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

February 22, 2016, 5:00 PM.
Municipal Bulding Assembly Chambers

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. February 1, 2016 Minutes

IV. PUBLIC PARTICIPATION

(Not to exceed a total of 10 minutes nor more than 2 minutes for any individual).

V. AGENDA TOPICS

A. Proposals for use of property in Renninger Subdivision

B. New Channel Construction lease

C. North Admiralty-CBJ property boundary discussion

VI. STAFF REPORTS

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

VIII. ADJOURNMENT

ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
MINUTES
February 1, 2016 5:00 PM
Assembly Chambers

I. ROLL CALL

Kate Troll, Chair, called the meeting to order at 5:00pm.
Members Present: Chair Kate Troll; Assembly members: Mayor Mary Becker, Jerry Nankervis, and Debbie White
Liaisons Present: Christopher Mertl, Carl Greene (telephonic participation)
Liaisons Absent: Bob Janes
Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Rachel Friedlander, Lands and Resources Specialist; Kim Kiefer, City Manager; Mila Cosgrove, Deputy City Manager; Rob Steedle, CDD Director; Jesse Kiehl, Deputy Mayor; Amy Mead, Municipal Attorney

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

A. January 1st, 2016

The minutes of the January 1st, 2016 Lands Committee meeting were approved as amended.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. Tlingit Haida Regional Housing Authority Pederson Hill Partnership

Mr. Chaney gave a broad overview of Pederson Hill, and briefly explained each development phase associated with the project. Emphasis was placed on phase I, discussing the balance between "what can you afford versus what's out there". Phase I was broken down into 3 sub-phases, where A) would be the access road, B) build a loop road to access 41 lots and C) construct another loop to add another 45 lots. Total lots for Phase I combined would be 86. Mr. Chaney then discussed the price associated with each sub-phase, where A) would be $1 million, B) $3.4 million, and C)$3.3 million along with a Corps mitigation fee of $300,000, bringing the estimated total to $8 million dollars. If only Phase IA and IB were completed, the price per lot would be $119,000 due to the road construction costs, but if Phases 1A, B, and C were completed at the same time, the cost per lot would drop to $95,000, said Mr. Chaney. Mr. Chaney then asked the Assembly for direction on where that funding source could come from, and introduced the idea of a partnership between Tlingit Haida Regional Housing Authority (THRHA) and the City, where THRHA would receive 38 lots and the City would receive 48, with a proportional cost associated with the partnership. Mr. Chaney then invited THRHA CEO Ricardo Worl to speak about the organization's interest.

Ms. White asked where money for the development of each lot was going to and stated that if she were a private developer facing those market value costs just to build on the land, it would not be worth subdividing the property. Mr. Chaney replied that is why Lands tried to find a partner to participate at this level to bring the costs down, and that the costs per lot are inclusive of a 30% contingency fee. The project costs include water, sewer, sidewalks, paving, and prepping the lots to make them buildable.

Mr. Nankervis mentioned a project brought up at a Docks and Harbors meeting with a 10% contingency fee, and asked what the difference would be between Docks and Harbors and Engineering for contingency fees. Mr. Chaney replied he wasn't certain which project Mr. Nankervis was referring to but assumed it was the new dock referred to as"16B". Mr. Chaney guessed that since the project had been thoroughly reviewed and worked through, Docks and Harbors was comfortable with the cost projections. Lands is further out from the development of Pederson, which is why Engineering wanted to place this contingency fee. Chair Troll said she actually sees a 45% contingency fee proposed, with 15% coming from the Lands and Resources Division and CBJ Engineering contributing a 30% contingency, emphasizing that there is a cushion built in to the development costs.

Mr. Worl, president and CEO of THRHA, introduced himself and said the Housing Authority would be interested in this project because it targets building workforce homes for moderate income families in Juneau and that the Housing Authority's role would only be a financial contribution to create cost savings, and that the Housing Authority would not have to manage the workload associated with the subdivision construction.

Mr. Nankervis asked what were the cons associated with THRHA's involvement in the project and Mr. Worl replied that their access to HUD and government funds have regulatory compliance requirements, so the Housing Authority would have to take out a private loan and pay interest on the loan until the units are developed. THRHA's interest in the project is that the lots will be under full homeownership and do not intend for them to be rental units. Mr. Chaney said that the inclusion of this item on the agenda was to get the general approval from the Committee to pursue this partnership. An advantage THRHA has is their access to funds not available to the average population, and their participation can help bring the cost per lot down, said Mr. Chaney.

Mayor Becker asked what condition and level of production THRHA expects the lots to be in after development and Mr. Worl replied THRHA's expectations would be that the lots are "build ready" and that the Housing Authority would have to begin work on foundation, hooking up water and sewer, initiating construction, and that all the infrastructure like sidewalks and roads would be in place.

Mr. Mertl said that the partnership makes sense, he is supportive of the range of housing types, he wants to explore this partnership further conceptually, and has no objections.

Mayor Becker made a motion for a conceptual approval of the direction Lands is headed with the THRHA partnership. Mr. Chaney added that Lands will seek additional partnership ideas. Mr. Nankervis said that he appreciated the slide depicting Pederson Hill in 3-D form.

B. North Franklin Parking Lot Status Update

Mr. Chaney gave a general overview of the North Franklin parking lot and the history associated with its development. A long term lease for the site became an option for development since it would give the City more control over what happens on the land, said Mr. Chaney. Mr. Chaney gave a disclaimer that the RFP and ground lease documents included in the Assembly packet are only drafts and the goal is to come back before the committee with a draft RFP that has the options of both a lease to develop or purchase with a reversion clause, and then go out to the public and see who would want to invest. Tonight's goal is to give an overview and seek further direction that Lands and Resources should take with the lot, said Mr. Chaney.

Ms. Tracey Ricker emphasized the documents are preliminary but the idea is to provide control and additional revenue. It is not a new model, and the Heritage Land Bank is exercising these lease hold interests in addition to the Alaska Mental Health Trust, said Ms. Ricker.

Mayor Becker asked if the original person who proposed purchasing the land would be interested in a lease and Mr. Chaney replied that the problem with his proposal is that it had a reversion clause which did not allow him to get financing. Mayor Becker said that she did not recall asking Lands to still consider some way to dispose of the property and wasn't sure if it's still in the City's interest, and Mr. Chaney replied that the Assembly directed Lands to develop an RFP, go out for proposals, and only one was received. Each proposal was evaluated on how it provided housing, parking, and commercial space. When Lands came back to the Assembly to share that the bidder who submitted the first RFP was having trouble getting financing due to the reversion clause, the Assembly directed Lands to go out with another RFP, which showed Lands that the Assembly was still interested in having someone develop housing on the site.

Mr. Nankervis asked what constitutes a long term lease. Ms. Ricker replied as much as 50 years, some are 99 years, but that she wasn't sure what CBJ ordinances state and that it could be 20 years maximum. A sample of those types of lease scenarios is KTOO, where they pay 8%, which is reevaluated every 5 years at fair market value, they have CPI adjustments annually, and all of the real estate taxes are paid by the lessee, said Ms. Ricker. For the Mental Health Trust in that situation, it is lucrative and does not make sense to dispose of the property, said Ms. Ricker. Mr. Nankervis followed up by asking how short Ms. Ricker has seen a long term lease and Ms. Ricker replied "you do not want it to be shorter than the amortization schedule of the bank" so typically 20 to 30 years.

Chair Troll asked if the City was to proceed with a sale option, would there be another alternative than the reversion clause, and Mr. Chaney said there are different flavors of a reversion clause and would work with Law to discuss those. Mr. Chaney said there is no way to know what a lender would find acceptable and that is why Ms. Ricker was consulted because she has experience with this.

Ms. Ricker said she believes the City can create the controls it feels comfortable with for performance, and between the purchase sale agreement and the security of the bank, the City could bypass the reversionary clause as an issue and still get what the City would like in the first place, said Ms. Ricker. Ms. Ricker said she wasn't sure why there is such a concern with performance with so many investors involved.

Ms. Troll asked Ms. Ricker about her experience in Anchorage and if there are certain parcels of land from a City standpoint that are better for a lease route versus sale route. Ms. Ricker replied yes, and that it's basically what the highest and best use is and what the greatest return is.

Ms. Troll asked what the will of the Committee was, and Mr. Chaney offered that the Lands Division also has the option of partnering with the State of Alaska since the State has a parking structure right next to the North Franklin lot. Mr. Chaney then asked if it's appropriate for Lands to continue looking into the lease option for the lot, or would the Committee prefer that Lands steer back to a sale option.

Mr. Nankervis said the Assembly had looked at this situation with a reversion clause and that it didn't work, and that the dilemma was parking versus housing downtown. Mr. Nankervis then asked if there was a way to tailor the long term lease agreement to get both. Mr. Chaney discussed the history of the lot, how it was originally purchased with the intention for parking, and said that the original RFP for the lot valued a bid that included parking and housing. Mr. Nankervis followed up asking if there would be a way to craft this in a lease agreement, and if there would be any takers. Mr. Chaney replied yes, there is a way to craft an RFP with housing and parking stipulated, however was uncertain if there would be any takers. The benefit of having a lease is that it allows the developer to have more upfront capital that otherwise would have gone to purchasing the land, said Mr. Chaney.

Ms. White asked Mr. Chaney to verify that the City has spent $1.2 million on this project and Mr. Chaney said he believed it was $1.3 million. Ms. White then said the value of the property is $540,000 so the City couldn't sell it for more than that, but with a lease option the City could recoup the money it has put into the property. Ms. White also said that commercial leases are common in the Valley, and couldn't see why the City wouldn't want to pursue a lease with North Franklin.

Chair Troll said she would like Lands to continue investigating the possibility of a lease and the potential partnership with the State.

Ms. Mead said she had not had a chance to speak with Mr. Chaney about the North Franklin lease, that Law has not drafted a reversionary clause or any protective language yet for the proposal, and that the lease could have similar problems that the original sale agreement of the lot had, and for that reason it's not sale versus lease as there are other points to consider.

Ms. White made the motion that Lands staff is directed to explore the long term lease alternative for the disposal of the North Franklin lot and consider a potential partnership with the State, and that Law review the standards of practice for commercial leases used in Juneau.

VI. STAFF REPORTS

Mr. Chaney wanted to make it clear that Law has not reviewed the North Franklin draft lease, and also added that the price the City paid for the lot included demolishing buildings in addition to purchasing the land and building a parking lot.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Chair Troll let the committee know the next Lands committee meeting will be focused on the Renninger subdivision.

VIII. ADJOURNMENT

The meeting was adjourned at 5:49pm

MEMORANDUM

CITY/BOROUGH OF JUNEAU
Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
greg.chaney@juneau.org

Voice (907) 586-0205
Fax (907) 586-5385

TO: The Lands Committee

FROM: Greg Chaney, Lands and Resources Manager Greg Chaney

SUBJECT: Renninger Subdivision Development Proposals

DATE: February 17, 2016

Three groups have approached the Lands Division with potential development plans for the soon to be completed Renninger Subdivision.

- Pacific Development Group (PDG) has submitted a unique proposal for a public private partnership to build a 90 unit multifamily development on three contiguous lots (Lots 2, 3 and 4) on the uphill side of the Renninger Subdivision. A second proposed phase would encompass the remaining three lots on the downhill side of the development (Lots 5, 6 and 7). Attached is a letter of interest from PDG and a copy of a Power Point presentation that they will present at the Lands Committee Meeting.

- The collaborative House Build program between the Juneau Housing Trust, Juneau School District, and UAS have requested a lot for future construction. In some cases the House Build program has paid fair market value for property however in the most recent arrangement, the Assembly approved sale of a lot at the South Lena Subdivision for approximately 40% of fair market value. Attached is a joint letter of interest from the Juneau Housing Trust, Juneau School District, and UAS.

- The Alaska Housing Development Corporation has submitted a letter of interest requesting to purchase Lots 6 and 7 for fair market value. They already operate the Gruening Park housing developments uphill and downhill from the subdivision and their programs would benefit from the efficiency provided by proximity to their existing facilities. Their letter of interest and diagrams of potential building plans are also attached.

Attached is general information concerning individual lots in the Renninger Subdivision for reference. The Renninger Subdivision represents a significant investment by the City of Juneau. If these assets are distributed for less than fair market value, it will reduce funding available for additional land development for housing.

Under normal circumstances, Sealed Competitive Bid is the preferred method of disposal when there is more than one party interested in purchasing a parcel. Negotiated Sale or Disposal for Public Use would be appropriate for a dedicated sale such as for the school House Build program. Since the Lands Division has received three overlapping proposals to develop lots in Renninger Subdivision before the subdivision's improvements have been completed, it would be appropriate find out if other parties might be interested and to advertise to the general public for *Request for Letters of Interest* for property development in the Renninger Subdivision.

Lands is recommending that a *Request for Letters of Interest* be advertised for 30 days.

Staff recommends the Lands Committee adopt the following motion:

The Lands Committee directs staff to advertise a *Request for Letters of Interest* for developing property in the Renninger Subdivision for at least 30 days and to bring the results of this solicitation back to the Lands Committee for further consideration.

