CITY OF HOMER
HOMER, ALASKA

Community Development

RESOLUTION 25-078

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE APPROPRIATE DOCUMENTS FOR THE REAL PROPERTY ACQUISITION OF 26.5 ACRES, MORE OR LESS, AND DESIGNATING THE USE AS CONSERVATION.

WHEREAS, The City of Homer is the sub-recipient of a $1,171,410 National Oceanic and Atmospheric Administration (NOAA) grant, authorized and appropriated via Ordinance 23-46; and

WHEREAS, The project includes the purchase and conservation of approximately 26.5 acres more or less with the preliminary description of Tract B, Storm Water Tracts One Subdivision; and

WHEREAS, The purchase price is $246,000, which is the appraised value of the property; and

WHEREAS, Grant funds will cover all property acquisition costs; and

WHEREAS, Resolution 24-124(S) provided directions to pursue the purchase of lands for green infrastructure conservation; and

WHEREAS, The property will include a deed restriction and shall be managed for conservation in perpetuity; and

WHERAS, Homer City Code 18.06.030 requires Council approval for land acquisition.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. The City Manager is authorized to negotiate and execute the appropriate documents.

Section 2. The land shall be designated as conservation property.

PASSED AND ADOPTED by the Homer City Council this 8th day of September, 2025.

CITY OF HOMER

RACHEL LORD, MAYOR

ATTEST:

Renee Krause

RENEE KRAUSE, MMC, ADAC, CITY CLERK

Fiscal Note: Refer to Resolution 24-124(S)

CC-25-224

MEMORANDUM

Resolution 25-078, A Resolution of the City Council of Homer, Alaska Authorizing the City Manager to Negotiate and Execute the Appropriate Documents for the Acquisition of Real Property consisting of 26.5 Acres, more or less and Designating the Use as Conservation. Community Development Director/City Manager.

Item Type: Backup Memorandum

Prepared For: Mayor Lord and City Council

Date: August 28, 2025

From: Julie Engebretsen, Community Development Director

Through: Melissa Jacobsen, City Manager

The City of Homer was awarded a NOAA grant in 2023 for Green Infrastructure. Staff is happy to report the City is closing in on the first land purchase funded by the grant. This 39-acre parcel is undergoing a replat; the northern portion with the junk yard will remain in Mr. Kennedy's ownership, and the City will own the remaining vacant acreage. The subdivision process is expected to be completed by the end of the year and recording of the transaction slated for January. The funding source requires a deed restriction against future development.

The property authorized by this purchase is 26.5 acres owned by Mr. Kennedy. The appraised value and purchase price is $246,000.

NOAA grant funds will cover the purchase costs, a third-party appraisal that met NOAA standards, and a Phase 1 Environmental Site Assessment for due diligence. This transaction has taken many steps to get to the point of Council approval and has more steps with NOAA prior to the release of federal funds. The goal over the next few months is to complete the platting process, NOAA's 90 day review period, and complete the transaction in early 2026.

Attachments:
Preliminary plat
Ordinance 23-46
Resolution 24-124(s)
Appraisal Synopsis
Phase 1 Environmental Site Assessment
    7.0 Summary of Findings and Recommendations
    8.0 Limitations
*title documents forthcoming

NOTES

1. BASIS OF BEARING FOR THIS SURVEY WAS DETERMINED BY A HIGH PRECISION GPS SURVEY USING TOPCON DUAL-FREQUENCY HiPer V RECEIVERS, DIFFERENTIALLY CORRECTED AND PROCESSED WITH MAGNET OFFICE VERSION 3.1 SOFTWARE. NAD83 ALASKA STATE PLANE GRID COORDINATES (U.S. SURVEY FEET) OBTAINED FROM THE GPS OBSERVATIONS WERE BASED ON THE NGS PUBLISHED VALUES FOR FEDERAL BASE NETWORK CONTROL STATION "HOMAIR" (PID TT0155).

2. TRUE BEARINGS AND DISTANCES WERE DETERMINED BY ROTATING AND SCALING FROM GRID USING FEDERAL BASE NETWORK CONTROL STATION "HOMAIR" AS A SCALING POINT. TRUE BEARINGS WERE DETERMINED BY ROTATING GRID INVERSE AZIMUTHS -1°17'13.4". TRUE DISTANCES WERE OBTAINED BY DIVIDING GRID INVERSE DISTANCES BY 0.999986696.

3. THE RESULTING SCALED COORDINATES WERE TRANSLATED TO A LOCAL COORDINATE SYSTEM BASED ON FEDERAL BASE NETWORK CONTROL STATION "HOMAIR" N=100,000 E=100,000. ALL COORDINATE VALUES REPRESENT GROUND DISTANCES IN U.S. SURVEY FEET ORIENTED TO TRUE NORTH.

4. THE FRONT 15 FEET ADJOINING THE TERNVIEW PLACE AND SPRUCE LANE RIGHTS-OF-WAY IS A UTILITY EASEMENT GRANTED BY THIS PLAT. NO PERMANENT STRUCTURE SHALL BE CONSTRUCTED OR PLACED WITHIN A UTILITY EASEMENT WHICH WOULD INTERFERE WITH THE ABILITY OF A UTILITY TO USE THE EASEMENT.

5. PROPERTY IS SUBJECT TO CITY OF HOMER REGULATIONS. CHECK WITH HOMER PLANNING PRIOR TO ANY DEVELOPMENT ACTIVITIES.

6. PROPERTY OWNER SHOULD CONTACT THE ARMY CORPS OF ENGINEERS PRIOR TO ANY ON-SITE DEVELOPMENT OR CONSTRUCTION ACTIVITY TO OBTAIN THE MOST CURRENT WETLAND DESIGNATION (IF ANY). PROPERTY OWNERS ARE RESPONSIBLE FOR OBTAINING ALL REQUIRED LOCAL, STATE AND FEDERAL PERMITS.

WASTEWATER DISPOSAL

TRACTS A AND B

THESE LOTS ARE AT LEAST 200,000 SQUARE FEET IN SIZE AND CONDITIONS MAY NOT BE SUITABLE FOR ONSITE WASTEWATER TREATMENT AND DISPOSAL. ANY WASTEWATER TREATMENT OR DISPOSAL SYSTEM MUST MEET THE REGULATORY REQUIREMENTS OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION.

CERTIFICATE OF ACCEPTANCE

THE UNDERSIGNED OFFICIAL IDENTIFIED BY NAME AND TITLE IS AUTHORIZED TO ACCEPT AND HEREBY ACCEPTS ON BEHALF OF THE CITY OF HOMER FOR PUBLIC USES AND FOR PUBLIC PURPOSES THE REAL PROPERTY TO BE DEDICATED BY THIS PLAT INCLUDING EASEMENTS, RIGHTS-OF-WAY, ALLEYS, AND OTHER PUBLIC AREAS SHOWN ON THIS PLAT IDENTIFIED AS FOLLOWS:

THE TERNVIEW PL. RIGHT-OF-WAY

THE SPRUCE LN. RIGHT-OF-WAY

THE 15 FOOT UTILITY EASEMENTS ADJOINING THE RIGHT-OF-WAY DEDICATIONS

THE ACCEPTANCE OF LANDS FOR PUBLIC USE OR PUBLIC PURPOSE DOES NOT OBLIGATE THE PUBLIC OR ANY GOVERNING BODY TO CONSTRUCT, OPERATE, OR MAINTAIN IMPROVEMENTS.

BY: _____ DATE: _____
MELISSA JACOBSEN, CITY MANAGER
CITY OF HOMER, ALASKA

LEGEND

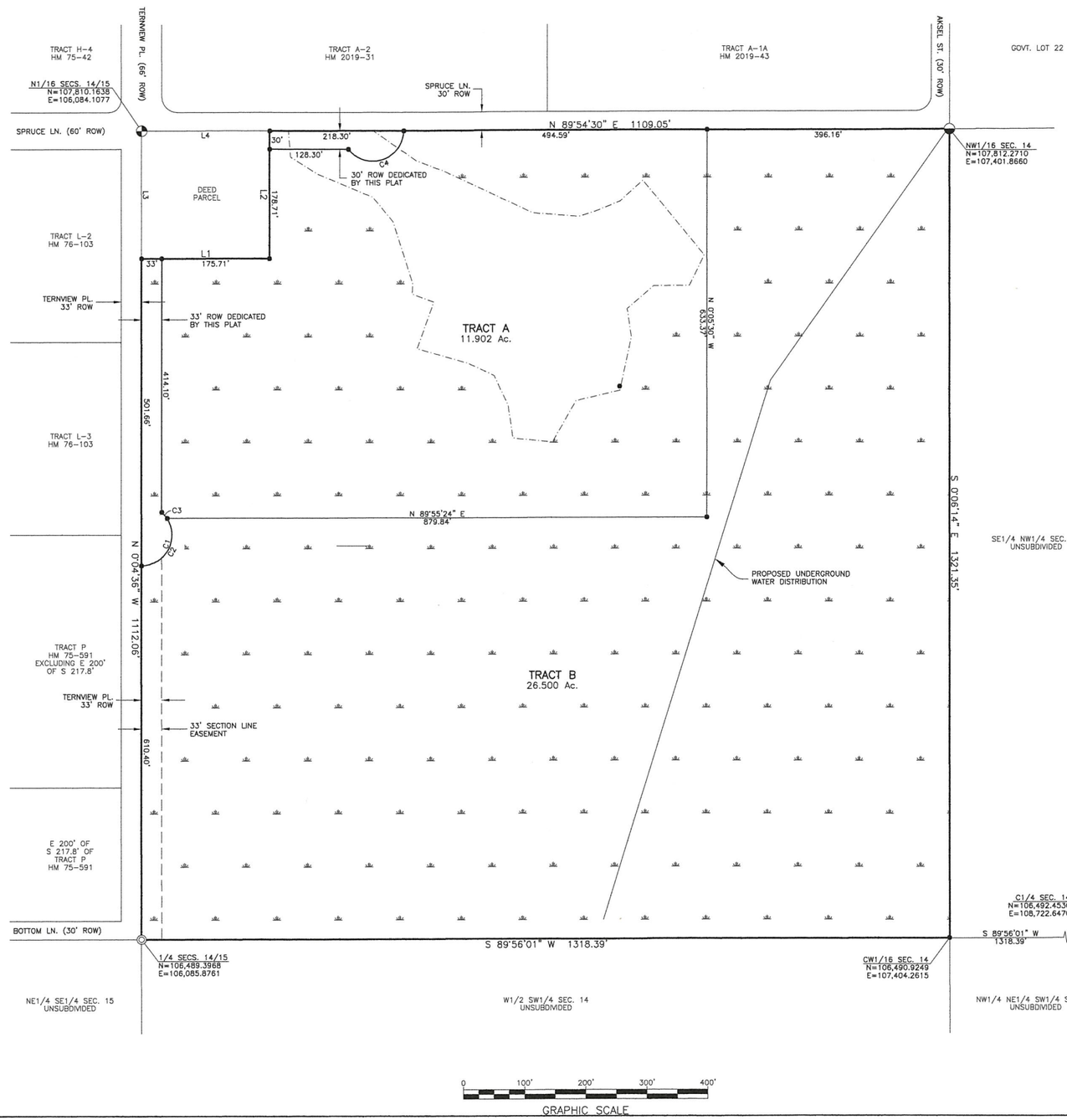
- INDICATES 3-1/4" ALUM. CAP MONUMENT (7538-S 2017) RECOVERED THIS SURVEY
- INDICATES 3" ALUM. CAP MONUMENT (3686-S 1996) RECOVERED THIS SURVEY
- INDICATES 1/2" GIP WITH TACK IN WOOD PLUG RECOVERED THIS SURVEY
- INDICATES X IN GRANITE BOULDER (RECORD HM 2004-8) RECOVERED THIS SURVEY
- INDICATES 2" ALCAP ON 5/8"X30" REBAR (7538-S 2024) SET THIS SURVEY
- INDICATES POTENTIAL WETLAND/UPLAND COMPLEX AND/OR DRAINAGEWAY PER KENAI WATERSHED FORUM WETLANDS MAPPING

LINE TABLE

LINE	BEARING	DISTANCE
L1	N 89°54'30" E	208.71'
L2	N 0°04'36" W	208.71'
L3	N 0°04'36" W	208.71'
L4	N 89°54'30" E	208.71'

CURVE TABLE

CURVE	DELTA	RADIUS	LENGTH	CHORD BRNG	CHORD DIST
C1	138°42'00"	50.00'	121.04'	N 20°34'24" E	93.58'
C2	123°00'40"	50.00'	107.35'	N 28°25'04" E	87.89'
C3	15°41'20"	50.00'	13.69'	N 40°55'56" W	13.65'
C4	143°07'48"	50.00'	124.90'	N 71°28'24" E	94.87'

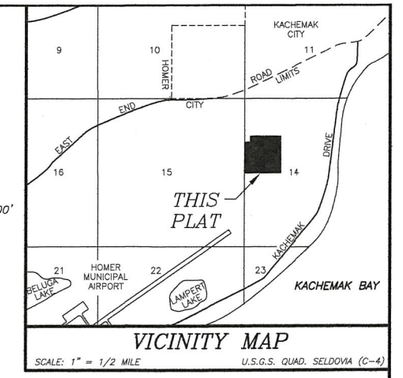


PLAT APPROVAL

THIS PLAT WAS APPROVED BY THE KENAI PENINSULA BOROUGH PLANNING COMMISSION AT THE MEETING OF ???

BY: _____ _____
AUTHORIZED OFFICIAL DATE
KENAI PENINSULA BOROUGH

SCALE 1"=100'



VICINITY MAP
SCALE: 1" = 1/2 MILE U.S.G.S. QUAD. SELDOVIA (C-4)

CERTIFICATE OF OWNERSHIP AND DEDICATION

I, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE OWNER OF THE REAL PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION AND BY MY FREE CONSENT DEDICATE ALL RIGHTS-OF-WAY AND PUBLIC AREAS TO PUBLIC USE AND GRANT ALL EASEMENTS TO THE USE SHOWN.

_____
GEORGE M. KENNEDY
844 OCEAN DRIVE LOOP
HOMER, ALASKA 99603

NOTARY'S ACKNOWLEDGMENT

FOR GEORGE M. KENNEDY

ACKNOWLEDGED BEFORE ME THIS_____

DAY OF _____, 2024.

_____
NOTARY PUBLIC FOR ALASKA

MY COMMISSION EXPIRES: _____

STATE OF ALASKA 49TH
Stephen C. Smith
LS-7538
Registered Professional Land Surveyor

HOMER RECORDING DISTRICT KPB FILE No. 2024-???

STORMWATER WORKS TRACTS ONE

CREATING TRACTS A AND B
LOCATED WITHIN THE SW 1/4 NW1/4 SECTION 14,
EXCLUDING THE NORTH 208.71' OF THE WEST 208.71'
T. 6 S., R. 13 W., SEWARD MERIDIAN, CITY OF HOMER, KENAI PENINSULA BOROUGH, THIRD JUDICIAL DISTRICT, ALASKA
CONTAINING 38.973 ACRES
OWNER:
GEORGE M. KENNEDY 844 OCEAN DRIVE LOOP HOMER, AK 99603

GEOVERA, LLC
PO BOX 3235
HOMER ALASKA 99603
(907) 399-4345
EMAIL: scsmith@gci.net

DRAWN BY: SCS	DATE: JULY 2024	SCALE: 1" = 100'
CHK BY: SCS	JOB #2023-12	SHEET 1 OF 1

CITY OF HOMER
HOMER, ALASKA

City Manager/
Public Works Director

ORDINANCE 23-46

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING THE FY24 CAPITAL BUDGET BY ACCEPTING AND APPROPRIATING A SUB-RECIPIENT GRANT FROM THE UNIVERSITY OF ALASKA ANCHORAGE IN THE AMOUNT OF $1,171,410 FOR THE KACHEMAK SPONGE GREEN INFRASTRUCTURE STORM WATER TREATMENT SYSTEM.

WHEREAS, the Kachemak Bay National Estuarine Research Reserve (KBNERR) has worked with the City to identify wetlands/peatlands that could be used as a wetland treatment system as part of the City's Kachemak Sponge Green Infrastructure Storm Water Treatment System and to submit a proposal for a grant to acquire such lands; and

WHEREAS, The University of Alaska Anchorage (UAA), the fiscal agent for KBNERR, has received a grant from NOAA for the purpose of acquiring wetlands and peatlands to be preserved for conservation in perpetuity as part of the Kachemak Sponge Green Infrastructure Storm Water Treatment System; and

WHEREAS, The City will be a sub-recipient of the NOAA grant and responsible for conducting the environmental reviews, surveys, appraisals and other services required to support the property acquisition; and

WHEREAS, The NOAA grant supports one of the projects within the Slope Stability and Erosion Mitigation Program, a Legislative Priority in the 2023-2028 City of Homer Capital Improvement Plan.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY24 Capital Budget by accepting and appropriating, as a sub-recipient, a grant from the University of Alaska Anchorage in the amount of $1,171,410 as follows:

Fund	Description	Amount
151-XXXX	University of Alaska Anchorage Grant	$1,171,410

Section 2. The City Manager is authorized to execute the appropriate documents.

Section 3. This is a budget amendment ordinance, is temporary in nature, and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 14th day of August, 2023.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES: 6
NO: 0
ABSENT: 0
ABSTAIN: 0

First Reading: 6.26.23
Public Hearing: 7.24.23, 8.14.23
Second Reading: 8.14.23
Effective Date: 8.15.23

CITY OF HOMER ALASKA
March 31, 1964

CITY OF HOMER
HOMER, ALASKA

City Manager/
Community Development Director

RESOLUTION 24-124(S)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA AUTHORIZING THE CITY MANAGER TO PURSUE THE PURCHASE OF LANDS FOR THE PURPOSE OF GREEN INFRASTRUCTURE ~~**PLANNING, CONSTRUCTION AND**~~ CONSERVATION AND TO BRING FORWARD THE NECESSARY ORDINANCES TO THE CITY COUNCIL.

WHEREAS, The City Council adopted Ordinance 23-46, accepting and appropriating a sub-recipient grant in the amount of $1,171,410 for the Kachemak Sponge Green Infrastructure Storm Water Treatment System; and

WHEREAS, The **National Oceanic and Atmospheric Administration** (NOAA) grant funds will cover some property acquisition and the design of a green infrastructure storm water project; and

WHEREAS, The FY 2024 Capital Budget included $418,100 in HART Roads funds for the purchase of lands that are required for the project, but not grant eligible; and

WHEREAS, The City wishes to negotiate with property owners in good faith and additional City funds will be required to purchase properties; and

WHEREAS, With Council approval of this resolution, staff will pursue purchase of lands and bring forward the appraisal ordinances.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby authorizes the City Manager to pursue the purchase of lands for the purpose of Green Infrastructure ~~**planning, construction, and**~~ conservation and bring forward the necessary ordinances to City Council.

PASSED AND ADOPTED by the Homer City Council this 10th day of February, 2025.

CITY OF HOMER

DONNA ADERHOLD, MAYOR PRO TEM

ATTEST:

Renee Krause

RENEE KRAUSE, MMC, CITY CLERK

Fiscal information: ~~**$130,000 Unbudgeted,**~~ $418,100 Budgeted. Unbudgeted portion to come from HART Roads.

