazards actually exist on the property.

12. Affiliated Appraisers of Alaska is an affiliation of independent appraisers. Unless cosigned, this appraisal is solely the work of the appraiser signing the report.

GENERAL INFORMATION

LOCATION: The subject is located in the east portion of the townsite of Bethel, in the port industrial area. Its street address is 1169 Second Avenue, Bethel, Alaska, 99559.

LEGAL DESCRIPTION: Lot 3, Block 20, USS 3230 A&B, Bethel Recording District, Fourth Judicial District, State of Alaska

OSTENSIBLE OWNER: City of Bethel

PROPERTY OCCUPANT: Lynden Alaska Marine Lines

DATE OF INSPECTION: December 16, 2015

DATE OF MARKET RENT ESTIMATE: December 16, 2015

DATE OF REPORT: January 16, 2016

PROPERTY RIGHTS APPRAISED: Market rent. As instructed, the market rent estimate includes the building and land within the building footprint only; it does not include yard and parking area.

PURPOSE OF THE APPRAISAL: The purpose of the appraisal is to provide an opinion of the subject's market rent. The *Dictionary of Real Estate Appraisal, Fifth Edition*, Appraisal Institute, defines market rent as follows:

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).”

CLIENT OF REPORT: Mr. Peter Williams, Port Director, City of Bethel

INTENDED USER: City of Bethel

INTENDED USE: The client intends to use this appraisal for internal decisions regarding the subject.

SCOPE OF THE APPRAISAL: The scope of the appraisal includes the following:

- 1) Stanley D. Dunagan inspected the subject on December 16, 2015. I was not able to inspect the interior. Information on the building's interior and photographs, were supplied by the client.
- 2) Neighborhood inspection and analysis. Area analysis based primarily on private and government publications, and other economic studies and indicators.
- 3) A sales search for comparable rents that began in the subject neighborhood, and was then expanded until adequate data was found to arrive at a market rent conclusion.
- 4) Sources of data include our files, other appraisers, Alaska Multiple Listing Service, real estate agents and market participants.
- 5) Confirmed and analyzed the data and used a comparative analysis to estimate market rent. The cost, income and sales comparison approaches to estimate market value are not relevant to the appraisal problem.

THREE-YEAR SALES HISTORY: The subject has not sold or been listed for sale over the past three years.

AREA AND NEIGHBORHOOD ANALYSIS



The subject is located in the east portion of the Bethel townsite. Bethel is located on the north bank of the Kuskokwim River, 40 miles inland from the Bering Sea. It is 400 air miles west of Anchorage and 540 miles southwest of Fairbanks. Because of its central location in Southwestern Alaska, it has become the center of trade, transportation, administration and education for a vast region. Within this area, covering about 100,000 square miles, are 56 villages, with a combined population of about 15,000, most of whom are Eskimo or Athabascan Indian.

The Moravian Brotherhood Mission established a church and school in Bethel in 1884. By the early 1900s Bethel was a well-established trading and distribution center and the logical location for governmental agencies serving the area. Because of the job opportunities offered by them, including the Yukon-Kuskokwim Delta Regional

Hospital, the Yukon-Kuskokwim Health Corporation and the Lower Kuskokwim School District, many people from villages in the area have moved to Bethel. Bethel is a second-class city with a Mayor-Council form of government. It has a 6% city sales tax but no real property tax.

The city site is flat and vegetation is sparse. Soils conditions are typically poorly drained arctic tundra. Most buildings are constructed on pilings or sand pads. The mean summertime temperature is 53 degrees and the mean winter temperature is 11 degrees. Due to harsh climatic conditions, the wind chill factor can drop to more than -70 degrees.

The population of Bethel is 6,241 within the city limits. The 2000 population was 5,471, reflecting an average annual growth rate of approximately 1%. The 2009-2013 American Community Survey (ACS) estimates 2,730 residents as employed, with 30% of those employed working for the public sector. The ACS surveys estimated median household income was \$77,500+/- and per capita income \$29,968+/-.

The state-owned Bethel airport is a regional transportation center, the third busiest airport in the state in regards to flight operations. It has 6,400' and 4,000' asphalt runways and a 1,860' gravel cross-wind runway. Float plane bases are located at Hangar and H-Marker lakes. Within Bethel are 22 miles of paved roads maintained by the State of Alaska, Department of Transportation and Public Facilities and 16 miles of gravel surfaced roads maintained by the City of Bethel.