PACIFIC DEVELOPMENT GROUP, JV
2100 PACIFIC AVENUE
STOCKTON•CA•95204

Jan. 26, 2016

Kim Kiefer
City Manager
City/Borough Juneau
155 S. Seward Street
Juneau, Alaska 99801

Dear Kim:

As you know over the last several months we have been meeting with members of the Juneau City/Borough organization to review the possibility of developing affordable housing in the Juneau area in partnership with the City/Borough of Juneau. Our company, Pacific Development Group is an experienced affordable housing developer, whose principals have developed over 100 affordable housing projects in California, Nevada and Hawaii.

After discussion with members of the City/Borough organization, we have focused our efforts on the development of work force housing targeting residents whose incomes range from 80% to 120% of the Juneau median income ranges. This income range appears to be at the heart of Juneau's housing struggle and is also particularly difficult income range to develop affordable housing. This is largely as a result of Juneau's high cost of construction and the lack of developable land. There is also a lack of funding available from lenders or other sources at low cost to make these kinds of affordable housing projects feasible.

After considerable effort, we have developed a plan in partnership with the City/ Borough of Juneau to finance and construct an affordable work force housing project to provide additional affordable housing for the Juneau area. This project would target medium income levels of 80% to 120% of the Juneau median income level. The first phase of the project would build 90 units on land owned by the City/Borough followed by a second phase of an additional 90 units on adjacent City Borough land. We have secured equity capital investors that are willing to invest in a Juneau affordable housing project in partnership with Pacific Development Group and the City/Borough of Juneau. The plan requires the City/Borough sponsor the project and in turn, at the completion of the financing, both the land and the improvements would belong to the City/Borough. An integrated project proforma has been completed that demonstrates a positive net cash flow over the life of the project to the City/Borough of Juneau. PDG be responsible for initating lease up and rent stabilization and bring a qualified third party management company acceptable to the City/Borough for long-term management.

Attached for your consideration are a Summary Development Proposal and Project Proforma. A draft Memorandum of Understanding (MOU) will be sent under different cover.

We believe that it is important to help bring some relief to the housing struggle and to retain our equity investors to move this project along during 2016. As such, we are prepared to begin construction this spring and complete the first phase in 2017 and complete the second phase in 2018. Included in our proposal is an advanced project schedule. To complete this schedule on time all parties will have to work together as project partners, but we believe the schedule is achievable.

The next step on moving this project forward is for Pacific Development Group and the City/Borough is to reach agreement on the draft MOU. Once both parties approve the MOU, Finance and Development Agreements can be finalized and a more detailed project schedule completed.

We are looking forward to meeting with you soon to finalize our efforts and bring affordable more affordable housing to Juneau.

Pacific Development Group, JV

Mark Lewis, Esq.

ML/cls

Encls.

PUBLIC PRIVATE PARTNERSHIP FOR WORKFORCE HOUSING

Presented to the City and Borough of Juneau Assembly Lands Committee

February 22, 2016 – 5PM

Presented by Pacific Development Group

PRESENTATION OVERVIEW

- Introduction
- Proposal
- Background
- Workforce Housing
- Transaction Structure
- Project Description
- Project Public Benefits
- Development Timeline
- Questions

INTRODUCTION

- Pacific Development Group (PDG) is a privately-held firm whose principals have completed over one hundred transactions involving over 4,000 affordable housing units in California, Hawaii, Nevada, and Oklahoma, representing total investments of over 100 million dollars. Principals have completed several public private partnerships working both on the public side and the private side. Over thirty years of real estate development have also included congregate care, assisted living, and senior housing projects as well as public facilities, including baseball stadiums and arenas.

PROPOSAL

- PDG, in partnership with the City and Borough of Juneau (CBJ), proposes to build 90 units of housing affordable to families with incomes between 80 percent to 120 percent of Area Median Income (AMI) on City-owned land (Parcels 2, 3, and 4 of the Renninger Subdivision) utilizing a Public Private Partnership structured under a lease agreement.

BACKGROUND

- Over the past decade the CBJ has been experiencing a shortage of affordable housing throughout the region.
- A November 2012 study developed for CBJ by the Juneau Economic Development Council concluded that the lack of affordable housing applies to all households in the area.
- The study found that nearly 4,000 Juneau households were spending more than 30 percent of their income on housing costs, including 1,350 households that were spending more than 50 percent of their incomes on housing.

BACKGROUND

- Juneau's housing affordability problem applies to those families with income levels closer to the area median income as well as low-income households. The study cites that homeowner costs in Juneau were 35 percent higher than the national median.
- According to the 2015 Residential Rental Market Survey prepared by the Alaska Department of Labor, CBJ had the third-highest median adjusted rent for all building types.

WORKFORCE HOUSING

- <u>Definition</u>:
  - The U.S. Department of Housing and Urban Development (HUD) defines workforce housing as housing that is affordable to households earning between 80 and 120 percent of AMI.

TARGETED INCOMES BASED ON 2015 FEDERAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AREA MEDIAN FAMILY INCOME FOR JUNEAU, ADJUSTED FOR FAMILY SIZE

	1 Person	2 Person	3 Person	4 Person
120% Area Median Family Income	$ 81,312	$ 92,928	$ 104,544	$ 116,160
110% Area Median Family Income	$ 74,536	$ 85,184	$ 95,832	$ 106,480
Area Median Family Income	$ 67,760	$ 77,440	$ 87,120	$ 96,800
90% Area Median Family Income	$ 60,984	$ 69,696	$ 78,408	$ 87,120
80% Area Median Family Income	$ 54,208	$ 61,952	$ 69,696	$ 77,440

WORKFORCE HOUSING

- Areas in which workforce housing programs are located experience multifamily vacancy rates of less than 5 percent. The Alaska Department of Labor’s 2015 Residential Rental Market Survey reported the following multifamily vacancy rates for CBJ:
  - 1.8 percent for one-bedroom rentals
  - 3.6 percent for two-bedroom rentals

TRANSACTION STRUCTURE

- Public Private Partnership between investors, private sector development partner, and project sponsor (CBJ) for the purpose of developing a multifamily rental project affordable to families with incomes falling within the Workforce Housing income distribution.
- Alternative to public bond financing – replaces the debt burden with capital lease payments which benefits all parties.
- Next steps:
  - Memorandum of Understanding (MOU)
  - Master Development/Finance Agreements
  - Ground Lease from project sponsor to investor
  - Capital Facilities Lease of project improvements from investor to project sponsor

TRANSACTION STRUCTURE

- At execution of leases, ownership of total asset is bifurcated.
- At the end of the lease terms:
  - Improvements merge with the land
  - Project sponsor is owner of both land and improvements
- Summary of Transaction Structure:
  - PDG facilitates 100 percent financing of project
  - PDG ensures stabilized occupancy through establishment of third-party property management
  - PDG manages architecture/engineering/permitting approvals as well as construction
  - CBJ provides the land
  - CBJ enters into necessary agreements, including the project leases
  - CBJ gets cash flow available after lease payments are made and, upon expiration of lease, entire cash flow represented by net operating income
  - CBJ gets lien-free title to land and improvements upon expiration of lease

PROJECT DESCRIPTION

- Development of a 90 unit multifamily rental project, consisting of one and two bedroom units, on parcels 2, 3, and 4 of the Renninger Subdivision. Final unit configuration will be based on discussions with CBJ and market demand. Key details are summarized below:
  - Location is conveniently located close to schools and shopping
  - Specification level of the units will reflect high-quality finishes and appliances comparable to newer rental and attached for-sale product located in CBJ
  - Units will be built in approximately 15 three-story buildings with the buildings sited around landscaped common areas
  - Covered parking will be provided via carports designed to withstand heavy snow loads
  - Project will also feature an approximately 2,200 square foot community center with tenant amenities, and laundry

PROJECT DESCRIPTION

- Rental rates will be affordable to those families earning 80 percent to 120 percent of the area median income (AMI) of the Juneau community as reported by the United States Department of Housing and Urban Development. Final rents will be set by CBJ based upon final proforma estimates.
- Sample rent calculation for one bedroom unit at 80%-89% AMI:
  - Monthly income for one person at 80% AMI: $4,517 ($54,208/12)

    Factor for rent and utilities: x 30%

    Income available for rent and utilities (rounded) $1,400

    Less utility allowance ($250)

    Income available for rent $1,150
- A similar calculation is used to establish rents for all targeted income levels and unit sizes.

PROJECT DESCRIPTION

- Development Issues:
  - No rezone of the project site will be necessary as current zoning (D-15) is adequate. Other required approvals to be processed through CBJ.
  - CBJ will make available Parcels 2-4 of Renninger Subdivision for construction of project. Remaining Renninger Subdivision parcels to be made available for future development per terms of the MOU.
  - Offsite Improvements: Contract has already been awarded for offsite improvements serving project site. Estimated to be completed Summer 2016.

PROJECT DESCRIPTION

- Financial details of the project include:
  - Total project cost of approximately $15.9 million including all hard/soft costs, contingency, and developer fee, funded entirely out of investor cash equity, with repayment of and return on equity through lease payments to investors, generated by project revenue.
  - When fully leased, projected to generate approximately $1.6 million in gross annual income after accounting for vacancy and collection losses, with an annual net operating income of $1.1 million after deducting operating expenses.
  - Initial annual capital lease payment of $1.021 million based on a 5 percent lease rate, with a annual lease rate adjustment factor of 2 percent, resulting in a maximum lease payment of $1.22 million based on a 7.9 percent lease rate in the final year of lease.
  - Available cash flow after lease payments of approximately $22,000 in the first year the project is fully leased, increasing to approximately $175,000 in the final year of lease.

PROJECT PUBLIC BENEFITS

- Ensures rental housing units are available to families at all Workforce Housing income levels.
- All available cash flow after lease payments (projected cumulative cash flow of $1.9 million) is retained by CBJ.
- At expiration of lease, all net operating income is retained by CBJ. In the last year of the lease, annual net operating income is projected to be approximately $1.4 million.
- Available cash flow may be used for the following:
  - "Buy down" and subsidize project rents, potentially making more units available to families at the lower end of the workforce housing income band
  - Finance development of additional affordable housing units
  - Creation of other public benefits as determined by CBJ
- At expiration of lease, CBJ receives lien-free title to entire project (improvements and land) with an estimated worth of $23 million.

DEVELOPMENT TIMELINE

- **March 2016** – Parties Approve Project Memorandum of Understanding
- **April 2016** – Parties Approve Development Agreement Governing Project
- **July 2016** – Architectural/Engineering Plans Submitted for Permits to CBJ
- **September 2016** – Commence Construction
- **June 2017** – Construction Completed
- **October 2017** – Project Fully Leased Up

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Mr. Greg Chaney
CBJ Division of Lands & Resources
155 South Seward Street
Juneau, AK 99801

RE: Land for Affordable Housing

November 17, 2015

The University of Alaska Southeast Construction Technology department, the Juneau School District and the Juneau Housing Trust, Inc., would like to request that the City and Borough of Juneau consider making available a parcel of land in the Switzer Creek Subdivision. The acquisition would help sustain the collaborative House Build program by providing enough land to build 6-8 affordable homes for the next several years.

The project has coalesced this past year in a new partnership between the Juneau School District (JSD), Juneau Housing Trust, and the University of Alaska Southeast. The partners are in the process of developing two single-family dwellings on a parcel purchased from the city last year in the Lena Subdivision. If we are to preserve this momentum, we must begin to seek out future building sites for the program.

The property located in the Switzer Creek Subdivision is desirable as a project site for several reasons:

1. The lot is of adequate configuration to allow subdivision under CBJ Land Use Code Ordinance 49.65.610, Bungalow Lot Subdivision. A subdivision will allow the JSD to continue the House Build Project for several additional years, providing its students a unique hands-on opportunity in Career and Technical Education. We will most likely not be subdividing under this ordinance. The lot is large and zoned high density. We are planning to develop multiple units through the Land Trust model, without the need for any additional subdivision. The idea is a "cottage style" development, but not falling under the specific cottage or bungalow ordinance.

2. The CBJ Assembly, under Resolution 2390 creating the Juneau Affordable Housing Commission, has identified affordable Housing as a priority. If the project continues, Affordable Housing creation will remain a priority. The key to affordable housing in our community is both small homes and available land.

3. It is located at a reasonable distance from both high schools, making it feasible for students to access the work site in their allotted class times.

The project partners are grateful for the generous past support of the City and Borough of Juneau. We encourage you to continue supporting the project through the transfer of this property to the Juneau Housing Trust.

We would be happy to answer any questions you may have about the project and to work with the city in developing the next phase in the House Build Program. You can reach our Juneau Douglas High School Career and Technical Education Coordinator, Carin Smolin, at carin_smolin@jsd.k12.ak.us or 523-1877; Juneau Housing Trust representative, Tamara Rowcroft, at ahdc@ptialaska.net or 780-4500; or UAS Construction Manager, Justin Fantasia, at jfantasi@uas.alaska.edu or 796-6132.

Sincerely,

Justin Fantasia, Assistant Professor	Tamara Rowcroft	Carin Smolin
UAS Construction Technology	Vice President	CTE Coordinator
House Build Construction Manager	Juneau Housing Trust	Juneau School District

ALASKA
HOUSING DEVELOPMENT CORPORATION

1800 NORTHWOOD DRIVE
JUNEAU, AK. 99801
907-780-6666
907-780-4533 FAX

February 16, 2016

Mr. Greg Chaney, Lands Manager
Lands and Resources Department
City and Borough of Juneau
155 S. Seward Street
Juneau, AK. 99801

Re: Interest to purchase lots 6 & 7 on Jackie Street

Dear Mr. Chaney:

Alaska Housing Development Corporation is interested in purchasing for the appraised fair market value, lots 6 and 7 in the new Renninger Street Subdivision.

