

MINUTES

Assembly Standing Committee
LANDS AND RESOURCES COMMITTEE
The City and Borough of Juneau, Alaska

August 24, 2015

I. ROLL CALL

Jesse Kiehl, Chairman, called the Regular Meeting of the Lands and Resources Committee, held in the Assembly Chambers of the Municipal Building, to order at 5:00 pm.

Members present: Jesse Kiehl, Chairman; Assembly Members: Mary Becker, Kate Troll; Liaisons: Bill Peters, Planning Commission; Mike Peterson, Docks & Harbors Board

Members absent: Jerry Nankervis (attempted telephonic attendance but was unable to connect); Chris Mertl, Parks & Recreation Advisory Committee

Assembly Members Present: Karen Crane, Loren Jones

Staff present: Greg Chaney, Lands and Resources Manager; Dan Bleidorn, Deputy Lands Manager; Carl Uchytel, Port Director, Docks and Harbors; Rob Steedle, Deputy City Manager

II. APPROVAL OF AGENDA

The agenda was approved.

III. APPROVAL OF MINUTES

The draft July 13, 2015, Lands and Resources Committee meeting minutes were approved, with changes noted by Mr. Peterson and Ms. Becker that members present at the July 13, 2015, meeting be listed in the minutes. Those minutes have been edited, noted Mr. Chaney

IV. PUBLIC PARTICIPATION - None

V. AGENDA TOPICS

A. Cultural Preservation Lease

Mr. Uchtyl explained that this has been an ongoing lease which he has been monitoring for approximately the past three years. This came about at around the same time that Docks and Harbors was in intense negotiations with Goldbelt over the Mt. Roberts Tram. This parcel of property is located at the Seadrome building where Docks and Harbors has offices rented from Goldbelt, he explained.

The lease itself has existed for 15 or 20 years, said Mr. Uchtyl, and there is a requirement to have the lease be valued every three years. Earlier lease rental valuations were negotiated outside the terms of the signed lease, explained Mr. Uchtyl. Thus, in 2006 Docks and Harbors accepted a lease rent adjustment of 8% of the appraised value of the property. The actual signed lease required a 10% adjustment, said Mr. Uchtyl.

They are now trying to create a lease to which both parties can agree. The lease amendment before the Lands Committee includes language drafted by the Law Department, said Mr. Uchtyl. He said he is asking permission to have the reappraisal period changed from three years to five years. The five-year period is consistent with the City and Borough of Juneau (CBJ) ordinance, he said.

They were also asking that an algorithm of 9% of the appraised value of the property be established in place of the 10% figure existing in the current lease, explained Mr. Uchtyl. As a matter of practice in 2006, the Docks and Harbors board accepted an appraised value of 8%, he said. Goldbelt also finds a segment of its uplands not to be economical, and they are willing to return this to Docks and Harbors. Docks and Harbors is willing to accept this property, said Mr. Uchtyl, and it would be used for parking for the Seadrome building, he said.

In addition, the original lease calls for an assessed value, said Mr. Uchtyl. In discussions with the City Finance Director and Assessor, he was told they should never use the assessed value for value determination of the leased properties. This is because the assessed value uses a mass appraisal determination which does not accurately reflect the true market value of property, he explained. They want to utilize the appraised value of the property, which would also correct the deficiency in the original lease, he noted.

As a result of these changes, Docks and Harbors would be collecting almost twice the lease rent they had collected prior to 2013, said Mr. Uchtyl. These negotiations would be retroactive to 2013, said Mr. Uchtyl.

Committee Comments and Questions

Mr. Kiehl asked which piece of land specifically was being returned by Goldbelt to Docks and Harbors management.

Mr. Uchtyl explained it was Parcel A, which is a pie shaped segment of land enabling cars to park perpendicular to the waterfront, which is not useful for

Goldbelt. This proposal involving the pie shaped piece of land was vetted at a meeting in May by the Docks and Harbors board, he said.