The Yukon-Kuskokwim Delta Regional Hospital complex was constructed in Bethel in the early 1980s at a cost of approximately \$40 million. The Yukon-Kuskokwim Health Corporation (YKHC) constructed a 66,000 square foot medical office building across the Chief Eddie Hoffman Highway from the hospital in the late 1990s. YKHC is in the planning stages for construction of a 130,000 square foot primary care clinic and renovation of and addition to the existing hospital to serve their health care area, which includes about 25,000 people in a region the size of the state of Kansas. The cost of this project is projected at \$287,000,000. To facilitate this expansion, congress recently

passed legislation to transfer 23 acres of federal land and USDA has approved a \$165,000,000 loan. YKHC is working to fund the remainder. When completed, it is projected to add 200 to 400 new jobs. YKHC is also constructing the 16 bed Phillips Ayagnirvik Treatment Center (PATC) about 400 feet northeast of the subject. This project suffered a setback in 2014, when it was about 90% framed and destroyed by fire. YKHC recently completed construction of the YK Elder's Home about 100 feet northeast of the subject and the Bethel Prematernal Home adjacent to the east side of the subject.

Alaska State Troopers are stationed in Bethel and the city has a local police department. Bethel also has a modern fire department headquarters that was constructed in the early 1980s. A public project that is of significant benefit is the stabilizing of the banks of the Kuskokwim River, which had been eroding within the city. Another significant project is the upgrading of the port area by the City of Bethel. This upgrading has helped to increase the desirability of the port area and nearby commercial and industrial areas. Bethel has the only medium draft port in the region. The port is an area of considerable summertime economic activity. This area is a fueling, boat loading, unloading area, and village purchasing area for boat traffic up and down the Kuskokwim River.

Construction of Phases 1 and 2 of the ten-acre Yuut Elitnaurviat People's Learning Center is complete. It is a three-phase project which is a regional alternative school and vocational training center for teens and adults. It provides on-site housing and social support services, hands on training and employment, secondary curriculum and academics, post-secondary academics geared toward earning a certificate, associate degree or feeding into a four-year program. It is a partnership of the Lower Kuskokwim School District, University of Alaska-Fairbanks, Kuskokwim Campus of the College of Rural Alaska, Association of the Village Council Presidents, Association of the Village Council Presidents Regional Housing Authority, Yukon Kuskokwim Health Corporation, Coastal Villages Region Fund, and Yukon Delta Fisheries Development Association.

The Yukon-Kuskokwim Regional Aquatic Health and Safety Center, adjacent to the Yuut Elitnaurviat People's Learning Center, was completed in late 2014. Facility size is 21,164 square feet. It has a six lane pool, family pool, weight room and fitness room.

Construction of a new elementary school in the northeast corner of the Bethel townsite was completed in 2009. A new Bethel National Guard Readiness Center, in the Bethel Airport area, was completed in late 2011. AVCP Regional Housing completed construction in 2011 of a 32,000 square foot office building in their mixed use complex to accommodate their growing office space needs.

Bethel Native Corporation constructed the Kipusvik shopping center with attached movie theatre, just west of the YKHC Headquarters Office Building. It was intended for long term lease to Omni Enterprises. However, Omni Enterprises, Inc. has defaulted on the lease is in bankruptcy liquidation proceedings. The store area will now house the Ayaprun Yup'ik K-6 immersion school, which had its school, at the Kilbuck campus, destroyed by fire in early November 2015.

Sewer and water utilities are provided by the City of Bethel. Turnkey III Subdivision, Bethel Heights Subdivision, "City Sub" (a portion of USS 3770) and a portion of Ptarmigan Subdivision are served by above ground insulated water and sewer lines. These lines are slowly being extended to other areas. Some private and government buildings have city water and sewer line service but about 75% of the buildings and houses in Bethel are serviced by city tanker trucks delivering water and picking up sewage from on-site holding tanks. Electricity for the area is provided by Bethel Utilities and telephone by United Utilities Inc. Internet, cell phone service and television are supplied by GCI.

A majority of the interim financing for development and loan servicing is provided by First National Bank of Alaska, Wells Fargo Bank and Alaska USA Federal Credit Union, which have bank branches in Bethel. Typical secondary single-family residential financing is provided by Alaska Housing Finance Corporation, a state agency.

The past high price of oil and tighter financing requirements slowed the residential sales market. However, most Bethel apartment owners recently surveyed report full or near full occupancies. Most habitable retail space is owner occupied; few properties have lease area available. Area wide occupancy for habitable average and above average quality office space is above 90%. A majority of the office space is owner-occupied. Most light industrial space is owner occupied.