We are a nonprofit corporation organized in the 1970's whose primary mission is to develop, own and manage affordable housing. We currently own and operate 136 rental units in three different developments that are adjacent to this subdivision. In those properties we have a mixture of housing that includes very low or fixed income, workforce or moderate income, and market rate rentals.

Our Corporate, Management and Maintenance operations are located in this neighborhood at 1800 Northwood Drive.

For your reference I have attached a copy of an aerial view map that shows all three of our properties, in this area. As well as an example of the typical style of multiplex buildings we have developed in our other properties in this neighborhood.

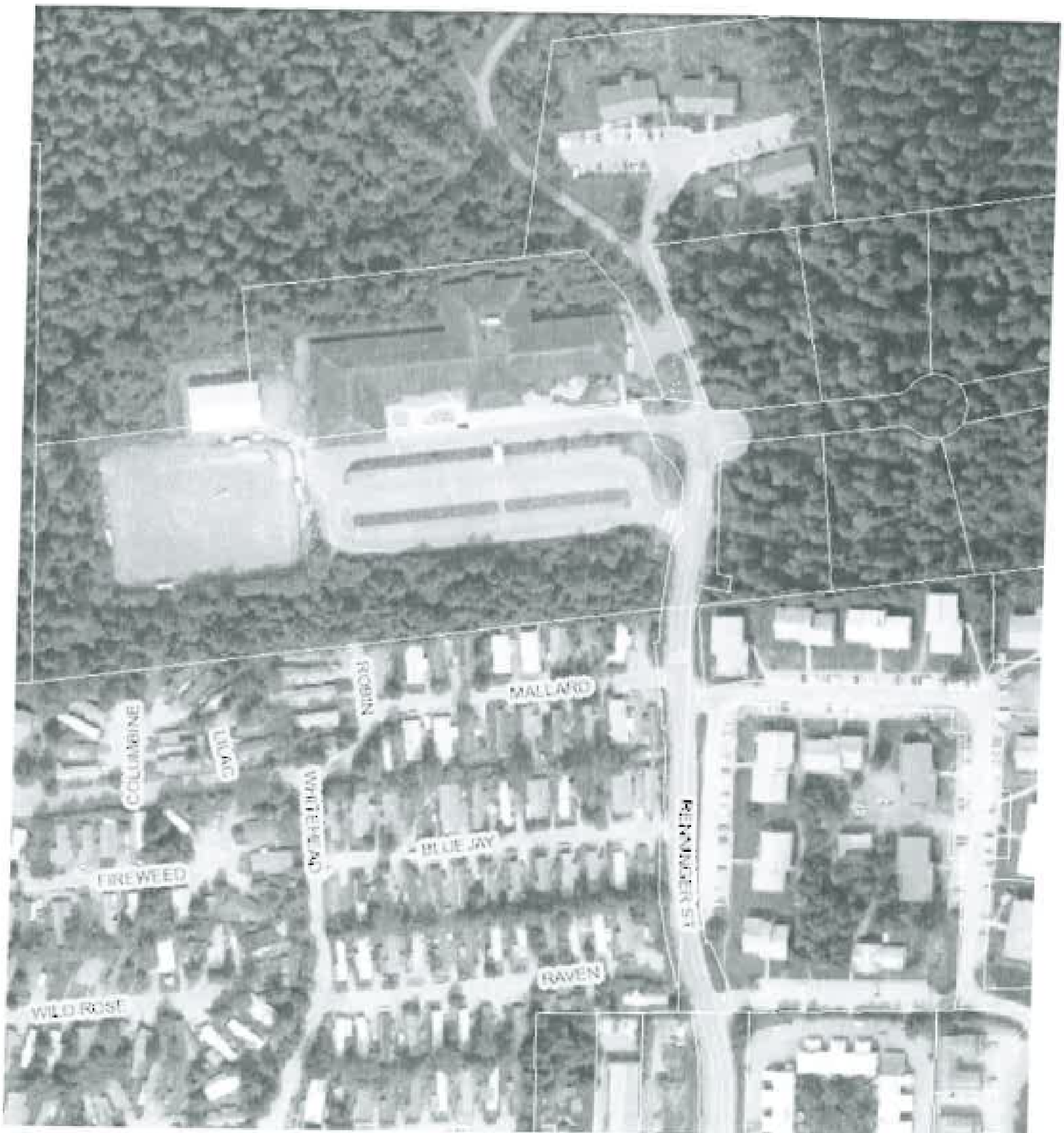
Please let us know what the next steps would be to pursue this land purchase with the city.

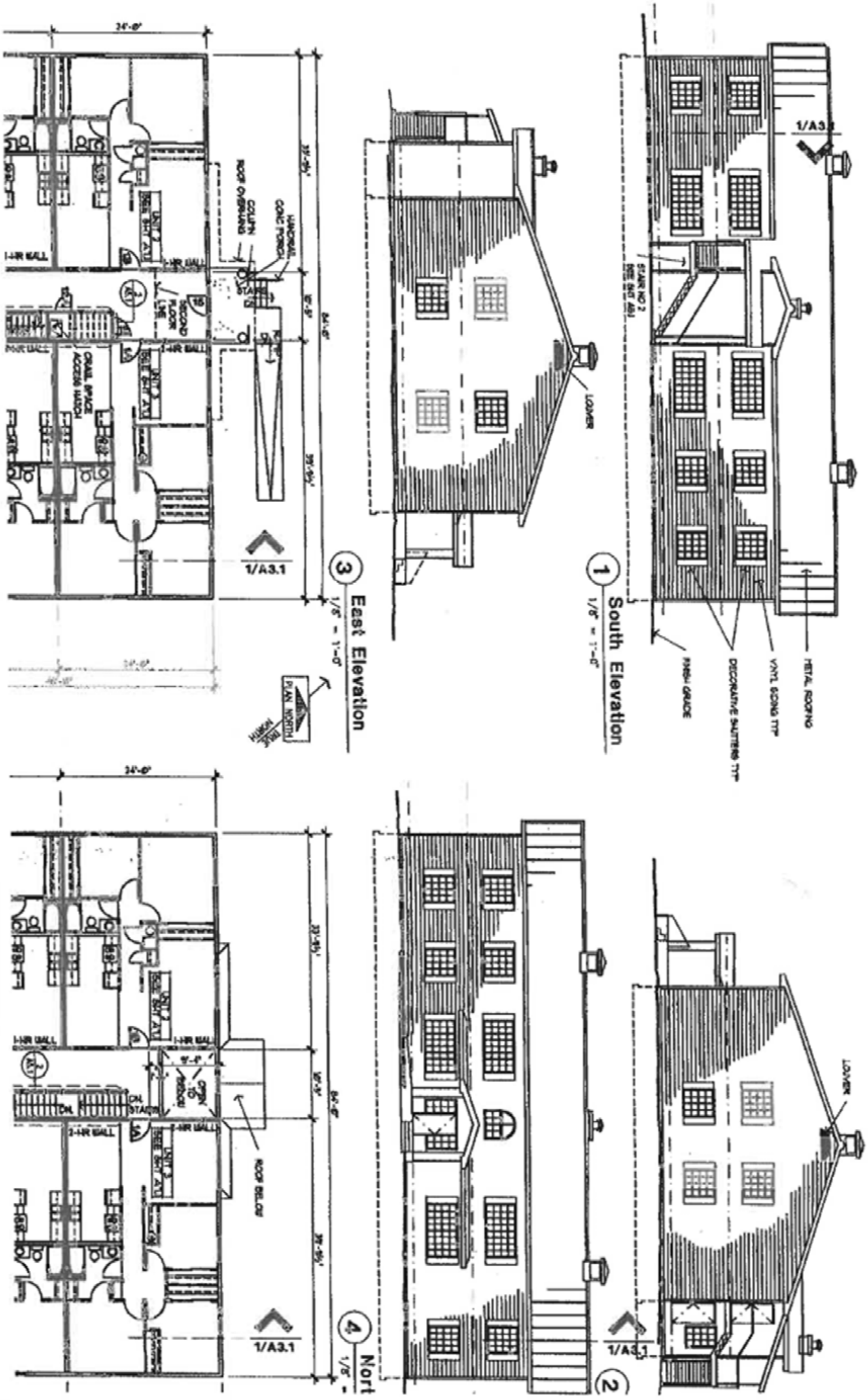
Sincerely,

Tamara Rowcroft, Executive Director
Alaska Housing Development Corporation

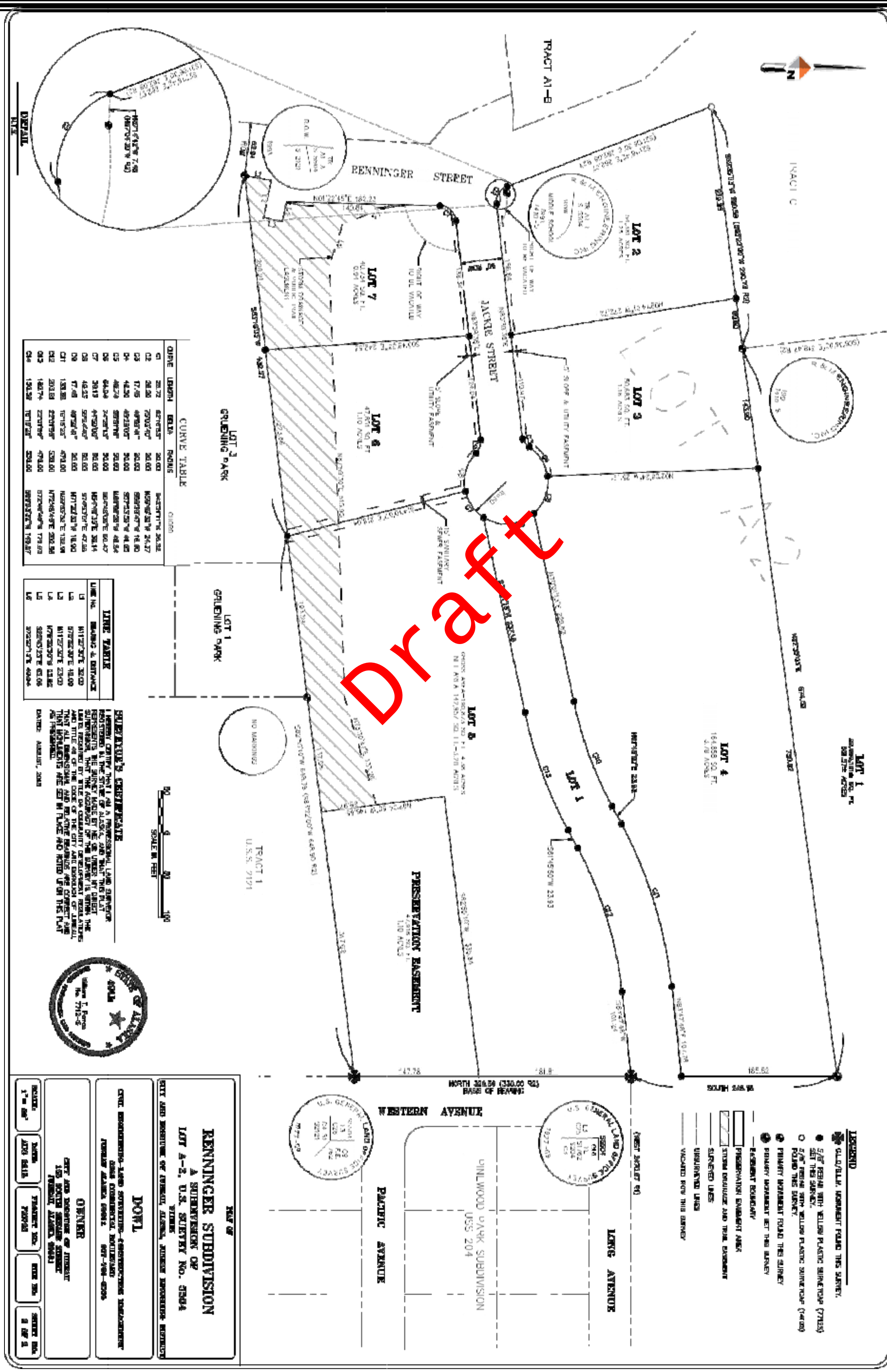
AHDC

From:	Greg Chaney <Greg.Chaney@juneau.org>
Sent:	Friday, February 12, 2016 3:41 PM
To:	Tamara Rowcroft
Subject:	map



