

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

October 6, 2014, 5:00 PM.

Assembly Chambers

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. August 25, 2014 Minutes

IV. PUBLIC PARTICIPATION

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

V. AGENDA TOPICS

A. JDHS House Build Project

VI. STAFF REPORTS

A. Switzer 2A Subdivision - Verbal Update

B. Pederson Hill Subdivision - Verbal Update

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

VIII. ADJOURNMENT

Note: Agenda packets are available for review online at www.juneau.org.

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**ASSEMBLY AGENDA/MANAGER'S REPORT
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

August 25, 2014 Minutes

ATTACHMENTS:

Description	Upload Date	Type
☐ August 25, 2014 Minutes	10/1/2014	Minutes

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

August 25, 2014, 5:00 PM.
Assembly Chambers

I. ROLL CALL

Carlton Smith called the meeting to order at 5:00pm.

Members Present: Mary Becker; Jesse Kiehl; Carlton Smith; Loren Jones

Liaisons Present: Jeff Wilson, Parks & Recreation Advisory Committee; Mike Peterson, Docks & Harbors Board

Liaisons Absent: Karen Lawfer, Planning Commission

Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Jessica Beck, Lands Specialist

Public Present: Geoff Kirsch, Juneau Montessori School

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

A. June 16, 2014

The minutes of the June 16, 2014 were approved with a minor spelling correction.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. Juneau Montessori School Lease Renewal

Mr. Chaney said the minimal acceptable rental rate is established in title 53 and it says that no land shall be leased for less than the approved appraised annual rental except in the case of a non profit performing a public or quasi public health function. The Lands Division hired an appraiser to conduct an appraisal for the building. The last time this was done was in 1993. It looks like the Assessor determined the \$2,000 per month rate. In 2014 we had Horan and Company complete an appraisal and they came up with the current fair market value to lease the Mayflower Building of \$3,255 per month. Right now, the maintenance costs average a little over \$16,000 per year. If we keep the lease rate the same, at \$2,000 per month, the maintenance costs would soon surpass the lease rate. The Montessori School Board wrote a letter which is included in the packet. They would like to lease the Mayflower Building for the value of maintenance costs. The increase from \$2,000 to \$3,255 per month is a sudden increase, so our compromise would be to feather it in over time so that at the end of the 5 years, they would be at fair market value, \$3,255. That would be \$37,632 in savings over the 5 years instead of just going straight to fair market value.

Mr. Kiehl: There hasn't been a change in the lease rate in 20 years. When was the last appraisal?

Mr. Chaney: That was in 1993 when it went to \$2000, which I believe was set by the Assessor.

Mr. Kiehl: Can you tell me what is included in maintenance? Lights, etc?

Mr. Chaney: It's basically things that go wrong in the building and are attached to the building. It's not a janitorial lease, does not include snow plowing and no utilities.

Mr. Jones: I thought I understood that there's a city ordinance, at least with Docks & Harbors, that determines the market price for the rental. It's the fair market value of the land and then the rental is a percentage of that.

Mr. Chaney: Horan looked at comparable rentals for the area and adjusted for the different areas that were not in Douglas.

Mr. Jones: City code says there has to be a fair market appraisal of the property and the lease rate is based on 11 or 12% of that.

Mr. Chaney: That is not the case for the Lands Office. I showed you code that applies to this.

Mr. Jones: So leases at Docks & Harbors does is under a totally different ordinance?

Mr. Chaney: Its an enterprize board and they may have different rules.

Mr. Jones: I guess I'll have to ask the Attorney's Office. I don't understand how one part of city government can do one thing and another part do something different. I was looking for the market value of the property.

Mr. Smith: The appraiser does not address that methodology here. As a Master of Appraisal Institute certified appraiser, they have specific rules in order to come up with this number and we can get that if you like.

Mr. Chaney: It's a large document , so the entire appraisal wasn't include it in the packet. I just included their conclusion. Or, if you want to check with the Attorney about applying the correct part of the code, we can do that too and bring it back to the next meeting.

