

**ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

December 4, 2017, 6:00 PM.

Municipal Building - Assembly Chambers

Assembly Work Session - No public testimony heard

I. ROLL CALL

Deputy Mayor Jerry Nankervis called the meeting to order at 6:00 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis, and Beth Weldon.

Assemblymembers Absent: None.

Staff present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Laurie Sica, Municipal Clerk; Rob Steedle, Community Development Director; Beth McKibben, Planning Manager; Jill Maclean, Senior Planner; Allison Eddins, Planner I; Kirk Duncan, Parks and Recreation Director; Bob Bartholomew, Finance Director; Carl Uchytel, Port Director; Gary Gillette, Port Engineer.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. November 20, 2017 Committee of the Whole Minutes

Hearing no objection, the minutes of the November 20, 2017 Committee of the Whole meeting were approved as presented.

IV. AGENDA TOPICS

A. Travel Juneau Update

Mr. Watt introduced Liz Perry with Travel Juneau (formerly known as the Juneau Convention and Visitors Bureau). She introduced four board members, John McConnochie, Board Chair, Jane Anderson of Alaska Zip Lines, Co-Chair; Liz Barlow with Wings Airways/Taku Glacier Lodge and Val Kelton with Knightly Tours. The visitor industry is the #1 industry in Southeast Alaska. Staff is engaging in an analysis of how Travel Juneau does its business, given the number of changes in the travel industry. The board has shifted to a partnership model with bundled marketing packages available to members. Partnership allows non-paying industry businesses onto the Travel Juneau website, making the information inclusive vs. exclusive. Paid partners have first billing, but this represents Juneau as a full destination. The new structure will be rolled out in the next few months. We have reviewed board governance. A smaller, self perpetuating board is used by many non-profits and we will be able to bring on directors with a wider range of expertise. The board has approved new by-laws and a transition plan. Travel Juneau has recast its mission statement to read, "To promote Juneau to conventions, groups and travelers." Staff is updating the marketing plan and strategic plan. Travel Juneau remain committed to serving Juneau in the most effective ways possible.

Mr. Jones asked what percentage of overall budget comes from partner fees and Ms. Perry said approximately 10%. There are approximately 270 members - most are small businesses. She spoke about the membership packages. Mr. Jones asked if the majority of the Travel Juneau publication is paid by the partner fees. Ms. Perry said the publication is mostly paid by advertising and is not run through the bed tax revenues. Mr. Jones said he understood that the MOA between CBJ and Travel Juneau is old and asked if it would be renegotiated. Ms. Perry said Travel Juneau is reporting on how the funds are spent and did not believe the agreement needed updating.

Ms. Gladyszewski asked if Ms. Perry expected that the partnership model will derive more revenue to the program. Ms. Perry said yes. Ms. Gladyszewski asked if there was a goal. Ms. Perry said she anticipates 10-20% more over time. It will take time to transition members into packages and she will be able to tell in a year from now. Because staff is being inclusive, we will be able to demonstrate value to potential new members due to being a paid partner.

Mr. Koelsch said he was disappointed that there was no greeting when the first cruise ship arrived and nothing when the last ship left. Ms. Perry said Travel Juneau will be carrying the water on those types of greetings and send offs and they welcome any helpful participation.

Mr. Kiehl said he received a call from a year-round business who states their perception is that Travel Juneau has shifted focus to cruise passengers instead of year-round tourism. What metrics can we use to see if your change of structure has helped market for year round businesses. Ms. Perry said they track numbers of rooms booked through their office. We want to increase the number of meetings and the number of hotel bed nights. They will have a better handle on independent travelers based on a McDowell study this summer. They are going after meetings, independent travel and groups and that is their focus. We love cruise passengers and many return. Mr. Kiehl asked if the metrics could be provided to the Assembly and she said yes.

Mr. Jones asked what Travel Juneau can do to help encourage the hotels to improve their facilities and how will this strategy help Air BNBs that are now contributing to bed tax. She said Travel Juneau is reaching out to the small cruise operators to encourage the overnights and ask how they can market to their customers, especially earlier than their arrival in Juneau. We will market packages to their customers, which requires one to one relationships and building the packages. The quality of hotels is out of Travel Juneau's control. We want to market Juneau as a place where you don't want to spend a lot of time in your room - it takes constant communication with the property owners. Ms. Perry said Travel Juneau's priority are our hoteliers. Air BNB is a completely different experience. We need to get as much business into town that we can.