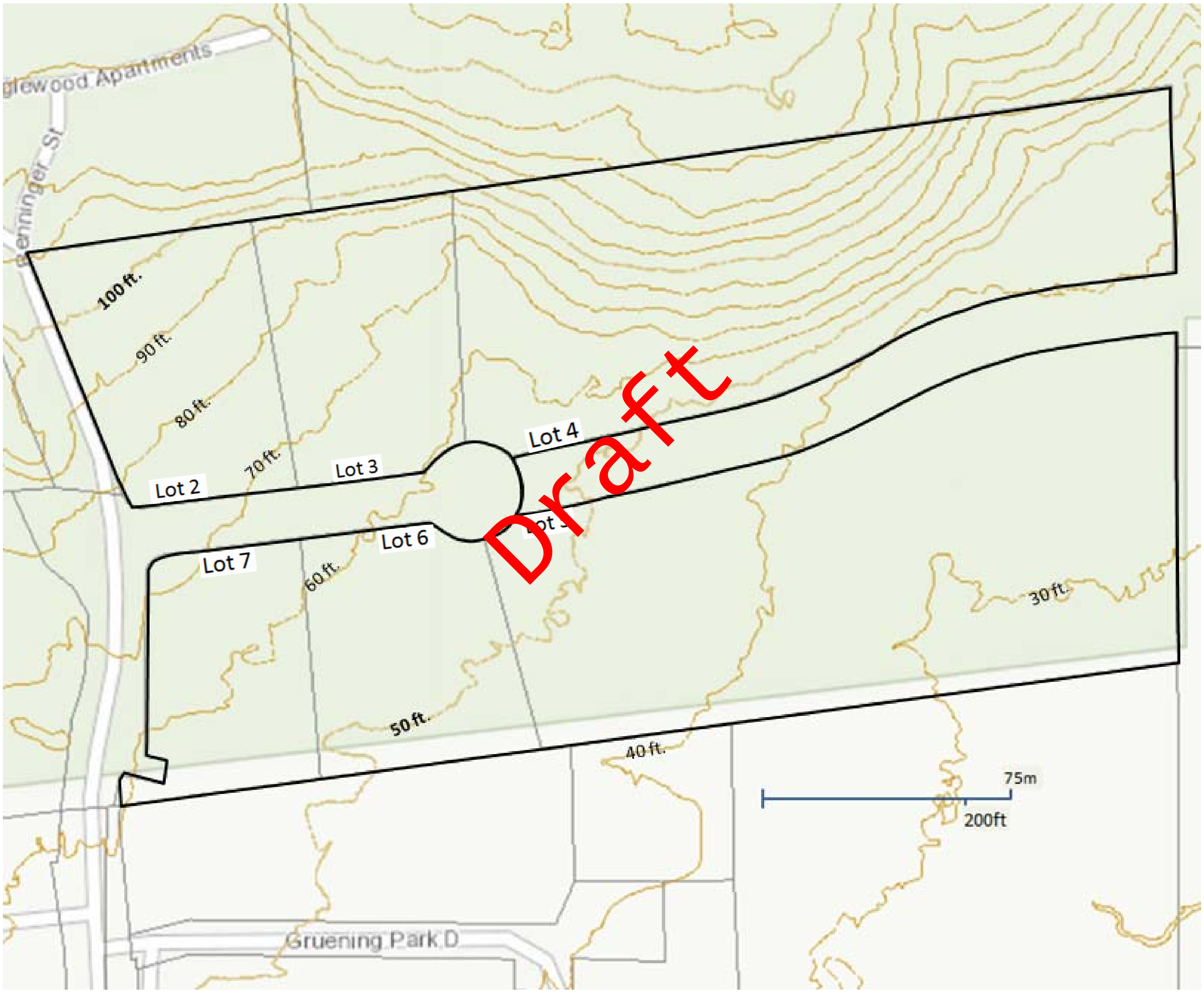

East Elevation
1/8" = 1'-0"
South Elevation
1/8" = 1'-0"
METAL ROOFING
VINYL SIDING TYP
DECORATIVE SHUTTERS TYP
FINISH GRADE
LOUVER
1/A3.1
ROOF BELOW
1-HR WALL
PLAN NORTH
TRUE NORTH

Renninger Subdivision Area Map



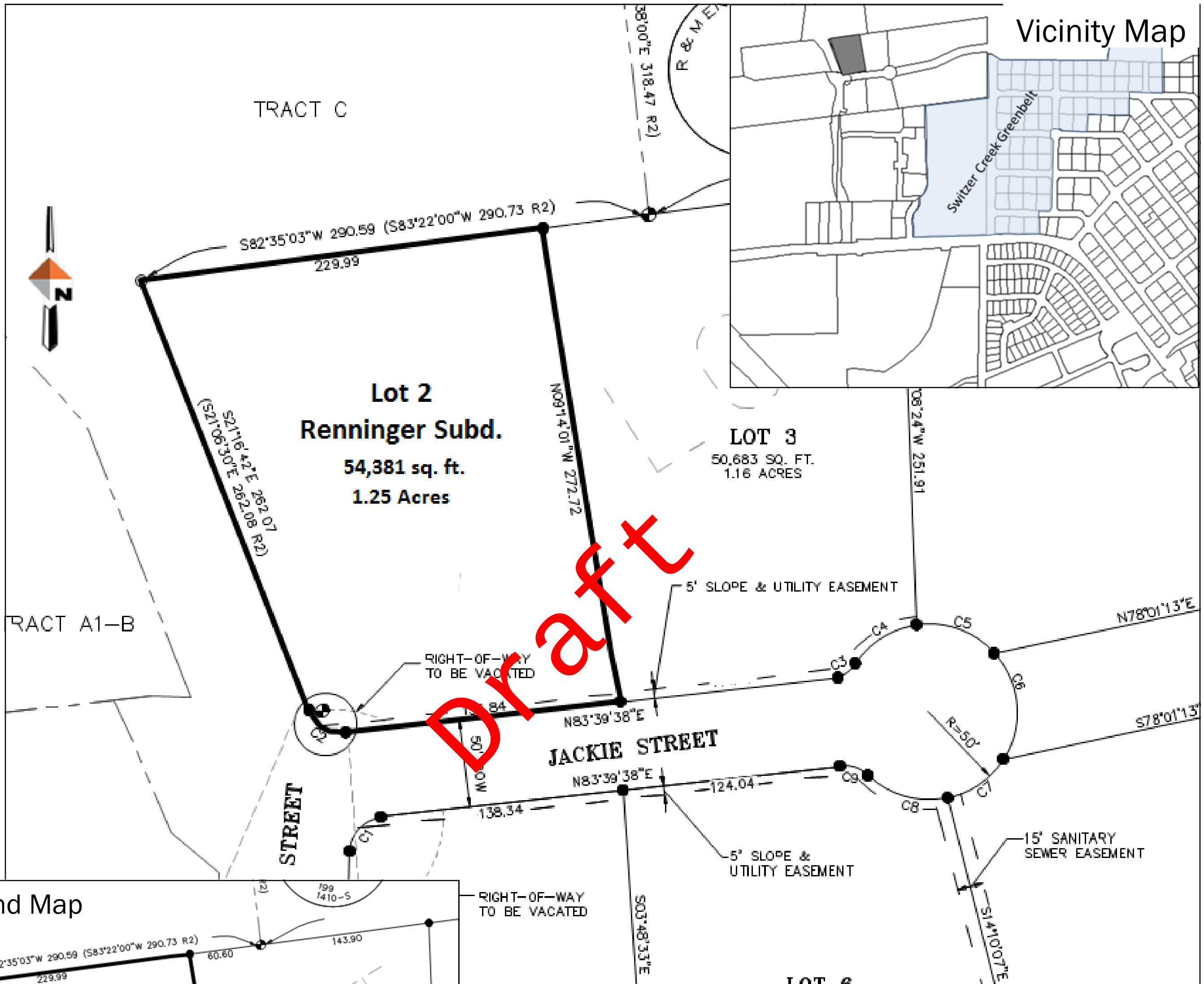
Renninger Subdivision Area Map

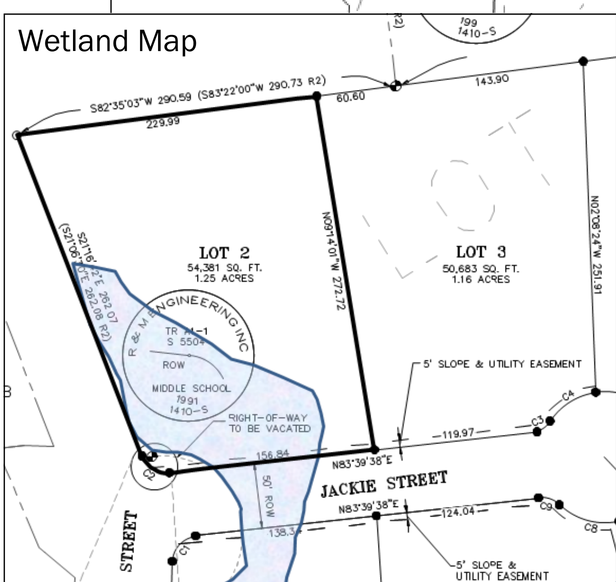
Renninger Subdivision Topographic Map



Legal Description: Lot 2, Renninger Subdivision

Acreage: 54,381 Sq. Ft. 1.25 Acres





Fair Market Value: $204,000

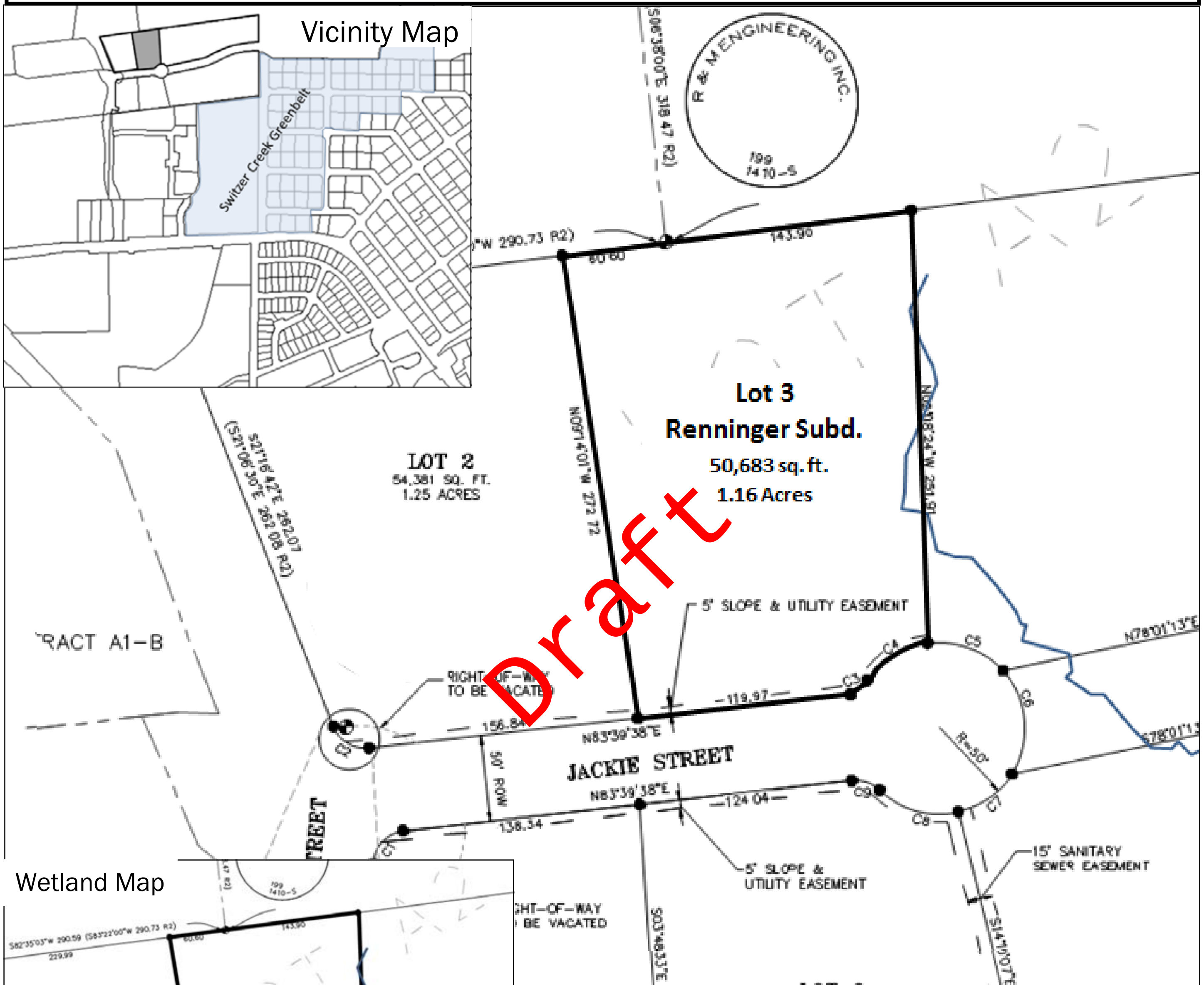
This lot is located on the corner of Renninger Street and Jackie Street. At 1.25 acres the theoretical maximum residential units that can be built on this lot is 19.

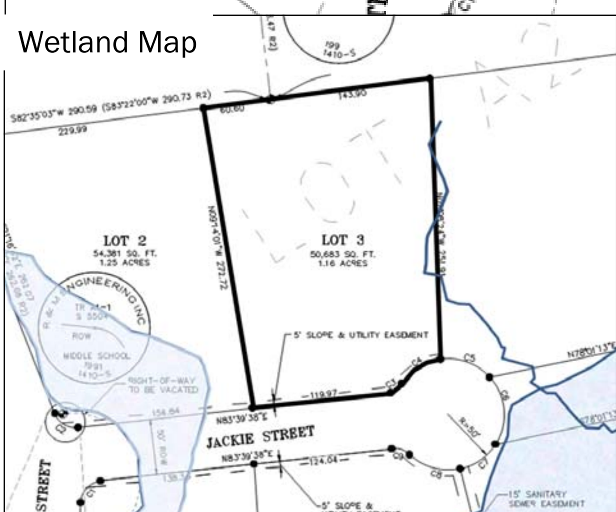
Wetlands: This lot contains roughly 14,300 square feet of wetlands. The Army Corps of Engineers has permitted the filling of .09 acres or 3,920 square feet of wetlands.