MacSwain Associates

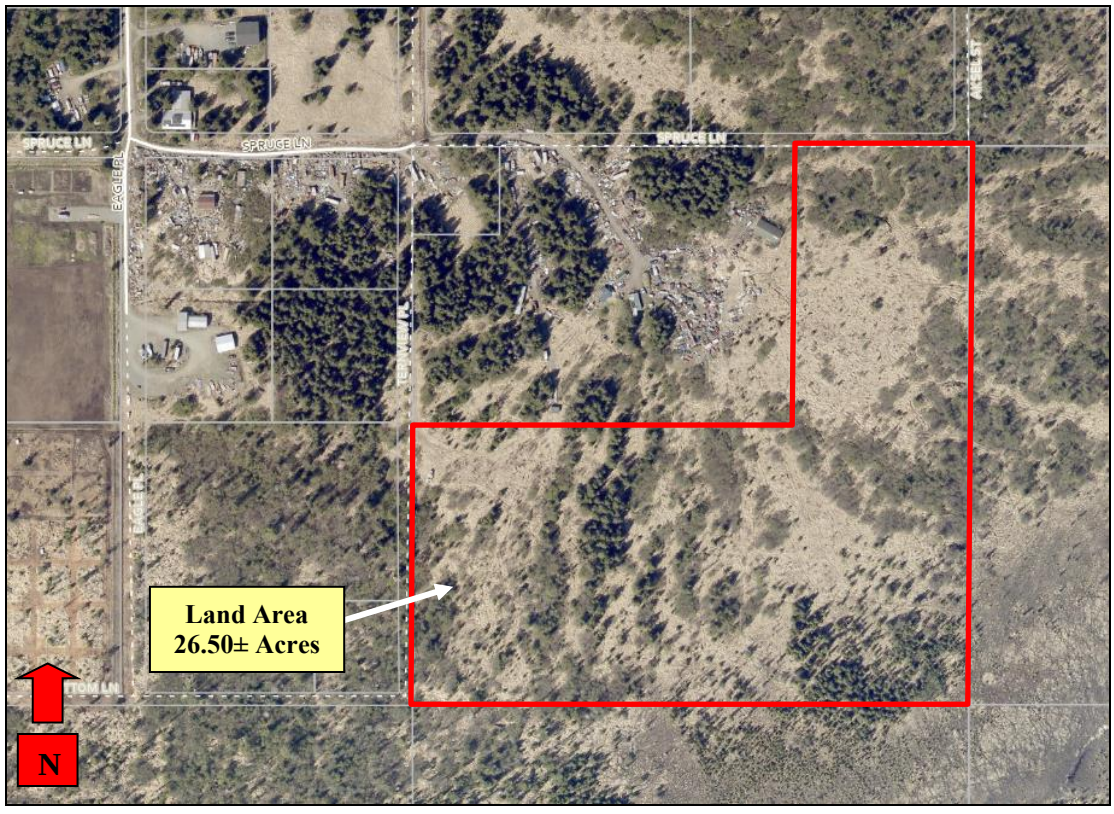
4401 Business Park Boulevard, Suite 22, Anchorage, Alaska 99503

APPRAISAL REPORT

George M. Kennedy Parcel
Kachemak Sponge Green Infrastructure Project
26.50± Acre Portion of KPB #17908030
Homer, Alaska

Legal Description
Portion of SW¼NW¼,
Section 14, T6S, R13W, SM

Market Value Estimate



Effective Date of Appraisal: June 6, 2024 File No. 23-3834

Submitted To:

Homer Public Works Department
3575 Heath Street
Homer, AK 99603

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
a.kleinke@macswain.com

January 8, 2025

Homer Public Works Department
3575 Heath Street
Homer, AK 99603

Re: George M. Kennedy Property
Kachemak Sponge Green Infrastructure Project
26.50± Acre Portion of KPB #17908030
Homer, Alaska

To: City of Homer, Public Works Department

MacSwain Associates has prepared an *Appraisal Report* that analyzes the above-referenced land owned by George M. Kennedy. The property is a portion of a legally-separated parcel identified by the City as Homer for acquisition for the Kachemak Sponge Green Infrastructure Project. The purpose of the appraisal is to estimate the market value of the fee simple estate, with the intent to assist the client with a potential purchase of the property with the use of National Oceanic and Atmospheric Administration (NOAA) funding. Use of these funds entails a UASLFA-compliant appraisal. In addition to the City of Homer and the review appraiser, additional intended users include the property owner, and Kachemak Heritage Land Trust, who is contracting with the City to oversee the project.

The appraised property is a portion of a 39-acre parcel identified as KPB Assessor No. 17908030. Importantly, our larger parcel analysis includes that the appraised 26.60± acres constitutes a separate larger parcel, as it does not have an integrated highest and best use with the portion of the property containing improvements and salvage yard.

We prepare this *Appraisal Report* to comply with requirements set forth in the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and *Uniform Standards of Professional Appraisal Practice* (USPAP). UASFLA states an estimate of market value tied to exposure time is inappropriate and requires exclusion from the appraisal report. Thus, we invoke the jurisdictional exception rule permitted in USPAP.[1] This departure represents the only conflict between UASFLA and USPAP.

[1] Standard Rule 1-2(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their market value opinion. Section 1.2.7.2 of UASFLA provides legal authority for invoking the Jurisdictional Rule.

We employ the sales comparison approach to value the appraised land. Based on the data, reasoning, and analysis contained in this *Appraisal Report*, it is our opinion the market value of the 26.50± acre Kennedy Parcel, as of June 6, 2024, is $246,000.

Parcel	Property Owner	Area (Acres)	Market Value
Portion of SW¼NW¼, Section 14, T6S, R13W, SM	George M. Kennedy	26.50	**$246,000**

We direct your attention to the Appraiser Certification, Scope of Work, assumptions and limiting conditions, and the ***extraordinary assumption***, for explanation of the appraisal process and limitations of this *Appraisal Report*. The extraordinary assumption pertains to the environmental condition of the property, which is influenced by our review of the Phase I Environmental Assessment prepared by Coble Geophysical Services for the City of Homer Public Works dated December 1, 2022

If you have questions regarding our analysis or conclusions, please contact our office. We appreciate the opportunity to provide these appraisal services.

Respectfully submitted,

Alex Kleinke
State of Alaska Certificate No. 148873

Table of Contents

Appraiser Certification

We certify that to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and they are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We completed an appraisal of a portion of the Kenndy Parcel in the report dated July 18, 2022 for the City of Homer. We have performed no other services, as appraisers or in any other capacity, regarding the property this is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, inconformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Alex Kleinke is a certified General Real Estate Appraiser in the State of Alaska and has completed the education requirements through June 2025.
- As of the date of this report, Alex Kleinke has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

- As of the date of this report, Alex Kleinke has completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

- The appraisal was developed and the appraisal report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*.

- The appraisal was developed and the appraisal report prepared in conformance with the Appraisal Standards Board's *Uniform Standards of Professional Appraisal Practice* and complies with USPAP's Jurisdictional Exception Rule when invoked by Section 1.2.7.2 of the *Uniform Appraisal Standards For Federal Land Acquisitions*.

- Alex Kleinke made a physical inspection of the appraised property on June 6, 2024. The property owner was notified prior to the inspection by Kachemak Heritage Land Trust but opted to not be present during the inspection. We have inspected the comparable sales, unless otherwise noted. Discussion pertaining to comparable sales inspection is on page 34 of the report.

- Our opinion of market value of the Kennedy Parcel, as of June 6, 2024, is $246,000.

1/8/25

Alex Kleinke — Date
State of Alaska Certificate No. 148873

Assumptions and Limiting Conditions

This *Appraisal Report* is subject to the following Assumptions and Limiting Conditions.

- We assume no responsibility for the legal descriptions provided or for other matters pertaining to legal or title considerations. We assume title to the appraised property is marketable unless otherwise stated.

- We appraise the property free and clear of all liens or encumbrances unless otherwise stated.

- We believe the information furnished by others is reliable, but we do not guarantee its accuracy.

- We assume all engineering studies are correct. We believe all maps, surveys, and other illustrative material are accurate. We include these exhibits only to help the reader visualize the appraised property.

- We assume there are no hidden or unapparent conditions that render the property more or less valuable. We assume no responsibility for such conditions or for obtaining the engineering studies that may be required to discover them.

- We assume the appraised property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

- Possession of this report, or a copy thereof, does not carry with it the right of publication.

- The appraisers are not required to give consultation, testimony, or attend court proceedings with reference to the subject property without prior arrangements.

- The appraisers acknowledge the appraisal report may be available for public review upon request. However, this right does not allow dissemination to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from the appraisers.

- We did not observe any hazardous material or other type of environmental contamination that may affect the appraised property. Furthermore, we do not have any knowledge that such substances exist. However, the presence of environmental conditions may impair property value. Therefore, we urge the client to retain an environmental assessment for discovery and evaluation. We are aware of a Phase I Environmental Assessment prepared by Coble Geophysical Services for the City of Homer Public Works dated December 1, 2022. The assessment focuses on the 10-acre scrapyard portion of the Kennedy Parcel, which is not included in the subject larger parcel. Moreover, it states the southern portion of the property is "apparently pristine and more than likely unaffected by the adjacent scrapyard". It is reasonable to assume the land to the east of the scrapyard shares this characteristic. See ***extraordinary assumption*** on the next page.

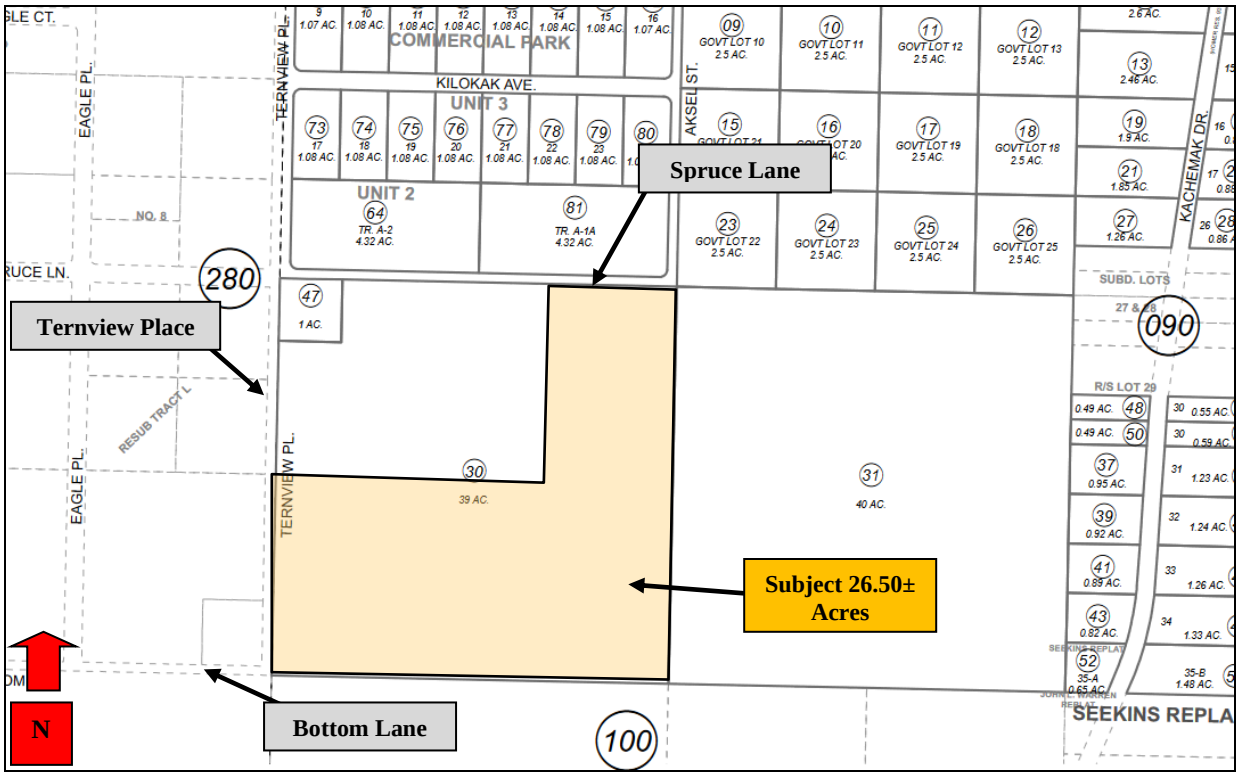
Extraordinary Assumption

This *Appraisal Report* is subject to the following ***extraordinary assumption***.

- It is an ***extraordinary assumption*** of the appraisal that potential contamination related to the adjacent salvage yard has not affected the appraised land. The extraordinary assumption is premised on a review of the Phase I Environmental Assessment prepared by Coble Geophysical Services for the City of Homer Public Works dated December 1, 2022. The assessment pertains to the 10=acre scrapyard owned by Kennedy, which is not part of the larger parcel. The opinions expressed in the Phase I report indicated the southerly portion of Kennedy's property is "apparently pristine and more than likely unaffected by the adjacent scrapyard". We also consider it reasonable to assume the easterly portion outside of the scrapyard boundaries are similar in terms of these characteristics. A copy of the Phase I Environmental Assessment is contained in the addendum of the report. We note, if the extraordinary assumption is found false, our opinion of value could be affected.

Executive Summary

Property Type:	Raw land
Property Name:	Kennedy Parcel
Location:	Property sets at northeast corner of unimproved Bottom Lane and Ternview Place, and fronts south side of unimproved Spruce Lane, Homer, Alaska.



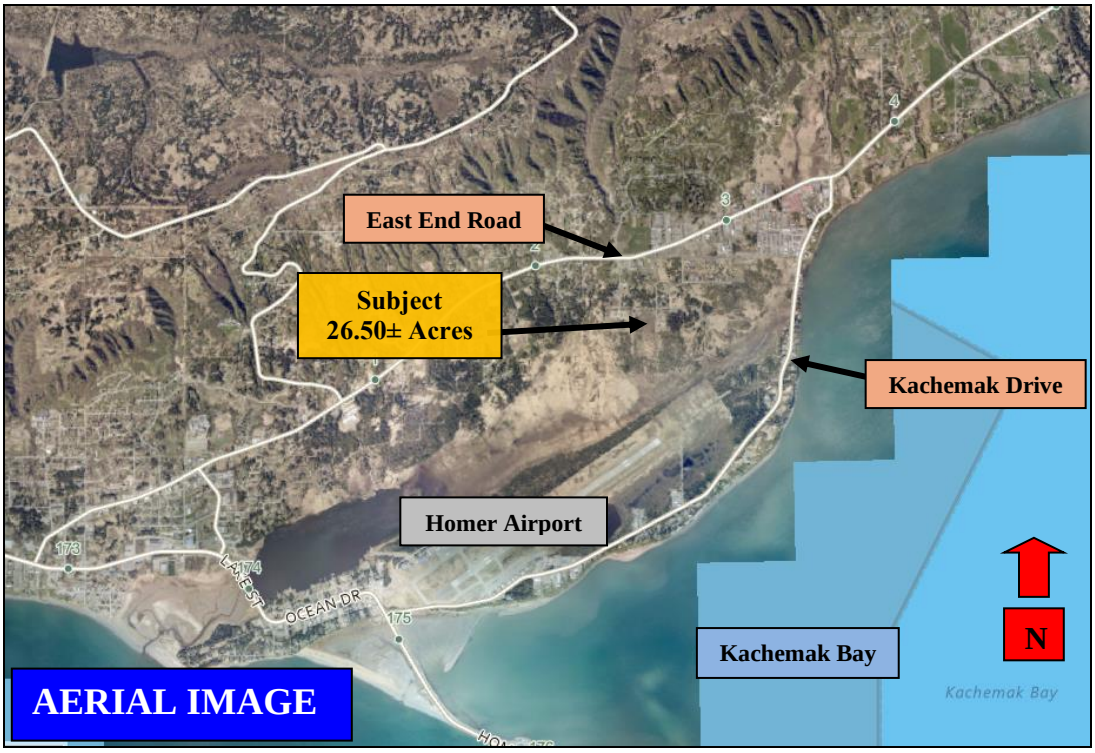
Property Rights Appraised:	Fee simple estate
Type of Value:	Market value as defined by UASFLA
Legal Description:	Portion of SW¼ NW¼ , Section 14, Township 6 South, Range 13 West, Seward Meridian, Homer Recording District, Third Judicial District, State of Alaska.
Property Owner:	George M. Kennedy per Borough records
Land Area:	26.50± acres or 1,154,340± square feet
Access:	Legal access from Ternview Place along west boundary, and Spruce Lane along north boundary, which are not improved. Spruce Lane's gravel surface terminates to the northwest, the nearest City-maintained road is Eagle Place to the northwest
Topography:	Gently sloping from west to east with descending contour

Vegetation:	Parcel contains a mix of alder, spruce, low-lying herbaceous shrubs, and barren land
Wetland Classification:	Per City of Homer Wetland Mapping, "Moderate Rank" wetlands; KWF Wetland Assessment identifies the property as Discharge Slope Wetlands and Drainageway Wetlands
Utility Service:	Public electricity, natural gas, water, and sewer in area, but not on site
Easements and Restrictions:	Section line easement presumed along west boundary, none shown on Borough mapping
Zoning:	East end Mixed Use District per City of Homer
Improvement Description:	None
Larger Parcel Determination:	Larger parcel is the subject consisting of 26.50± acres
Highest and Best Use:	Industrial development
Environmental Condition:	No known adverse conditions, see ***extraordinary assumption***
Effective Date of Appraisal:	June 6, 2024 (date of inspection)
Report Date:	January 8, 2025
Extraordinary Assumptions:	Potential contamination from adjacent salvage yard has not affected subject land
Hypothetical Conditions:	None
Value Indicated by Cost Approach:	Not applicable
Value Indicated by Sales Comparison Approach:	$246,000 ($9,300± per acre)
Value Indicated by Income Capitalization Approach:	Not applicable
Estimated Market Value of Kennedy Parcel (26.50± Acres):	**$246,000**

Chapter 1: Description of Scope of Work

Overview

This *Appraisal Report* analyzes a parcel of land near the Homer Airport in Homer, Alaska. The Kennedy Parcel contains 26.50± acres of raw land inundated with wetlands between Kachemak Drive and East End Road. The purpose of the appraisal is to estimate the market value of the fee simple estate, with the intent to assist with a potential purchase of the property by the City of Homer utilizing National Oceanic and Atmospheric Administration (NOAA) funding.



The appraisal complies with the requirements set forth in the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and *Uniform Standards of Professional Appraisal Practice* (USPAP). We understand the appraisal report may be transmitted to Nancy King for a third-party review.

Client

The client is the City of Homer. The City of Homer is contracting with KHLT to help facilitate the project.

Intended Users of the Appraisal Report

The intended users of the report are the City of Homer, KHLT, NOAA, and the property owner.

Intended Use of the Appraisal Report

The intended use of the report is to assist the potential acquisition of the Kennedy Parcel by the City of Homer.

Property Rights Appraised

We were not provided a title report. Based on review of publicly-recorded documents, the property entitlements are assumed to be fee simple estate, as we found no recorded documents stating the reservation of oil, gas, minerals, etc.

Definition of Market Value

While a number of different definitions of market value are available for citation, all generally state value results from the behavior of market participants. Based on the intended use of this report, we cite the UASFLA definition of market value for the appraisal assignment.

Market Value

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of value, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property.[2]

Legal Description

Based on review of public recorded documents, and information provided by the client the subject's legal description is as follows:

Portion of SW¼NW¼ of Section 14, Township 6S, Range 13W, Seward Meridian, Homer Recording District, Third Judicial District, State of Alaska.

[2] *Uniform Appraisal Standards for Federal Land Acquisitions,* 6th Addition, by the Interagency Land Acquisition Conference, published by the Appraisal Foundation in cooperation with the U.S. Department of Justice, 2016, p. 10.

Property Owner

Public Records indicate the owner of the appraised property is as follows.

- George M. Kennedy
  844 Ocean Drive Loop
  Homer, AK 99603-7920

Effective Date of the Appraisal

June 6, 2024

Date of Report

January 8, 2025

Property Inspection and Owner Contact

Alex Kleinke inspected the appraised property on June 6, 2024, unaccompanied by the property owner. The property owner was informed of the inspection at a prior date, but opted to not be present for the inspection. However, the property owner authorized the appraisal inspection. Lauren Rusin with Kachemak Heritage Land Trust obtained permission to inspect the property on behalf of the appraiser. We discussed the property and property history with George M. Kennedy, property owner, over the phone.

Special Appraisal Problems

We encountered an analytical problem affecting the appraisal process that concludes with our opinion of market value. The analytical problem pertains to the larger parcel analysis. Currently, the property is comprised of a 39-acre parcel with a salvage yard on the northwest portion. Our larger parcel determination concluded that the appraised 26.50± acres represent an independent larger parcel. Several factors preclude the remaining 12.5-acre salvage yard portion from inclusion, as our analysis determined this portion lacks an integrated highest and best use. Moreover, additional lands west of Ternview Place right-of-way are excluded from the larger parcel. Our larger parcel analysis is contained in the highest and best use chapter of this report.

Investigation and Analysis Undertaken to Develop Appraisal

Based on the larger parcel determination, the appraisal assignment involves a full acquisition. Therefore, before and after analyses are not necessary. In developing our opinion of value, we considered the cost, sales comparison, and income capitalization approaches.

We employ the sales comparison approach to develop an opinion of market value. This approach is the only meaningful method of valuing this type of land. Neither the cost nor the income capitalization approaches reflect the behavior of market participants for this type of property. As the Homer land market tends to be controlled by owner users, there is rarely land rental data available for consideration, which precludes developing the income capitalization approach. Moreover, the cost approach is not considered applicable for valuing vacant land. In certain markets, cost data may be available that enables an extraction of land value; however, this neighborhood lacks such information. Therefore, we rely upon land sales in the subject's neighborhood that contain similar physical and economic characteristics. While these sales require adjustments that are difficult to quantify, qualitative analytics produce a reliable conclusion.

