

**ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

June 1, 2020, 5:00 P.M.

City Hall, Assembly Chambers, Zoom Webinar Meeting

I. ROLL CALL

Chair Edwardson called the meeting to order at 5:01pm.

Members Present: Chair Rob Edwardson, Alicia Hughes-Skandijs, Greg Smith, Carole Triem

Members Absent: None

Liaisons Present: Chris Mertl, Parks and Recreation; Michael LeVine, Planning Commission

Liaisons Absent: Chris Dimond, Docks and Harbors

Other Assembly Members Present: Loren Jones

Some Members of the Public Present: Garrett Schoenberger, Alaska Legacy Partners, Laura Talpey, Montessori School

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Rorie Watt, City Manager; Jill Maclean, CDD Director; Rob Palmer, Municipal Attorney; Michele Elfers, Parks and Recreation Deputy Director

II. APPROVAL OF AGENDA

The agenda was approved.

III. APPROVAL OF MINUTES

The May 4, 2020 Draft Minutes were approved.

IV. PUBLIC PARTICIPATION

Garrett Schoenberger, from Alaska Legacy Partners, called in to speak on behalf of their request to be released from contract for the Hurlock property. Their topic was scheduled as a Staff Report item and not an Agenda Topic and Mr. Schoenberg had felt that this was the proper venue to provide their voice for the initial discussion of their issue and wanted to let the Committee know his stance on the issue. They acquired the property in 2018 at fair market value with the intent to build an assisted living facility. They used an architect to develop the property, and provided their cash outlay timeline in the packet. Upon getting the construction plan finalized, they received news that the City was purchasing land in Vintage Park to promote a large-scale senior assisted living facility. The City purchased the land in 2019 and immediately put out requests for bid for proposals from developers. Knowing that competing development would negatively affect their facility, they submitted a bid with Baxter Senior Living out of Anchorage. They were notified in December that they were not selected and the project was awarded to Torrey Pines out of San Diego. They were happy to see that the City was promoting senior living in Juneau but that didn't negate

the fact that it presented direct competition a half of mile from their proposed facility. They are not looking to profit from our proposed sale but to repay back the City with interest and possibly recoup costs. They would also be more than willing to sale the property to any of the organizations that expressed interest in transitional youth housing.

V. AGENDA TOPICS

A. Mayflower Building/Montessori School Lease Renewal

Mr. Bleidorn discussed the lease renewal for the Montessori School. The Montessori School is located between St. Ann's Avenue and Savikko Road, near Savikko Park. The Montessori School has leased the Mayflower Building from the CBJ since 1992. Fair market value for the Mayflower Building was established by appraisal in 1993 and found to be \$2,000 per month. The lease rate has not been updated to a current fair market value since 1993.

The Current lease was signed in 2015 and was authorized by Ordinance 2014-44. In 2014 fair market value was determined by appraisal to be \$3,255 per month, at that time the Lands Committee and Assembly chose to keep the lease rate flat at the 1993 amount of \$2,000 per month, since it was covering the costs of maintaining the building. The current lease has the option for a 5-year renewal with the requirement that anything less than a fair market value lease rate be brought to the Assembly for approval. Section four of the lease states that "the manager is only authorized to renew this lease with a rental rate at the fair market value. If the Lessee seeks to renew the lease at less than fair market value, then the Assembly must first authorize the reduced rental rate." Since 2014, the building maintenance costs have gone up and the lease rate no longer covers the costs to maintain this building. It currently costs roughly \$2,600 per month to maintain this building.

Laura Talpey, the Executive Director of the Juneau Montessori School, requested that the lease rate continue at the \$2,000 per month. The Montessori School has experienced hardships due to COVID-19, and they have been closed for the past few months, only recently reopening. They are looking at many months of low tuition with currently only receiving about half of their normal tuition rate. This will be a difficult time for the Montessori School financially to stay afloat. The Montessori School has been active in applying for grants to assist with other costs, such as addressing the lead in the windows and replacing lead based paint and to try to cover maintenance costs on their end. Any increase in rent would be passed onto families, which they are trying to avoid.

Mr. Smith asked what age children attend the Montessori School. Ms. Talpey replied that the youngest kids are 1 ½ years old up to age 6.

