

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

August 25, 2014, 5:00 PM.

Assembly Chambers

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. June 16, 2014

IV. PUBLIC PARTICIPATION

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

V. AGENDA TOPICS

A. Juneau Montessori School Lease Renewal

VI. STAFF REPORTS

A. Summer 2014 Lena Land Sale - Verbal Update

B. Media Productions in Juneau this Summer - Verbal Update

C. RFP for Switzer 2A Subdivision - Verbal Update

D. DOWL HKM Working on 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.

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city_clerk@ci.juneau.ak.us

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

June 16, 2014

ATTACHMENTS:

Description	Upload Date	Type
☐ June 16, 2014 Minutes	8/18/2014	Minutes

DRAFT

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

June 16 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; Jessica Beck, Lands & Resources Specialist

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

A. June 2, 2014

Mr. Jones moved to approve the June 2, 2014 Lands Committee minutes.

Hearing no objection, motion passes unanimously.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. Access Easement on Fritz Cove Road for Matt Stedman

Mr. Chaney said the lot is about 1/3 of the way down the Fritz Cove Road. We own the large lot in the middle. We own this lot to give us access to the large lot behind it. The lot is really steep. It may be used for water line or sewer line, probably not for vehicular access. The owner of Lot 44 has applied to use the CBJ lot for access. Lot 44 is steeper. The access easement is for access to zigzag across both lots to reach the top of their lot. It will go across our lot at a couple of points. It will be a non-exclusive easement. The easement would allow for them to build their driveway and if we need to use our lot for something else, we could still use it. If we do use it for vehicular access, he could have a short driveway off our road. He has paid for an appraisal and would pay fair market value for the easement. The Planning Commission reviewed it on May 28th and adopted a motion of support. Our recommendation is the Lands Committee forward a motion of support to the Assembly to adopt a resolution authorizing the manager to convey a non-exclusive perpetual driveway and access easement across Lot 45, USS 3261 for fair market value.

Mr. Jones: How wide is the City property?

Mr. Chaney: It's probably less than 100 feet.

Mr. Kiehl: Do we own a lot of the Mending Peninsula side for access to the lot in the center?

Mr. Chaney: We have access by the water tower. We may do a land trade for the long narrow lot owned by the Smith Family.

Mr. Kiehl: Are there more beyond the two that we own?

Mr. Chaney: Yes, we also own the large northern parcel.

Ms. Becker: It would be non-exclusive, so we will always have the right to go through the lot. Would others have the right to go through it also?

Mr. Chaney: Technically they would have to ask permission to go through our lot, but we allow people to walk through it. Anything other than that, they would have to ask.

Motion: Ms. Becker: I move we forward a motion of support to the Assembly to adopt a

resolution, pursuant to CBJ 53.09.300, authorizing the Manager to convey a perpetual driveway/access easement across Lot 45, USS 3261 at fair market value.
Hearing no objection, motion passes unanimously.

VI. STAFF REPORTS

A. Pederson Hill - Request for Proposals - Verbal Update

Mr. Chaney said the Pederson Hill rezone was approved June 9th, which makes it effective July 10th. We have put out an RFP for subdivision design that will be due June 24th. The main issue right now is access.

Mr. Jones: What kind of price is on the RFP? How much does a subdivision cost?

Mr. Chaney: Part of the RFP is how much they are going to charge us. Right now it's primarily an RFP for the access question. There's a proposed land trade with the church, but they want to trade us some wetlands for access. The RFP is to look at the suitability of that property.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Peterson: No report from Docks & Harbors.

Mr. Wilson: PRAC met with State Park Advisory Board about the northern green zone. We need to update the northern green zone and will look at it this fall.

Mr. Kiehl: What is the northern green zone?

Mr. Wilson: It is an agreement, signed by Kim when she was Parks & Recreation Director, an understanding of how everyone is going to manage land north of Amalga. One of the things is how we're going to coordinate with everyone, such as ATV use. USFS has a lot of property out there. How to manage out to Echo Bay and farther.

Ms. Becker: Would that come back to the Assembly?

Mr. Wilson: It's non-binding, it's looking together to maximize recreation and reduce costs. It would come back to Assembly for approval.

VIII. ADJOURNMENT

Meeting adjourned at 5:13pm.