Alex Kleinke is responsible for all aspects of the appraisal, including the analysis that concludes with an opinion of market value. Alex Kleinke performed the data collection, analysis, property inspection, report writing, concluded with an opinion of value, and signed the certificate as the appraiser responsible for the contents of the report. A tabular summary of the investigation and analysis undertaken to develop the appraisal follows.

- Participated in a Pre-Work Meeting and discussed the property with representatives from the City of Homer, KHLT, NOAA, and the review appraiser on December 20, 2023;
- Inspected the appraised property June 6, 2024;
- Discussed property and property history with George M. Kennedy, property owner;
- Reviewed mapping pertaining to Kachemak Sponge Green Infrastructure Project;
- Reviewed aerial and wetland mapping from Kenai Peninsula Borough and other sources;
- Reviewed wetland, zoning, and utility mapping from City of Homer;
- Reviewed Phase I Environmental Assessment prepared by Coble Geophysical Services effective December 1, 2022;
- Reviewed KPB Tax Parcel Map 179-080;
- Reviewed Kenai Peninsula 2021-2026 Comprehensive Economic Development Strategy prepared by KPEDD in June 2021;
- Reviewed the City of Homer Comprehensive Plan 2018;

- Performed analysis to determine the larger parcel based on tests of unity of title (ownership), contiguity, and unity of highest and best use;
- Concluded with opinion of highest and best use of the appraised property;
- Collected, verified, and analyzed land transactions in the Homer and general KPB areas;
- Confirmed land sales with the buyer, seller, broker, or other knowledgeable third party;
- Developed the sales comparison approach to arrive at indications of market value; and .
- Reconciled the indications of value and concluded with an opinion of market value for the Kennedy Parcel.

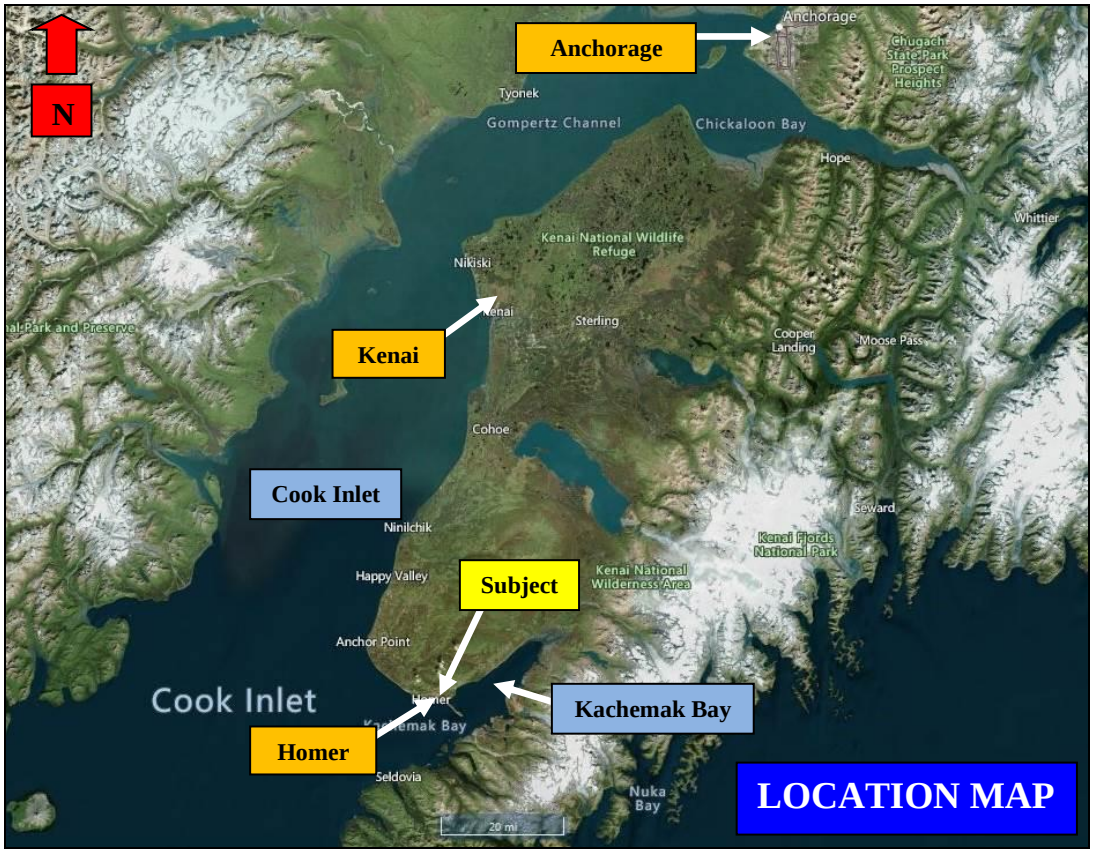
Exposure Time

We invoke the Jurisdictional Exception Rule permitted in USPAP to comply with Section 1.2.4 of UASFLA that states, "the appraiser shall not link an opinion of market value for federal acquisition purposes to a specific exposure time".[3]

[3] Since Standard Rule 1-2(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their opinion of value, we invoke the Jurisdictional Exception Rule that permits departure.

Overview

We present an overview of the subject's neighborhood character as well as provide a market summary. The appraised land sets northeast of the Homer Airport in Homer, Alaska, a coastal city in the Kenai Peninsula Borough. The City of Homer is an independent economic hub in the southern Kenai Peninsula tied heavily to the commercial fishing and maritime industry. Economic diversity has emerged in recent years due to a full-time population core that supports seasonal residents and tourism. Retail, health services, hospitality, and construction industries have added to the employment sectors in Homer. Surrounding communities have evolved due to this residential expansion, while much of the land north of the city limits remains predominantly undeveloped. The Southcentral Alaska map below locates the Homer Area in relation to Kenai and Anchorage.



Homer Summary

The City of Homer is a First Class City, located on the north shore of Kachemak Bay on the southwestern portion of the Kenai Peninsula. Homer's population has seen a 10% increase over the past ten years,

with a 2020 Census Population of 5,522. Including the surrounding communities of Kachemak and Diamond Ridge, the 2022 area-wide population estimate was 7,536. It is one of the four largest communities on the Kenai Peninsula, along with Kenai, Soldotna, and Seward. Homer is approximately 227 road miles south of Anchorage, the southernmost point of the Sterling Highway. Information for this analysis was obtained from various sources, including the Homer Chamber of Commerce, Kenai Peninsula Economic Development District, and the Alaska Department of Community and Regional Affairs (DRCA).

Economy

Homer's economy is primarily supported by the tourism and fisheries industries. Unlike other regions of Alaska, the economy of Homer is not directly related to the success of the oil industry. Homer acts as a regional hub for other smaller communities such as Anchor Point, Ninilchik, and Seldovia. Over the past several years, Homer has transitioned more towards the tourism industry, as it is estimated to be a $100± million per year industry on the Kenai Peninsula. Homer is a popular destination for both resident and non-resident tourists. Most of the tourism business occurs between June and August when sport fishing is at its peak. In addition, the Alaska Islands and Ocean Visitor Center contributes to the local economy. A relatively new 72-room Aspen Hotel located on the Sterling Highway next to the visitor center has added approximately 15 full time jobs. In 2021, Grace Ridge Brewing constructed a new 2,400± square foot facility on the corner of Smoky Bay Way and Ben Walters Lane north of Beluga Lake. In 2023, Doyon, Limited purchased the property known as Lighthouse Village on Homer Spit Road and is planning a joint-venture to expand sustainable tourism in Alaska.

Transportation

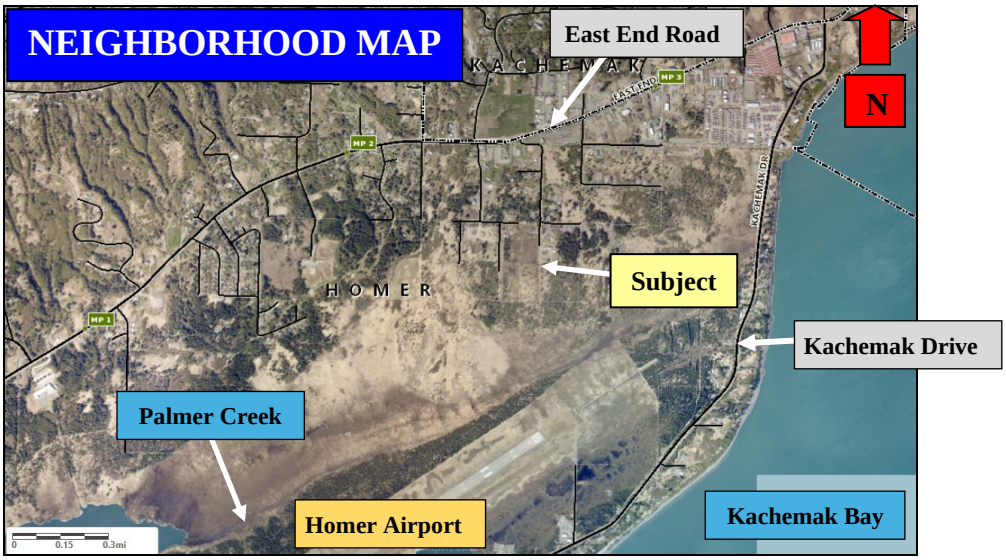
The primary road system to Homer is the Sterling Highway, which connects to the Seward Highway leading to Anchorage and other road systems with linkage to Fairbanks, Canada, and the Lower 48. The State owns and operates the Homer Airport, with a 6,700-foot asphalt runway and floatplane basin. There is also a seaplane base at Beluga Lake. The City is served by several scheduled and chartered flight services with Ravn Alaska, Aleutian Airways, and Kenai Aviation providing service to Anchorage with multiple flights per day. There are also four alternative private landing strips in the vicinity. The Alaska Marine Highway and local ferry services provide marine transportation to other communities in Kachemak Bay and Kodiak.

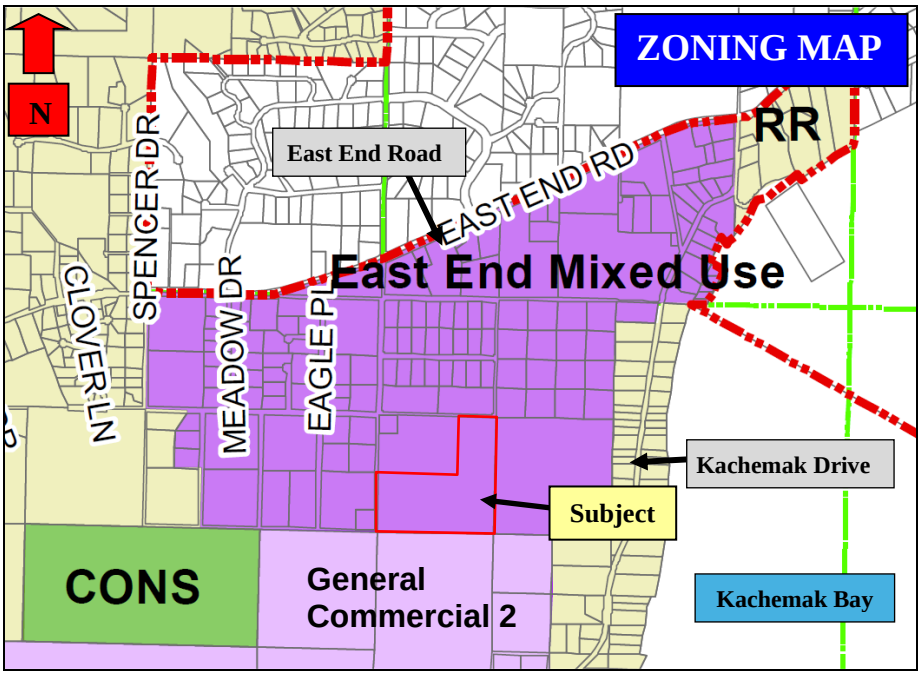
Public Utilities, Schools, and Health Care

Approximately 90% of Homer is served by public water, while the remaining residents have on-site well systems or have water delivered. There is a City sewer treatment center designed to treat 880,000 gallons per day, but with the capability of treating 1,400,000 gallons per day peak flow. Electricity is provided by Homer Electric Association, and refuse is collected by a private firm and hauled to the Borough landfill. There are eight schools located in the community attended by approximately 1,120 students. Local health care facilities include South Peninsula Hospital and auxiliary health care is provided by the Homer Volunteer Fire Department/EMS, as well as private practitioners.

Neighborhood Analysis

The subject is located within a neighborhood known as East End, located approximately three miles northeast of the primary commercial area of Homer. Bound by East End Road to the north, Kachemak Bay to the east, and Homer Airport boundaries to the south and west, development is primarily industrial, with residential and commercial uses interspersed. Local businesses include boat storage and repair, ministorage, welding, and automotive. Public utilities available in the immediate neighborhood include water, sewer, natural gas, and electricity. Access to the neighborhood is afforded by East End Road and Kachemak Drive, State-maintained roads. Little Fireweed Lane, Ternview Place, and Kilokak Lane are maintained by the City of Homer. Neighborhood zoning includes East End Mixed Use south of East End Road and west of Kachemak Drive. Rural Residential zoning is evident fronting Kachemak Drive and Kachemak Bay. Conservation and General Commercial zoning districts are also within the immediate neighborhood.





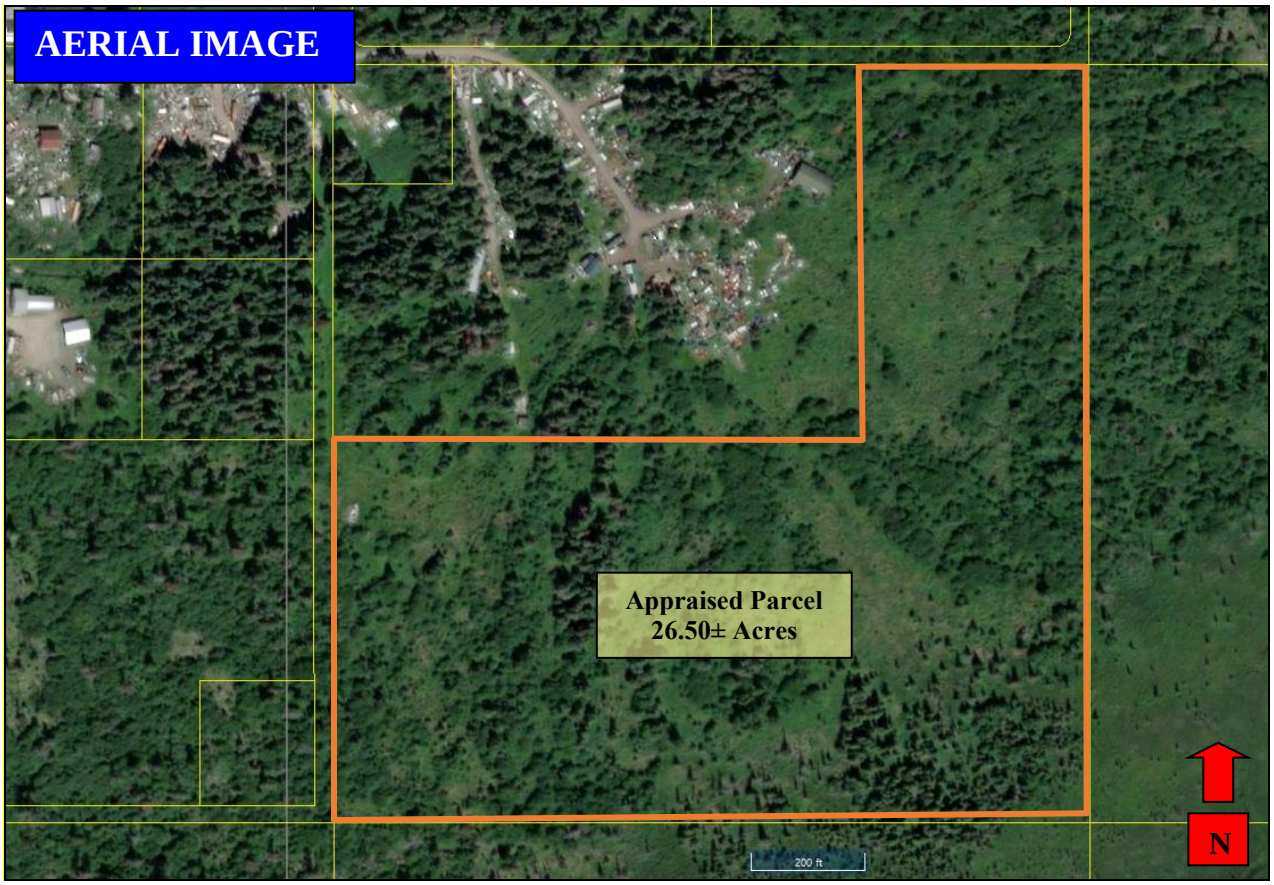
Conclusion

To summarize, the immediate neighborhood is situated northeast of the airport, three miles northeast of the primary commercial area of Homer. This is a mixed-use neighborhood comprised of industrial and residential use, with large swathes of vacant wetlands. We anticipate continued slow to moderate growth for the neighborhood.

Chapter 3: Property Description and Analysis

Overview

The Kennedy Parcel contains 26.50± acres situated northeast of the Homer Airport. The land is in a raw state and consists of wetland inundation. The inserted aerial image provides location reference and displays the physical character, while succeeding tax parcel map shows Borough property boundaries. The aerial image below was generated by the Alaska Mapper and should be considered an approximation.

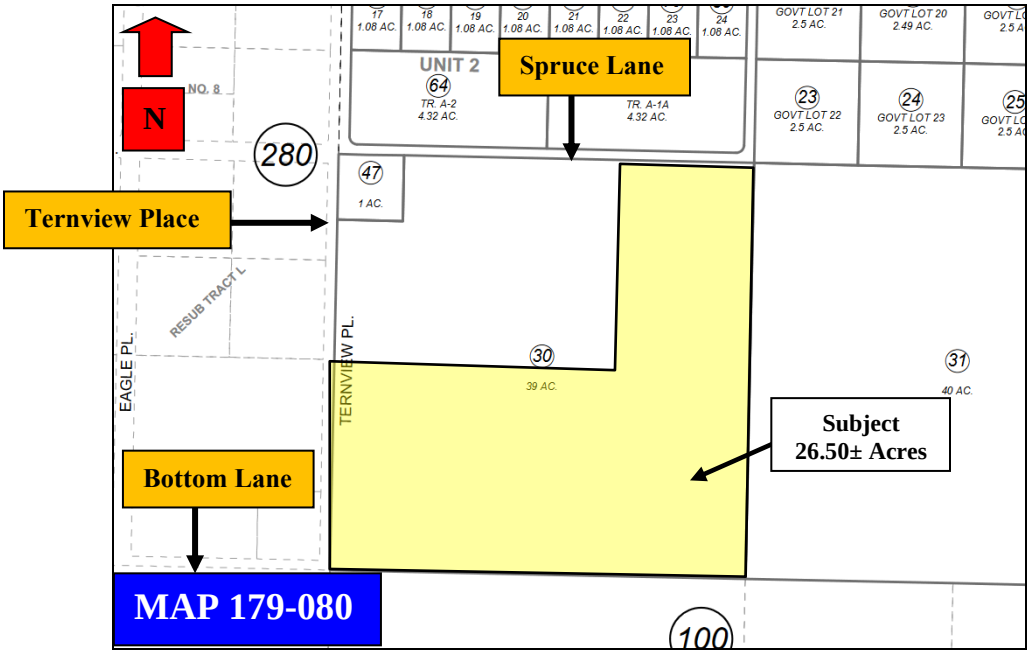


The property inspection, available mapping, and aerial imagery are principal visual sources used to analyze the appraised land. We employ a tabular-type format to describe important physical characteristics; and then discuss sale history, use history, real property assessment, zoning, and other regulatory requirements that affect land use potential thereafter. Photographs that follow provide a visual overview, while inserted exhibits help illustrate the physical and economic character.

Land Description

Kennedy Parcel

The appraised land is within the City of Homer and KPB boundaries. The Borough assessor map is below, while additional mapping continues on the following pages. The mapping is intended to assist with the description and analysis of the subject land.



Land Area and Shape: 26.50± acres or 1,154,340± square feet with a flag shape

Access: Legal, but unimproved access from Spruce Lane along north boundary, Ternview Place along west boundary, and Bottom Lane to southwest corner. Spruce Lane's gravel surface terminates to the northwest, the nearest City-maintained road is Eagle Place to the northwest

Public Utilities: Public electricity, natural gas, water, and sewer in area, but not on site; public water and sewer is situated in Kilokak Avenue per City of Homer utility mapping. The utilities terminate in Ternview Place approximately 850± feet to the north.