The subject is located in the east portion of the Bethel townsite, at the northwest corner of the nine acre Port of Bethel cargo dock. The port is the receiving and transshipment

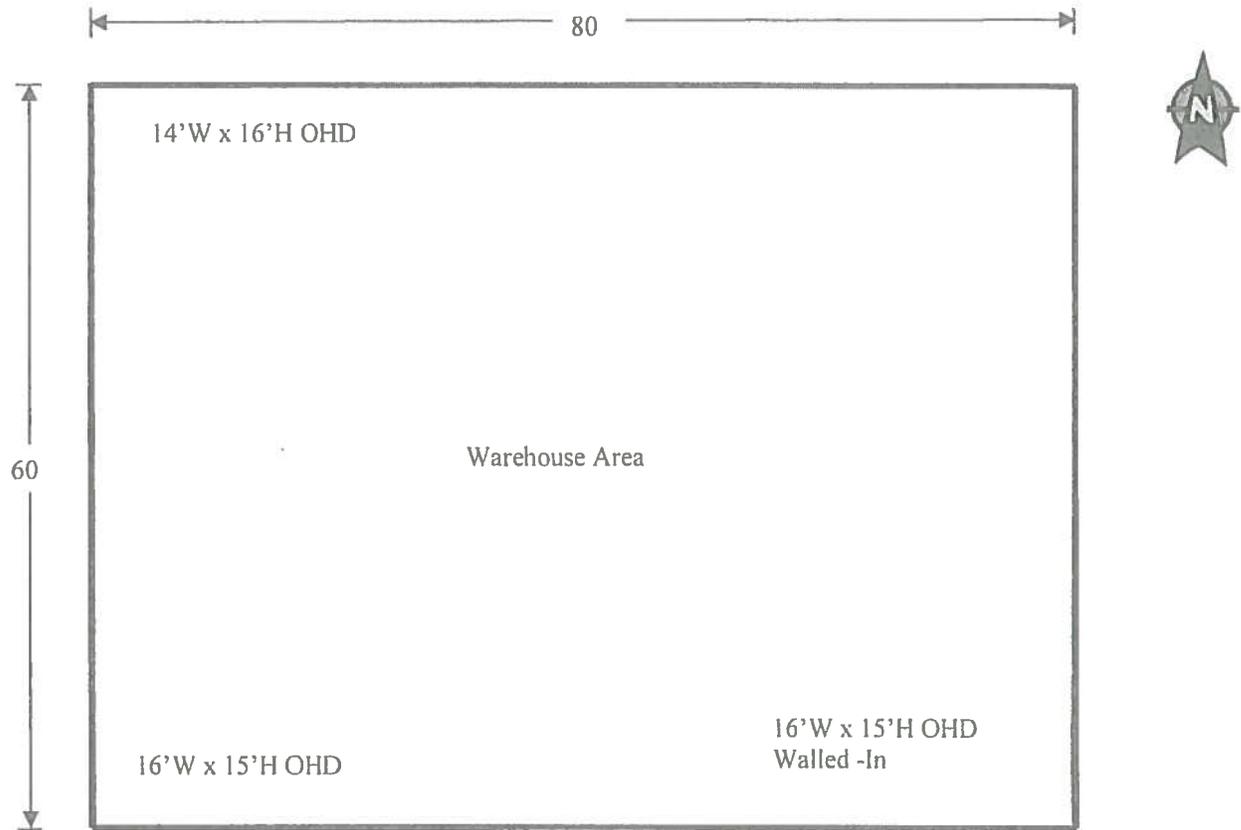
center for petroleum products and barged freight for the Yukon-Kuskokwim Delta. The port yard is to the south and east of the subject. Property use to the west and north of the subject is mixed, primarily consisting of residential and commercial. The subject building is leased to Lynden Alaska Marine Lines, who uses it for palletized freight in the summer and storage in the winter. The subject's location is supportive of its present industrial use.

Land Description: The market rent includes the building and the 4,800 square feet of land beneath it. It and surrounding land is level, filled, gravel surfaced port yard that is at street grade.

Electricity and telephone are extended to the subject. Public water and sewer lines are not extended to this portion of the Bethel townsite. Buildings in this area have on-site water and septic tanks, routinely serviced by City of Bethel tanker trucks. This is typical of a majority of the buildings in Bethel.

Primary access to the subject is via a driveway at the southeast corner of Bridge Avenue and Second Avenue. Both are two-lane, two-way, paved publicly maintained roads. Bridge Avenue has an average daily traffic count of 3,520 and Second Avenue has an average daily traffic count of 2,670. The Second Avenue right-of-way north of the subject is not improved. FEMA Map No. 0201040061C indicates the site is in a flood zone, as is a majority of the east portion of the Bethel townsite. If flooding occurs, it is usually during the spring breakup of the Kuskokwim River and lasts one week or less.