Mr. Nankervis asked how many other CVB's get funding from their municipality. Ms. Perry said almost all of them do. Travel Juneau is a Destination Marketing Organization (DMO). When we do our job well, hotel bed tax and sales tax goes up.

Mr. Nankervis thanked Ms. Perry for her report.

B. Docks and Harbors Urban Design Plan

Mr. Uchytel said the reward for work well done is the opportunity to do more. The Docks and Harbors (D&H) Board approved the urban design plan at its last meeting. Two representatives from Morris Communications were present to discuss the design plan. He asked for direction from the Assembly regarding next steps and milestones and said the D&H Board was asking for the Assembly's blessing to move forward with the big picture and to allow staff to work out the details.

Mr. Gillette spoke about the Marine Park to Taku Dock Urban Design Plan. He said the Assembly chose not to pursue purchase of the entire Archipelago property in 2012. In 2016, the Board discussed the need for a bus staging area, and directed a study of the downtown waterfront area. Corvus Design was contracted in 2017 to discuss issues, constraints, opportunity vision and goals. In July and August, Morris Communications, the current owner of the Archipelago property, began

discussions with D&H as an owner of adjacent property. We discussed what both parties' needs are and held public meetings. The consultant developed four plan alternatives and presented them to the board and public. The board chose one of the alternatives and approved it November 30. He gave an overview of the site area, the operations in the area, and the proposed plan. CBJ owns an easement and a portion of the Archipelago lot. The plan includes improvements to the visitor information booth near the downtown library. He spoke about decking over open water areas, moving the USS Juneau memorial, adding public restrooms, and adding vendor sales booths. The plan allows the private owner to maintain ownership, and add bus staging and retail space with the property decked over. A second phase would add a covered shelter area for gathering and a big question is to add a waterfront attraction, developed by the private sector, to attract people to the downtown area year-round. The design is a "village" concept. The Morris company used a different design team and have a similar design. They did a marketing study of trends in the area. They did not want one large mall building and purposely kept the development small to attract local craft vendors. The public and private investment will be \$25 - 30 million and the portions still need to be worked out. This investment will go a long way to downtown revitalization, which is a goal of the Assembly.

Mayor Koelsch asked about circulation studies regarding walking patterns had been done. Mr. Gillette said no, the seawalk has been touted as a way to reduce traffic on Franklin Street and with the increasing numbers of visitors. A goal is to get people off an unsafe walkway if all the tourists would be on one street. Mayor Koelsch asked if there would be a walking traffic pattern study done and said businesses would be interested in this study.

Mr. Uchytel introduced Bob Kuhar, VP of Properties and Facilities, and Allen Grinalds, Director of Real Estate for Morris Communications.

Mr. Grinalds said Morris is transforming from a media company, selling its daily papers, to a professional real estate company. Morris has a long history with Alaska and they are very interested in keeping the ties strong. They have been examining all of the real estate in the portfolio to determine the highest and best use. This specific project is exciting and is an opportunity to be transformational for downtown. This is the only undeveloped property downtown and there is not a lot of buildable space. We could develop the property as is, but if we can take it a step further in a partnership with shared interests, a good development can become a great development. It can be unique and impactful. The current property is chopped up a bit and we want to see how we can work with our neighbors to improve the site and help increase the circulation of people in the area. We are serious, we are well capitalized and we have the ability to do something very interesting. He spoke about giving small businesses a start on this property and being interested in seeing them grow. This amount of private investment shows that we are betting on Juneau.

Ms. Gladziszewski asked about the possibility of adding housing to the site and Mr. Grinalds said they looked at all possible uses and apartments on the site do not pencil out due to the lot size and the soils on the site, along with parking, to create a reasonable return.

Mr. Jones said his concern is that the kind of retail contemplated seems to exclude a lot of the young business people in town. Mr. Grinalds said there will be many businesses that only want to operate during the tourist season and there is a place for those business people on the property. Mr. Kuhar said they understand the role the young entrepreneurs play in town and there is a way to incorporate them into the design. This design allows for more informal spaces.