View Amenity: Average mountain views

Vegetation: Parcel contains a mix of alder, spruce, low-lying herbaceous shrubs, and barren land

Soil Geology: Soil data obtained from U.S. Department of Agriculture mapping indicates the property is comprised of Beluga silt loam, very poorly-drained plant material over silt loam and silty clay loam

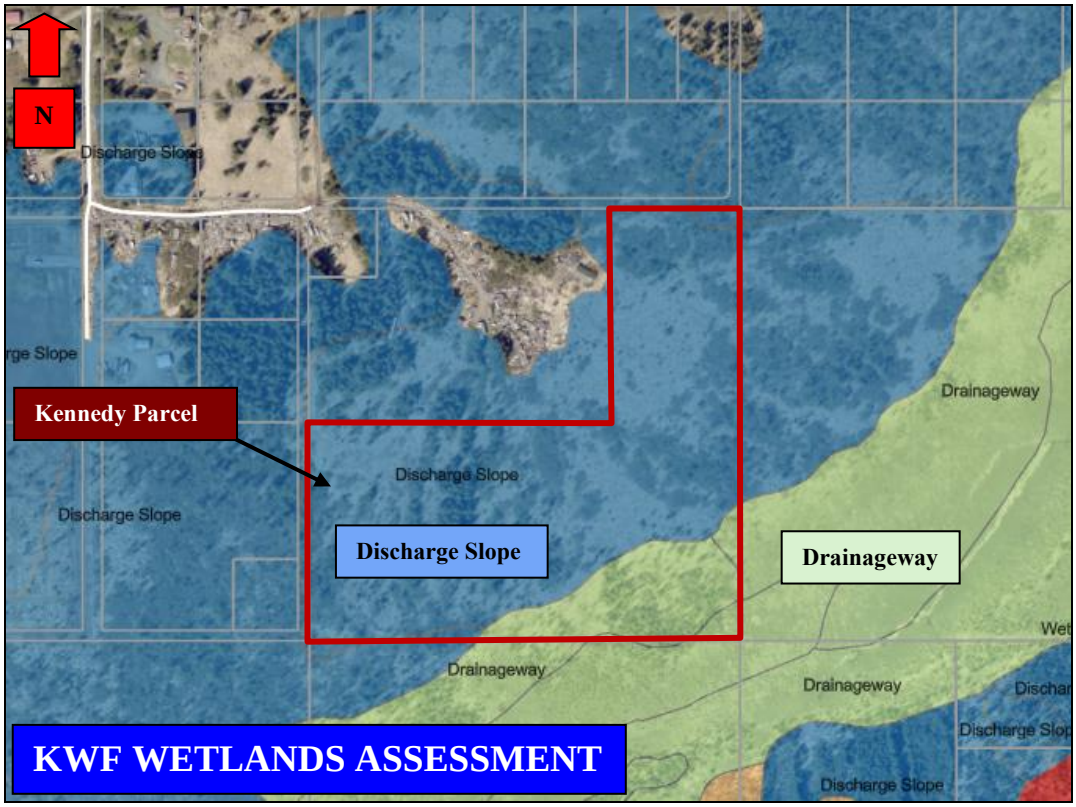
Topography: Gently sloping from northwest to southeast with descending contour, elevation change approximately 20 feet

Flood Plain: FEMA Map 0200124335A dated May 19, 1981 indicates no digital information is available for the panel. The panel immediately to the south is mapped as Zone D, areas of undetermined, but possible flood hazards. The property is outside of the City of Homer's flood mapping area.

Mineral Deposits: It is our understanding the subsurface rights have not been reserved by any previous owner; however, it is clear no commercially viable minerals exist on the subject property

Easements and Restrictions: None noted on tax parcel map, assumed section line easement along west boundary

Wetlands: Per City of Homer Wetland Mapping, primarily "Moderate Rank" wetlands; KWF Wetland Assessment identifies the property as Discharge Slope Wetlands and Drainageway Wetlands, which encumber the entire property.



Environmental Assessment: No evidence of adverse environmental conditions observed during the property inspection, it is an ***extraordinary assumption*** of the appraisal that potential contamination related to the adjacent salvage yard has not affected the appraised land. We reviewed the Phase I Environmental Assessment

prepared by Coble Geophysical Services for the City of Homer Public Works dated December 1, 2022. The assessment focuses on the 10-acre scrapyard portion of the Kennedy Parcel, which is not included in the subject larger parcel. Moreover, it states the southern portion of the property is "apparently pristine and more than likely unaffected by the adjacent scrapyard". It is reasonable to assume the land to the east of the scrapyard shares this characteristic. If the ***extraordinary assumption*** is proved false, our value conclusion could be affected.

Improvement Description

None

Use History

Property is thought to have been used for logging in prior decades. In recent years, it has not been used in any known official capacity. The adjacent lands are utilized as a salvage yard. The property has been identified by the City of Homer as land capable of facilitating the Kachemak Sponge Green Infrastructure Project.

Sale History

Public records indicate George M. Kennedy acquired the property from the Estate of John A. Hollis in September 2014. The property rights were granted via Personal Representative Deed recorded under Document No. 2014-002879-0, on September 30, 2014. Based on discussions with George M. Kennedy, this was an arm's-length transaction. However, Mr. Kennedy opted not to share the sale price. As Alaska is a non-disclosure state, sale prices of real property transactions are not required to be reported. Thus, the sale price is unknown. This transaction included additional acreage that Mr. Kennedy now utilizes as a salvage yard. We are not aware of any active listings, or written offers to purchase the subject property. Mr. Kennedy indicated he has not made any attempts to sell the property.

Rental History

There is no known rental history pertaining to the appraised land.

Assessed Value and Real Estate Taxes

Table 1 summarizes the historical KPB real property assessments, mill rates, and property taxes for the subject land, which includes additional acreage and improvements associated with a salvage yard.

Table 1: KPB Real Property Assessments (17908030)

Year	Land	Improvements	Total	Mill Rate	Property Tax
2024	*$124,200*	*$10,200*	*$134,400*	*10.26*	*$1,378.96*
2023	*$103,200*	*$2,000*	*$105,300*	*11.48*	*$1,149.88*
2022	*$41,200*	*$2,000*	*$43,200*	*11.24*	*$485.57*

Zoning and Land Use Regulations

EEMU - East End Mixed Use district-specific regulations are summarized on the following page:

Purpose and Intent: Primarily intended to provide sites for businesses that require direct motor vehicle access and may require larger land area

Permitted Uses: A wide variety of uses are allowable within this zoning designation, including industrial, commercial, institutional, and residential development.

Conditional Uses: Junk yards, construction camps, auto fueling stations, mining, impound yards, etc. resource extraction and any other use approved through the public hearing process

Minimum Lot Size: 40,000 square feet if not served by public sewer or water; 20,000 square feet if served by public water **or** sewer, 10,000 square feet if served by **both** public water and sewer

Setbacks: 20 feet from dedicated rights-of-way other than alleys, five feet from boundary lines, increasing depending on number of stories

Maximum Building Area and Building Height: 75,000 square feet area for single building, and 35 feet maximum height

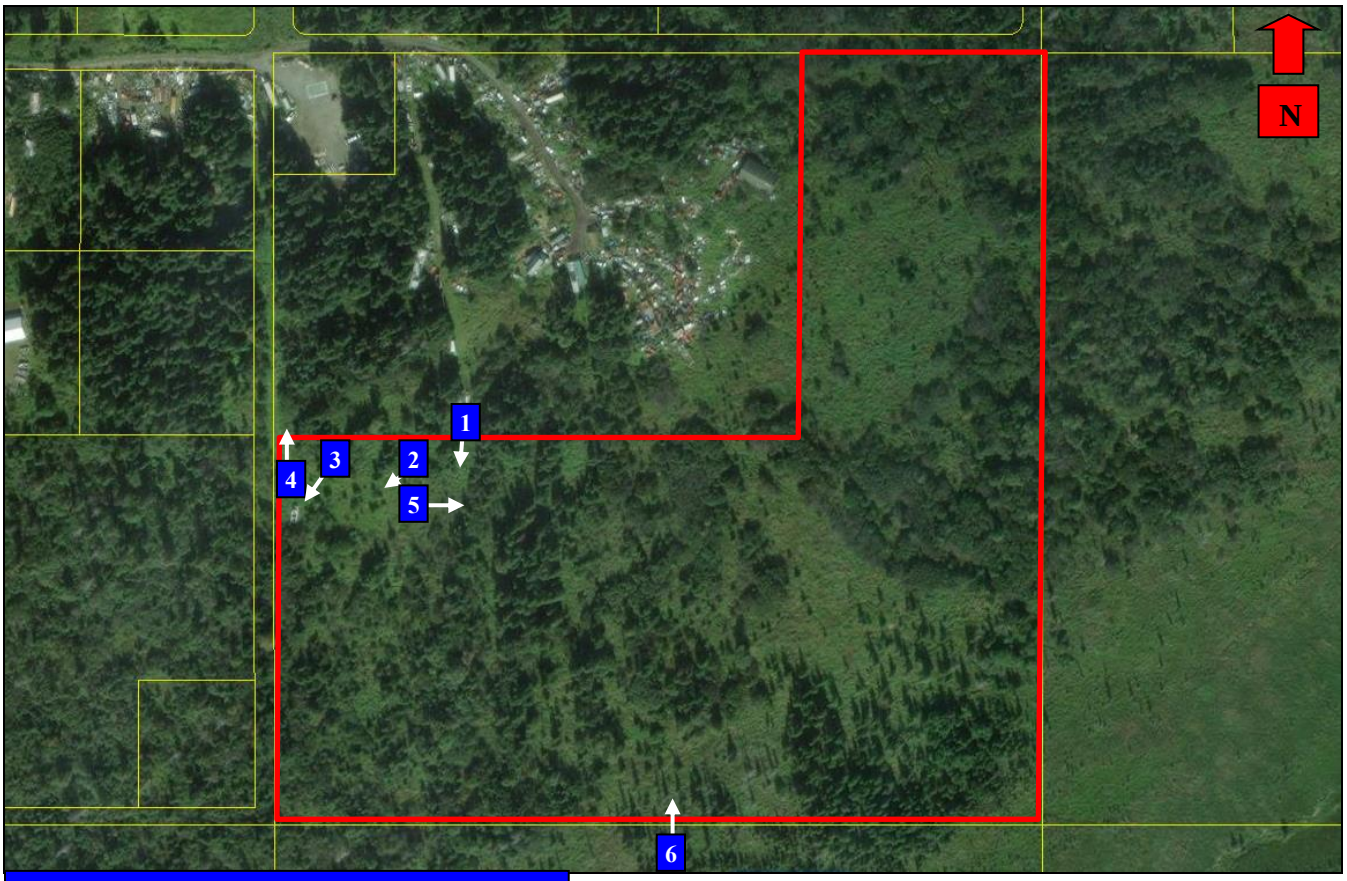
Other Land Use Regulations

The State Department of Environmental Conservation (DEC) regulates development of on-site water and wastewater systems. Moreover, development of wetlands requires a permit from the Corps, which will likely incur mitigation costs.

Property Photographs

Photographs of the Kennedy Parcel begin on the following page. The map on the following page depicts the location and direction of each photograph. The photographs were taken on June 6, 2024 by Alex Kleinke of MacSwain Associates. Due to the difficulty navigating the

property on foot due to vegetation and wetlands, our on-site inspection was limited to the westerly portion and augmented by viewing the property from satellite imagery, and aerial overflight.



PROPERTY PHOTOGRAPHS

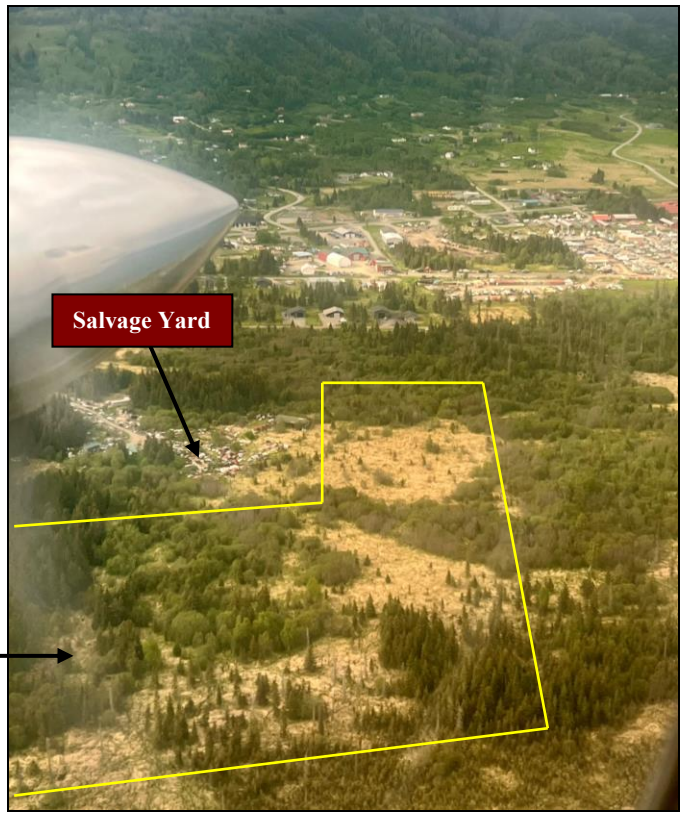
1. South view of land from north boundary near west end of Kennedy Parcel

2. Creek/wetland area on south portion of Kennedy Parcel

3. South view of abandoned boat on property, marking westerly boundary

4. North view showing clearing along section line easement bounding property's west side

5. Typical vegetation on property



6. Aerial view of property taken near south boundary

Chapter 4: Highest and Best Use Analysis

Overview

Highest and best use is a market-driven concept rather than a subjective conclusion based on the experience of the appraiser or a property owner's wishes. Economic incentive is the motivation that has a market-effect on the productivity or profitability of the land. Our market value estimate relies upon the following UASFLA definition of highest and best use.

The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.[4]

Essential to the highest and best use analysis is the determination of the larger parcel. By definition, the larger parcel is land with unity of title (ownership) and an integrated highest and best use that may or may not be contiguous. Evaluating the most profitable use of the Kennedy Parcel requires analysis of feasible alternatives. The criteria for analyzing potential use are physically possible, legally permissible, financially feasible, and highest value. The highest and best use analysis that follows the larger parcel determination is the foundation of the appraisal.

Larger Parcel Determination

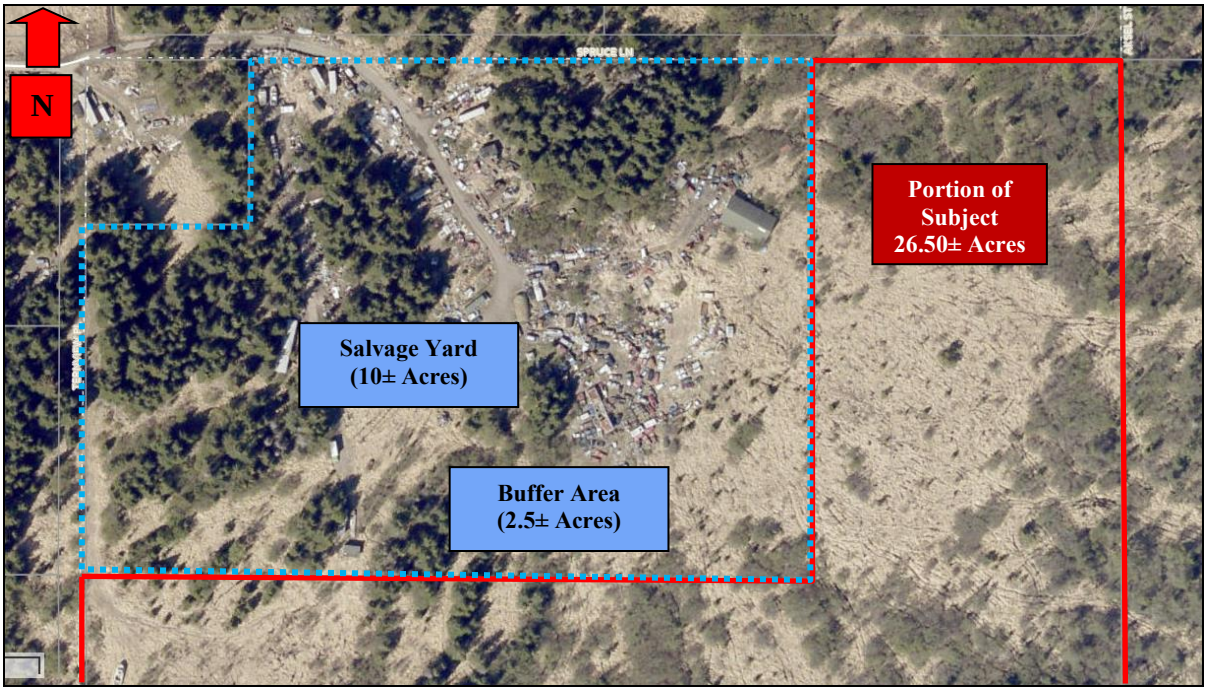
The larger parcel determination hinges on the test of unity of highest and best use, which evaluates whether an integrated use of five proximate properties owned by George M. Kennedy is the most productive.

The contiguous properties are identified by the Kenai Peninsula Borough as Parcel ID Numbers 17908030, 17928037 (Tract L-1), 17928038 (Tract L-2), and 17928039 (Tract L-3). Ownership mapping and a table explaining ownership and property usage are on the following page.

[4] *Uniform Appraisal Standards for Federal Land Acquisitions* by the Interagency Land Acquisition Conference, 2016, p. 22.

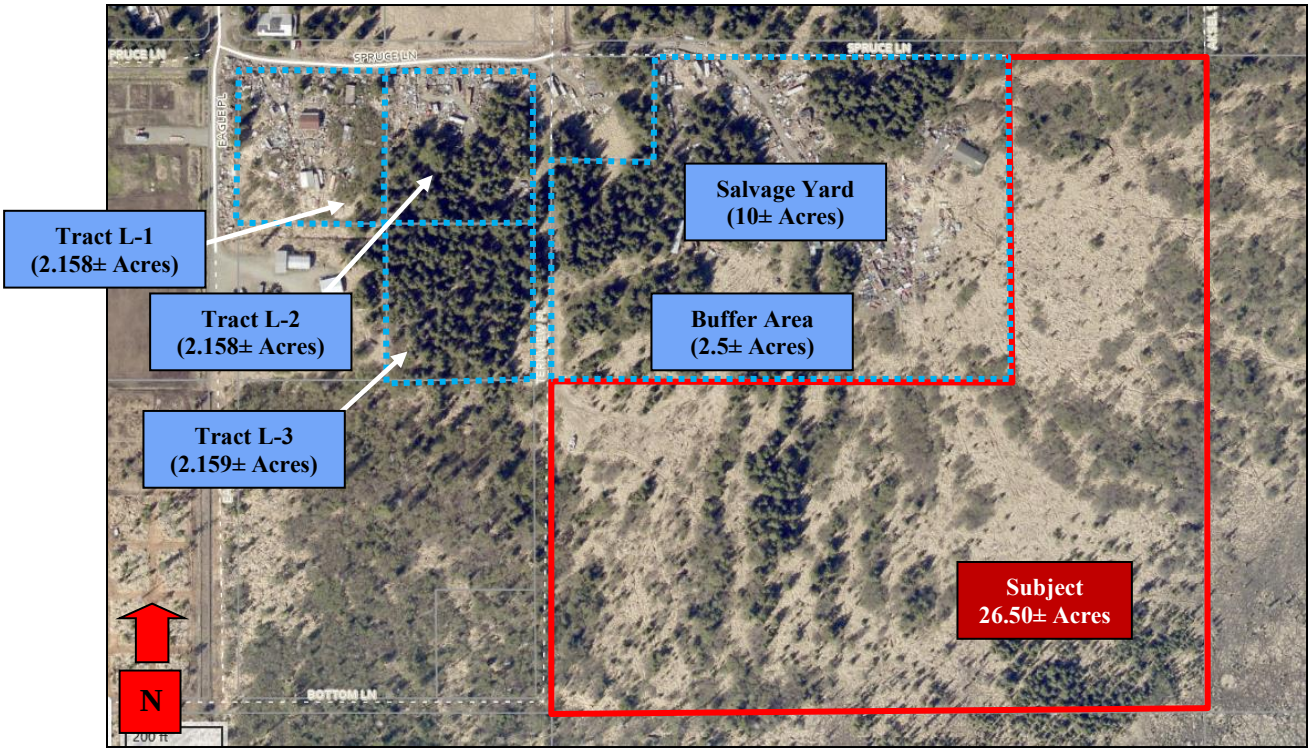
Table 2: Summary of Contiguous Properties with Same Owner

Legal	Land Area	Property Type
Ptn. of SW¼ NW¼, Sec. 14	*39± acres*	*12.5± acres comprised of a salvage yard, modular dwelling, and buffer area, with 26.5± acres of raw land, assumed free of wetland inundation*
Tract L-1, Tietjen Subdivision	*2.158 acres*	*Smaller parcel in platted subdivision, utilized as original salvage yard, acquired by George M. Kennedy in 1995*
Tract L-2, Tietjen Subdivision	*2.158 acres*	*Smaller parcel in platted subdivision, utilized as continuation of salvage yard, acquired September 2015*
Tract L-3, Tietjen Subdivision	*2.159 acres*	*Smaller parcel in platted subdivision, heavily treed raw land, acquired September 2015*



The adjacent parcel outlined in blue is owned by George M. Kennedy. The subject parcel outlined in red contains 26.50± acres and consists of raw land inundated with wetlands. Alternatively, the 12.50-acre salvage yard and buffer areas are partially free of wetland inundation, and have soils more suitable for development. Moreover, it has been utilized as a salvage yard for a number of years and contains a modular-type structure for a dwelling. There remains sufficient unused land area to expand the salvage yard, or to accommodate future industrial use, as the salvage yard is considered an interim use. Given the type of materials stored, there is a risk of environmental contamination. The 26.5± acre acquisition area is assumed to be free of environmental contamination. Excluding the northwest, potentially contaminated salvage yard portion decreases risk associated with the acreage to be acquired. Moreover, this 26.5± acres are sufficient land

area to support a variety of potential uses. The salvage yard parcel has improved access to the northwest corner; thus, developing the subject parcel would entail extending physical access. We consider the cost associated with this endeavor to be substantially less than mitigating the potential salvage yard contamination. Given the foregoing, the property differences result in a lack of an integrated highest and best use.