Building Description: Located on-site is a fair quality 4,800 square foot wood frame warehouse. It is 80 feet long and 60 feet wide. It is leased to Lynden Alaska Marine Lines, who uses it for palletized freight in the summer and storage in the winter. The interior is not partitioned. The foundation system consists of perimeter wood beams resting on steel pilings. The floor base is sand, which has a steel plate overlay. The wall construction is wood frame, the siding is lap metal and a semi-transparent fiberglass band to allow natural lighting. Wall eaves and ceiling height is 18 feet. The roof construction is wood frame, coverings are sheet metal. There one 14' wide by 16' high drive-in overhead door at the northwest corner, one 16' wide by 15 foot high drive in overhead door at the southwest corner and one 16' wide by 15 foot high drive in overhead door that has been walled in at the southeast corner. Steel personnel doors are located on the north and west walls. There are no windows. The interior wall and ceilings are not insulated or covered. The building is not heated. Lighting is supplied by hanging fluorescent fixtures. There is no ventilation system, sprinklers or plumbing.



The client indicates the roof covering does not leak and a new overhead door was recently installed at a cost of \$12,000. Most of the foundation system could not be observed. The floor is uneven and siding damage was noted. The building can flex during high winds. The subject was most likely constructed something between 1975 and 1980. The estimated remaining economic life is 15 years, which can be further prolonged by maintenance and upgrades.

Zoning: The City of Bethel zoning map The City of Bethel Planners Office indicates the site is zoned I – Industrial District. The City of Bethel’s intent for the I – Industrial zoning district is as follows:

“The industrial district is intended to apply to areas where industrial development is the predominant, or is expected to be the predominant use.”

This zoning allows a wide variety of commercial and industrial uses but prohibits most residential uses. The subject's current use as a warehouse is allowed. An as-built survey was not supplied. Building setback requirements are 15 feet front yard and 10 feet side and rear yard. The subject appears to conform to setback requirements.

Required parking for industrial use is 1 space per employee plus 1 space per commercial vehicle plus 1 space per 700 square feet of patron service area.

Assessed Values and Real Estate Taxes: There are no real property taxes in Bethel.

Environmental Hazards: An environmental report was not supplied. To the best of my knowledge, there are no buried fuel tanks, hazardous building materials or site contamination present. I am not a qualified environmental engineer, and do not certify the site to be contamination free. The market rent assumes the subject is environmentally sound.

HIGHEST AND BEST USE

In common appraisal practice, the concept of highest and best use is the premise upon which a value estimate is based. The Fifth Edition of the *Dictionary of Real Estate Appraisal* published by the Appraisal Institute defines highest and best use as follows:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value”.

Possible Use: The subject is located in the east portion of the Bethel townsite at the northwest corner of the port dock area. The land is filled, level and at street grade, with electricity and telephone service available. Possible uses include industrial, commercial, residential and public.

Permissible Use (Legal): Legal use as it applies to the subject site is zoning. The I - Industrial zoning allows a wide variety of public, commercial and industrial uses. It prohibits most types of residential use, other than a single dwelling use as an accessory use to a principal allowed use.

Feasible Uses: The subject is located within the port dock area. As vacant, the most feasible use is industrial associated with freight shipping operations.

Maximally Productive: At this time there is no identified alternative use of the site that would justify the demolition of the existing building. As improved, the maximally productive use of the subject is as improved – industrial.

MARKET RENT ESTIMATE

The building is not heated or plumbed. The client indicates the tenant has been paying \$2,000 per month plus sales tax and electricity over the past three years. A new two year lease will be at \$2,036 per month plus sales tax and electricity. This contract rent is for the building only and land beneath it only.