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

Juneau Montessori School Lease Renewal

ATTACHMENTS:

	Description	Upload Date	Type
☐	Cover Memo re: Mayflower Building Lease Renewal	8/21/2014	Cover Memo
☐	Mayflower Building Appraisal	8/21/2014	Exhibit
☐	JMS Letter	8/20/2014	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) 586-5252
Fax (907) 586-5385

TO: Assembly Lands Committee
FROM: Greg Chaney, CBJ Lands and Resources Manager
SUBJECT: Mayflower Building Lease Renewal
DATE: August 19, 2014



The Montessori School has leased the Mayflower Building from the CBJ since 1992. The most current lease expired in April of 2014.

Below is the history of the Montessori School leases in reverse chronological order:

Current lease expired in April 2014 (this year) Appraisal stipulates Fair Market Value \$3,255

2009 – NEW 5 year lease approved @ \$2,000 month

2005 – 4 year extension of lease approved @ \$2,000 month

1999 – 6 year extension of lease approved @ \$2,000 month

1998 – Month to month @ \$2,000

1997 1 year lease extension

1993-1997 continued lease from 1992 @ \$2,000/month

1993 rate increased to \$2,000 month (under 1992 lease agreement)

1992 lease signed for 5 years for \$1,500 month for the first year

As can be seen above, fair market value for the Mayflower Building was established at \$2,000 in 1993 and has not been updated to a current fair market value since then. Per the Leases section of Title 53, the CBJ is required to lease property for fair market value:

53.20.050 Minimum acceptable annual rental.

(a) No land shall be leased for less than the approved, appraised annual rental except that when leased to a governmental unit, agency, department or body for public purposes, or to a nonprofit organization for the purpose of performing a public or quasi-public health function, such minimum rental may be waived by the assembly by resolution;...

(b) The appraisal shall be made by the assessor or a qualified appraiser. The appraisal shall be based on the use of the land specified in the application.

The renewal of the Mayflower Building lease prompted an appraisal as required by CBJ§53.20.040 *Appraisal Required*, to determine the current fair market value for the building. The appraisal which was completed April 11, 2014 established that fair market value is \$3,255 (Attachment A).

Ordinance 2008-37 Section 2(C) Adjustment of Rental.

The City and Borough may adjust the rent to reflect changes in fair market value of the Premises at the time each renewal option is exercised.

Since the Mayflower Building is a City owned property; the Building Maintenance Division is responsible for maintaining the building. This includes routine and unexpected maintenance.

CBJ's annual maintenance costs for the Mayflower Building have varied over the years but have averaged **\$16,646** since FY07 with a high of \$33,479 in FY10. The FY15 budget includes \$17,000 for Mayflower Building maintenance and \$17,500 in FY16.

FY07	\$13,536
FY08	\$18,399
FY09	\$14,278
FY10	\$33,479
FY11	\$10,555
FY12	\$12,414
FY13	\$15,510
FY14	\$14,998
FY15 (budget)	\$17,000
FY16 (proposed budget)	\$17,500

If the lease rate is not increased to address inflation, in the near future the annual lease rate will not cover maintenance costs and the Lands Fund will be subsidizing the operation of the Mayflower building. The Lands Division has discussed the situation with the Juneau Montessori program. Attached is a June 10th letter from Geoff Kirsch, President Juneau Montessori School Board of Directors objecting to the proposed increased lease rate.

In acknowledgement of the sudden increase in lease rates, the Lands Division is proposing a compromise. This would involve phasing in the new rate over the term of the lease as shown below. The increase would occur in uniform increments starting with the current rate of \$2,000 a month for the rest of FY 2015 so that parents would have an opportunity to budget for the increased rates:

FY 2015	\$2,000 month
FY 2016	\$2,314 month
FY 2017	\$2,628 month
FY 2018	\$2,942 month
FY 2019	\$3,255 month

After reviewing the compromise proposed above, the Juneau Montessori School Board's position was provided in the following E-mail:

Hey, Greg:

Okay, here is the JMS board position.

If the cost for maintenance is \$17K/yr, JMS is currently paying \$24K in rent, which gives CBJ \$7K in profit. Were JMS a for-profit entity, we would gladly pay market value for the rental. However, as a non-profit providing much-needed early childhood education and care to the community -- especially considering the recent closure of Puddle Jumpers learning center - - we do not feel CBJ should be looking to profit from our lease. As such, JMS proposes to pay for the actual cost of building maintenance, setting aside lease payments for these costs, similar to CBJ's rental agreement with the Juneau Arts and Humanities Council, which, from what we understand, is the only other non-profit currently renting from CBJ. Any difference between maintenance costs and our current rate of \$24K per annum would go into a CBJ rainy day account to draw upon should large-scale improvements prove necessary (e.g. plumbing).