Special Conditions: None.

Legal Description: Lot 3 Renninger Subdivision

Acreage: 50,683 Sq. Ft. 1.16 Acres





Fair Market Value: $190,000

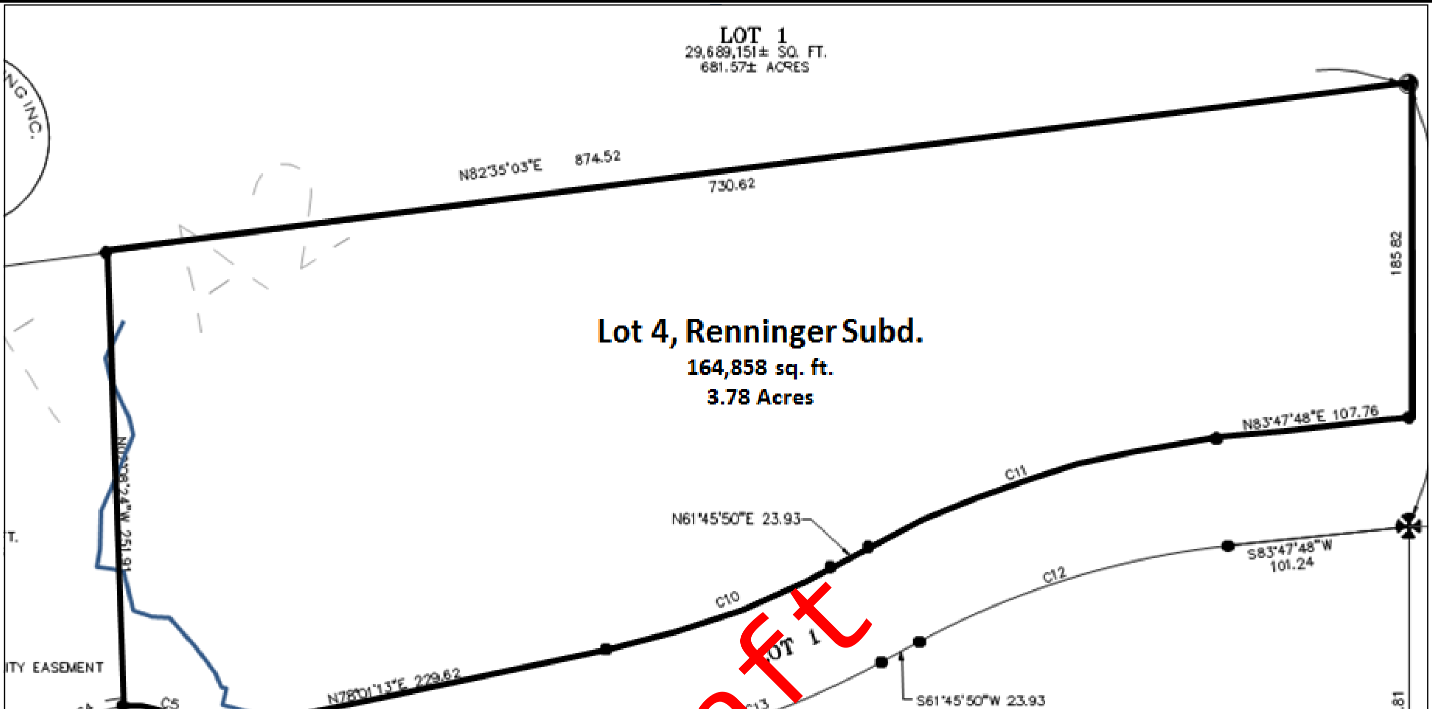
At 1.16 acres the theoretical maximum residential units that can be built on this lot is 17.

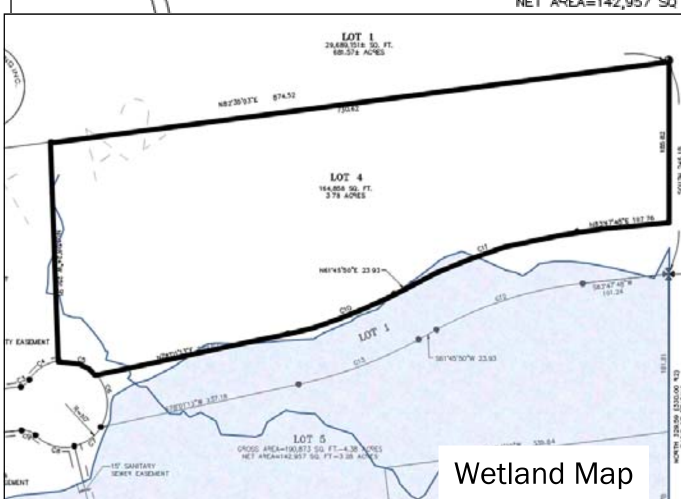
Wetlands: A small drainage is present along the east property line. No wetlands have been mapped on this lot.

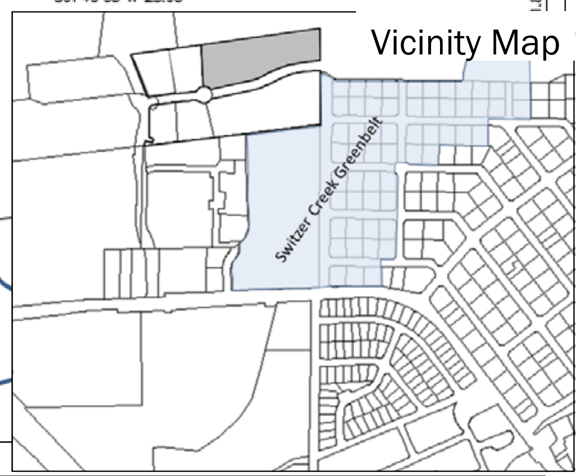
Special Conditions: There is a 5 foot slope and utilities easement along the southern property line adjacent to Jackie Street.

Legal Description: Lot 4 Renninger Subdivision

Acreage: 164,858 Sq. Ft. 3.78 Acres







Fair Market Value: $412,000

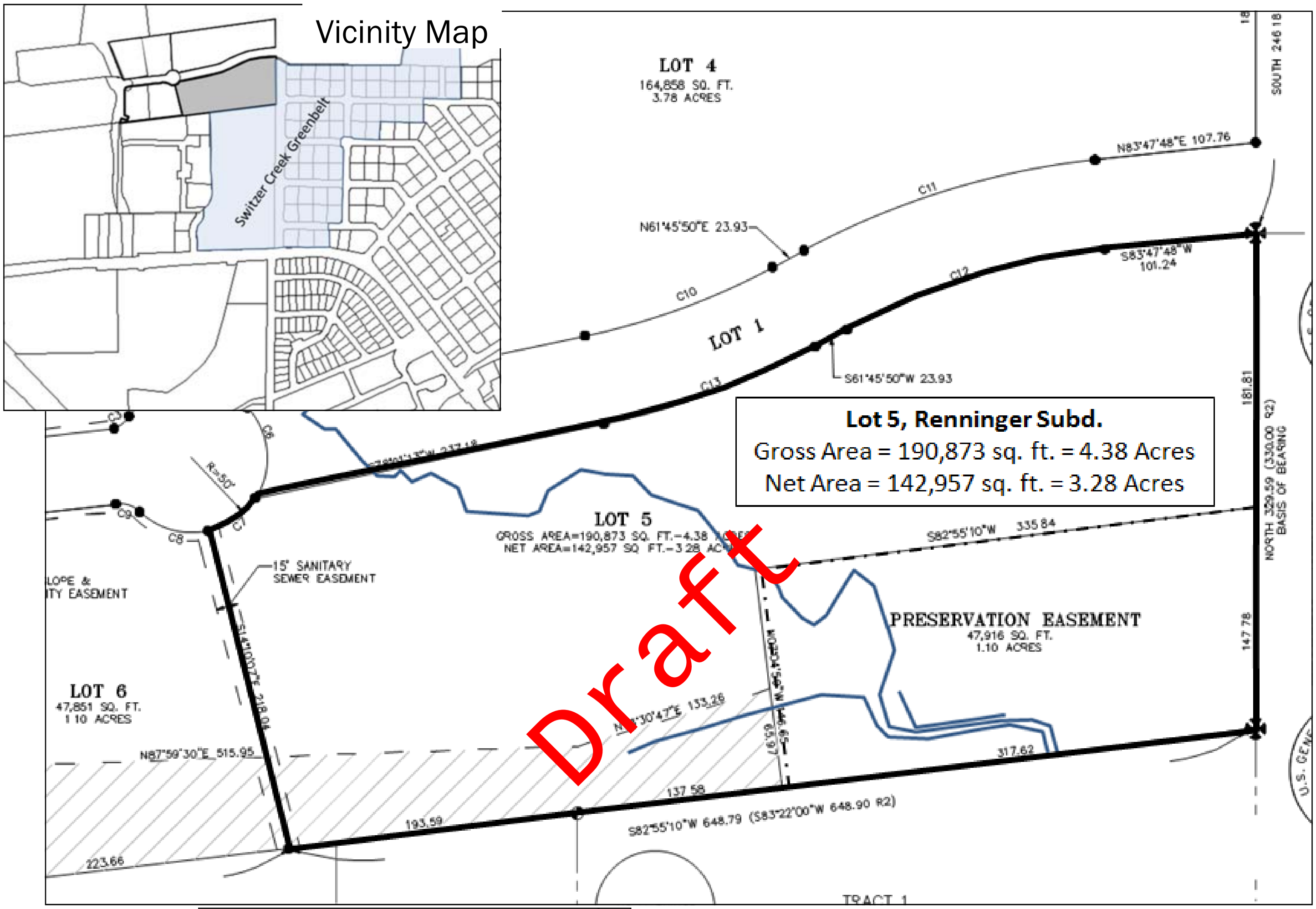
This is a relatively large property with south facing slopes. At 3.78 acres the theoretical maximum residential units that can be built on this lot is 57. Topography may make developing the maximum density allowed on this lot challenging.

Wetlands: This lot has roughly 1,167 square feet of wetlands located on this southern property line. The Army Corps of Engineers has not permitted the filling of wetlands on this lot.

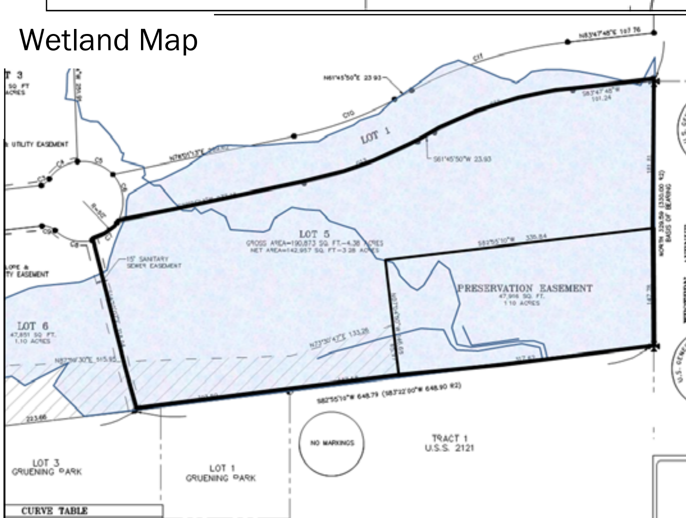
Special Conditions: There is a small confined drainage on the southeast portion of the property. The crossing of this drainage has been permitted by the US Army Corps of Engineers.

Legal Description: Lot 5 Renninger Subdivision
Acreage: 190,873 Sq. Ft. 4.38 Acres

Vicinity Map



Wetland Map



Fair Market Value: $382,000

At 4.38 acres the theoretical maximum residential units that can be built on this lot is 66.

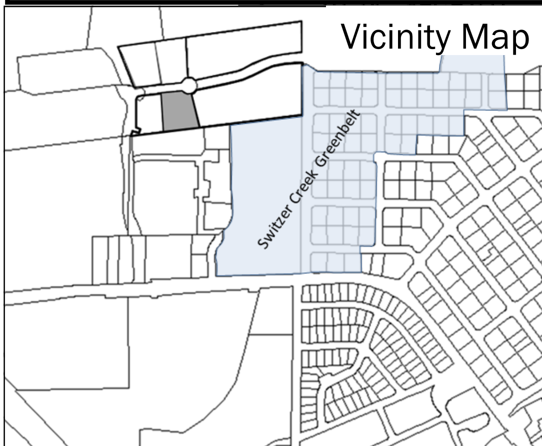
Wetlands: This lot is predominantly wetlands. The Army Corps of Engineers has permitted the filling of 0.28 acres or 12,196 square feet of wetlands on this lot.