Mr. Peterson noted that this transpired at the Docks and Harbors May 21, (2015) board meeting.

MOTION: *by Ms. Becker, to approve the Cultural Preservation Lease amendment as presented by Mr. Uchytel, which will be forwarded to the full Assembly for approval.*

The motion passed with no objection.

B. Land Management Plan

This plan can also be found on the Lands Division website:

<http://www.juneau.org/lands/documents/DraftLandManagementPlan.pdf>

Mr. Chaney reported that it has been 16 years since the Land Management Plan has been updated. They have done a lot of work on this Plan, said Mr. Chaney, and they are now ready to bring the updated Plan forward for public review.

Mr. Chaney said he was going to provide a brief overview of this Plan, which is over 100 pages in length. It is up to the Lands Committee to decide if after this presentation the Plan is ready to be presented at public hearings within the various communities of Juneau, or if the Committee felt there were issues which needed further updating before it was presented to the public.

Mr. Chaney outlined the goals and objectives of the updated plan:

1. Continue the land disposal program which systematically places CBJ land into private ownership.
2. Provide the best use of CBJ owned land for both development and preservation.
3. Conduct CBJ land disposals in a manner that provides compact urban growth and efficient expansion of municipal utilities and services.
4. Maintain the Land Management Plan as required under CBJ§53.09.180 as a comprehensive reference document, updated every two years, that establishes CBJ land management policy and provides a framework for developing regulations concerning CBJ property.

Mr. Chaney emphasized that this is a change from the last time. He explained there is now a new section in Title 53 that requires the updated Land Management Plan to have subsequent two-year updates. This should enable the Plan to be updated on a regular basis in the future, he said.

While in some ways the policies have not changed significantly, noted Mr. Chaney, the details of those policies have changed. Mr. Chaney outlined the implications of the Plan:

- ✓ Conform to 2013 Comprehensive Plan.
- ✓ Update Parks management. 1996 Parks and Recreation Comprehensive Plan needs to be updated.

Mr. Chaney noted that we have a lot of new parklands, and that within the Land Management Plan there is a section that lists management authority, and several new parcels are listed as parks. This will be the first time those parks are officially designated for park management, he noted. He distinguished this action from the formal adoption of a Park Management Plan, which would be a worthwhile endeavor, he noted.

Committee Questions and Comments

Ms. Becker asked if when the CBJ releases land such as to a contractor, if all of the Subdivision Ordinance rules would apply to the land. She noted that within the Land Management Plan there are numerous places which include stipulations and requirements which are not the same as certain parameters within the Subdivision Ordinance.

Usually the Plan requirements would be in addition to the Subdivision Ordinance requirements, answered Mr. Chaney. He added that no one is exempt from the policies outlined in the existing Subdivision Ordinance. He said the draft revised Subdivision Ordinance is not yet adopted, and after it is adopted they may need to modify certain updates within the Land Management Plan.

Mr. Chaney continued outlining the implications:

- ✓ Conduct CBJ land disposals that conform to expansion of municipal utilities and services.
- ✓ Housing demand remains strong.
- ✓ Transportation improvements must be completed to compliment land disposal proposals. Example Douglas Bench Road.

Mr. Chaney said that CBJ has performed a significant amount of upgraded zoning of North Douglas, and that the need exists for improvement of the transportation infrastructure. The North Douglas Bench Road has been planned for a number of years, and as CBJ pursues development of its property in the area, which is several hundred acres, the need for better provision of transportation infrastructure is very important.

Mr. Chaney said what is to him one of the most exciting portions of the Plan update is a new Atlas which shows the current CBJ ownership. Each property is identified with a code indicating the CBJ managing department. The black and white Atlas is accompanied by a GIS system available to the staff, which is not yet ready for public dissemination. It graphically displays the landholdings in color, he noted.

The parcel number provides access to each parcel's legal description, the size of the parcel, comments about the property, the managing department and the plans for that parcel's future disposal, explained Mr. Chaney.