Mr. Kiehl said he appreciated the property owners using their property as a business "incubator space." He wanted to explicitly know the public benefits of this design that we couldn't have gotten by buying property for a bus parking lot. Mr. Grinalds said connectivity between the seawalk and South Franklin is a benefit - decking over the property will require the use of upland property or expensive staging from a barge off the seawalk. The timing of the project could help save a vast amount of money. The design includes more expanded public space. Mr. Kiehl asked about easements through the development. Mr. Grinalds said that the critical paths need to be identified and interests aligned to find a comfort level for the design. We are interested in working with "incubator" businesses. Mr. Kuhar said they want to create connectivity, which is more than an easement and walkway through

the property.

Mr. Jones asked about the public process and said other D&H projects seemed to have had more public input. Mr. Uchytel said they were limited by the term contract with the consultant. They followed a similar process for Norway Point to Bridge Park. He spoke about the difficulty of finding a meeting time for those who are busy in the summer and gone in the winter. Mr. Gillette spoke about the meetings between Morris and CBJ leadership and other community groups.

Mr. Jones asked about a concept plan vs. an implementation plan. Mr. Uchytel said D&H will not dictate to Morris what they do on their property and they can provide detailed, implementable plans. A mission of docks and harbors is to build a world class seawalk, which is the aspect that D&H is focused on. The elements of the CBJ portion of the plan are conceptual.

Mr. Jones asked about private activity being allowed on CBJ / D&H controlled property. Mr. Uchytel said there was a long discussion about this issue of providing CBJ land to private entrepreneurs in this area and this request will be before the board again, and it is a struggle to manage the limited uplands within a confined area. In this plan we are providing a value of bus staging which is much needed. The board has not had the appetite to expand retail opportunities on D&H land on the waterfront, and had "inherited" the tour vendor booths.

Mr. Jones asked about the rules regarding land disposals and if the Assembly approves this concept plan - what instruction is given to the manager to negotiate lot lines - where does the Assembly put the manager.

Mr. Kiehl asked for clarification of the deck over of "private land" and Mr. Gillette said that the property adjacent to the Warner Company was under lease (for 35 years). That lessee has been notified and has asked about their interest in decking over the property. Mr. Gillette spoke about the cost of developing the deck over of the sites from the waterfront instead of from the uplands.

Mr. Kiehl asked why this presentation is narrowing down the scope of the Marine Park to Taku Dock overall plan to this portion of the plan. Mr. Gillette showed the improvements that have been done in the entire area to date and all the facilities seem to be working well. No major changes are anticipated. Mr. Uchytel said the opportunity of having the open space on the waterfront for aiding development of city property had been discussed over the years. Mr. Kiehl asked about the opportunity for keeping the "public good" of allowing incubator businesses to continue. Mr. Uchytel said the need has been met on private property and that is a good place for those types of businesses to continue. The policy statement regarding providing vendor space needs to be determined.

Ms. Gladziszewski asked for and Mr. Gillette summarized the public process on this plan. The top priority item from the public and the board was more open space on the waterfront. Covered areas were important as well as bus staging. She said since this is the last open space on the waterfront, it is important to ask the public on a community wide scale, not only the D&H scale. She thought this was a good beginning of a conversation and was not sure this was the best use of the property. She understood the private owner can do what they want. Mr. Gillette said when CBJ purchased the access strip through the Archipelago lot, it was anticipated to primarily be a pedestrian corridor. Ms. Gladziszewski asked if bus parking was the best use of the property. Mr. Gillette said that staging buses may not be the best use, but there is a critical need to move many people in a short period of time. Right now we are saddled with buses to solve our transportation problem and a horizontal structure can be a short term use of the property.

Mr. Edwardson said the Assembly had directed the Board to develop a plan, they've done it, and he likes a lot of the plan. He asked about the recommended motion to move forward on development. Mr. Uchytel said the board is seeking permission to move forward with negotiations with the private property owner and to work with other CBJ leadership staff to see how the project can meet current code and regulations. The Board is a willing participant at this point. With the Assembly's permission, they would return a plan to the Assembly to approve or part ways with the developer.