Mr. Smith: These are not huge numbers but they're material numbers. Is there any precedent for the Assembly to exercise discretion outside of this definition?

Mr.Chaney: As the Montessori School brought up, the Juneau Arts and Humanities Council is leasing the JACC building for less than fair market value. The Assembly has the discretion to do that, that's just not what was given to me in the code.

Mr. Kiehl: In the code for the application for renewal, it talked about the applicant laying out any improvements/changes to the structure during their lease. Have their been any improvements made?

Mr. Chaney: I'm relatively new and I'm not sure what upgrades Montessori has planned in the long term.

Geoff Kirsch: As far as huge improvements, we've made some small ones. We have a plan to do more. It's difficult to start on those with not knowing what our line items are going to be for rental and the rent is one of the largest and also payroll. When those increase, it becomes difficult to offer what we offer. We are the only authentic International Montessori Association accredited preschool in the state. We serve approximately 60 children. As far as diversity and special needs, we're at close to 20% of all the children. We also distribute ourselves \$70,000 annually to families for financial aid. If we have to raise tuition a lot higher, most families wouldn't be able to pay. We've made small upgrades to the building and would do more if we had more play in our budget.

Mr. Kiehl: The memo refers to the proposed escalating rent compromise. Was that a compromise proposed by staff or a compromised reached?

Mr. Chaney: It was a compromise proposed by Lands staff.

Mr. Wilson: Does the Montessori School pay for all the utilities?

Mr. Kirsch: Yes, and snow plowing.

Mr. Wilson: What does that cost?

Mr. Kirsch: I wish I knew. Of the maintenance costs, we thought the snow plowing was included but it's not. I feel bad for not knowing but I can get you that information.

Mr. Wilson: The rental agreement with JAHC is subsidized by the City. How much are we subsidizing?

Mr. Chaney: We're leasing it for the cost of maintenance, so it's a different kind of arrangement and it's based on maintenance costs.

Mr. Bleidorn: Does that money go to the Lands Fund or is the JAHC go to the general fund?

Mr. Chaney: The JAHC is not part of the Lands umbrella. That is done through Building Maintenance and Parks & Recreation.

Ms. Becker: If they were allowed to pay the actual maintenance cost, would that happen the year after and if so, I think that would be very difficult to budget for that?

Mr. Chaney: One way is to base it on the average maintenance cost of the previous year, adjusting it each year and I would propose that we do it slightly above that so that we take inflation into account and hopefully have some cushion for unexpected items.

Mr. Wilson: I'm assuming Parks & Recreation, Building Maintenance does the maintenance. They bill the Lands Fund for reimbursement?

Mr. Chaney: That's correct.

Mr. Peterson: Has the tuition been raised in the last 5 years and if so, how many times?

Mr. Kirsch: We tell parents to expect a 1-3% increase every year, but have not had to increase it every year. Effective September 1st for 14-15 year, they will be paying a 2% increase but they

originally agreed on 1% but had to increase it again after revisiting the budget. We have not had to increase it every year but in 2012 we had to increase it 5% and moved to a 12 month program to collect funds every month. We've tried to keep it under 1.5% each year.

Motion: Mr. Jones: I move the Lands Committee request of the administration to prepare a resolution that would set the lease payment at \$2000 for the length of the lease.

Mr. Jones: I think that since it's for a non-profit organization, with the JAHG being the only other non-profit that the city leases any land to at all, and it's performing a public purpose. I think not having an appraisal since 1993 and given its public purpose within the education system and in Juneau, I can hope the committee would support that motion.

Hearing no objection, motion passes unanimously.

Mr. Smith: Just for the record, your council on this is Mr. Corak. What we see in Juneau on a newly configured lease, is not an adjustment in the rent, but a rent abatement to remove rent for a period of time. The new amount but for 10 years with a rent abatement over a period of time, like 12 months. Horan and Corak could advise you on some other options, such as an abatement for future negotiations.