Additional parcels to the west, which are separated by the Ternview Place right-of-way are also owned by George M. Kennedy. Two of these parcels also have salvage yard use, while one parcel remains vacant. Again, there is no economic justification for assemblage with the subject parcel. As there is no economic incentive to assemble the parcels into a larger property mixed with salvage yards and vacant lands, we consider subject 26.50± acres to be the larger parcel.

Highest and Best Use Analysis

Physically Possible: The larger parcel contains 26.50± acres of wetland-inundated raw land. Currently, vehicular access is not improved to the parcel. Legal access is afforded by Spruce Lane along the north boundary and Ternview Place along the west boundary.

Gravel access is constructed to the intersection of these rights-of-way just northwest of the larger parcel. In addition to extending utilities and improving road access, gravel fill is necessary to facilitate development. Surrounding development is comprised primarily of light industrial uses, including the boatyard to the northeast, storage uses, and automotive repair. A light industrial subdivision is currently undergoing development to the north. Based on surrounding development, the subject's size, and location, the most probable use is for industrial development. Although recreational use is possible in the subject's current state, industrial development provides a greater return to the land, despite the necessary development costs.

Legally Permissible: The parcel is located within the City of Homer boundaries, subject to zoning regulations. Zoning is EEMU, East End Mixed Use district. According to the City of Homer Zoning Code, this designation is:

> *Primarily intended to provide sites for businesses that require direct motor vehicle access and may require larger land area. The district is meant to accommodate a mixture of existing and accessory residential with nonresidential uses. When a conflict exists between residential and nonresidential uses conflicts shall be resolved in favor of nonresidential uses.*

A variety of uses are allowable within this zoning designation, including industrial, commercial, institutional, and residential development. Other legal constraints pertain to City/Borough permitting, and obtaining a permit from the Corps of Engineers due to the presence of wetlands. Zoning does not restrict the property from industrial development.

Financially Feasible: Industrial use is a proven financial land use option. There is evidence of industrial development to the immediate north, as well as ongoing development of an industrial park to the north. The developer purchased 40 acres of raw land with the intention of creating 32 industrial lots. To date, the subdivision has yielded 24± lots that have been sold off. The remaining 8.5± acres are yet to be subdivided. Based on a review of publicly-available data, the development has had a positive financial return. In the case of the subject, surrounding inventory with superior access and utility infrastructure detracts from the feasibility of immediate subdivision. However; the larger 20± acre parcel allows for more flexibility and decreases development costs. Industrial and marine industrial uses that utilize larger sites while avoiding subdivision costs include yard storage, boat storage, equipment storage sites, etc. Subdivision is a development alternative, which we do not consider to be currently financially feasible due to existing inventory and rates of absorption.

Subdividing into smaller industrial lots increases risk and uncertainty and diminishes financial feasibility.

Highest Value: Based on physical and economic factors, industrial use is the most productive financial option. Since the larger parcel is wetland inundated, site development costs such as Corps permitting and gravel fill would be incurred. Additional costs to facilitate access are necessary. This would entail construction of a 650± foot gravel road to either the north or west boundaries of the larger parcel. Based on preceding analysis, we conclude the highest and best use of the subject is for industrial use that does not require subdivision in the near term and avoids higher development costs.

Highest and Best Use of Larger Parcel:

Industrial Use (Industrial Storage Yard Development)

Chapter 5: Property Valuation

Overview

This chapter analyzes land sales with industrial or mixed-use potential. Initial search parameters focused on recent transactions in the immediate neighborhood of wetland-inundated parcels with similar access constraints. A paucity of sales required us to expand our search to include smaller parcels in the immediate neighborhood that benefit from superior access. An irregular pattern of market activity in the neighborhood included the City of Homer and Kenai Peninsula Borough selling parcels in the Mid-2010's by way of sealed bid auctions, rendering prices to vary widely. We place greater emphasis on sales that reflect more typical marketing terms, but include all types of sale data with accompanying explanations of the comparables' merits or deficiencies.

Sales Comparison Approach

The sales comparison approach is a market-based analysis that compares price behavior of rural land with similar physical, legal, and economic character as the subject. Qualitative analysis is the primary technique used to measure differences between the sales and the appraised land. These adjustments employ a procedure known as "relative comparison analysis", which represents a study of market relationships without recourse to quantification. By analyzing and interpreting market behavior, we rate various elements of comparison that influence price as superior, inferior, or similar. Although limited market activity and interrelated comparative factors make quantification difficult, we collected sufficient data to perform a credible analysis.

Analysis of Elements of Comparison

In this step of the valuation process we ascertain what comparative elements cause price to vary. We first discuss potential property rights and market conditions adjustments. In the absence of a title report, we performed a comprehensive search on the State of Alaska DNR Recorder's Office to examine what property rights were conveyed to the current property owner. We found no evidence that oil, gas, and mineral rights were reserved by the State, or another individual or entity. Despite certain sales being subject to the restriction of oil, gas, and minerals during initial conveyance, we found no market evidence that this affects prices paid for raw, wetland parcels in Homer. Thus, no property rights adjustments were deemed necessary.

Notably, the transactions occurred within an interval spanning the past 9± years. While demand for land and improved residential/recreation

properties in Homer saw a stark increase subsequent to Covid, the available supply of wetland-inundated parcels similar to the subject ensured more gradual appreciation in terms of the price structure. A paucity of sale data precluded a paired-sales analysis. We reviewed data of sales and resales in the Homer area, but other factors typically contributed to year-over-year price increases, such as improvement of access and utility infrastructure, or general site development. Thus, we consider this market evidence cautiously when applying upward qualitative market conditions adjustments to the three oldest land sales, Land Sales 2, 3, and 6.

Conditions of Sale Adjustment: Two comparable sales required adjustments for sale conditions that had an influence on the sale price. Land Sale 1 was sold via an auction by the Kenai Peninsula Borough, in which competing bids escalated the sale price above market norms. Conversely, Land Sale 5 requires an upward adjustment as the buyer and seller have a personal and business relationship. Per the buyer, the property was offered to him for sale at what he considered to be an attractive price, facilitating immediate acceptance.

Location Adjustment: As can be seen by the land sales map on page 35, the land sales are all located east of the Homer Airport in generally similar areas. Therefore, no location adjustments are required.

Physical Characteristics Adjustment: Land area (size), access, utilities, vegetated cover, topography, and wetlands are physical features that affect market dynamics and price behavior. An analysis of each physical characteristic follows.

> ***Size Adjustment:*** The sales analyzed range from 2.5± acres to 40± acres, while the appraised parcel contains 26.5± acres. Since paired analysis is not possible, qualitative size adjustments are necessary. Analysis indicates size and price have an inverse relationship with a non-linear price curve reflecting market behavior. Based on this price relationship, we adjust Land Sales 1, 2, 4, 5, and 6 downward, and Land Sale 3 upward.
>
> ***Road Access Adjustment:*** The appraised land is legally accessed from Ternview Place along the west boundary and Spruce Lane along the north boundary. Neither of these access modes are improved, as Spruce Lane's gravel surface terminates to the northwest. The most proximate road with City maintenance is Eagle Place to the northwest. Land Sales 2 through 6 have superior access that mandate downward adjustments by varying degrees, dependent on the quality of the roadbed and maintenance. Land Sale 1 is similarly afflicted by unimproved access and not adjusted.

Utilities Adjustment: Similar to the previous category, all land sales benefit from utility infrastructure, including electricity, natural gas, water, sewer, or a combination thereof. Thus, we make downward qualitative adjustments to the comparables.

Topography and Vegetation Adjustment: The subject and comparables all have generally similar undulating terrain. While the subject is heavily vegetated, Land Sale 5 contains primarily sedges and grasses, which incur lower development costs compared to thickets of alder, spruce, birch, and cottonwood. Thus, we adjust Land Sale 5 downward. The remaining sales do not require adjustments.

Wetlands Adjustment: Review of wetland mapping indicates the subject is primarily inundated with discharge slope and drainageway wetlands. Land Sales 1, 2, 4, and 5 are either entirely, or nearly entirely inundated with discharge slope wetlands and not adjusted. Land Sales 3 and 5 also contain wetland inundation, but to a lesser extent and are adjusted downward qualitatively to reflect lower development costs.

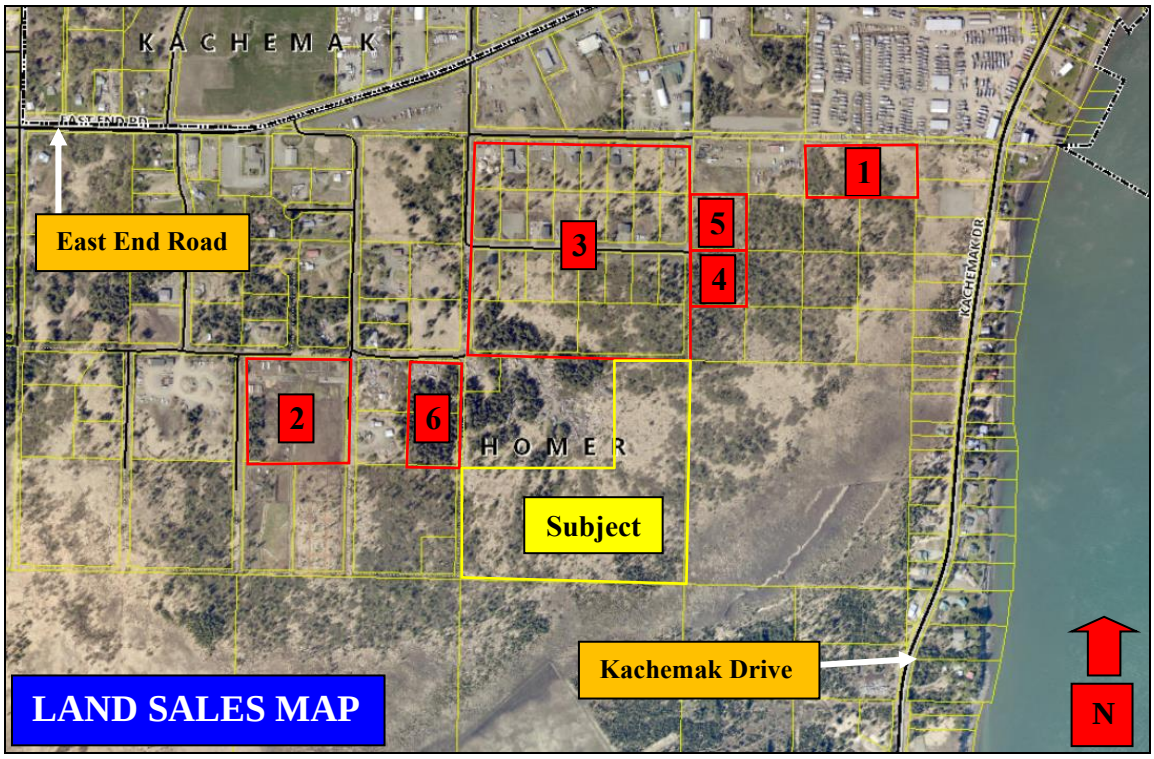
Legal Characteristics Adjustment: The subject and comparable sales are situated within the City of Homer's East End Mixed Use (EEMU) district, and subject to the same zoning controls. Therefore, no adjustments for zoning are required.

Analysis of Comparable Land Sales

Table 3 on the following page presents a summary analysis of the land sales relied upon to develop our opinion of market value. The inserted map that follows on page 35 depicts the location of the comparable sales. Enclosed in the addendum are additional pertinent facts and mapping for each land sale. In terms of comparable inspection, we made attempts to inspect each comparable, but encountered difficulties gaining access to all the comparables due to lack of road infrastructure, road blockages, or risk of trespass. In general, we were able to inspect the comparable sales, and at a minimum could view the comparable sales from nearby public rights-of-way.

Table 3: Summary Analysis of Comparable Land Sales

No.	Location	Property Rights / Dev. Constraints	Land Area (Acres)	Sale Date	Sale Price	$/Acre
1	South side of Little Fireweed Ln. (unimproved), adjacent to subject north boundary	Fee simple (less oil, gas minerals)	4.999	11/21	$327,000	**$65,413**
2	SWC of Spruce Lane and Eagle Place	Fee simple	8.680	11/16	$155,000	**$17,857**
3	SEC of Little Fireweed Lane and Ternview Place	Fee simple less reservations	40.000	10/15	$269,000	**$6,725**
4	East terminus of Kilokak Avenue, on south side	Fee simple (less oil, gas minerals)	2.500	6/22	$200,000	**$80,000**
5	East terminus of Kilokak Avenue, on north side	Fee simple (less oil, gas minerals)	2.500	2/22	$154,000	**$61,600**
6	Southwest corner of Spruce Lane and Ternview Place (unimproved)	Fee simple	4.317	9/15	$70,000	**$16,203**
	West of Kachemak Bay and Kachemak Drive (subject parcel)	***Fee simple estate***	***26.500***	***6/24*** ***(Date of value)***	***NA***	***NA***



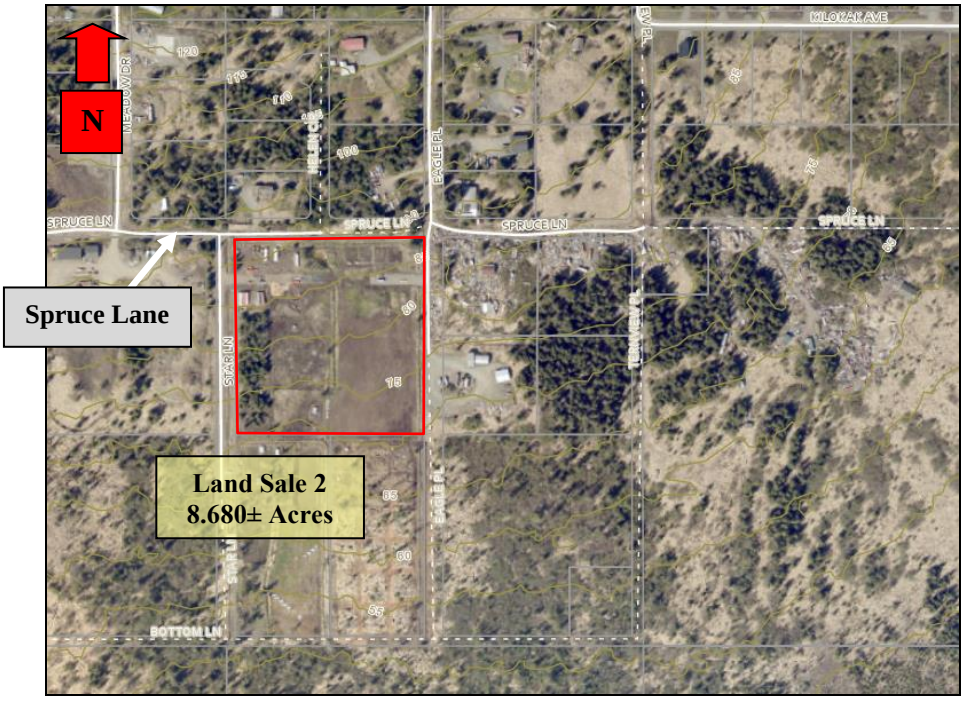
Land Sale 1 is the November 2021 sale located northeast of the subject property. The property consists of two (2) 2.5± acre lots totaling nearly five acres. The lots are in a raw state, mapped as discharge slope wetlands per KWF Wetlands Assessment. Legal

access is from Little Fireweed Road to the north, but the lots will likely be accessed from the adjoining land owned by the buyer. Electricity is available to the north, while water and sewer terminate 700± feet to the west. The lots were purchased through a Kenai Peninsula Borough surplus land auction. The buyer owns the adjoining land to the north and west for operation of a boatyard. From the buyer's perspective, securing these lots was critical for the boat yard business as no alternative sites remain for expansion. Competing bids at the auction caused the buyer to pay a premium for the land. The Borough reported the sale price to be $327,000 for both lots, equating to $65,413 per acre. The buyer paid a 10% down payment with the seller financing the balance at 5.25% over ten years.

Comparatively, downward adjustments are required for superior size differential, utility infrastructure, and vegetative cover. These physical characteristics support a unit value significantly less than $65,413 per acre for the Kennedy Parcel. We also consider the superior conditions of sale that resulted from a competitive auction that enhanced the sale price.

Land Sale 2 is the November 2016 sale located west of the subject on the southwest corner of Spruce Lane and Eagle Place. According to Borough records, the property contains 8.680± acres. The majority of the property is mapped as discharge slope wetlands per KWF Wetlands Assessment. Access is provided by Spruce Lane on the

north boundary and Eagle Place on the east boundary. The broker indicates the property was partially cleared at the time of sale. Electricity is available to the property, but water and sewer are not in the immediate area. The property was exposed to the market for over 700 days, originally listed for $175,000. The sale price of $155,000 indicates a unit price of $17,857 per acre. It had previously been listed for several years with no sale culminating. A recorded deed of trust indicates a $20,000 cash down payment with the balance financed by the seller at undisclosed terms. The buyer previously purchased the adjacent 4.34-acre Tract O-1 on the south/west in 2010. In 2021, the same buyer purchased the adjacent 4.34-acre Tract O-2 on the south/east boundary. Previously, the buyer had leased Tract O-2 from the prior owner for $1,500 per year. The purchase clause capped the sale price at 200% of the average assessed value for the preceding three years, or $32,933 ($7,590 per acre).



By comparison, the land sale compared to the subject requires an upward adjustment for market conditions. Overriding downward adjustments are required for superior access, utilities, and size differential. The net adjustment is downward indicating a unit value less than $17,857 per acre for the Kennedy property.

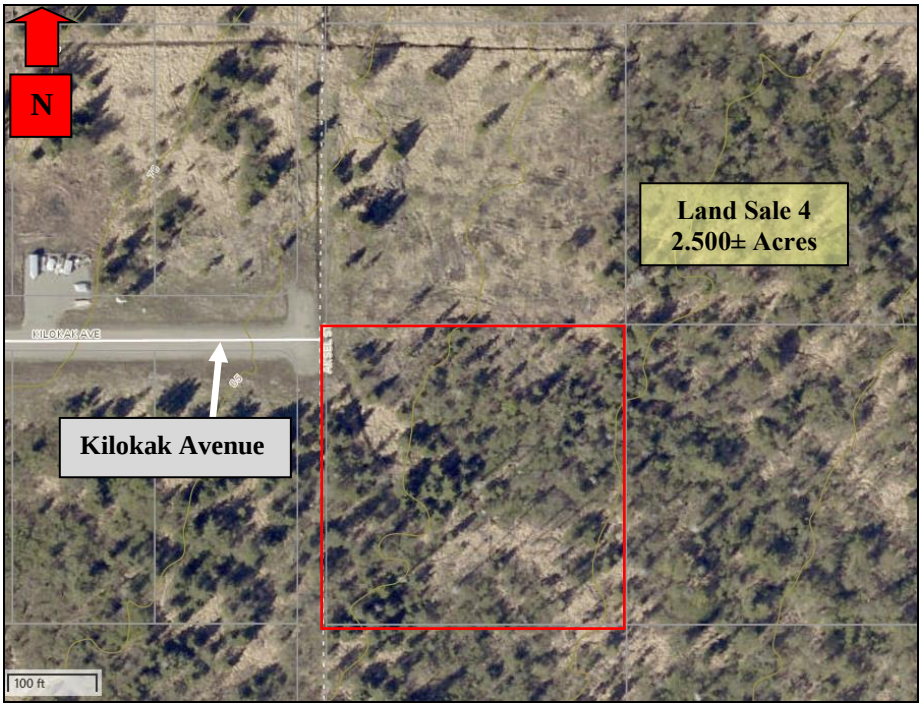
Land Sale 3 is the October 2015 sale located just north of the subject fronting the south side of Little Fireweed Lane. Approximately 50% of the property is mapped as discharge slope wetlands, mostly confined to the south half. According to the broker, at the time of sale

the property benefited from three access points. Review of historic aerial imagery and public records indicates access was not fully constructed at the time of sale. Further, the broker reported electricity and natural gas were adjacent to the site, and City utility mapping indicates water and sewer service was available at the time of sale along portions of the north and west boundaries. Subsequent to the sale, Ternview Place was constructed, linking Little Fireweed Lane to East End Road. The property was exposed to the market for 187 days, originally listed for $329,000, however it had been listed in prior years for $345,000. The sale price of $269,000 indicates a unit price of $6,725 per acre.