The City and Borough of Juneau encompasses over one million acres of land, said Mr. Chaney, with over 15,000 of those acres zoned residential. As a result of a study performed in 2006, the City has identified about 12 lots which carry the potential for residential development. Upon further research, four of these lots have been identified as actually suitable for residential development. Mr. Chaney said he wanted to focus upon the acres that are actually suitable for development.

Roughly 25% of the cost of a home is tied to its land value, explained Mr. Chaney. In general, the number of building permits and certificates of occupancy have risen recently, which is a good trend, he noted. The certificates of occupancy always lag a few years behind the issuance of the building permit, he said.

Mr. Chaney provided options for stimulating the housing market which include:

- City sponsored subdivisions and sales
- Incentive to build promptly
- Land sales to developers
- Public/private partnerships
- Conditional sale/housing market mix
- Land donations/less than fair market value
- Community land trusts
This would include land donations for less than fair market value, commented Mr. Chaney.
- Juneau Affordable Housing Fund

Mr. Chaney also outlined the experience gained from the land sales conducted from 1999 through 2015. The CBJ has sold ninety lots during this time period,

which he noted is quite a few lots. Most of these lots are fairly small residential lots, he said.

- ✓ CBJ Subdivisions provide most predictable outcome but require large capital investments.
- ✓ On-site wastewater systems have high failure rate. Future CBJ developments should be on the public sewer system.
- ✓ Land Fund is not large enough to pay for subdivision development – CIP support needed.
- ✓ Some large tracts that were sold to stimulate housing remain vacant, need solid reversion clause or bond. They did have reversion causes in the past but they did not work, said Mr. Chaney.
- ✓ Utilities should be expanded to support land disposal.
- ✓ CBJ Property public resource, disposals must be fair and transparent.

For future land disposal programs they are recommending a combination of large and small lots composed of a mix of CBJ-sponsored development and large lot sales to the private sector, said Mr. Chaney. They would like to explore public/private partnerships in all cases, he noted.

Mr. Chaney said what he felt was the most critical part of the Plan were the parcels available for disposal.

Lena Subdivision

These include the remaining CBJ lots off of Lena Loop Road and Ocean View Drive, which are anticipated to be sold in the very near future, he said.

Near Dzantik'i Heeni Middle School

There is a region near Dzantik'i Heeni Middle School that could be developed but CBJ is waiting to see if the Juneau School District needs the site for an elementary school or for the expansion of the middle school.

Switzer Creek

There are roughly 13 acres available for disposal in the area across Renninger Drive from Dzantik'i Heeni Middle School, said Mr. Chaney. There are approximately 13 developable acres in the Switzer subdivision which has improvements out to bid, he noted. The final plat on this land has been submitted and will be going before the Planning Commission for approval, he said. If the proposed Subdivision Ordinance passes first, it would be up to the staff to approve the plat, he said.

Overlooks Lemon Creek Valley

This is a large area which overlooks the Lemon Creek Valley, said Mr. Chaney. However, there is no infrastructure in place for this parcel, he noted. It would be expensive but not too difficult to build an access road to the area, he added.

Pederson Hill Area

This is the hill of land behind Christ Lutheran Church which overlooks Auke Lake, he explained. Out of 350 acres they are focusing on the lower 30 acres of the parcel, he said. They are working with engineers now to develop cost estimates for access to that site, said Mr. Chaney. They expect ultimately about 200 lots in the area, including multi-family housing, he said.

Committee Comments and Questions

Ms. Becker asked for clarification on which portion of the highlighted land would be developed.

Mr. Chaney responded that it would be the lower portion of the lot where access could initially be gained most easily. He said they would commence development working their way up the hill since water would drain toward the bottom of the hill. He said special arrangements with downhill property owners would be much more complicated if the development was started at a higher elevation and CBJ tried to work downhill.

City Parking Lot

The City parking lot located at second and Franklin near the Baranof Hotel is being proposed for a long term lease, said Mr. Chaney.