VI. STAFF REPORTS

A. Summer 2014 Lena Land Sale - Verbal Update

Mr. Chaney said we just completed opening the bids for the last Lena Land Sale. We put three on the market and two of them got offers. The one that did not sell also did not sell in the previous land sale. We will be going back to the appraiser with that lot because it appears to be over valued. Of the two lots that we are selling, one had a minimum bid of \$95,000 and received a winning bid of \$99,001.00. The other lot had a minimum bid of \$100,000 and received a winning bid of \$161,000.00. We will begin working on another land sale for the remaining 9 lots in the future.

B. Media Productions in Juneau this Summer - Verbal Update

Mr. Chaney said there have been several groups in Juneau this summer filming for various productions. This summer we've had Grutas e Cavernas from Brazil, the Brew Dogs, the Today Show, BBC and Beyond Productions from Australia all filming in Juneau. They didn't all require CBJ permits but the town is becoming well known.

C. RFP for Switzer 2A Subdivision - Verbal Update

Mr. Chaney said the comment period for the Army Corps of Engineers permit has closed. We're hoping to get the fill permit soon. There is an RFP out for preliminary design services which closes on September 9th.

D. DOWL HKM Working on Pederson Hill Subdivision - Verbal Update

Mr. Chaney said the access is the key to the subdivision at Pederson Hill. DOWL has been hired to do some alignments and cross sections. Once we have those, we will take them to the church and see what they would prefer to move forward.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Wilson: At the last PRAC meeting we looked at Special Use Permits for the Parks & Recreation Department and are looking at raising the fees for large events. We talked about the P&R Comprehensive Plan Update. We're working on community surveys for recreational facilities, youth and adult sports, etc. to get user feedback for the facilities.

Mr. Peterson: No report.

VIII. ADJOURNMENT

Meeting adjourned at 5:28pm.

**ASSEMBLY AGENDA/MANAGER'S REPORT
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

JDHS House Build Project

ATTACHMENTS:

Description	Upload Date	Type
☐ Staff Memo	10/1/2014	Cover Memo
☐ Attachment 1 - House Build EMail	10/1/2014	Exhibit
☐ Attachment 2	10/1/2014	Exhibit
☐ Attachment 3	10/1/2014	Exhibit

MEMORANDUM

CITY/BOROUGH OF JUNEAU

Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
Greg.Chaney@ci.juneau.ak.us
Voice (907) 586-0205
Fax (907) 586-5385

TO: Assembly Lands Committee



FROM: Greg Chaney, Lands and Resources Manager

DATE: October 1, 2014

LOCATION: South Lena Subdivision, Ocean View Drive & Point Lena Loop

SUBJECT: Purchase of a CBJ owned lot for less than fair market value for the High School House Build program

Tamara Rowcroft, Vice President Juneau Housing Trust and a JDHS House Build Partner has written to the Lands and Resources Division to request that the CBJ sell them a lot in the CBJ South Lena Subdivision for less than fair market value (Attachment 1). The property would be utilized for the Juneau Douglas High School House Build program for the 2014/2015 school year.

In the past, the CBJ has made property available to the high school building program for fair market value. The value of the land was recouped by the City when the home was sold after construction was completed. In recent years, lots that were acquired by CBJ through property tax foreclosure were made available to the high school program for the cost of taxes owed on property. Under these circumstances the home building program received land for less than fair market value. The current request is to purchase a lot from CBJ for about half of the 2007 fair market value.

Ordinance Serial No. 2014-07(b) authorized the CBJ Lands Division to sell the remaining CBJ owned lots in the South Lena Subdivision for fair market value or more to the highest bidder through a sealed competitive bid process. In order to approve the requested sale of a Lena lot to the high school program for less than fair market value, a new ordinance specifically addressing this request would have to be approved.

Juneau Douglas High School House Build program has requested South Lena Subdivision, Block A, Lot 2 to be purchased for their budget of \$50,000 (Attachment 2). This property was also identified as Parcel #18 in the CBJ Sales Brochure therefore it has two names which have been used interchangeably. It will be referred to as Parcel #18 in the remainder of this memo for clarity.