Ms. Triem asked if the Montessori School qualifies for the CARES Act funds recently passed through the Assembly. Ms. Talpey replied that they received a paycheck protection loan in May and believes that they qualify.

Ms. Hughes-Skandijs asked to clarify on Ms. Triem's question if they only received payroll protection and nothing from the State. Ms. Talpey clarified that they received building funding from the Childcare Office, which they promised three months of funding and have allocated one month to the tuition funding and the Montessori School is uncertain if they will receive anymore. Ms. Hughes-Skandijs asked how long the waiting list is. Ms. Talpey

noted that they have about a 7 – 15 families who are lined up to start in September and other families that are starting to call looking for care, so probably about 15 or 20 new children that would be starting.

Mr. Smith asked if the lease needs to be a five-year extension or if it can be shorter. Mr. Smith is concerned about COVID times and he is not excited to raise the rent and was interested in extending for a year or two at the lower rate and reevaluate after that. Mr. Bleidorn replied that a one-year extension is allowed under existing terms with a five-year maximum. Mr. Mertl commented that he had the same question to ask.

Chair Edwardson added that a lease is a property right as opposed to a rental agreement and that it has value that a rental agreement does not, with a shorter the lease, less value.

Ms. Triem asked if there are any current properties like this that the Assembly has approved less than fair market value rate for a lease. Mr. Bleidorn replied that none came to mind and the City does not have many buildings like this that we lease.

Chair Edwardson asked Ms. Talpey about a shorter lease and what impact that would have. Ms. Talpey replied that the only issue would be the uncertainty with their budgeting process and where they would stand, as \$600 is significant to the Montessori School but they are willing to work with whatever is proposed.

A motion of support for a one-year lease renewal to continue at the \$2,000.00 per month rate to bring to the Assembly for final approval, passed.

B. Eagle's Edge Land Donation Request

Mr. Bleidorn discussed this request from the Eagle's Edge Homeowners Association to donate a parcel of land to the City as a playground. Eagles Edge Homeowners Association consists of a roughly 90-lot subdivision located in Lemon Creek. Eagles Edge includes a neighborhood recreation area that the Homeowners Association is mandated to maintain via plat note number 3 on the attached Plat 85-24. The plat states that the Association shall be responsible for maintaining the recreation area and that these designated areas cannot be changed, abandoned or altered without approval of the City and Borough and "failure to maintain these designated areas may result in a lien on each lot for it's per rata share of necessary costs."

Eagles Edge Homeowners Association is currently working through the process to dissolve which has included working with the City over the past few years to upgrade utilities to meet City standards with the intention of the City accepting them for maintenance. The Association has offered the recreation lot to the City as a land donation in order to clear the plat note related to maintaining the area. Prior to the City accepting this lot and removing the plat note, the Assembly must first authorize this acquisition by adopting a resolution.

CBJ§53.04.030 - Grants and Gifts.

Real property to be acquired as a grant or as a part of a program of grants or which is offered to the City and Borough as a gift, or at less than fair market value and which is not

required for an approved project, may be accepted only upon the approval of the Assembly by resolution.

As part of the request to donate this parcel to the City, Eagles Edge Homeowners Association has offered approximately \$100,000 for park maintenance to the Parks Foundation. If the City acquires this property, the Parks Department plans to use the \$100,000 to bring the property up to the CBJ standard of safety including ADA accessibility and fall protection.

Maintenance requirements for Eagle's Edge Playground include a daily visit to empty trashcans and pick up litter, weekly playground inspection, regular mowing, and minor painting every few years. Park and Landscape maintenance staff perform these routine activities in Lemon Creek and Salmon Creek parks and will be able to add this new playground to the current schedule. New playground installations have an estimated life of fifteen years and installing poured in place surfacing will help to eliminate regular clean up needs from loose rubber mulch. Upon a positive recommendation from the Lands Committee, this donation request will be presented by Resolution to the Assembly for adoption.

Ms. Triem asked how large this lot is. Mr. Bleidorn replied just under 9,000 square feet.

Mr. Smith asked what the annual maintenance costs would be if the City were to accept the donation. Mr. Bleidorn noted that it would not be a large increase as there are already Parks Maintenance staff that service the nearby area, so it would be additional stops to empty trashcans and keep an eye on things. It sounds like there is enough money to bring the park to current standards and generational costs to maintain equipment over time. Ms. Elfers commented that Parks does daily trash stops, this would be an additional stop, along with weekly stops for equipment inspections, and again this would be an additional stop. The life of a playground is typically 15 years and would hope to improve this to a state that requires little maintenance with surfacing and low maintenance costs.