Douglas Town Site

The Douglas town site above Fifth Street has several platted lots, said Mr. Chaney. To develop these lots Sixth Street would need to be extended, he noted. This land would be challenging to develop due to steep slopes but it is already subdivided, said Mr. Chaney. He said if this was done he would recommend giving adjacent property owners first right of refusal since they had probably lived in their homes for decades thinking that the land behind their property would remain undeveloped.

Committee Comments and Questions

Mr. Kiehl asked what purpose offering the adjacent property owners' first right of refusal would serve if the goal was to expand housing opportunities in Juneau.

Mr. Chaney responded that it would give the adjacent property owners a chance to develop the housing next to their property the way that they would prefer. He said it would help the adjacent property owners but not necessarily contribute to housing in the community.

Mr. Kiehl said that perhaps the need of all concerned would be better served by a live land auction, rather than sealed bids or minimum purchase requirements.

He said he asked because it struck him that a right of first refusal was somewhat at cross purposes to the goals of being fair and transparent in land negotiations.

Mr. Chaney said it was a suggestion for the Committee to consider, and that he felt it was fair to note that the adjacent property owners would be impacted by this development one way or another.

Bonnie Brae

There is a relatively new 17 acre area in the Bonnie Brae area in North Douglas now available because of a sewer extension, said Mr. Chaney. This is still zoned Rural Reserve, and one possibility was to make it available as a large parcel to developers, he said.

Auke Bay

There is a parcel of CBJ land in Auke Bay located to the west of the UAS Recreation Center, said Mr. Chaney. One of the overriding concerns of the Auke Bay plan (which is just in the process of being adopted) is to support Auke Bay as community and to develop connections behind the main road. This lot currently has no frontage and no access, said Mr. Chaney. This is something they would like to consider in the near future, he added.

Mr. Chaney outlined the process of the disposal of large tracts:

- | | |
|-------------------------------|-----------------------|
| ✓ Delineate Site | ✓ Public Workshop |
| ✓ Agency Review | ✓ Development Plan |
| ✓ Preliminary Title Report | ✓ Preliminary Plat |
| ✓ Sketch Plat | ✓ Construction Design |
| ✓ Reservation of Public Lands | ✓ Final Plat |

There are a lot of steps, and all of these steps take time, said Mr. Chaney.

In addition, Mr. Chaney identified various methods of disposal, which include:

- | | |
|--------------------------|----------------------------|
| ✓ Leases | ✓ Sealed Competitive Bid |
| ✓ Land Exchanges | ✓ Negotiated Sales |
| ✓ Over the Counter Sales | ✓ Disposals for Public Use |
| ✓ Outcry Auction | |

The benefit of a **long-term lease** is that the developer does not need to come up with a large cash down payment up front, said Mr. Chaney. They are performing a **land exchange** with Christ Lutheran Church to gain access to the Pederson

Hill property, he noted. A problem with **over-the-counter sales** is deciding who gets to buy the parcel if there are numerous individuals lining up to purchase it, he noted. In an **outcry auction** decisions are made by the potential purchasers on the spot, explained Mr. Chaney. The **sealed competitive bid** process is very straightforward and transparent, said Mr. Chaney. In **negotiated sales** property is purchased based upon specific terms, he said. **Disposals for public use** is a way to dispose of property to another group for some type of public use, he explained. For example they had been considering property appropriate for the Housing First project, he noted, although this did not occur.

They are often asked about the costs associated with development, said Mr. Chaney. There are too many variables to come up with one solid answer, he said, but if the land was perfectly flat and all conditions were equal, for just road construction and utility preparation the estimated amount would be about \$47,000 and \$63,000 per property, he said. That is for an average sized lot, not a large lot subdivision, he said.

The City has acquired 111 lots in the past 16 years, said Mr. Chaney.