Members of the house building program have explained to the Lands Division why they are interested in Parcel #18. As the subdivision was being developed, a 40'x80' structural fill pad installed on this lot (Attachment 3). Therefore minimal site preparation

will be required for construction to begin. The lot is also large enough that D-3 zoning allows for two houses to be built on the site. Since the property is large enough for two houses, this property will allow the school to continue the program for two years before finding another site.

Members of the program looked at the site in mid-summer but determined at that time that there were probably more suitable properties available. One consideration was that the site was too far from JDHS. However, the other options turned out to be too expensive and therefore members of program are now very interested in Parcel #18 in order to maintain the program. Members of the program also explained that school instructors have restructured the classroom schedule to allow students to spend less time in transit.

In order to build a foundation on the site before winter, an Early Entry Authorization would be required. This would allow site preparation and construction of a foundation to begin prior to approval of an Ordinance allowing sale for less than fair market value.

Recommendation:

Since this is a matter of policy, staff has no recommendation concerning the sale of CBJ property for less than fair market value. Lands staff recommends the following issues be taken into consideration by the Lands Committee when making a recommendation to the full Assembly concerning this request:

- Selling property for less than fair market value would be a departure from previously adopted goals. It would also be detrimental to the Lands Fund which has been established for the acquisition, subdivision, development or disposal of City lands. By disposing of property for less than fair market value, less revenue would be available for future land development.
- This property is located a significant distance from JDHS High School. The School District should provide compelling documentation that the location of this site is suitable for the house building program.
- If the proposal is approved, the Assembly should ask the Manager to direct staff to develop an Early Entry Authorization in order to allow installation of a foundation prior to onset of winter. Without this provision, construction will be delayed so long that students won't be able to begin construction until 2/3^{rds} of the 2014/2015 school year has passed.
- Sale of the property should include a reversion clause so that if house construction has not been begun within two years, the property would revert back to the CBJ.

Jessica Beck

To: Jessica Beck
Subject: FW: Request to be added to the Lands Committee Agenda for October 2014

From: AHDC [<mailto:AHDC@PTIALASKA.NET>]
Sent: Wednesday, October 01, 2014 8:38 AM
To: Greg Chaney
Cc: Smolin, Carin; Justin Fantasia; Steve Sorensen
Subject: Request to be added to the Lands Committee Agenda for October 2014

Hello Greg:

The Partnership that manages the Juneau Douglas High School House Build, has been actively looking for land for the 2014/2015 school years.

One of the parcels of land that we have tentatively identified is lot #18 in the Lena Road Subdivision that is owned by the City of Juneau.

For the last four years the House Build Partnership has worked successfully with the City to find affordable lots that allowed us to build two small housing units on each site.

The combination of a reasonable land cost and utilizing some limited grant funds has allowed the partnership to achieve its' goal of offering some small homes for affordable homeownership in our community.

We have spent the last six months looking for other potential building sites with no success. While we have found other sites, they proved to be unsuitable for our limited program resources.

The Partnership currently has a budget of \$50,000 to acquire a piece of land for this project. We have worked with the school construction program to come up with a plan

that would allow us to continue the program on the Lena site, even with the additional driving distance time required to the Lena lot location.

This has been a very successful program and the School District is committed to continuing the program in our community.

The Partnership members would like the opportunity to meet with members of the Lands committee to discuss this proposal.

Thank you for considering our request. I can be reached at 780-4500 for additional information.