Mr. Watt provided a little background on this neighborhood and the Lemon Creek park plan in general. For quite a few years, the Assembly has been supportive of working with the neighborhood association in taking over the utilities. The City has built a new water system, built roads and added drainage and sidewalks. A new playground is the last remnant of the dissolution of the neighborhood association. This is unusual in that they are also providing funds along with the playground. Roughly, ten years ago, the Assembly had felt that Lemon Creek was underserved in recreation and voters approved of \$250,000 in temporary sales tax funding but the City was not able to identify a project that the Assembly was supportive of for this area. Mr. Watt noted that there are two questions, should the Assembly accept the playground and if it does, what does it want to do with those playground funds, find another area for those funds or do a higher-level treatment for this playground.

Ms. Triem wanted to hear from Staff on Mr. Watt's last question, as the Comp plan asked for a 9 or 10-acre park and the size of this park is far less. Ms. Triem was concerned that the park would be too small for what the Assembly wanted. Ms. Elfers commented that one of the reasons that the playground funds hasn't been utilized yet is that it is difficult to find

land. Ms. Maclean commented that when it comes to updating the Comp plan, the City would be looking at some of these issues through a lens suited for Juneau and not necessarily for a national level. Juneau is not like most communities in that with a population of 30,000 or so, it may not be needed to have very many 10-acre parks. Smaller pocket parks are wanted, but more so trails and access to natural areas. Juneau does not have the land available similar to other communities.

Mr. Mertl commented that the PRAC has been tracking this item and does support it as it puts something in the public domain that is needed in the Lemon Creek area.

The Lands Committee passed a motion of support for the acquisition of this property by donation and if it is necessary to use the sales tax funds for necessary improvements, and to move this item to the Assembly.

C. Crazy Horse Drive Communications Tower Land Lease Request

Mr. Bleidorn discussed this request. On April 8, 2019, the Lands Committee reviewed a memo and presentation regarding a request from Vertical Bridge Holdings LLC to lease City property on the 32-acre parcel located at the end of Crazy Horse Drive, in the Mendenhall Valley. At that meeting, the Lands Committee passed a motion of support to work with Vertical Bridge Holdings LLC towards the lease of City Property contingent on a Planning Commission recommendation.

In the time since the 2019 Lands Committee meeting, an appraisal has been completed for this proposed lease, the Planning Commission has reviewed the lease and the Assembly provided a motion of support to work with the original proposer. The appraisal was completed on February 21, 2020 and the lease rate was determined to be \$1,075 per month. The Planning Commission, at its regular public meeting on April 14 2020, adopted the analysis and findings attached in the Notice of Decision (NOD) and approved the special use permit for this tower. This tower request was brought to the Lands Committee at the May 4 2020 as a Staff Report to solicit questions. At the May 18, 2020 meeting, as New Business, the Assembly provided a motion of support to work with the original proposer.

CBJ§53.09.260 - Negotiated sales, leases, and exchanges states:

"After review by the planning commission for disposals other than leases, after review by the assembly lands committee, and authorization by the assembly by ordinance, the manager may conclude arrangements for the lease, sale, exchange, or other disposal of City and Borough land. The final terms of a disposal pursuant to this section are subject to approval by the assembly unless the minimum essential terms and the authority of the manager to execute the disposal are set forth in the ordinance enacted pursuant to this subsection. The disposal may not be executed until the effective date of the ordinance."

If this lease request receives a positive motion from the Lands Committee, an ordinance will be drafted and introduced to the Assembly, which will authorize the Manager to execute a lease with Vertical Bridge Holdings LLC. The Lands Committee passed a motion of support to lease property to Vertical Bridge Holdings LLC at Crazy Horse Drive for fair market value.

VI. STAFF REPORTS

A. Hurlock Property Release Request

Mr. Bleidorn discussed this request. In December of 2017, the Lands Committee provided a motion of support to solicit letters of interest for potential uses for this property. Due to this solicitation, the Lands Committee received six applications for uses of this property. In April 2018, the Assembly passed a motion directing staff to dispose of this property to Alaska Legacy Partners to be used for senior care for fair market value, which was determined by appraisal to be \$350,000. On August 13, 2018 the Assembly adopted Ordinance 2018-42 (Attachment 1) authorizing the sale of this property to Alaska Legacy Partners with the condition that they develop the property in accordance to their proposed use as a senior care facility.