The Land Fund is a special revenue fund which provides funding for management of City resources through the Lands and Resources Division, said Mr. Chaney. When they sell property, sell materials from the land (such as rock or gravel), or lease property, the proceeds go to the Land Fund, he explained. That money is then used for the development of future properties, he added. It is intended to be a self-sustaining model, he noted.

Recommendations in the Plan include:

- ✓ Renninger Subdivision (currently out to bid)
- ✓ South Lena Subdivision (continuing to sell the remaining lots)
- ✓ Switzer Area 3 (will take investment and careful consideration)
- ✓ Pederson Hill (land trade with Christ Lutheran Church)
- ✓ Parcel 1420 (Bonnie Brae; excellent choice for large lot disposal)
- ✓ Second and Franklin (under discussion)
- ✓ 6th Street Douglas
- ✓ Parcel 0315 (Auke Bay Uplands)
- ✓ Obtain Access to CBJ Land (keep the door open for land providing access)

Mr. Chaney asked if the Lands Committee would like the Department to come back to the Committee for further discussion before the Plan was presented to the public. After Lands Committee approval, the Plan would then be presented at public hearings within the community, a Planning Commission hearing, and then back to the Lands Committee for a review of the Plan after it has been presented to the public and the Planning Commission. If it met with approval it would go to the Assembly for final approval through adoption by ordinance, explained Mr. Chaney.

Committee Comments and Questions

Ms. Becker commented that she felt the staff has done a very thorough job on updating the Plan and that she appreciated how well laid out it was.

Ms. Troll said she noticed that all of the recommendations pertain to land that is under the auspices of the Lands and Resources Department.

Land not under the Lands and Resources Department is not within their purview, answered Mr. Chaney. He said they deferred to those departments for the management of their land.

Mr. Chaney said as the Assembly, land outside of the Lands and Resources Department could certainly be considered for development such as for an assisted care facility.

Mr. Bleidorn added that if he has an inquiry about a City property he would look at the table of all City-owned property to see if the land was to be retained or if it was available for disposal.

Mr. Kiehl said he noticed that on Page 102 of the draft Plan there is a priority acquisitions question. He said he noticed that it states that the contents of that list were to be determined. He asked how that list would be determined, by whom, and when it would be made available to the public.

Mr. Chaney said that on the advice of counsel they were directed not to provide an acquisitions list at this time. He said as soon as the City Attorney determined that it was appropriate, they would be making this list available.

Ms. Troll asked if they could at least list the types of needs in the Plan, rather than names of specific parcels.

Mr. Chaney said they could list the types of needs.

Ms. Troll said she felt that would be adding more information as this Plan is presented to the public.

Mr. Kiehl added that he liked Ms. Troll's idea of providing the critical categories of where the staff and the Assembly in the past have identified a need for

acquisitions. At some point the Committee as well as the public need to see that list, said Mr. Kiehl.

Mr. Chaney said that he agreed, and that it is actually part of Title 53 that it has to be part of the Land Management Plan. They would be bringing some form of list forward in the near future, added Mr. Chaney.

MOTION: *by Ms. Troll, to forward the Land Management Plan for public review with the notion that there would be more detail provided on Page 102 of the Plan identifying priority areas for categorical needs.*

The motion passed with no objection.

VI. STAFF REPORTS

Mr. Chaney said he wanted to thank former employee Jessica Beck for her contribution to the Plan effort.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Planning Commission

Mr. Peters reported that the Title 49 Committee met recently, and that they are working on the zoning for marijuana. That will then be forwarded to the Planning Commission for further discussion, he added.

Docks and Harbors

Mr. Peterson said he wanted to thank Mr. Uchtyl and Ms. Tina Larson for the work they did on the Cultural Preservation Lease.

Assembly

Ms. Troll said she wanted to commend the staff on pulling the Land Management Plan update together, that it is a very useful document, and that she looked forward to the input from the public.

Mr. Kiehl said he also wanted to commend the Docks and Harbors staff for their negotiation of the Cultural and Preservation lease.

VIII. ADJOURNMENT

The meeting was adjourned at 5:55 p.m.