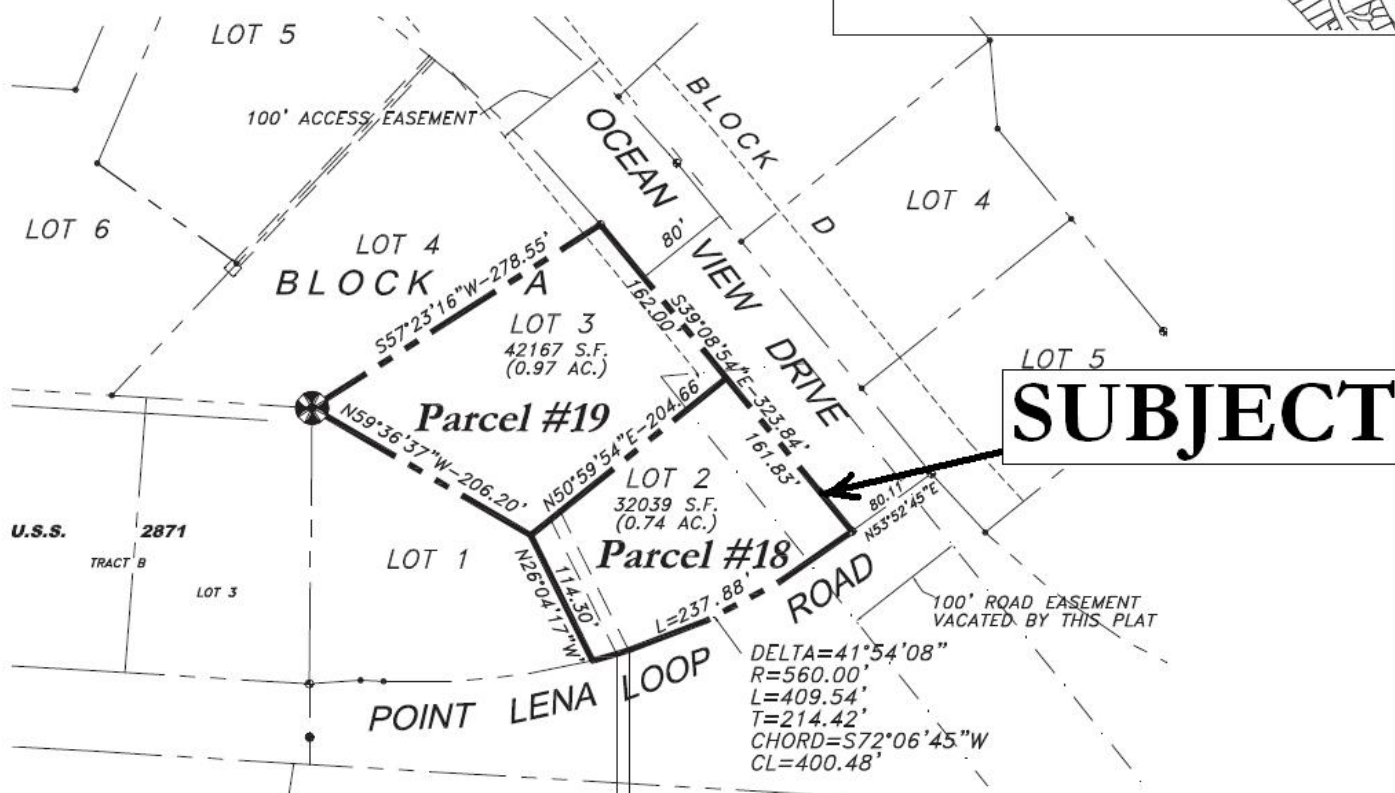
Sincerely,

Tamara Rowcroft, Vice President
Juneau Housing Trust
JDHS House Build Partner

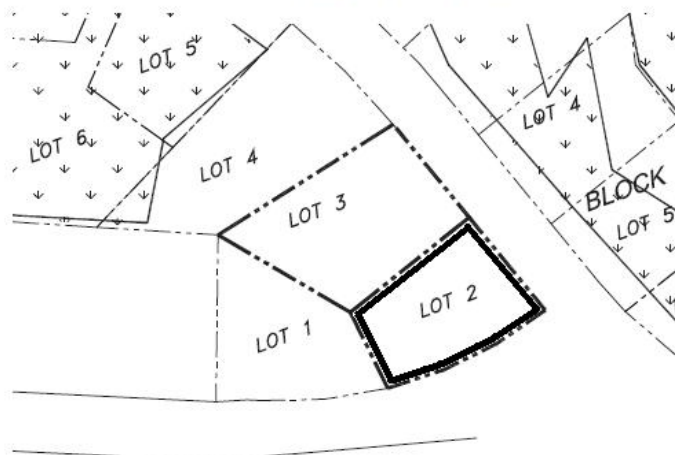
Vicinity Map



Parcel Detail

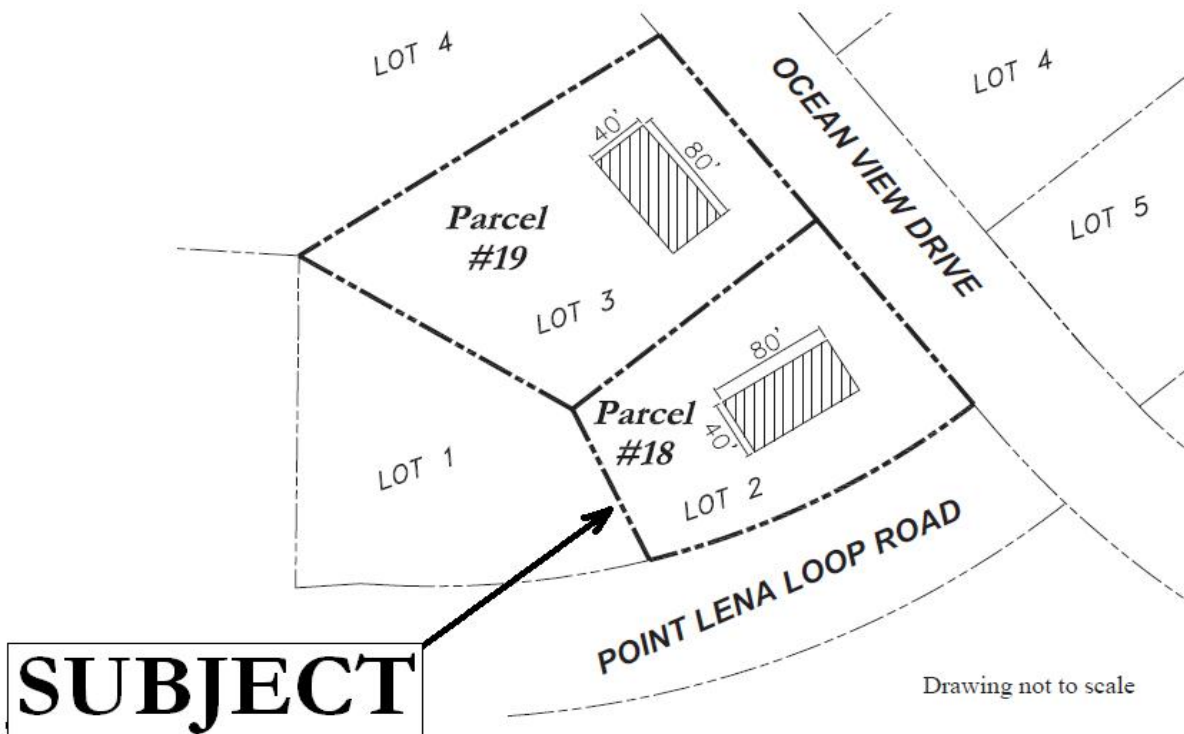


Wetlands



20' wide perpetual sewer maintenance easement for the benefit of Lot 3, Block A.

30' wide temporary sewer construction easement for the benefit of Lot 3, Block A.

Parcel #18 **Minimum Bid: \$101,000****Legal Description:** Lot 2, Block A, South Lena Subdivision**Acreage:** 32,039 square feet**Wetlands:** No wetlands have been identified on this lot.**Special Conditions:** Special conditions **O** and **P** apply to this lot. See page 8 for a description of that condition.***Building Pad Locations***

Drawing not to scale

This drawing depicts the general location and orientation of building pads on Lots 2 and 3, Block A (*Parcels #18 and #19* respectively). This drawing is not a survey. It is intended for general reference purposes only. See Appendix E for as-built surveys. Bidders interested in these parcels are encouraged to examine these properties closely to determine whether the properties meet their development goals.