Subsequent to the sale, the buyer subdivided the parcel into 24 one-acre lots and two four-acre lots reserved for future development. In the platting process, Kilokak Avenue and Little Fireweed Lane were improved and became City-maintained roads with water and sewer. The one-acre lots have nearly all been sold off with the majority now developed. The majority of the subdivided lots have sold, but the sale prices were not publicly available. One of the lots resold in 2023 for $155,000.

By comparison, upward adjustments are necessary for market conditions and size differential. Conversely, access and utility infrastructure are rated superior, necessitating downward adjustments. We note, at the time of the sale, access was much more limited compared to the access observed during recent inspections. Thus, this adjustment is tempered. An additional downward qualitative adjustment is required for a lower ratio of wetland inundation. After analysis, the net adjustment is upward, indicating a unit value greater than $6,725 per acre for the Kennedy property.

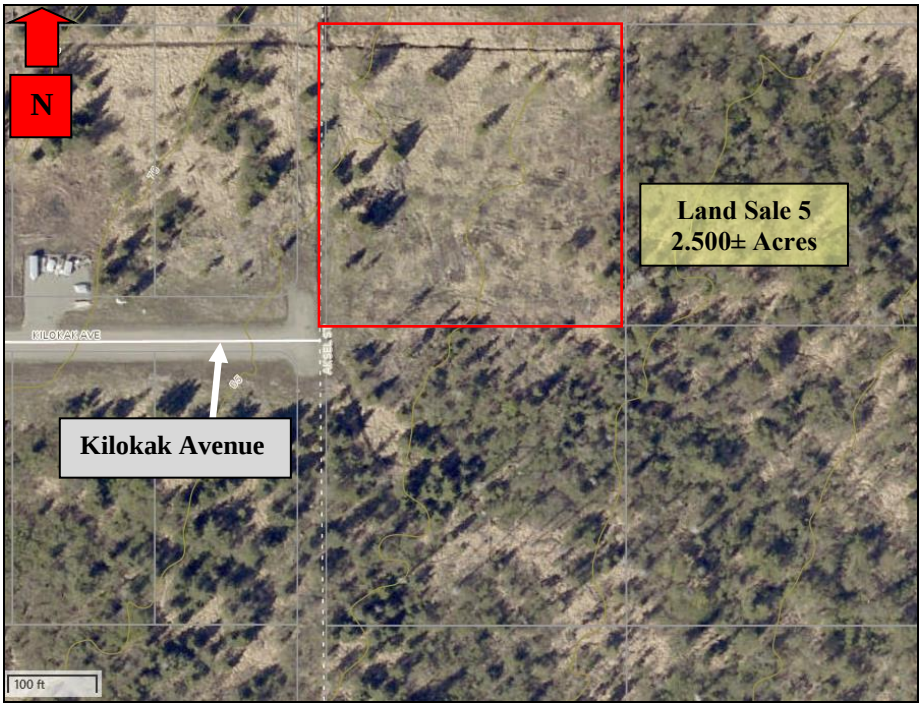
Land Sale 4 is June 2022 sale of a 2.5-acre parcel located just northeast of the subject at the east terminus of Kilokak Avenue. The rectangular-shaped parcel is in a raw state and inundated with discharge slope wetlands. Heavily treed, the land sets below the Kilokak Avenue roadbed. Reportedly, access off Kilokak Avenue will be permitted, per the grantee. Likewise, electric and natural gas can be connected to, and water and sewer service is situated in Kilokak Avenue. The seller obtained the property through the development of the adjacent industrial park. The buyer indicated he had been seeking similar land to hold for future development, but had no specific near-term development plans when purchasing.



This 2.5± acre parcel sold for $200,000, cash, which indicates a unit price of $80,000 per acre. Comparatively, size differential, access, and utility infrastructure all warrant downward qualitative adjustments. Thus, Land Sale 4 indicates a unit value less than $80,000 per acre for the Kennedy Parcel.

Land Sale 5 is the February 2022 sale of a 2.5-acre parcel located just northeast of the subject at the east terminus of Kilokak Avenue. The rectangular-shaped parcel is in a raw state and partially inundated with discharge slope wetlands. The property lacks tree covering, and rather is defined by lower brush, grasses, and sedges. It sets below the Kilokak Avenue roadbed. Located adjacent to Land Sale 4, it is assumed access off Kilokak Avenue will be permitted. Although the grantee indicated he has not applied for a driveway permit, he believes

access would be granted. Likewise, electric and natural gas can be connected to, and water and sewer service is situated in Kilokak Avenue. The seller obtained the property from the City of Homer in 2016 through a sealed bid auction. Subsequent to developing the adjacent business park, the lot was available for sale, although not marketed through a brokerage. The buyer owns property to the north for his marine welding services company. The purpose of the purchase of the 2.5± acre parcel was for future expansion, and because he was offered the parcel at an attractive price.



This 2.5± acre parcel sold for $154,000, cash, which indicates a unit price of $61,600 per acre. Comparatively, size differential, access, and utility infrastructure all warrant downward qualitative adjustments. While conditions of sale require an upward adjustment, the net adjustment is downward. Thus, Land Sale 4 indicates a unit value less than $61,600 per acre for the Kennedy Parcel.

Land Sale 6 is the September 2015 sale located immediately west of the subject on the south side of Spruce Lane, just east of Eagle Place. The property consists of two lots totaling 4.317± acres. The majority of the property is mapped as discharge slope wetlands per KWF Wetlands Assessment. Access is provided by Spruce Lane on the north boundary. Ternview Place on the east boundary is not improved. At the time of sale, the broker reported electricity and natural gas were adjacent to the site. Public water and sewer are located 660± feet to

the north. The buyer had owned the adjacent 2.16± acre lot to the west since the mid 1990's, and then purchased the 39±-acre parcel to the east in September 2014. This purchase of the 4.32± acres analyzed in this transaction effectively connected the properties for a salvage yard.

The property was exposed to the market for four days, listed at $75,000. The exact sale price was not disclosed by the broker. The buyer could not recall the exact sale price but indicated it was close to the list price. We consider $70,000 a reasonable expectation of the sale price, which equates to $16,203 per acre.

By comparison, downward adjustments are necessary for size differential, access, and utility infrastructure. A partially-offsetting upward adjustment is recognized for market conditions. The net adjustment is downward, indicating a unit value less than $16,203 per acre for the Kennedy property.

Comparative Adjustment Summary

A recapitulation of the foregoing analysis follows with a comparative adjustment grid on page 42. Land Sales 1, 4, and 5 require multiple downward adjustments, which are primarily for physical components. Land Sales 2 and 6 also require multiple downward adjustments, which are partially offset by upward adjustments for market conditions. These sales support a value less than $16,203 per acre for the subject. Land Sale 3 requires both downward and upward adjustments, which ultimately supports a value greater than $6,725 per acre for the subject. Table 4 on the following page presents a summary of the comparative adjustments.

Table 4: Adjustment Grid Summarizing Comparative Analysis

Comparative Element	Appraised Land	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Price	NA	$327,000	$155,000	$269,000	$200,000	$154,000	$70,000
Price Per Acre	NA	$65,413	$17,857	$6,725	$80,000	$61,600	$16,203
Property Rights	Fee simple estate	Fee simple (less oil, gas, minerals) similar	Fee simple similar	Fee simple less reservations similar	Fee simple (less oil, gas, minerals) similar	Fee simple (less oil, gas, minerals) similar	Fee simple (less oil, gas, minerals) similar
Conditions of Sale	Typical	superior	similar	similar	similar	inferior	similar
Market Conditions	6/24	3/21 similar	11/16 inferior	10/15 inferior	6/22 similar	2/22 similar	10/15 inferior
Location	East of Homer Airport	East of Homer Airport	East of Homer Airport	East of Homer Airport	East of Homer Airport	East of Homer Airport	East of Homer Airport
Physical Character							
Land Area (Size)	26.500± acres	4.999± ac superior	8.860± ac superior	40.000± ac inferior	2.500± ac superior	2.500± ac superior	4.317± ac superior
Road Access	Unimproved access	Unimproved access similar	Maintained gravel road to corners superior	Unmaintained gravel road marginally superior	Maintained gravel road superior	Maintained gravel road superior	Maintained gravel road superior
Public Utilities	None available in vicinity	Electric available superior	Electric available superior	W, S, E, NG available superior	W, S, E, NG available superior	W, S, E, NG available superior	Electric and natural gas available superior
Vegetation	Heavily vegetated /treed	Mix of trees and sedges superior	Heavily vegetated/treed similar	Heavily vegetated/treed similar	Heavily vegetated/treed similar	Mix of trees and sedges superior	Heavily vegetated/treed similar
Topography	Generally level with some undulation	Level to undulating similar	Level to undulating similar	Level to undulating similar	Level to undulating similar	Level to undulating similar	Level to undulating similar
Wetlands/ Floodplain	Discharge slope & drainageway	Discharge slope similar	Discharge slope (85±%) similar	Discharge slope (50±%) superior	Discharge slope (90±%) similar	Discharge slope (65±%) superior	Discharge slope (85±%) similar
Legal Characteristics	EEMU	EEMU similar	EEMU similar	EEMU similar	EEMU similar	EEMU similar	EEMU similar
Relative Comparison Rating		*Superior*	*Superior*	*Inferior*	*Superior*	*Superior*	*Superior*
Price Per Acre After Analysis		<$65,413	<$17,857	>$6,725	<$80,000	>$61,600	<$16,203

Reconciliation and Estimate of Market Value

After analysis, the comparable transactions indicate a wide value range of $6,725 to $80,000 per acre. Land Sales 1, 5, and 6 were considered because of their recency, but required multiple downward adjustments for a variety of physical components including size, utility infrastructure, access, etc. Land Sales 2 and 6 were older sales that also required downward size adjustments, and possessed other superior physical traits, establishing an upper bracket of $16,203 per acre. Land Sale 3 was emphasized due to its adjacency. Moreover, it has a larger site area, but benefitted from closer proximity to access and utility infrastructure. After considering the age of the sale, and accounting for appreciation in the Homer land market, this land sale sets the low end of the bracket at $6,725 per acre.

Based on the forgoing, Land Sale 3 indicates a unit value for the Kennedy Parcel exceeding $6,725 per acre due to appreciation in the market over the past nine years. Land Sales 1, 4, and 5 are vastly superior, primarily attributed to their smaller size and more viable access. These comparables are given only minimal weight in reconciliation. Land Sales 2 and 6 are proximate to the subject, but support a value less than $16,000± per acre for the Kennedy Parcel due to superior size differential and access availability. The land sales are listed in Table 5 below which summarizes the preceding discussion.

Table 5: Net Adjustments to Kennedy Parcel

Land Sale	$/Acre	Rank	Net Adjustment	Weight In Reconciliation
4	$80,000	Superior	↓	Minimal weight
5	$61,600	Superior	↓	Minimal weight
1	$65,413	Superior	↓	Minimal weight
2	$17,857	Superior	↓	More weight
6	$16,203	Superior	↓	More weight
Subject	--	-- --	--	-- --
3	$6,725	Inferior	↑	More weight

After reconciliation, the bracket narrows from $6,725 to $17,857 per acre. We conclude with a unit value of $9,300 per acre, developing the following value indicator.

Kennedy Parcel: 26.50± Ac. @ $9,300/Ac. = $246,450

We round the above value indicator to $246,000. Therefore, based on the preceding data, reasoning, and analysis, it is our opinion the market value of the Kennedy Parcel, as of June 6, 2024, is as follows.

Market Value of Kennedy Parcel	**$246,000**

Addendum

MacSwain Associates

Land Sale 1

Location:	South side of Little Fireweed Lane, west of Kachemak Drive, adjacent to the boatyard on the south boundary, Homer
Legal Description:	Government Lots 6 and 7, Section 14, Township 6 South, Range 13 West, Seward Meridian, Record of Survey No. 2021-15, Homer Recording District
Tax ID No:	17908003 & 17908004

Grantor:	Kenai Peninsula Borough	**Instrument:**	Quitclaim Deed
Grantee:	Roseleen L. Moore	**Document No:**	2021-004089-0
Sale Date:	November 2021	**Data Source:**	City of Homer
Sale Price:	$327,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$327,000	**Property Rights:**	Fee simple less oil, gas, and minerals
Terms:	10% cash downpayment, balance financed by seller over 10 years at 5.25%		

Land Area:	4.999± acres	**Utilities:**	Electric
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Little Fireweed Lane (unimproved)	**Intended Use:**	Boatyard expansion
Easements/Restrictions:	33′ SLE on north boundary	**Highest & Best Use:**	Industrial

Property Description:
This property consists of two 2.5± acre lots, totaling 4.999± acres per the record of survey. There is no physical road access to the property, and currently the land is accessed through the adjacent boatyard to the north. A small creek also runs along the north boundary. The property is mapped as discharge slope wetlands and is fully-inundated.

Analysis:
The Kenai Peninsula Borough obtained the land via State patent, conveyed in March 2000. In 2021, the Borough issued an ordinance authorizing the sale of numerous parcels via auction. With regards to this sale, Lots 6 and 7 were offered for sale along with eight other parcels (Homer 8 Property). The Borough reported the sale price to be $327,000 for Lots 6 and 7, equating to $65,413 per acre. The buyer paid a 10% down payment, with the seller financing the balance at 5.25% over ten years. Reportedly, competing bids at the auction caused the buyer to pay a premium, as these parcels were essential for future boatyard expansion.

Price Analysis **$327,000** ÷ **4.999± Acres** = **$65,413/Acre**

MacSwain Associates

Land Sale 2

Location:	Southwest corner of Spruce Lane and Eagle Place, Homer
Legal Description:	Tract K, Tietjen Subdivision, Plat No. 70-591, Homer Recording District
Tax ID No:	17928014

Grantor:	Daniel E. Krogseng	**Instrument:**	Statutory Warranty Deed
Grantee:	Porcupine Properties, LLC	**Document No:**	2016-003879-0
Sale Date:	November 2016	**Data Source:**	Listing agent
Sale Price:	$155,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$155,000	**Property Rights:**	Fee simple less reservations
Terms:	$20,000 cash downpayment, balance financed by seller at undisclosed terms		

Land Area:	8.680± acres	**Utilities:**	Electric
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Eagle Place and Star Lane (gravel)	**Intended Use:**	Industrial development
Easements/Restrictions:	None shown on plat	**Highest & Best Use:**	Industrial

Property Description:
This property consists of an 8.68± acre parcel on the southwest corner of Spruce Lane and Eagle Place, with additional access from Star Lane. The property is mapped primarily as discharge slope wetlands and consisted of raw land at the time of sale.

Analysis:
The property was originally conveyed to the Krogseng family from Tietjen in 1973, along with adjacent Tract J. Tract J was then sold to Mike Arno in 2011 for $120,000. In 2014, the Krogseng's listed the Tract K for sale for $175,000. After 700± days, of market exposure, the parcel sold for $155,000. In 2021, the same buyer purchased the adjacent 4.34-acre Tract O-2 on the south/east boundary, which it had previously leased for $1,500 per year. The purchase clause capped the sale price at 200% of the average assessed value for the preceding three years, or $32,933 ($7,590 per acre). The buyers had already acquired Tract O-1 in 2010 under a different LLC.

Price Analysis **$155,000** ÷ **8.680± Acres** = **$17,857/Acre**

MacSwain Associates

Land Sale 3

Location:	Southeast corner of Little Fireweed Lane and Ternview Place, Homer
Legal Description:	NW¼NW¼ of Section 14, Township 6 South, Range 13 West, Seward Meridian, Homer Recording District
Tax ID No:	17908029 (previous)

Grantor:	East Road Investors	**Instrument:**	Statutory Warranty Deed
Grantee:	Mike Arno & TL Investments, LLC	**Document No:**	2015-003674-0
Sale Date:	October 2015	**Data Source:**	Listing agent
Sale Price:	$269,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$269,000	**Property Rights:**	Fee simple less reservations
Terms:	Cash		

Land Area:	40.00± acres	**Utilities:**	Electric, natural gas, water, sewer
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Spruce Lane (gravel)	**Intended Use:**	Industrial subdivision
Easements/Restrictions:	None shown on assessor map at time of sale	**Highest & Best Use:**	Commercial / Industrial

Property Description:
This property consists of a 40± acre parcel on the southeast corner of Little Fireweed Lane and Ternview Place. At the time of sale, the property consisted of raw land with improved gravel access to the southeast corner, but three legal access points. The broker stated electricity and natural gas were available at the time of sale. City of Homer mapping indicates water and sewer were also in the vicinity. The property is mapped primarily as discharge slope wetlands, which are confined mostly to the south half.

Analysis:
The seller acquired the property in 1984, and it remained undeveloped through the duration of ownership. The property was listed for sale for $329,000 before selling after 187 days of market exposure for $269,000. The buyers subdivided the property for the purpose of developing an industrial park.

Price Analysis **$269,000** ÷ **8.680± Acres** = **$6,725/Acre**

MacSwain Associates

Land Sale 4

Location:	East terminus of Kilokak Avenue, on south side, Homer
Legal Description:	Government Lot 21, Township 6 South, Range 13 West, Seward Meridian, Homer Recording District
Tax ID No:	17908015

Grantor:	Tom & Lisa Stafford	**Instrument:**	Quit Claim Deed
Grantee:	Joshua S. & Karen L. Weston	**Document No:**	2022-002000-0
Sale Date:	June 2022	**Data Source:**	Grantee
Sale Price:	$200,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$200,000	**Property Rights:**	Fee simple less reservations
Terms:	Cash		

Land Area:	2.500± acres	**Utilities:**	Electric, natural gas, water, sewer
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Kilokak Avenue (gravel), Askel Street (unimproved)	**Intended Use:**	Industrial
Easements/Restrictions:	None shown on assessor map	**Highest & Best Use:**	Industrial

Property Description:
This property consists of a 2.5± acre parcel at the end of Kilokak Avenue on the corner of unimproved Askel Street. The property is in a raw state and inundated with wetlands, rife with heavy vegetation. The recently developed Commercial Park Subdivision to the west introduced access and utilities to the immediate neighborhood.

Analysis:
The parcel was originally owned by the City of Homer who conveyed the property to Michael Arno in 2016 for $22,500 through sealed bid. Arno subsequently deeded the parcel to Tom and Lisa Stafford, who co-developed the adjacent commercial park with Arno. Joshua and Karen Weston purchased the property from the Staffords in 2022, and subsequently conveyed the lot to Metacenter Properties, LLC, which they own. The sale price was reported to be $200,000. To date, the property remains in a raw state. The property owner indicated access and utility extension off Kilokak Avenue is permissible.

Price Analysis **$200,000** ÷ **2.500± Acres** = **$80,000/Acre**

MacSwain Associates

Land Sale 5

Location:	East terminus of Kilokak Avenue, on north side, Homer
Legal Description:	Government Lot 10, Township 6 South, Range 13 West, Seward Meridian, Homer Recording District
Tax ID No:	17908009

Grantor:	Michael J. Arno	**Instrument:**	Statutory Warranty Deed
Grantee:	ENT Properties, LLC	**Document No:**	2022-000491-0
Sale Date:	February 2022	**Data Source:**	Grantee
Sale Price:	$154,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$154,000	**Property Rights:**	Fee simple less reservations
Terms:	Cash		

Land Area:	2.500± acres	**Utilities:**	Electric, natural gas, water, sewer
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Kilokak Avenue (gravel), Askel Street (unimproved)	**Intended Use:**	Industrial
Easements/Restrictions:	None shown on assessor map	**Highest & Best Use:**	Industrial

Property Description:
This property consists of a 2.5± acre parcel at the end of Kilokak Avenue on the corner of unimproved Askel Street. The property is in a raw state and inundated with wetlands. While vegetated with grasses and sedges, the impact is less significant compared to heavily-wooded adjacent parcels. The recently developed Commercial Park Subdivision to the west introduced access and utilities to the immediate neighborhood.