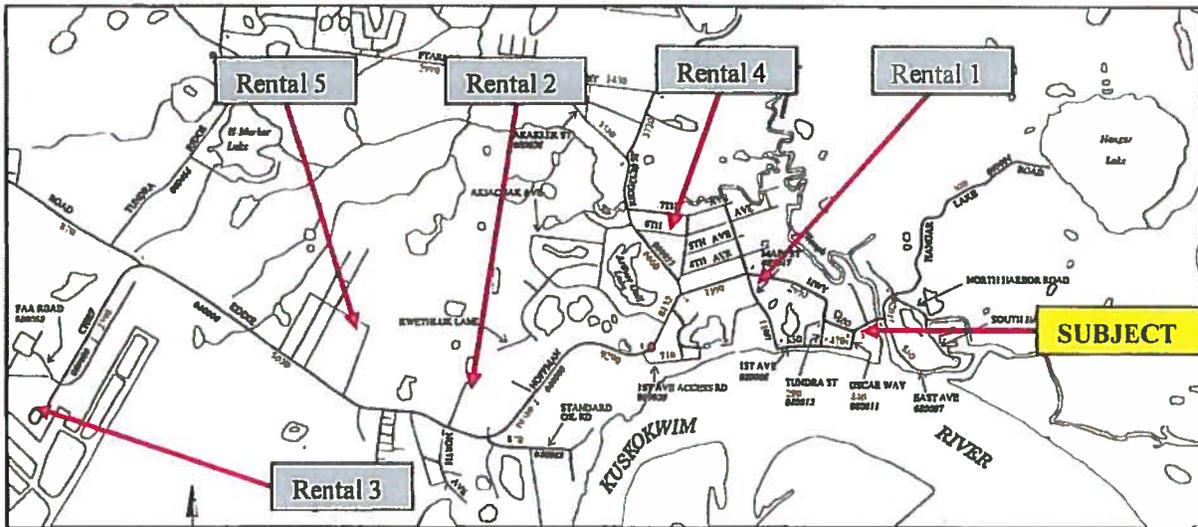
Rental data of light industrial properties in Bethel is very limited, as most are owner occupied. Following is a summary of the comparable rentals used in estimating the subject's market rent.

Summary of Comparable Rentals

Comp. No.	Location	Rent	Tenant Expenses	Adjusted Rent/SF
1	290 Third Avenue	\$1.00	H, WSR	\$0.58
2	1380 Kwethluk Lane	\$0.99	U	\$0.88
3	3580 Chief Eddie Hoffman Hwy	\$1.18	H, WSR	\$0.94
4	155-181 Sixth Avenue	\$1.38	U	\$1.23
5	168 Salmonberry Drive	\$1.39	U	\$1.05
Subject	1169 Second Avenue	\$0.42	Assume U	

U = Tenant Pays All Utilities, H = Heating Oil, WSR = Water, Sewer & Refuse

COMPARABLE RENTALS MAP



As instructed by the client, the market rent analysis includes the building and land beneath it only and assumes the tenant will pay utilities, which consists of electricity only as the building is not heated or plumbed. The adjusted rent column reflects this scenario. The rents of Comparable Rental Nos. 1 and 3 are adjusted $-\$0.03/\text{SF}$ and $-\$0.02/\text{SF}$, respectively, for the lessor paying electricity. The adjustments are based on the lessor's actual electricity expense, which he indicates is very minor as these two comparables are used for storage only. The comparable rentals are also adjusted for yard and parking area included in their rents. The rent paid for yard/parking area is for each comparable is calculated by subtracting the ground floor area of the building from the total site area, which calculates the yard and parking area excluding the building footprint area. The yard and parking area is multiplied times a typical $\$0.05/\text{sf}$ monthly yard area rental rate to estimate the monthly rent paid for the yard and parking area, which is then divided by the building area to calculate the parking/yard area adjustment. The contract rents are adjusted as follows:

Contract Rent Adjustment Grid

Comparable No	1	2	3	4	5
Contract Rent/SF	\$1.00	\$0.99	\$1.18	\$1.38	\$1.39
Subtract: Utilities Paid by Lessor	\$0.03	\$0.00	\$0.02	\$0.00	\$0.00
Subtract: Rent Paid For Yard/Parking Area	<u>\$0.39</u>	<u>\$0.11</u>	<u>\$0.22</u>	<u>\$0.15</u>	<u>\$0.34</u>
Adjusted Contract Rent	\$0.58	\$0.88	\$0.94	\$1.23	\$1.05

Comparative Analysis

Comparable Rental No. 1 is an eight year old 2,000 square foot heated steel frame warehouse fronting Third Avenue in the east portion of the Bethel central business district. It is located on a 17,619 square foot site that is not fenced. The land to building ratio is 8.8:1. The building has a concrete floor and insulation blanket covered



interior wall and ceiling coverings. Wall eaves height is 16 feet. Vehicle access is via a single drive-in overhead door. The interior is not partitioned and it does not have a restroom or any plumbing. There is no water/sewer charge as there is no plumbing. The lessor indicates electricity is about \$30 per month or \$0.02 per square foot per month.

In comparison to the subject, it is adjusted down for its superior quality as it has a concrete floor and is insulated and heated whereas the subject has a steel plate floor laid over a sand base and is not insulated or heated. It is also adjusted down for its superior condition and smaller building size. This adjustment considers smaller buildings are typically more costly to construct on a per square foot basis than larger buildings due to economies of scale and consequently smaller buildings tend to rent for more per square foot than similar smaller buildings. This comparable indicates a market rent for the subject of less than \$0.58 per square foot.