

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

May 1, 2017 5:00 PM
City Hall, Assembly Chambers

I. ROLL CALL

Debbie White, Chair, called the meeting to order at 5:00 pm.

Members Present: Chair Debbie White; Assembly members: Norton Gregory; Jesse Kiehl; Mary Becker

Liaison Present: Paul Voelckers, Planning Commission

Liaison Absent: Weston Eiler, Docks and Harbors; Chris Mertl, Parks & Recreation

Staff Present: Rorie Watt, City Manager; Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Rachel Friedlander, Lands and Resources Specialist

II. APPROVAL OF AGENDA -The agenda was approved.

III. APPROVAL OF MINUTES

A. April 10, 2017 Minutes

The minutes were approved with minor adjustments.

IV. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. Request to Dispose of Lots 2, 4, and 5 in the Renninger Subdivision

Ms. Friedlander addressed the committee with her April 26th, 2017 memo. Lands staff has requested a motion of support for the sealed competitive bid sale of Renninger Subdivision Lots 4 and 5. Minimum bid will be fair market value as determined by appraisal. Ms. Friedlander also proposed a negotiated fair market sale of Lot 2 to the Alaska Housing Development Corporation. The purchasers will be required to obtain title insurance and pay all closing and recording costs. CBJ financing will be available, with 5% down, the balance being paid over a period of ten years at an annual interest rate of ten percent.

Ms. Becker asked when the bids will take place and Ms. Friedlander replied once the Assembly approves of the land sale, staff will then draft an ordinance for the sale.

Mr. Voelckers asked what would define an unsuccessful bid, and would there be a minimum bid. Ms. Friedlander replied the City is required to sell property at fair market value, which would be the starting amount, and that an unsuccessful bid would mean no one submitted bids for that particular lot. Mr. Voelckers asked if staff could go below perceived market value to get a bid. Ms. Friedlander replied if Lands was not receiving bids, perhaps it would mean the appraised amount was too high and another appraisal of the lot needed. Mr. Chaney clarified that City code requires the CBJ to sell for fair market value and that if no bids were received, perhaps the current appraisal is above market value and staff would ask the appraiser to reevaluate based on that information.

Mr. Kiehl asked if the rest of the market had a fair shot at purchasing Lot 2 or was there the public perception that the City was still negotiating with Pacific Development Group. Ms. Friedlander said Lands staff was open to AHDC's proposal due to their continuous demonstration of building affordable housing. Mr. Chaney clarified that PDG's innovative ideas involved not compensating the City for the land, whereas AHDC is offering fair market value and has a good track record.

Mr. Kiehl said he is worried about a perception of unfairness that the public did not know they could come in and purchase the lot. Mr. Chaney said staff did offer a request for proposals a couple of times and did not receive any inquiries for this lot other than PDG. Lands staff is not opposed to including this lot in the sealed competitive bid sale.

The Lands Committee unanimously passed a motion of support for the negotiated sale of Renninger Lot 2 to the Alaska Housing Development Corporation and for a sealed competitive bid sale of Lots 4 and 5 in the Renninger Subdivision. If a sealed competitive bid sale is unsuccessful, an over-the-counter sale of Lots 4 and 5 may be considered.

PUBLIC PARTICIPATION ON AGENDA ITEM A

There was no public participation on Agenda Item A.

B. City Offices/Long Term Planning

City Manager Rorie Watt shared his concerns with the City paying rent for office space in non-City buildings. Mr. Watt wants the City to examine the current office space owned by the City and consider consolidation of such space for the good of the budget and downtown. Mr. Watt is also concerned for the construction economy and lack of work the State will be making available for the private sector, and sees the present moment as a persuasive time to start a conversation about if building a new City Hall would make sense. The most likely location would be on top of the Downtown Transportation Center (DTC).

Mr. Gregory asked Mr. Watt to share a little bit about his vision for a purpose- built City Hall on the DTC. Mr. Watt elaborated that purpose-built offices are specifically designed for a modern workplace. If offices were intentionally laid out, the City could get by with less square footage and therefore more offices could be built in the same building space. Mr. Watt sees this area as a place where the City could serve the public better.