Mr. Watt said the purpose of the plan is different from a neighborhood area plan to use for permitting. The board wants to do infrastructure planning on the waterfront and determine public / private use of the water. This is a specific proposal within the plan umbrella. There are six actions that belong to the Assembly:

1. Land deal - a CBJ purchase, sale or trade of land would require assembly action.
2. Public improvements - determine if a B permit loading zone is a necessary public improvement
3. Public improvements - determine if a deck over of waterfront for an undesignated use is a necessary public improvement.
4. Type of funding used - since one proposal calls for year round use of the property, this would not be able to exclusively use passenger fee revenue as a source of funding.
5. The deal - review whether to negotiate a land deal and design a project with a low bid an award or provide code authorization for a public/private partnership arrangement.
6. Commercial use of public property - the D&H Board has struggled with this issue but it is a policy question for the Assembly.

Tonight the Assembly can make specific requests to develop the information to be brought forward for the Assembly as follows:

- A - land deal details
- B - funding package - cost of city responsibility and type of funding (incorporates items 2 & 3)
- C - paths to the deal - ways to execute
- D - a public comment process
- E - discussion on commercial policy on waterfront (broader than the specific Archipelago property) (can be a stand alone discussion)

Mr. Watt said the D&H Board has made a lot of progress on the Waterfront Plan of 2004 and has done what it can in the scope of their jurisdiction.

Mr. Gregory asked about the timeline for actions and a general idea of cost to the city. Mr. Uchytel said between \$25 - 30 million as a rough estimate for the scope of work. Mr. Grinalds said Morris is looking to be in business in the summer of 2019. He said there is momentum within the organization for the development but they don't want to move forward alone. Later than the summer of 2019 was not a total deal breaker but he could not say that definitively.

Ms. Weldon said she was excited about a public/private partnership but she asked how the property tax question would be answered, and who would manage the food trucks. Mr. Gillette said they did not want the property lines to restrict innovation. The carts are a private economic development and CBJ is criticized if we compete on our property. The property lines will need to change. Maintenance of the plaza areas will be worked out in any deal. The carts are a private economic development and CBJ is criticized if we compete on our property.

Ms. Weldon asked how Morris could ensure year-round use. Mr. Grinalds said the conditions to attract people to a year-round use need to be set. He has seen this work with rehabilitating distressed property by gaining consensus for a year-round use. The catalyst is a "crawl - walk - run" process. A community event draws people, a restaurant stays open off season, people stay, and the momentum grows. There are preconditions - people need to feel safe, warm, invited, provided activity and they need to linger. There is not just one answer. The development has to stand on its own feet economically and the primary economic driver of the businesses downtown is cruise ships and jewelry stores are a portion of this development. The tenant mix will help create the solution for a year-round destination.

Mr. Kiehl asked about the idea of moving the USS Juneau Memorial to the area. Mr. Gillette said this idea was from the time when the Visitors Bureau and Customs facility was built and the memorial needed to be moved. We have always said the current location was temporary. Corvus Design proposed a plaza with historical references for the entire event.

Ms. Gladziszewski said that the mission of the Assembly was broader and wanted to consider that items 2 and 3 were still open questions for the Assembly.

Mr. Jones said that the proposed questions still concern him - and he does not want to see a blank check for Morris, despite their good efforts. B zone parking, open space and public restrooms don't rise high in his idea of public improvements. He wanted to discuss the policy about private use of public land first. He supported the other items A-D as a good course of action.

Mr. Kiehl said it was important to know which public improvement should be priced. B zone is 18 passenger and fewer vans. The cost of a deck over piecemeal makes me think the entire area should be decked over as the best extent of this project. Do we want more flat land on the waterfront available for development or not?

Mayor Koelsch said he was happy to have a positive development project coming the Assembly's way.

MOTION, by Koelsch, to direct the City Manager and Port Director to bring back a plan with a timeline to the COW. Hearing no objection it was so ordered.

C. **Lemon Creek Neighborhood Plan**

Mr. Nankervis proposed a change to the agenda, to remove Annexation from the agenda. Hearing no objection from the public or the Assembly, it was so ordered.