Analysis:
The parcel was originally owned by the City of Homer who conveyed the property to Michael Arno in 2016 for $22,500 through sealed bid. ENT Properties, LLC purchased the property from Arno in 2022. The sale price was reported to be $154,000. To date, the property remains in a raw state. The buyer, who has an existing personal and business relationship with the seller, felt he was offered the property at an attractive price and purchased the land for potential expansion from the property that houses his welding business to the north.

Price Analysis **$154,000** ÷ **2.500± Acres** = **$61,600/Acre**

MacSwain Associates

Land Sale 6

Location:	Southwest corner of Spruce Lane and Ternview Place (unimproved), Homer
Legal Description:	Tracts L-2 & L-3, Tietjen Subdivision, Plat No. 76-103, Homer Recording District
Tax ID Nos:	17928038 & 17928039

Grantor:	William E. Smith & Gale O'Connell-Smith	**Instrument:**	Statutory Warranty Deed
Grantee:	George M. Kennedy	**Document No:**	2015-003013-0
Sale Date:	September 2015	**Data Source:**	Listing agent
Sale Price:	$70,000	**Confirmed By:**	Alex Kleinke
Cash Equivalent Price:	$70,000	**Property Rights:**	Fee simple, less oil, gas, and minerals
Terms:	Cash		

Land Area:	4.317± acres	**Utilities:**	Electric and natural gas
Zoning:	EEMU	**Use at Sale:**	Vacant
Access:	Spruce Lane (gravel), Ternview Place (unimproved)	**Intended Use:**	Industrial
Easements/Restrictions:	10-foot utility easement along south and east boundaries	**Highest & Best Use:**	Industrial

Property Description:
This property consists of two (2) lots totaling 4.317± acres at the southeast corner of Spruce Lane and Ternview Place (unimproved). Spruce Lane affords access along the north boundary, although City maintenance terminates west of the property. At the time of sale, the property was in a raw state and inundated with wetlands. Heavy treed areas comprise the majority of the property.

Analysis:
The property was exposed to the market for four days, before selling at a price very close to the list price. Although the listing and selling agent would not reveal the exact sale price, it was reportedly just below the list price. Thus, we consider $70,000 to be a reasonable estimate. The purchase allowed the grantee to expand his salvage yard, as he owns multiple other properties in the area. The seller's family acquired ownership of the property several decades ago.

Price Analysis **$70,000** ÷ **4.317± Acres** = **$16,215/Acre**

COBLE GEOPHYSICAL SERVICES

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JKeiser@ci.homer.ak.us

RE: **Kennedy Property Phase I Environmental Assessment for KPB Parcel #17908030 (39 Acres)**
Phase I Environmental Assessment
-for- City of Homer Public Works
Property includes ~10 Acres of Scrap and Salvage Yard

Dear Janette,

The East Kachemak Drive area is a subject of Coble Geophysical Services (CGS) reports for the City of Homer (11/29/21, and 2/22) which addressed concerns caused by local concentrated stormwater discharges.

This report supports the ongoing property acquisition effort required to achieve the goals for the project, and the property referenced above has generated a need for this Phase I environmental investigation to assess its value for the City of Homer (COH).

We proposed a field approach to the environmental assessment of the property referenced above which required extensive field sampling in order to establish an acceptable reconnaissance of the property. Ultimately the property contained about 10 acres of a variety of equipment and scrap stored outside as well as outbuildings and numerous vehicles.

Soil samples from the reconnaissance were measured with a PID meter to determine volatiles content, and then processed in the lab using an XRF instrument to evaluate other constituents. Soil samples can also be sent off for additional and more accurate analyses after the Phase I is submitted and reviewed if desired. Please let me know if you have any questions regarding this summary memo, and thank you very much for your business.

Sincerely,

COBLE GEOPHYSICAL SERVICES
Geoff Coble, M.S., PG
Homer Professional Building
910 East End Rd, Suite #1
Homer, Alaska 99603

Kennedy Property

Phase I Environmental Investigation

Coble Geophysical Services
12/1/22

Introduction

A Phase I Environmental Investigation is intended to address the environmental liabilities of a property to assist in property valuations and transactions. This routine documentation can sometimes require more effort when a property is used in an industrial capacity, and also sometimes if a proposed future use of the property is different that the current use. Both are the case in the property referenced above.

The subject property seems to have been pristine until the late 1990s when Paul Roderick owned the land. A primary interest of Roderick was logging, and this is clear from comparing the 1996 and 2000 aerial photographs. After logging, Roderick also developed the property using his gravel pit resources and KPB road maintenance and road building business.

Following the sale of the subject property to John A. Hollis in 1999, the property gradually was expanded with more out-buildings. Hollis then used the property to store some vehicles and scrap metal according to his son Lawrence. Some of the vehicles are related to the COH port and harbor and construction business that he was involved with.

However there are many wrecked cars on the property, so at some point the property began to be used as a scrap yard, in addition to general recycling ideas, with rental and possibly fabrication in its history. This scrap yard may have been focused on selling parts and recycling metals, and to this end there are numerous piles of batteries onsite. However, there are also piles of other metals, and tanks with fluids that are harder to ascribe a purpose, along with some associated spills.

This report seeks to assess the liabilities of the property for purchase, and although the entire property was logged in the late 1990s, the focus of this report is on the 10 acre portion of the property which is actively used/developed.

Interviews

12/5/22 Community interview to color in the more distant site history. Paul Roderick was the previous owner of the subject property to John Hollis. The property is assumed pristine at the time Paul purchased the property in the 1990s, and appears mostly pristine in 1996 at the start of his development (Appendix _). At that time Paul was doing a lot of Kenai Peninsula Borough roadwork, had his own gravel pit and was also involved in logging. His first priority was to log the useful timber from the 40 acre property, followed by doing the initial development of the subject property using his gravel resources, which included installation of roads and drainage ditchworks prior to selling it to John Hollis on September 1st, 1999 (Appendix _).

12/2/22 Online research (Homer News May 10, 2014) – John Hollis was a heavy equipment operator and a truck driver, and also employed by the City of Homer as Harbormaster. Some evidence of his ownership of this land is shown by the vehicles left on the property such as in Photo _.

Photo _. Port of Homer Step Van on the Subject Property, probably left there from previous owner John Hollis, a COH Harbormaster at one time.

12/2/22
Lawrence Hollis (son of John A. Hollis) – (801) 735-2984 Provo Utah. He came to Homer to settle accounts after his father John passed in 2014. He recalls the subject property having cabins, and that his father John was mainly focused on construction activity. Lawrence was in Homer in 2014 to deal with the affairs of his father passing away, and he did recall some piles of scrap metal. He does not recall pallets of batteries, tanks of fluids. He provided his mother Deni's phone number.

12/2/22
Deni Charron (ex-wife of John A. Hollis). (907) 399-1234. She mentioned that she had no information about the property in question. She was, however, the personal representative for the estate of John Hollis, and sold the property to George M. Kennedy (Mike Kennedy) on September 30th, 2014 (Appendix _).

1/18/23 Carla 'Tang' Johnston, nee Jones (Brody is her nephew) phone (907) 707-5800; or (907) 745-8863 (phone interview). Tang's father was deeded the 1-acre property KPB #17908047 by the original landowner Nordby in the 1950's in exchange for helping with selective logging of the area – Nordby owned the full 40 acres

of woodland prior to that time. Tang grew up a cabin on the 1-acre property, and there was no road at the time – they would walk up to a parking lot on East End Road from the cabin. She and her ex-husband Charlie built the road to the cabin in 1982 using slabs – wood slabs from saw milling – and imported gravel. This became the access road for the subject property.

Tang then sold the property to her sister – it changed hands a few times, and wound up being sold back to Tang. This is how Tang came to sell the 1-Acre property in 2008 to Joe 'Jay' Rand. Tang mentioned that while they owned it there were no oil spills. In reference to the cars parked on the 39 acre parcel, it was a 'matter of survival' in that people did what they could to make a living. So it appears the scrapyard began with Hollis – and Mike Kennedy bought the 39 acres that included many of the junked cars that are on that property today. Tang was unfamiliar with the fact that Hollis had passed away, or otherwise did not know the 39 acres had been sold to Kennedy. She was unaware that the scrapyard/storage yard property usage is how the Rand property she grew up on is currently used.

Soils Sampling and Site Characterization

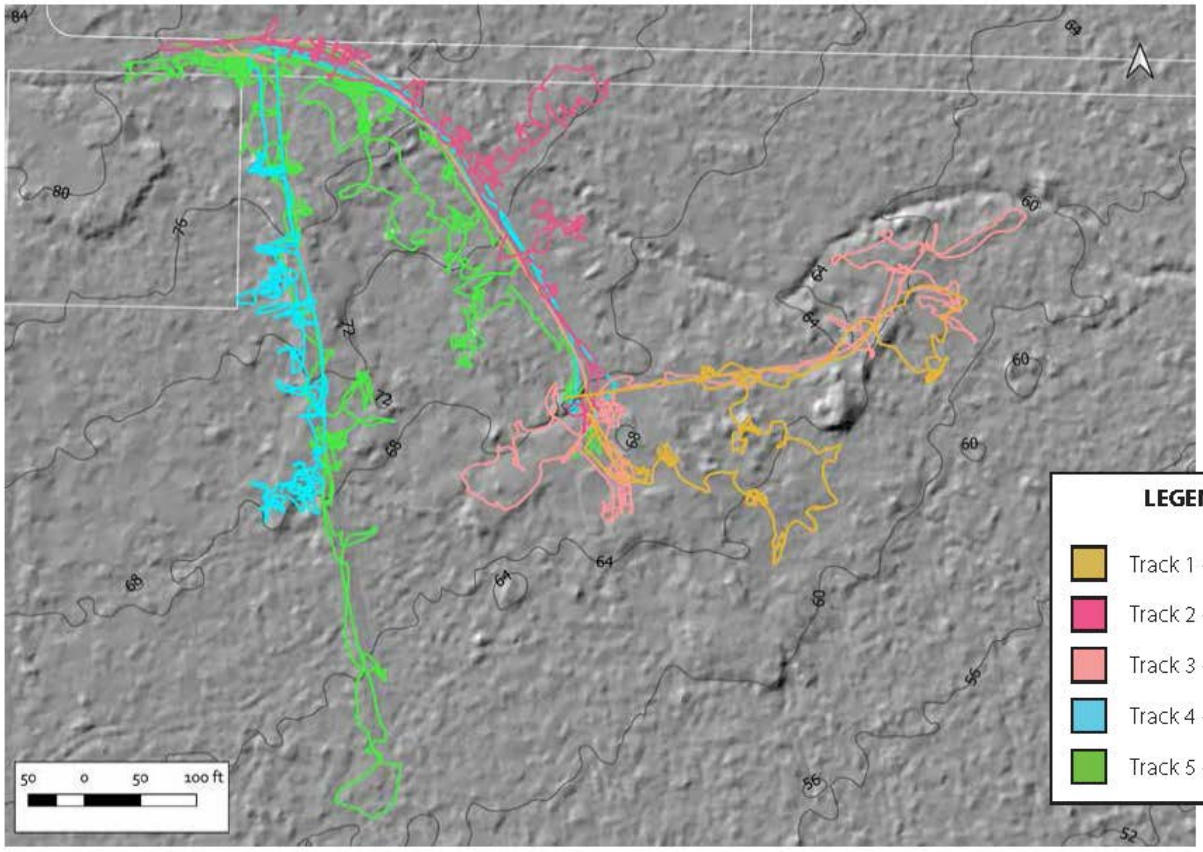
We obtained verbal permission from the owner, Mike Kennedy, to sample the soils and examine the subject property as part of the environmental assessment for the City of Homer (COH). The sampling took place on October 26th and 27th, 2022 in clear weather, with no obstructions in viewing soils stains from snow cover. Photographs from this effort are given in Appendix _.

Figure _ shows the exact movement of the field crew during sampling, and it follows the areas where scrap piles are located. Logged and pristine areas which did not have visible signs of industrial use were not hiked, and those areas form a substantial portion of the subject property.

Figures _, _ and _ show the approximate soils sample locations associated with various scrap piles. Each soils sample location was briefly described as to what it was, located in the field and photographed. The soils samples were put into ziplock plastic bags – the headspace of each bag was measured for volatile organic hydrocarbons (VOC's) using a PID instrument. The PID results for each sample are given in Appendix _.

The soils were then processed in the lab for XRF measurement to obtain metals concentrations at each site. The XRF results are summarized in Appendix _, with the details provided in a separate Excel spreadsheet.

Kachemake Drive Overview

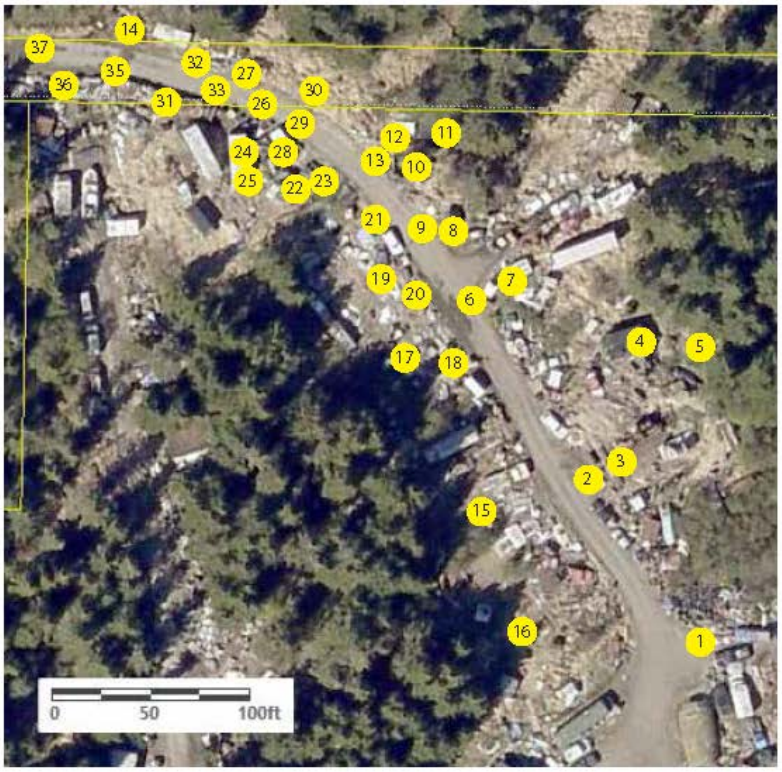


CLIENT	PROJECT	DRAWN BY	DESCRIPTION
City of Homer Homer Public Works Dept 3575 Heath St Homer, AK 99603	East Kachemak Drive Treatment Wetlands and Drainage	C.F. CGS	MMR

FIGURE
MMR

CGS COBLE GEOPHYSICAL SERVICES

Kachemake Drive Overview

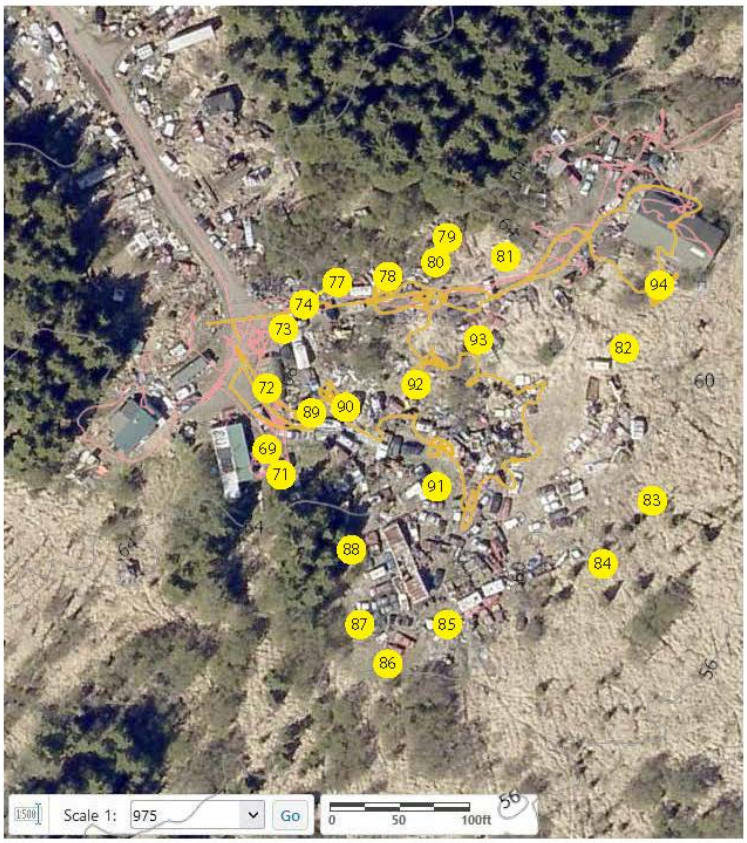


CLIENT	PROJECT	DRAWN BY	DESCRIPTION
City of Homer Homer Public Works Dept 3575 Heath St Homer, AK 99603	East Kachemak Drive Treatment Wetlands and Drainage	C.F. CGS	MMR

FIGURE
1017

CGS COBLE GEOPHYSICAL SERVICES

Kachemake Drive Overview



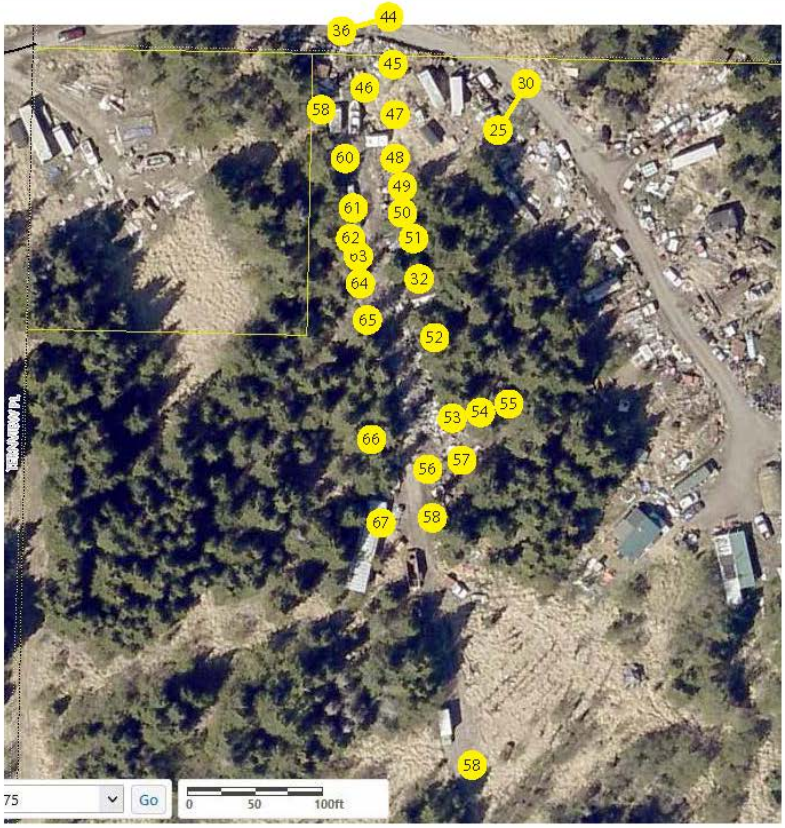
CLIENT	PROJECT	DRAWN BY	DESCRIPTION
City of Homer Homer Public Works Dept 3575 Heath St Homer, AK 99603	East Kachemak Drive Treatment Wetlands and Drainage	C.F.	MMR

CGS

FIGURE 1018

COBLE GEOPHYSICAL SERVICES

Kachemake Drive Overview



CLIENT	PROJECT	DRAWN BY	DESCRIPTION
City of Homer Homer Public Works Dept 3575 Heath St Homer, AK 99603	East Kachemak Drive Treatment Wetlands and Drainage	C.F.	MMR

CGS COBLE GEOPHYSICAL SERVICES

FIGURE
1019

Soils Analyses: Regulatory

Contaminated soils can be hazardous or harmful, but this by itself does not mean such soils are a hazardous waste. ADEC sets regulatory limits for contaminated soils, and in most cases ADEC is the sole regulator for contaminated sites.