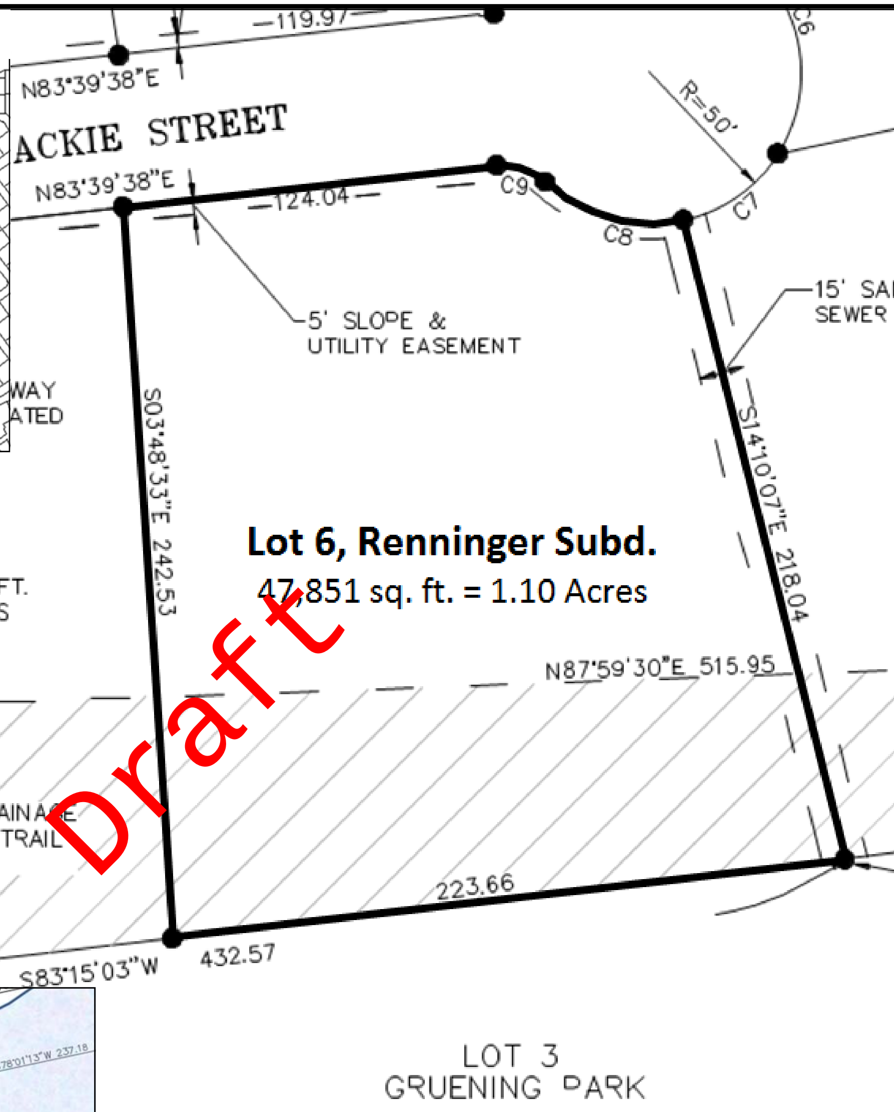
Special Conditions: The southeastern portion of this lot has a no-disturbance preservation easement. This easement was a stipulation of the Corps Permit and protects the valuable habitat closest to Switzer Creek. The southwestern portion of this lot has storm drainage and trail and sewer easements. The US Army Corps permit for this lot allows filling 0.28 acres of the lot near the Jackie Street cul-de-sac. A new fill permit would probably be required to achieve maximum density.

Legal Description: Lot 6 Renninger Subdivision

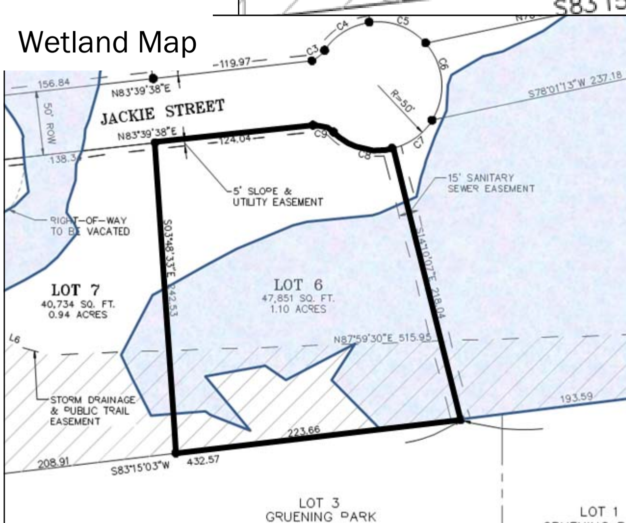
Acreage: 47,851 Sq. Ft. 1.10 Acres

Vicinity Map





Wetland Map



Fair Market Value: $144,000

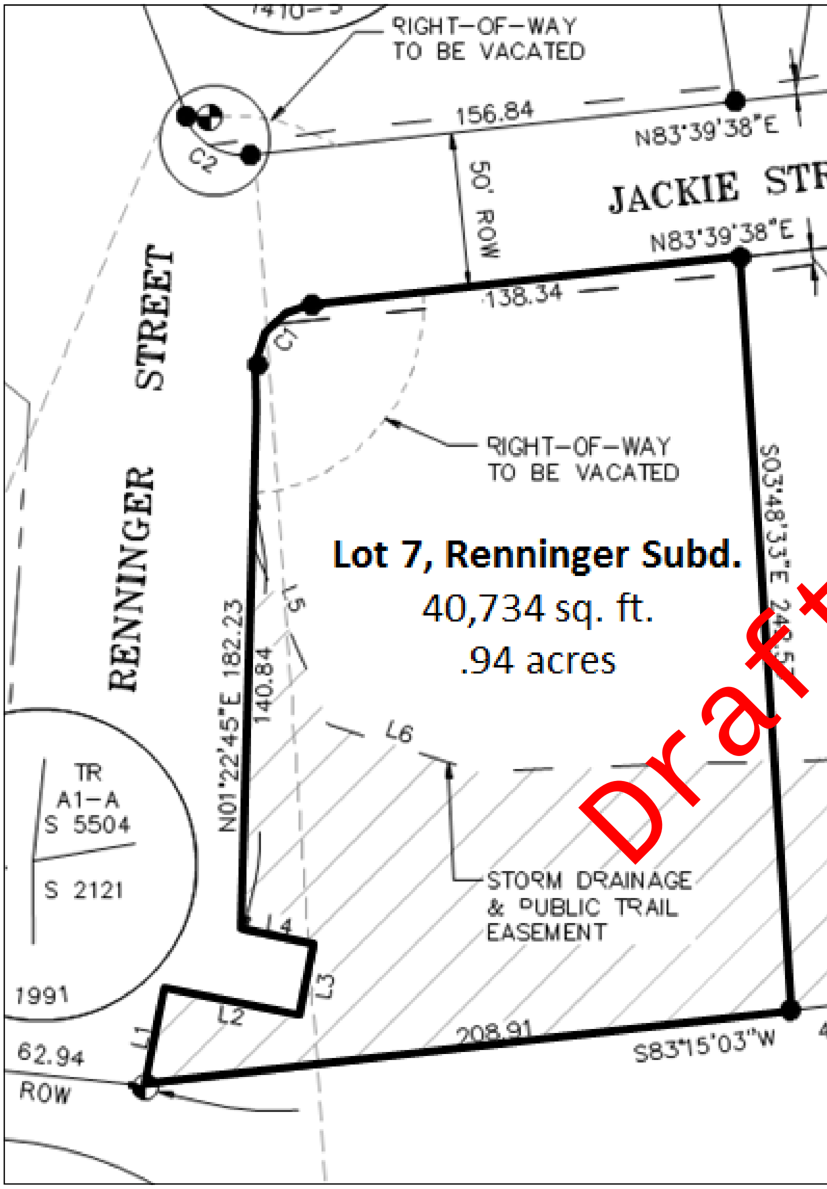
At 1.10 acres the theoretical maximum residential units that can be built on this lot is 16.

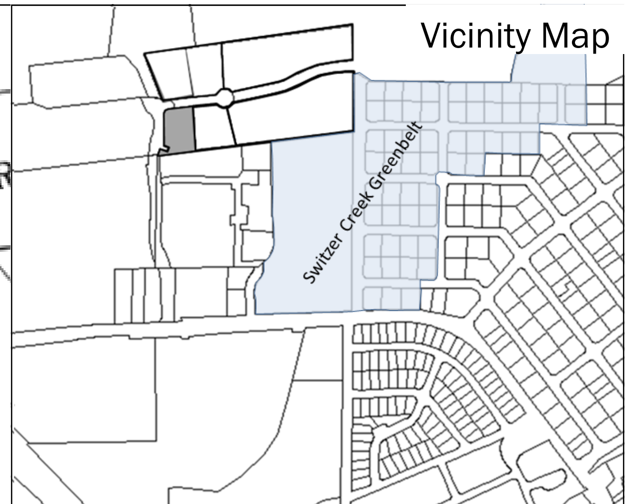
Wetlands: This lot contains 26,565 square feet of wetlands and the Army Corps of Engineers has permitted the filling of .12 acres or 5,227 square feet of wetlands.

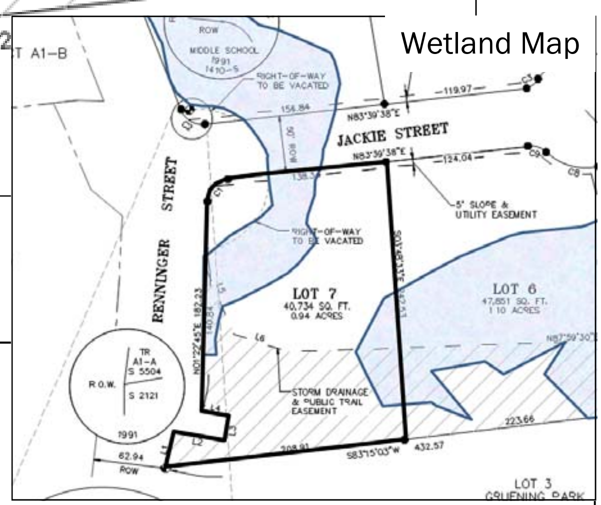
Special Conditions: The southern portion of this lot has a storm drainage and trail easement. The eastern property line contains a 7.5' wide sewer easement.

Legal Description: Lot 7 Renninger Subdivision

Acreage: 40,734 Sq. Ft. .94 Acres







Fair Market Value: $122,000

At 0.94 acres the theoretical maximum residential units that can be built on this lot is 14.

Wetlands: This lot contains 6,586 square feet of wetlands. The Army Corps of Engineers has permitted the filling of .05 acres or 2,178 square feet of wetlands.

Special Conditions: The southern portion of this lot is covered by a storm drainage and trail easement. The northern property line contains a 5' wide slope and utility easement.