Mr. Voelckers asked if the DTC could hold two additional levels for office space and parking and Mr. Watt replied staff would have research this. When the structure was built, the foundation was sized for 3 floors of parking or 2 floors of office space. There would be a lot of different options available for consideration.

Mr. Kiehl told Mr. Watt that he's making sense. Mr. Kiehl asked if 50,000 square feet is what's needed or if he had a sense of the range of square footage needed. Mr. Watt replied he is guessing quite a bit less and would not be surprised if we could find a space premium of 10%. Mr. Kiehl encouraged the City Manager to think about how a new City Hall might assist the Assembly in accomplishing other goals. The idea of shifting City Hall -the economic foundation stone- elsewhere in town worries Mr. Kiehl in terms of meeting goals while maintaining a healthy and bustling downtown. Mr. Kiehl has questions if this building (the current City Hall) could be built on to, demolished, or replaced and hopes that this would be a significant portion of the analysis. Mr. Watt agreed and reassured that the City will be thinking about the economic impacts of moving City Hall. Mr. Kiehl then emphasized that when the City designs a new City Hall, the Assembly Chambers should not have elevated seating because the Assembly should never sit higher than the public. Mr. Watt encouraged Mr. Voelckers to add his thoughts and said that a good architect will lay out a good space plan with purpose and symbolism with how the Assembly is perceived by the public being a huge factor. The point of a new City Hall is customer service.

Mr. Voelckers said it is attractive to consider the parking structure but the interesting design questions are going to be how do you invite the public in and ensure that it is a simple, efficient, transactional process for the public. The asset and location is very desirable.

Mr. Gregory asked for clarification on what the DTC could offer and Mr. Watt confirmed the DTC could handle 3 more floors of parking or 2 more floors of office space.

Chair White said she is not so confident moving the City offices half a mile (to the Bill Ray Center) will devastate the downtown core. Chair White then asked Mr. Watt what does the Assembly tell people in this time of fiscal uncertainty when the manager is coming before the assembly for a new City Hall? Mr. Watt said it's the City's business plan to be in business forever and it makes sense for the City to own its own facilities. Mr. Watt said the City spends \$700,000 in rent annually and if the City could control its office space and finance it for that amount or less, while also having more efficient spaces that are energy efficient with better customer service, it will give the next City Manager more options for organizing the workforce efficiently while freeing up space for prime housing during a time when not a lot of construction work in the local economy is happening. Chair White then asked if the City is regulated to purchase property at fair market value and Mr. Watt replied the City sells at fair market value and also buys at fair market value unless authorized by ordinance. Chair White shared her concerns about the Bill Ray Center being on the market for a year and that it might not be priced correctly. She asked Mr. Watt if the City has looked into adding a floor onto the Bill Ray Center building or what the building is made of. Mr. Watt replied he has not been in the building for 18 or 19 years and has not looked at the plans, however the City should be open to a wide variety of options.

Mr. Gregory said he would like to hear more about the cost to build on the DTC. From a customer service option, he said it sounds like the most efficient use for the public however it could be very expensive. Mr. Gregory would like to hear all other details, costs, and options.

Ms. Becker asked if the City left the Marine View Building, would the City be required to convert the office space back into housing and Mr. Watt replied that is not a term of the lease.

Mr. Kiehl said the highest and best use of the land is to go up.

The Lands Committee unanimously moved for staff to bring back a more significant analysis of these proposals and other ideas to pursue evaluating the continued lease of office space versus buying and remodeling an existing building or building a new City Hall.

PUBLIC PARTICIPATION ON AGENDA ITEM B - There was no public participation on Agenda Item B.

VI. STAFF REPORTS

Mr. Chaney let the committee know that Lands staff has been contacted by Juneau Hydropower concerning distributing a series of heat pipes on City land downtown for a district heating system. Staff will bring something before the committee on this topic in the medium-term future.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

There were no committee member or liaison comments or questions.

VIII. ADJOURNMENT - The meeting was adjourned at 5:34pm.