However, in some cases, as identified in this report, there are RCRA hazardous wastes, which are still regulated by EPA as Alaska is only one of two states that does not administer hazardous waste disposal. Hydrocarbons in the volatile range were measured using a Photoionization Detector (PID). Metallic constituents were identified

from soils obtained from the subject property using a Thermo-Fisher Xray Fluorescence instrument. Both instruments measure in the parts-per-million range, and are suitable for Phase I Environmental analyses.

Hydrocarbons

ADEC regulates the cleanup standards for chemicals in soil under 18 AAC 75.340. The soil cleanup levels are given in Table B1: Method Two – Soil Cleanup Levels, which get reviewed and revised periodically. This table specifies different cleanup levels depending on property parameters (migration to groundwater) and what region of Alaska the property is within. For Homer, we frequently use the 'Under 40 Inch Zone' although there are cases where Migration to Groundwater numbers from Appendix _ are used.

All the soils sampled for this project were analyzed with a PID meter to look for the presence of volatile organic hydrocarbons. These readings are shown in Appendix _. Elevated PID readings represent issues with the volatile petroleum hydrocarbons listed in Table B1. The results showed that 25 of the 94 soil samples had PID readings of over 10 ppm, and many of those well over 100 ppm. It's therefore likely that 25% of the samples have a clear danger of exceeding one or more petroleum hydrocarbon cleanup standards listed in ADEC Table B1 of Appendix _.

Metals

ADEC cleanup standards are different than making a hazardous waste determination, however. We used the XRF instrument to analyze the 94 soil samples to determine estimated concentrations for a variety of metals constituents (As, As, Au, Co, Cr, Cu, Fe, Hg, Mn, Mo, Ni, Pb, Rb, Se, Sr, Th, U, V, W, Zn).

Many of these soils would be susceptible to other analyses to determine remedial options available – and these are frequently limited if metals contamination exceed EPA or specific disposal guidelines such as those for ASR in a thermal remediation scenario, or KPB Solid Waste in a lined disposal option.

ADEC has a table of contaminants that can be used to determine if soils can be left in place or require remedial action. There are different types of remedial action, depending on the contaminant(s). However ADEC's contaminated sites program does not regulate hazardous waste. So if the limits go above the values in ADEC's constricts, the contaminated soils then become regulated by RCRA requirements of hazardous waste as overseen by EPA for Alaska.

RCRA has a specific list of constituents it considers hazardous, with a table of limits based on a leaching procedure called TCLP, but with limits similar to the ADEC table of contaminants. An EPA accepted method to estimate the RCRA leaching result – simply dividing the soils analyses by 20 – is the approximation used in this report to determine RCRA hazardous waste soils. The sites that violate these standards are given in red in Appendix _.

Hazardous waste *cannot* be disposed of within the State of Alaska, and must be shipped out of state (confirmed with Lori Aldrich, ADEC Hazardous Waste Section Manager, personal communication, (907) 269-0116). Typically hazardous waste is shipped to Portland, Oregon for disposal, as this is considered proximal to Alaska. So hazardous waste disposal is expensive due to the cost of shipping and the disposal itself. The sites listed in red in Appendix _ contain soils that technically would need to be disposed of in this way.

Cleanup Costs

The approximate area being used as a storage yard is 10 acres. Some of the materials are located in rights-of-way at least according to the KPB based site maps. The entire property has been logged as noted previously, but other than that most of the property appears pristine outside of the scrapyard areas.

This Phase I did not do an accurate job of estimating the costs of cleanup due to the large number of sites to investigate. However we discovered 15 unique sites with RCRA hazardous soils metals waste as shown in

Appendix _. There were also approximately 24 sites that exhibited high levels of volatile hydrocarbons in soil, of which 20 are unique sites with hydrocarbon issues. The unique sites may be approved for a different method of disposal ranging from thermal remediation to disposal as 'special waste' at the CPL lined facility in Soldotna.

While this represents a large number of individual sites, Figure _ shows that these sites are sometimes consolidated in an area and could represent individual soil samples from a single spill area, while some sites such as Site 26 are likely small owing to leaks from an isolated container or pallet.

Cleanup of the soils is overseen by an ADEC project manager from the contaminated sites program, and soils disposal in this case also involves EPA Region 10 when it comes to contaminated soils disposal of the hazardous waste designated soils (typically the metals contaminated soils). The fieldwork entails two field instruments to determine approximate extents and types of contamination during cleanup, confirmation sampling and analyses by an approved laboratory, and potentially a second iteration of sampling and cleanup – typically called 'footprint sampling'. The 35 identified sites mentioned above would likely be consolidated when spill boundaries are identified.

Overall cleanup costs involve the 1) Workplan and implementation, including soils field identification and excavation, laboratory confirmation sampling and analyses; 2) Soils transport and disposal costs to the different facilities; 3) Footprint confirmation sampling and reporting.

A cost estimate is somewhat speculative for environmental work until cleanups proceed as it is difficult to estimate contaminated soils volumes until after a cleanup is complete. That said, such estimates are important to assess property value, so some effort was made to evaluate this number. A number in the range of $200,000 should be considered, given the following discussion. This does not account for the discovery of additional contaminants, which routinely occurs during environmental remediation projects.

Soils Contaminants

Metals contamination of concern in soils often remain proximal to the source, as these transport mechanisms cause their plumes to taper off quickly into the subsurface, and thus minimizing hazardous contaminated soils volumes. In contrast, volatile organic hydrocarbon spills generally disperse more easily and therefore often present larger volumes of contaminated soil to deal with – albeit those soils are mostly dealt with in Alaska. Costs of disposing of contaminated soils on the inexpensive end would be hydrocarbon contamination that can be disposed of at the Soldotna landfill (CPL) lined facility. This offers minimal transportation costs and a disposal fee of $90 per ton paid to the Kenai Peninsula Borough.

Hydrocarbons that exceed the CPL limits can still be thermally remediated and/or bioremediated assuming they do not contain metals – and this requires extensive laboratory analyses to make that determination. Thermal remediation can be accomplished now in Nikiski, and also at ASR in Anchorage. Transportation costs are more significant, but also the disposal expense is much higher due to fuel costs.

The most expensive waste is the RCRA hazardous waste, which there is an unknown volume at the subject property. U.S. Ecology, which was recently bought by Republic Services, is the company that can transport hazardous waste out of the State of Alaska to one of their hazardous waste facilities, for example in Idaho (Nick Russell, Pers. Comm. (907) 395-4606). A rough estimate for transport and disposal of approximately 20 supersacks of RCRA solids to their Idaho facility is $30,000. This did not include the one site where we had mercury contaminated soils, although it would be transported the same way but handled differently and is likely more expensive to dispose of.

Palleted Goods, Containers of Fluids and Miscellaneous Scrap

Many of the items onsite were out in the open – such as numerous pallets of batteries of all sizes. Some batteries had tarps over them but some of these were solar-degraded; some batteries were weathered and a small number of them were not whole. Clearly batteries were a cause for the large number of lead-in-soil contaminated areas, which were from samples proximal to the battery pallets and from shallow soils sampling.

Batteries can be disposed of for free through auto parts stores over time. For example, O'Reilly Auto Parts will accept a pallet of batteries each week or so, in any condition, at no cost (Andre Tipikin, Asst. Manager, O'Reilly Auto Parts (907) 226-2005).

The tanks, barrels and containers of fluids are often in the category of not being sure of what type of waste it is. Characterizing the type of waste (e.g. fluid) that is in each container is necessary so that it can be disposed of properly. Disposal can in some cases be inexpensive: there are some local facilities which burn waste oil, for example ACE (Alaska Collision Experts at the base of the Homer Spit), assuming the oil is not contaminated with heavy metals. We did find that the hydrocarbon spills on the subject property tended not to have significant heavy metals contamination. Hopefully this translates to many of the containers with fluids that the spills came from. However, there are at least some fluids that require special waste handling, such as at Site 26 shown in Photo _.

Photo _. Site 26, soil sampled adjacent to 5-gallon can labeled 'Chem-Dip'. The contents of this container, if original, are extremely hazardous, and should be disposed of properly and carefully.

The bulk of the volume of scrap at this site would be considered non-hazardous and viable for recycling (e.g. empty tanks, automobiles, trailers, scrap buildings).

Neighboring Properties

The subject property is still relatively remote owing to the surrounding wetlands, despite these properties also being mostly other private properties.

The entire eastern boundary of the subject property is 40-acre KPB Parcel ID #17908031, owned by Kachemak Fifty General Partnership, and remains relatively undeveloped. There are some remnant ditches, and the northwest portion of this property is likely to have been selectively logged.

The southern boundary of the subject property is entirely bordered by 80-acre KPB Parcel ID #17910023, owned by Alaska State DNR, an undeveloped parcel, although with some drainage impacts from ditching and utility easements.

The northern boundary has become more subdivided in recent years, and currently is bordered by two 4.3 Acre KPB Parcels #17908064 and 17908081 owned by Mike Arno. These parcels have likely been logged previously, but are currently undeveloped. The Spruce Lane road right-of-way defines the western portion of this boundary with the subject property, and Spruce Lane is also the access road for the subject property. According to the KPB maps, the right-of-way is being used for scrapyard storage.

The western boundary is bordered by two additional ~2-Acre properties owned by Mike Kennedy, KPB Parcel ID's #17928038 and #17928039. KPB #17928039 is apparently pristine. The northern third of KPB Parcel #17928038 however has significant scrapyard storage, including along the Spruce Lane access road (and also including the ~2 Acre KPB Parcel #17928037 to the east of the aforementioned property, which is also owned by Mike Kennedy and about 2/3 covered in scrap and buildings, with particularly dense coverage along Spruce Lane).

The remaining properties along the western boundary of the subject property, KPB Parcel ID #17928042 (~7.7 Acres) and #17928043 (1 Acre) are pristine properties owned by Kachemak Moose Habitat.

Finally, the 1-acre inset property to the subject property, located in the northwest corner, is KPB Parcel #17908047, and owned now by Joe Rand, is also significantly covered by scrap, boat and building storage.

At least some housing is being used on the scrapyard properties – one family is living in the house on the subject property accessed by Spruce Lane. This house uses in above ground storage tank (AST) for heating fuel as shown in Photo _. It is assumed that there are no underground storage tanks at this site (UST's), however there is a literal collection of AST's. At least one AST near the house does have a small spill near its valve – the tank is not used, and the valve is resting next to the ground as shown in Photo _.

Photo _. AST associated with living quarters within the subject property scrapyard area.

Photo _. This grey AST near the living quarters but not connected, does contain some heating fuel presumably and has a small leak around its valve.

Conclusions

For the purposes of this Phase I Environmental Assessment, the subject parcel is subject to the scrapyard examined in this report, an ~10-acre area distributed on the northern third of the 39-acre parcel. Also of concern are the bordering properties mentioned that contain scrapyards. While contaminant transport in these wetlands would be poor, road dust mixed with spills, as well as the streams that flow through these areas add other elements of transport. The well located on the subject property located near the house central to the subject property scrapyard is not in use according to the people living there.

While there are plenty of things to rectify if the subject property was purchased as a whole – including significant environmental costs owing to how the property is being used – there is a substantial portion of the subject property (in its southern half) that could be subdivided from the original as shown in Photo _. While this southern portion includes land that was logged previously, it is otherwise apparently pristine and more than likely unaffected by the adjacent scrapyard.

MacSwain Associates

4401 Business Park Boulevard, Suite 22, Anchorage, Alaska 99503

Appraiser: Alex Kleinke
State of Alaska, Certified General Real Estate Appraiser – License #148873

Education: Bachelor of Business Administration, Finance, University of Alaska Anchorage (2009)
Master of Business Administration (MBA), University of Alaska Anchorage (2012)

Professional Experience: 2009 to Present – MacSwain Associates

Real estate appraiser of all property types throughout Alaska including commercial, industrial, land, rights-of-way, and special-purpose properties. Appraisals performed for financing, right-of-way acquisitions, conservation easements, leasing, insurance, taxation, estate planning, investment analysis, and buy-sell decisions.

Appraisal Education: The following is a list of completed appraisal courses and seminars.

2024 – Advanced Concepts & Case Studies by the Appraisal Institute, Woburn, MA
2024 – 7-Hour National USPAP 2024-2025 Update Course by the Appraisal Institute, Online
2024 – Advanced Income Capitalization by the Appraisal Institute, Chicago, IL
2023 – 7-Hour National USPAP 2022-2023 Update Course by the Appraisal Institute, Sandy, UT
2022 – UASFLA: Practical Applications by the Appraisal Institute, Freeport, ME
2022 – Valuation of Conservation Easements by the Appraisal Institute, Bordentown, NJ
2022 – Fundamentals of UASFLA by the Appraisal Institute, Online
2021 – Cool Tools: New Technology for Real Estate Appraisers by the Appraisal Institute, Online
2021 – Analyzing Operating Expenses by the Appraisal Institute, Online
2021 – Business Practices and Ethics by the Appraisal Institute, Online
2020 – 7-Hour National USPAP 2020-2021 Update Course by the Appraisal Institute, Anchorage, AK
2017 – Business Practices and Ethics by the Appraisal Institute, Online
2017 – 7-Hour Equivalent USPAP Update Course by the Appraisal Institute, Online
2016 – Advanced Market Analysis and Highest and Best Use by the Appraisal Institute, Chicago, IL
2016 – General Sales Comparison Approach by the Appraisal Institute, Chicago, IL
2015 – Real Estate Finance, Statistics, and Valuation Modeling by the Appraisal Institute, San Diego, CA
2015 – General Report Writing and Case Studies by the Appraisal Institute, Las Vegas, NV
2015 – General Income Approach Part II by the Appraisal Institute, San Diego, CA
2015 – General Income Approach Part I by the Appraisal Institute, San Diego, CA
2013 – The Discounted Cash Flow Model: Concepts, Issues, and Apps. by the Appraisal Institute, San Diego, CA
2013 – General Appraiser Site Valuation and Cost Approach by the Appraisal Institute, Fort Lauderdale, FL
2012 – General Market Analysis and Highest and Best Use by the Appraisal Institute, San Diego, CA
2011 – 15-Hour National USPAP Course by the Appraisal Institute, Anchorage, AK
2010 – Basic Appraisal Procedures by the Appraisal Institute, Anchorage, AK
2010 – Basic Appraisal Principles by the Appraisal Institute, Anchorage, AK

Sample of Significant and Project Assignments:

2024 – USFWS land acquisitions including “hypothetical parcel” for DOI-AVSO, Fairbanks
2023-2024 – Conservation easement encumbering 49,863± acres around Point Lay
2023-2024 – NPS conservation easement acquisitions for DOI-AVSO, Lake Clark Region
2022-2023 – USFWS land acquisitions for DOI-AVSO, Fairbanks
2022-2023 – Lions Club Park land exchange with five conversion parcels including 10,160± acres on Pioneer Peak

2022 – Agricultural Land Easement in Palmer for Alaska Farmland Trust, USDA/NRCS
2021 – Transportation corridor for DOI-AVSO on Native Allotment in Knutson Bay, Iliamna,
2020-21 – Eight right-of-way appraisals for Knik-Goose Bay Road Reconstruction Project
2020 – 43 City of Seward Lease Parcels including commercial, industrial, and marine-type properties
2020 – 41 City of Kenai Lease Parcels including aviation, commercial, industrial, and marine-type properties
2019 – City of Kodiak Lease Parcels including aviation and communication sites, seaplane base, and shipyard
2018 – Fractional interest of land and sandwich leases for Anchorage hotel and fuel station properties
2017 – Pacific Spaceport Complex, market rent of launch complex facilities within PSCA on Kodiak Island
2016-2017 – Provided insurable value project appraisals for properties in Utqiaġvik, Dillingham, Iliamna, Kotzebue, Nome, Cordova, Naknek, Angoon, Haines, Hoonah, Juneau, Kake, Anchorage, Bethel, and Yakutat
2015 – 40 City of Seward Lease Parcels including commercial, industrial, and marine-type properties
2015 – 97 City of Kenai Lease Parcels including aviation, commercial, industrial, and marine-type properties
2015 – Assisted with cost estimate to acquire lands to develop proposed AKLNG from Pt. Thomson to Nikiski
2014-2020 – 50+ Right-of-way appraisals for Parks Highway MP 48.8 to 52.3 Reconstruction Project
2014 – Assisted with project management and appraisals of Nikiski properties for Alaska LNG acquisitions
2012 – Assisted in the income analysis portion of the Trans Alaska Pipeline System (TAPS)
2010-2022 – Alaska Railroad Corporation (ARRC) land lease appraisals in Anchorage, Seward, and Whittier

Professional Affiliation: Practicing Affiliate – Appraisal Institute

License #: 148873
Effective: 5/18/2023
Expires: 06/30/2025

State of Alaska
Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing

Board of Certified Real Estate Appraisers

Licensee: **ALEXANDER H KLEINKE**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Julie Sande

7.0 SUMMARY OF FINDINGS AND RECOMMENDATIONS

MSE has performed this Phase I ESA of Tract B, Township 6S Range 13W Section 14 (Parcel 17908030) in the records of the Kenai Peninsula Recording District in conformance with the scope and limitations of ASTM Practice E 1527.

The subject property, Tract B, remains largely undisturbed. The last known disturbance occurred in the late 1990s during a logging operation. The adjacent northern lot, Tract A, currently contains trash and debris, including materials that may contain hazardous substances such as petroleum products such as oil, grease, and gasoline containers. No soil sampling or testing was conducted as part of this Phase I ESA. While the presence of potential contaminants in the soil of Tract A is acknowledged, and the possibility of migration between the two parcels exists, Tract B appears to be unaffected by the current use of Tract A as a scrapyard.

During a site visit conducted on June 2, 2025, MSE observed no debris or scrap material on the property, with the exception of a single boat staged at the western end of the site. The boat exhibited no visible signs of leakage or contamination and does not appear to pose any environmental risk. No other structures or buildings were present on the property.

Research, historical photos, and interviews confirm the property was logged between 1996 & 2006, and that the property has remained mostly undisturbed since then. No evidence of hazardous use, storage, releases, or USTs was found on-site, and MSE identified no significant RECs on the property or from neighboring areas.

The areas surrounding the property are comprised mostly of residential properties. No off-site contamination is expected to have impacted the property. No RECs concerning the property were identified from surrounding properties during MSE's site reconnaissance. MSE observed no active ADEC contaminated sites, CERCLIS, NPL, or RCRA sites data within the specified ASTM distance.

8.0 LIMITATIONS

This Phase I Report has been prepared for exclusive use for the **City of Homer.** It is intended to provide an understanding of the potential for environmental contamination by hazardous substances or petroleum products at the property assessed. The findings and recommendations in this report are based upon data and information obtained during the site visit by MSE personnel to the property identified herein and the condition of the property on June 2, 2025, supplemented by information and data obtained by MSE and described herein. The findings and recommendations contained in this report are based on the expertise and experience of MSE in conducting similar assessments. In assessing the property, MSE has also relied upon representations and information furnished by individuals noted in the report, for existing operations and property conditions and the historic uses of the properties, to the extent that the information obtained has not been contradicted by data obtained from other sources. Accordingly, MSE accepts no responsibility for any deficiency, misstatements, or inaccuracy contained in this report as a result of misstatements, omissions, misrepresentations, or fraudulent information provided by the persons interviewed.

It should be recognized that this study was not intended to be a definitive assessment of contamination at the site. Given that the scope of service for this assessment did not include comprehensive groundwater sampling and analytical testing, nor asbestos or lead-based assessment, it is possible that currently, unrecognized contamination may exist at the site and, if present, that the levels of contamination may vary across the site. Opinions and recommendations presented herein apply to site conditions existing at the time of our assessment and those conditions reasonably foreseeable. Should environmentally significant changes to the site or additional information become available, MSE should be provided the opportunity to review this information/data and amend our opinions, as appropriate.

MSE's objective is to perform our work with care, exercising the customary thoroughness and competence of environmental and engineering consulting professionals, following the standard for professional services at the time and location those services are rendered. It is important to recognize that even the most comprehensive scope of services may fail to detect environmental liability on a particular site. Therefore, MSE cannot act as insurers and cannot "certify or underwrite" that a site is free of environmental contamination, and no expressed or implied representation or warranty is included or intended in our reports except that our work was performed, within the limits prescribed by our client, with the customary thoroughness and competence of our profession.

This Phase I ESA was prepared by Kelly Kennedy, Environmental Scientist of MSE. This report was reviewed by Annie Collie, Project Scientist of MSE. Mr. Kennedy and Ms. Collie have performed numerous similar site visits and reports for various clients throughout the state of Alaska. Ms. Collie has over 10 years of professional environmental consulting experience and has conducted and managed hundreds of similar assessments throughout Alaska and meets the definition of Environmental Professional as defined in 40 CFR Part 312.

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