Jill Maclean provided a memo discussing three items the Assembly had questions about, including recommendations for changes to the plan. She explained the thinking of the Steering Committee and the Planning Commission in developing the plan.

MOTION, by Kiehl, to amend the area plan to remove the action to "Pursue making gravel and organic waste disposal resources in the Lemon Creek area available to the private sector" in its entirety.

Mr. Kiehl said the Assembly has grappled with this question and it is not a neighborhood plan issue - it is a CBJ resources question. This is an issue that is an areawide topic and does not need to be included in the area plan.

Mr. Jones objected as he attended many meetings and the Lemon Creek area will see a lot of extraction and the review wants to keep the industry in line with neighborhood concerns.

Mr. Edwardson asked if removing the issue from the plan would prohibit the activity. Mr. Watt said that eliminating the reference to sand and gravel from the Lemon Creek plan would not prohibit the activity. It is available areawide and is always a contentious issue.

Roll call:

Aye: Edwardson, Gregory, Kiehl, Weldon, Koelsch

Nay: Becker, Gladziszewski, Jones, Nankervis

Motion passed 5 ayes, 4 nays.

Ms. Weldon was concerned about the lack of industrial land and the clarifying statements that the former Walmart location and Grant's Plaza should be promoted as mixed zoning of business and neighborhood. Ms. Maclean said the committee discussed the need for industrial land as being very important and wanted to have the Costco area developed and redeveloped for industrial and those two locations were seen as buffers to existing neighborhoods with industrial uses not as suitable.

MOTION, by Jones, to forward the Lemon Creek Area Plan to the Assembly for adoption as part of the Comprehensive Plan, as amended previously.

MOTION, by Koelsch, to amend on page 73 of the plan, to add the words "as it pertains to the Lemon Creek Planning Area" to follow the statement "Where the Lemon Creek Area Plan and the Comprehensive Plan conflict, or where the Lemon Creek Area Plan is more specific, the Lemon Creek Area Plan supersedes the Comprehensive Plan."

Hearing no objection, the amendment passed.

Hearing no objection, the main motion was adopted as amended.

The Assembly thanked Ms. Mclean and her team for the work on the plan.

D. Centennial Hall Management Update

Mr. Watt said a local work group was formed of Travel Juneau, JEDC, and the Chamber of Commerce, grew to include Centennial Hall and Juneau Arts and Humanities, to review mutual activities. The question before the group has since been defined as whether or not the management of Centennial Hall might be better handled by the JAHC. He asked the Assembly to give a red, green or yellow light to further development of the idea. He did not want the idea to get too far without the Assembly hearing about the issue. All organizations need to look at their missions and stay fresh and this is an opportunity to review Centennial Hall operations.

MOTION, by Gladyszewski, to allow the manager to continue to develop a draft contract for consideration. Hearing no objection, it was so ordered.

E. Annexation

This item was removed from the agenda.

F. Energy Strategy

Mr. Nankervis said all members have received the draft plan. He did not want to do a disservice to the plan as he had not been able to read the plan thoroughly. He asked the Assembly to review the plan and said that he would add this topic to the next regular COW agenda on January 29.

Mr. Watt noticed a special COW meeting on December 19 at 2 pm in the City Hall Assembly Chambers with representatives from AVISTA and Hydro One.

Mr. Jones wished everyone a happy holiday as he would be out of town, return on December 31 and would not call in to meetings.

Mayor Koelsch stated that upon the recommendation of the Assembly, following discussions at the Assembly Retreat, that John Kato is appointed as a member of the mining committee to replace Kyle Mosselle.

Mayor Koelsch said the Assembly Goals have been distributed from the retreat and he asked the members to review and return any comments to the Deputy City Manager. He gave Mila Cosgrove thanks for her work to take notes, amend the goals and to provide them to the Assembly by this evening. Ms. Cosgrove said that she distributed the document electronically and Mayor Koelsch referred to polling that is yet to be done. He thanked the members for their participation in the retreat meeting.

V. ADJOURNMENT

There being no further business to come before the Assembly, the meeting adjourned at 9:55 p.m.

Submitted by Laurie Sica, Municipal Clerk