City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

To: Assembly Lands Committee

CC: Docks & Harbors Board

From: Carl Uchytil, Port Director

Date: February 3rd, 2016

Re: Channel Construction ADL2193/ATS 7 New Lease

---

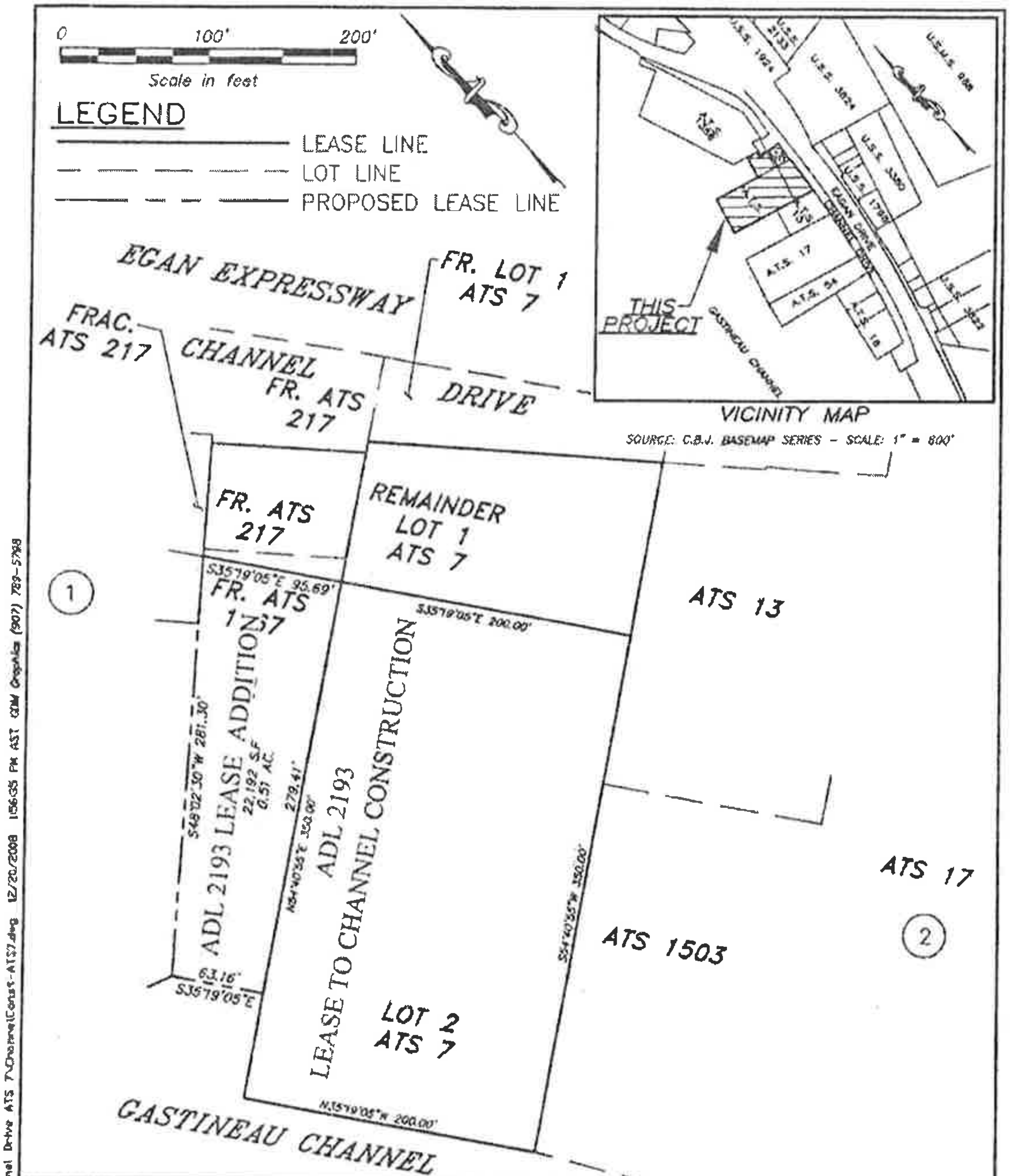
1. **Background:** The original lease property is ADL 2193/ATS 7 Lot 2 containing 1.607 acres. This a parcel of tidelands seaward of the mean high water line on Gastineau Channel. This lease was originally a 55 year lease entered into on April 25th, 1961 between Construction Services Inc. and Alaska Department of Natural Resources. The assignment changed on April 8th, 1967 to Juneau Ready Mix Inc. There was an amendment to the lease effective October 25th, 1978 changing the five year adjustment intervals to a one time 25 year period and 10 year intervals thereafter. Effective February 8th, 2001, the Department of Natural Resources conveyed the tidelands and transferred lease administration for Lease No ADL 2193/ ATS 7 Lot 2 to City and Borough of Juneau. The assignment was changed on June 19th, 2003 to William R. Tonsgard, and September 24th, 2008 changed again to Channel Construction which is the current lessee. There was an amendment to this lease effective May 5th, 2010 adding to the leased property a parcel of tidelands consisting of approximately .51 acres (22,192 S.F.) located adjacent to the existing leased property making a total lease area of approximately 2.117 acres (see attachment 1). The current rate of $0.13 per square foot was established by the Docks & Harbors Board effective August 26th, 2004 for the 1.607 acres and $0.15 per square foot was used for the .51 acre additional lease area. On March 14th, 2011, a statement of sublease was signed allowing Channel Construction to sublease 266 S.F. to DIPAC and DIPAC sublease 258 S.F. to Channel Construction (see attachment 2). The current and proposed use is for a barge landing. In accordance with the terms of the current tideland lease agreement, Channel Construction has a preference right for this lease, and it will expire on April 25th, 2016. An appraisal has been conducted and the recommended annual lease rate is $13,828.95 which is $.15/S.F. for 2.117 acres.

2. **Recommendation:** Docks & Harbor Ops/Planning Committee approved this new lease on December 2nd, 2015, the Finance Committee approved this on December 3rd, 2015, and the Regular Board approved this on January 28th, 2016. Recommend to approve Channel Constructions New Lease (see attachment 3) and move forward to the Assembly for final action.

Attachments

(1) – Additional Lease area map
(2) – Statement of Sublease map
(3) – New Lease Draft

EXHIBIT A.
LEASE ADDITION
CHANNEL CONSTRUCTION
ADL 2193

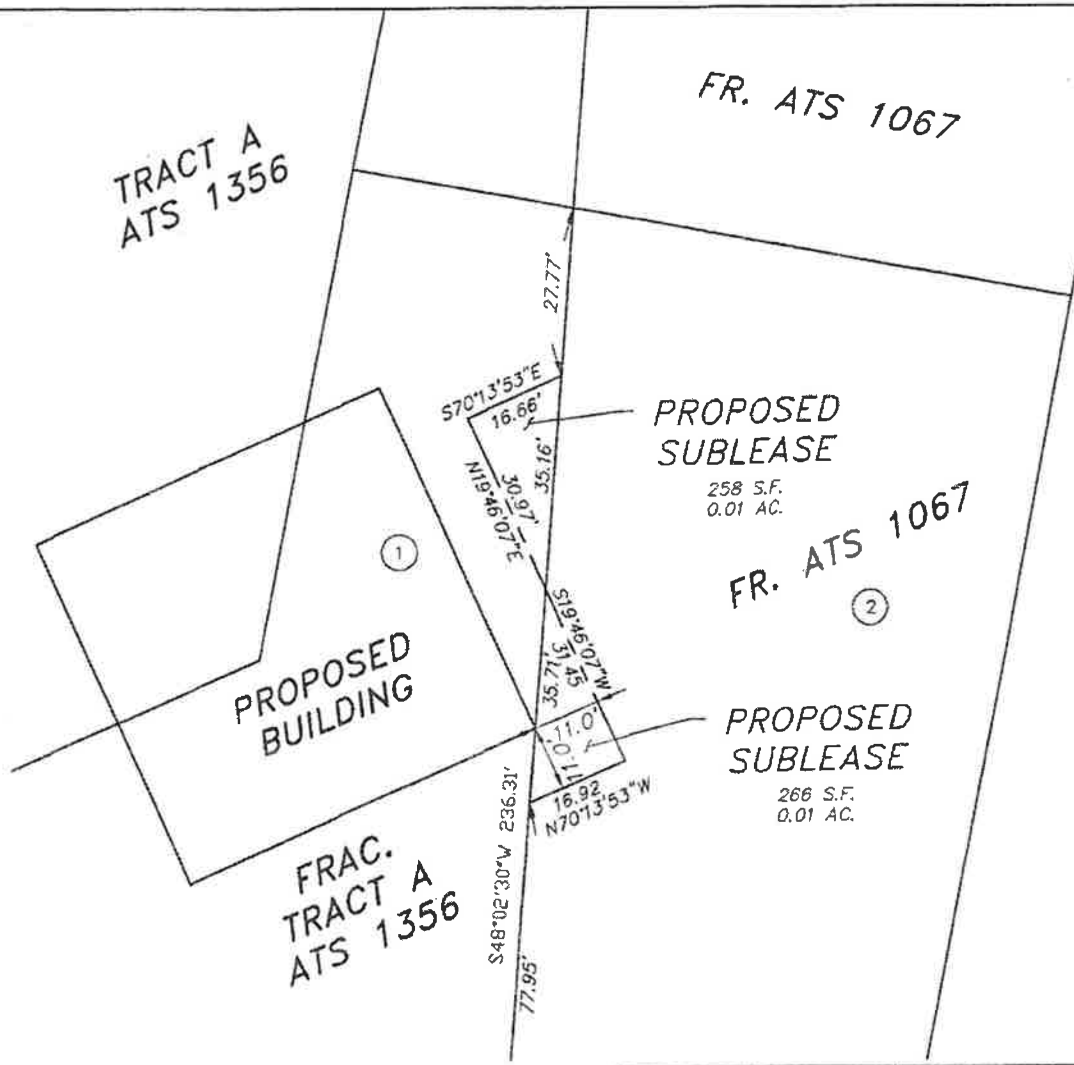


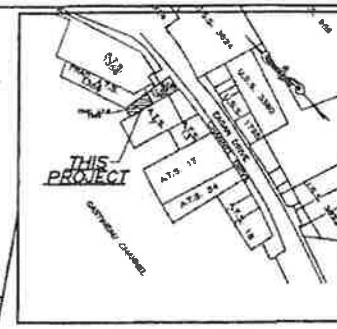
PURPOSE: UPLANDS EXPANSION **ADJACENT PROPERTY OWNERS:** 1) DIPAC HATCHERY 2) JIM TRIPLETTE	**APPLICANT:** CHANNEL CONSTRUCTION, INC PO BOX 33359 JUNEAU, AK. 99803 **AGENT:** WALSH PLANNING & DEVELOPMENT SERVICES 2974 FOSTER AVENUE JUNEAU, AK. 99801	A SITE PLAN OF UPLANDS EXPANSION PROJECT FOR CHANNEL CONSTRUCTION JUNEAU, ALASKA DEC 2008 — SHEET 1 OF 1

G:\Walsh\Channel Const\Channel Drive ATS 7\Channel\Const-ATS7.dwg 12/20/2008 1:56:35 PM AST ODM Graphics (907) 789-5798

LEGEND

——— LEASE LINE
– – – PROPOSED LEASE LINE





VICINITY MAP
SOURCE: C.B.J. BASEMAP SERIES
SCALE: 1" = 600'

STATEMENT OF SUBLEASE:

CHANNEL CORPORATION, INC HEREWITH LEASES 266 SQUARE FEET OF AREA FROM ITS LEASE ENTITLED FRACTION ATS 1067 TO ITS NEIGHBOR DIPAC FOR AS LONG AS BOTH CHANNEL CORPORATION, INC'S LEASE AND DIPAC'S LEASE ARE VALID

Dated: 3/11, 2011.

WILLIAM R. TONSGARD, PRESIDENT
CHANNEL CORPORATION, INC
JUNEAU, ALASKA

STATEMENT OF SUBLEASE:

DIPAC HEREWITH LEASES 258 SQUARE FEET OF AREA FROM ITS LEASE ENTITLED FRACTION TRACT A, ATS 1356 TO ITS NEIGHBOR CHANNEL CORPORATION, INC FOR AS LONG AS BOTH CHANNEL CORPORATION, INC'S LEASE AND DIPAC'S LEASE ARE VALID

Dated: 3/14, 2011.

ERIC PRESTEGARD, PRESIDENT
DIPAC
JUNEAU, ALASKA

CERTIFICATE OF APPROVAL

THE LESSOR OF BOTH CHANNEL CORPORATION, INC AND DIPAC'S LEASES, THE CITY AND BOROUGH JUNEAU DOCKS AND HARBORS DEPARTMENT, HEREWITH ACKNOWLEDGES THESE SUBLEASES.

Dated: MARCH 14, 2011.

JOHN STONE, PORT DIRECTOR
CITY & BOROUGH OF JUNEAU
DOCKS AND HARBORS DEPARTMENT

0 20' 40'
Scale in feet

PURPOSE:	APPLICANT:	A PLAT OF
SUBLEASE	CHANNEL CONSTRUCTION, INC PO BOX 33359 JUNEAU, AK. 99803	A SUBLEASES BETWEEN CHANNEL CONSTRUCTION, INC. AND DIPAC JUNEAU, ALASKA
ADJACENT PROPERTY OWNERS: 1) DIPAC HATCHERY 2) CHANNEL CONSTRUCTION, INC	AGENT: WALSH PLANNING & DEVELOPMENT SERVICES 2974 FOSTER AVENUE JUNEAU, AK. 99801	MAR 2011 — SHEET 1 OF 1

Recorder return to: City and Borough of Juneau
Attn: Carl Uchytil, P.E., Port Director
155 S. Seward Street
Juneau, AK 99801

LEASE AGREEMENT FOR LOT 2, ALASKA TIDELANDS SURVEY NO. 7 & LEASE ADDITION

PART 1. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska ("CBJ" or "City") and Channel Construction Inc. ("Channel Construction") organized under the laws of the State of Alaska, hereafter "Lessee."

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party's own risk.

CBJ:

Attn: Carl Uchytil, P.E.
Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0292
Fax: (907) 586-0295

Lessee:

Attn: David Payne
Compliance Officer
Channel Construction Inc.
P.O. Box 33359
Juneau, AK 99803
Phone: (907) 789-0200
Fax: (907) 789-5248

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Lease Agreement for Lot 2, Alaska Tidelands Survey 7 & Lease Addition. The following appendices are attached hereto and are considered to be part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

Appendix A: Property Description & Additional Lease Provisions
Appendix B: Lease Provisions Required by CBJ Chapter 53.20
Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. PRIOR LEASE SUPERSEDED. This lease agreement supersedes and replaces any lease agreement for ADL 2193, entered into between the State of Alaska and a predecessor lessee on April 25, 1961, and any amendments to, or assignments of, that lease agreement.

PART V. LEASE EXECUTION. CBJ and Lessee agree and sign below. This contract is not effective until signed by the City.

CBJ:	**Lessee:**
Date: ______________________	Date: ______________________
By: ______________________ Carl Uchytil CBJ Port Director	By: ______________________ William R. Tonsgard President - Channel Construction Inc.

CBJ ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the ____ day of ________________, 2016, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carl Uchytil, to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to executive said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

____
Notary Public in and for the State of Alaska
My Commission Expires: ______________

LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the ____ day of __________________, 2016, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared William Torsgard, to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Channel Construction Inc., as Lessee, which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument; who acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

____
Notary Public in and for the State of Alaska
My Commission Expires: ______________

Risk Management Review: ____, Risk Management

Approved as to Form: ____, Law Department

APPENDIX A:

PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as "the Leased Premises" or "the Property." The Leased Premises are described as follows:

> Lot 2, Alaska Tidelands Survey 7 containing 1.607 acres, more or less as well as approximately .51 acres (22,192 square feet) located adjacent Lot 2, thus resulting in a total of 2.117 acres, more or less, of leased land.

The Leased Premises are depicted on Exhibit A to CBJ Ordinance No. 2016-XX. A copy of Ordinance No. 2016-XX, with its Exhibit A, is attached to and is made a part of this lease by reference herein.