On April 20, 2020, the City Manager and Assembly received a letter from Garrett Schoenberger of Alaska Legacy Partners, requesting a release on this property located at 9290 Hurlock Avenue. Schoenberger's letter (Attachment 2) states that "in late 2019 CBJ purchased land in Vintage Park and subsequently agreed to an incentive package deal with Torrey Pines Development to develop a 90 bed Assisted Living facility. While we applaud CBJ for taking aggressive action to promote a large-scale development, this created direct, subsidized competition 0.5 miles from our proposed Hurlock facility" and that "The second and more pressing issue is the COVID-19 pandemic. This has caused indefinite delays due to government mandates and massive uncertainty in equity and credit markets"

Currently Alaska Legacy Partners is in good standing and has not defaulted on any terms and conditions of the Ordinance or Purchase and Sales Agreement (Attachment 3). To date Alaska Legacy Partners has paid the City \$35,000 for this property as a down payment that was due at signing. The financing terms have an interest rate of 6% and there is a 24-month deferment period that will end in November 2020.

Alaska Legacy Partners is requesting that the Assembly allow them to sell this property on the open market and remove the requirement that this property be used for senior care in order to recoup their investment costs. Their main goal during this pandemic is to remain solvent and not take unnecessary risks and they have invested over \$151,000 into the property.

Mr. Palmer commented that he has had preliminary conversations with Mr. Bleidorn but due to COVID, the Law Department has not had sufficient time to fully analyze the request from Alaska Legacy Partners and there are some nuances that could benefit from legal work to help the Committee make a decision. A big picture summary, the City is the seller that had imposed a condition that the property has to be used a senior care facility, but the City is also the bank, in that we also loaned the property. Like most financial transactions, a bank does not lose. The piece that is hanging out there is the public purpose condition that the property is to be used as a senior care facility. Law wants to review to provide options to the Committee.

Chair Edwardson mentioned that he wanted to add a comment from previous Lands Manager, Greg Chaney, that the Land Division tends to look at land transfers in a long-range viewpoint, not just a few years but up to several decades. Chair Edwardson is not looking for action on this item for this meeting but intends to put it on an upcoming meeting if that is the will of the Committee and Alaska Legacy Partners would be invited to speak on behalf of their proposal.

Mr. Smith asked about the appraised value of this property and if it was the same as a few years ago. Mr. Bleidorn replied that there is not a current appraisal for this property, with the most recent appraisal done with the sale of this property. Mr. Smith replied that if we kept the requirement that this be kept as a senior care facility then that would limit the market. Addressing Mr. Palmer, Mr. Smith asked if we needed to keep that requirement of the agreement. Mr. Palmer replied that that is one of the issue Law intends to work on and bring back to the Committee.

VII. INFORMATION ITEM ONLY/NO PUBLIC PARTICIPATION

A. FEMA Flood Map Adoption Process

Jill Maclean with Community Development provided this item to the Committee. Chair Edwardson noted that this item was not slated for discussion but there was additional time left in the meeting to allow a short discussion. Ms. Maclean noted that the Assembly has received some comments and questions about the process and wanted to address those, in particular the timing of the issue. This is FEMA's process and the City is responsible for assisting with the public outreach and the adoption process. It is led by FEMA and is on their timeline. Regardless of how quickly the Planning Commission and Assembly hears this topic this summer, the maps will go into effect on September 18, if adopted by the City. If the City finishes sooner, they still go into effect on September 18, per FEMA. We need to make sure we make that date to continue to be part of the Flood Insurance Program. The Planning Commission should hear this in July and the Assembly in August.

Ms. Triem commented that awhile back the Assembly received information on hazard mapping and inquired if this is the same thing. Ms. Maclean replied that hazard mapping is different and that was for mass wasting, avalanche, and landslides. Hazardous mapping primarily takes places in the downtown area and FEMA flood mapping takes place throughout the Borough.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

No Liaison reports provided.

VIII. ADJOURNMENT

Chair Edwardson adjourned the meeting at 5:47PM.