2. AUTHORITY

This lease is entered into pursuant to the authority of CBJ Code Section 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. 2016-XX adopted by the Assembly on XXXXXXX and effective on XXXXXXX.

3. TERM AND RENEWAL OPTION

The effective date of this lease shall be the date this lease agreement is signed by the CBJ. The term of the lease is 35 years, commencing on April 26, 2016, unless sooner terminated. CBJ grants Lessee an option to renew this lease for one, successive period of 35 years. Lessee shall exercise this option, if at all, by written notice given to CBJ during the first six months of the last year of the underlying lease term.

4. LEASE PAYMENTS AND ADJUSTMENTS

(a) Lessee shall pay CBJ an annual lease payment for the Lease Premises. Except as provided in this section, the annual lease payments shall be made by Lessee to CBJ at the start of each year of the term.

(b) The annual lease payment for the first five-year period of the lease term, running from April 26, 2016 through April 26, 2021, shall be $13,828.95 per year, plus sales tax.

(c) Beginning with the first year after the initial five-year period of the term, the Port Director will re-evaluate and adjust the annual lease payment for the Leased Premises for the next five-year period of this lease, and then every five years thereafter, pursuant to Appendix B, Section 3(b) of this lease, CBJ 53.20.190(2), CBJ 85.02.060(a)(5), and the Docks and Harbors lease administration regulations, 05 CBJAC Chapter 50. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period.

(d) Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.

5. AUTHORIZED USE OF PREMISES

Lessee is authorized to use the Lease Premises for marine-related industrial use in conjunction with the adjacent lot, owned by Lessee, and related uses and operations. Lessee shall be responsible for obtaining all necessary permits and approvals for Lessee's development of the Leased Premises. Said development shall be initiated once it is economically feasible to do so, given the restrictions on the lot previously identified. Lessee is required to obtain approval of its development plans from the CBJ Docks and Harbors Board prior to any further development of the Leased Premises or improvements.

6. INSURANCE

Lessee shall provide a certification of proper insurance coverage to the City and Borough of Juneau. It is the Lessee's sole responsibility to determine the appropriate jurisdiction and that under no circumstances will CBJ be responsibility for the employer not providing the proper insurance. All insurance shall require that the insurance company give prior written notice consistent with the terms of the policy, to the CBJ's Risk Management Officer prior to any cancellation, non-renewal, or reduction in the amount of coverage. The Lessee's insurance shall be primary and any insurance maintained by the CBJ shall be non-contributory. If the Lessee maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Lessee.

Commercial General Liability Insurance. Lessee shall maintain in full force and effect, at its own expense, at all times during this lease, commercial general liability insurance in the amounts of $1,000,000 per occurrence and $2,000,000 general aggregate. The insurance policy shall name CBJ as an "Additional Insured" and shall require that the insurance company give prior written notice consistent with the terms of the policy, to the CBJ's Risk Management Officer prior to any cancellation, non-renewal, or reduction in the amount of coverage. If the Lessee maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Lessee. The policy shall be endorsed to waive all rights of subrogation against the CBJ by reason of any payment made for claims under the coverage. Lessee will provide evidence of this insurance to CBJ in a form acceptable to the CBJ Office of Risk Management.

Property Insurance. Lessee acknowledges that CBJ carries no fire or other casualty insurance on the Lease Premises or improvements located thereon belonging to Lessee, and that it is the Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.

Upon development of the lot, as authorized in paragraph 5 above, the following insurance shall also be required under the same general conditions outlined above:

Marine General Liability. The Lessee must maintain Marine General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Lessee. This amount must be at least one million dollars ($1,000,000.00) per occurrence, and two million dollars ($2,000,000.00) aggregate. **The CBJ will be named as additional insured on this policy.**

Comprehensive Automobile Liability Insurance. The coverage shall include all owned, hired, and non-owned vehicles to a one million dollar ($1,000,000.00) combined single limit coverage. The policy shall contain a MCS 90 Endorsement. **The CBJ will be named as additional insured on this policy.**

Workers Compensation Insurance. As required by Alaska Statute (AS 23.30), the Lessee must maintain Workers Compensation Insurance to protect the Lessee from any claims or damages for any personal injury or death which may arise from services performed on the Leased Premises. This requirement applies to the Lessee's firm, any subcontractors or assignees, and anyone directly or indirectly employed to perform work by the Lessee on the Leased Premises. The Lessee must notify the CBJ as well as the State Division of Workers Compensation immediately when changes in the Lessee's business operation affect the Lessee's insurance status. Statutory limits apply to Workers Compensation Insurance. The policy must include employer's liability coverage of one hundred thousand dollars ($100,000.00) per injury and illness, and five hundred thousand dollars ($500,000.00) policy limits. Lessee also agrees to provide evidence of Longshore and Harbor Worker's Insurance and Jones Act coverage if applicable to the Lessee's use of the Leased Premises. **The policy shall be endorsed to waive subrogation rights against the CBJ.**

APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ CHAPTER 53.20 and CBJ CHAPTER 50

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by CBJ of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by CBJ or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease. Modifications of the provisions of this Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(a) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of CBJ code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(b) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the CBJ has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value.

(i) **Adjustment Dispute Resolution.** Should the Lessee disagree with the lease rent adjustment proposed by the Port Director, the Lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. In the event the Docks and Harbors Board disagrees with an appraisal, and the Board can not reach an agreement with the lessee on the lease rent adjustment, the Board shall pay for an additional appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The Board shall establish the lease rent adjustment based on this additional appraisal. In the event the Lessee disagrees with the lease rent adjustment, the lessee may appeal to the Assembly. The decision of the Assembly shall be final.

(c) **Subleasing.** Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to CBJ for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(d) **Assignment.** Lessee may assign its rights and obligations under this lease; provided, that the proposed assignment shall be approved by CBJ prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(e) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(f) **Cancellation and Forfeiture.**

(i) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and CBJ.

(ii) CBJ may cancel the lease if it is used for any unlawful purpose.

(iii) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or service of written notice by City without remedy by Lessee of the conditions warranting default, CBJ may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(iv) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of CBJ with approval of the Assembly constitute grounds for default.

(g) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(h) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(i) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, CBJ or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by CBJ shall be deemed an acceptance of a surrender of the lease.

(j) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, CBJ may offer the lands for lease or other appropriate disposal pursuant to the provisions of CBJ code.

(k) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by CBJ as partial or total damages for the breach.

(l) **Written Waiver.** The receipt of rent by CBJ with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the CBJ to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by CBJ unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of CBJ to enforce the same in the event of any subsequent breach or default. The receipt, by CBJ, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by CBJ of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by CBJ to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by CBJ.

(m) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the City all of the leased land on the last day of the term of the lease.

(n) **Renewal Preference.** Any renewal preference granted Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(o) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that CBJ may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of CBJ, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the CBJ pro rata lease rentals for the period.

(i) If any improvements and/or chattels not owned by CBJ and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for CBJ rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in CBJ.

(ii) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, CBJ.

(p) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle CBJ to charge Lessee a reasonable rent therefor.

(q) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(r) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the leased land.

(s) **Inspection.** Lessee shall allow an authorized representative of CBJ to enter the lease land for inspection at any reasonable time.

(t) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the CBJ.

(u) **Rights-of-Way.** CBJ expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the CBJ to do so. If CBJ grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(v) **Warranty.** CBJ does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(w) **Lease Rental Credit.** When authorized in writing by CBJ prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in CBJ and shall not be removed by Lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

(1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

(2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

(3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

(4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

(5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.

(6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.

(7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, City shall have the right to terminate the lease.

(8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

(9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save CBJ, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment or verdict, and includes the award of any attorneys

fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to CBJ of any action, claim, or lawsuit. City hall notify Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the CBJ.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and CBJ.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.

MEMORANDUM

CITY/BOROUGH OF JUNEAU

Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
greg.chaney@juneau.org

Voice (907) 586-0205
Fax (907) 586-5385

TO: The Lands Committee

FROM: Greg Chaney, Lands and Resources Manager Greg Chaney

SUBJECT: Expanding CBJ to Model Borough Boundary

DATE: February 17, 2016

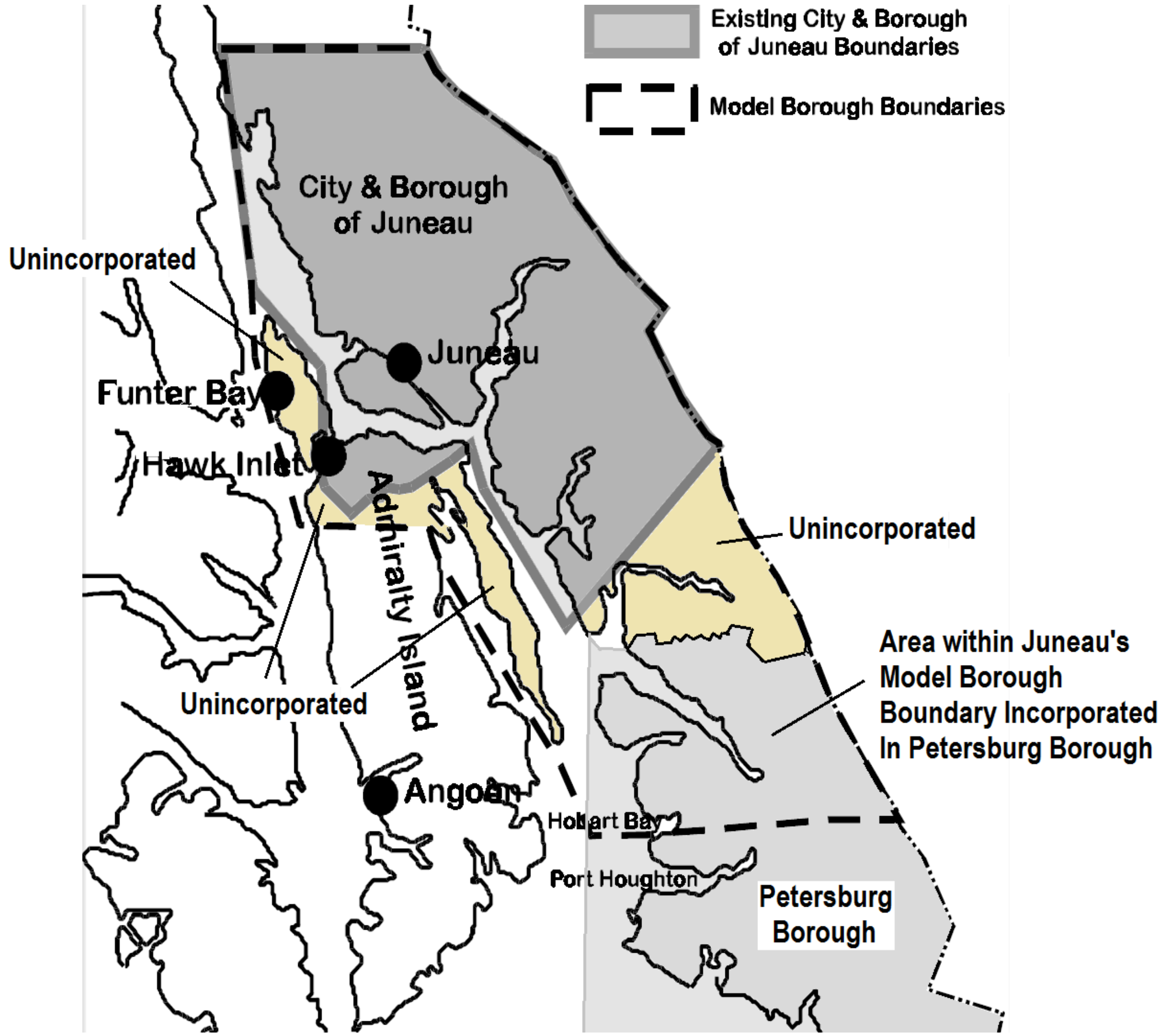
In 2003 the State of Alaska Local Boundary Commission established Model Boroughs for areas of the state that were in the unorganized borough. The Boundary Commission delineated areas neighboring the City and Borough of Juneau (CBJ) that were proposed to be incorporated into a future expanded CBJ. However Model Borough Boundaries are only a guiding concept and are not a clear indicator of where future borders between boroughs will be delineated (see attached map).

In light of recent events that resulted in the Borough of Petersburg expanding northward and incorporating a significant amount of land within Juneau's Model Borough, Albert Shaw has requested the opportunity to address the Lands Committee about the need for CBJ to apply to the Local Boundary Commission to incorporate the remaining areas within Juneau's designated Model Borough Boundary.

Staff recommends the Lands Committee adopt the following motion:

The Lands Committee directs staff to further investigate the ramifications of expanding the borders of the CBJ to match the Juneau Model Borough Boundary and report back to the Lands Committee.

Existing City and Borough of Juneau and Juneau's Model Borough Boundary



I would like to propose to the Lands Committee that you recommend to the Assembly the following changes to the Borough Boundaries. Our southern boundary to be the northern boundary of the Petersburg Borough then across Stephens Passage to Pt Hugh taking in all of Glass Peninsula. Then cutting across Admilitary Island so as to include Thayer lake and on to connect with the North East corner of the Sitka Borough. From there up Chatham Strait to the South East corner of the Haines Borough. Our Northern Boundary should be corrected to follow the ridge line so as to include all of the water flowing into Berners Bay….

Albert Shaw