As a non-profit proving an extremely valuable service to the community, the JMS board sees our position as no different from the swimming pool, Eaglecrest, ice rink and other entities that operate in a deficit. For CBJ to break even with a JMS lease sounds like a win-win.

Please let me know if you have any questions, or require any further information to include in the Aug. 25 Lands Committee packets.

Best,
Geoff Kirsch

As provided in CBJ§53.09.600, all revenue from property leased from the CBJ is credited to the municipal land fund and all expenses for land maintenance or development are drawn from the municipal land fund. If the Mayflower Building is leased for less than fair market value, it represents a loss of potential revenue that could be used to develop more CBJ property for affordable housing. Leasing the Mayflower Building solely for the cost of short term maintenance would be a significant departure from the lease agreement that has been in place since 1993. Prior to leasing the Mayflower Building to the Montessori School, the CBJ spent over \$300,000 renovating the building. If significant repairs are needed in the future, no funds would be available for the repairs. Market rate rentals take long term repairs, maintenance and other expenses into account. If the property is leased for the cost of maintenance, the lands fund would be subsidizing the school. If the CBJ desires to subsidize early childhood education, it would be more appropriate to create a uniform program that applies to all programs equally rather than to have the lands fund subsidizing this building lease.

Staff Recommendation:

Lands Committee recommends the Assembly adopt a Resolution to renew the Mayflower Building lease for the Juneau Montessori School as follows:

FY 2015	\$2,000 month
FY 2016	\$2,314 month
FY 2017	\$2,628 month
FY 2018	\$2,942 month
FY 2019	\$3,255 month

The proposed lease rate will initially be below current market rate but will reach current fair market value in FY 2019. Prior to renewing the lease in 2020, the rate will be reviewed and adjusted as required by CBJ§53.20.050(a).

**MARKET RENTAL VALUE FOR
THE MAYFLOWER BUILDING
LOCATED AT
750 ST. ANN'S AVENUE
DOUGLAS, ALASKA 99824**



PREPARED FOR: Jessica Beck
Lands and Resources
City and Borough of Juneau
155 S. Seward Street
Juneau, Alaska 99801

PREPARED BY: James A. Corak
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

EFFECTIVE DATE: March 12, 2014

REPORT DATE: April, 11, 2014

OUR FILE NO.: 14-004

14-004 / 750 St. Ann's Ave, Douglas, AK

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HORAN & COMPANY

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April 14, 2014

Jessica Beck

Lands and Resources Specialist

Administration Department, A Lands & Resources Division

City and Borough of Juneau

Juneau, Alaska 99801

Re: Market Rent Appraisal of The Mayflower Building property located at 750 St. Ann's Avenue,
Douglas, Alaska 99824; Our File No. 14-004

Dear Ms. Beck,

At your request, I have made an estimate of current market rent value for the Mayflower Building and property, in Douglas, Alaska as of March 12, 2014, the date of inspection, which is also the effective date of this report. Based on my investigation and analysis, which is summarized in this appraisal report, it is my opinion that the current market rental value for the property is as follows:

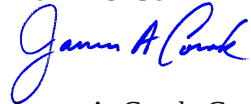
\$3,255/month or \$0.64/SF/month

This report has been made in consideration of the data and conditions as presented to the appraiser and in this report. The appraisal is intended to be used by the City and Borough of Juneau to negotiate the renewal of the existing lease of the property to Juneau Montessori School (current tenant) or to negotiate a new lease with a new tenant. The intended user of this report is the City and Borough of Juneau,

Thank you for this opportunity to be service. If you have any questions or comments, please do not hesitate to contact me.

Respectfully Submitted,

HORAN & COMPANY, LLC



James A. Corak, General Appraiser

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14-004 / 750 St. Ann's Ave, Douglas, AK

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Juneau Montessori SCHOOL

SERVING JUNEAU FAMILIES SINCE 1985

750 St. Ann's Ave., Douglas, AK 99824 Phone: (907) 364-3535, Fax (907) 364-3537
E-Mail: montessori@acsalaska.net, Website: juneaumontessori.org

June 10, 2014

Dear Lands Committee:

As you may or may not know, for the past 20 years Juneau Montessori School has rented the Mayflower Building in Douglas from the City and Borough of Juneau.

This past April, our five-year lease came up for renewal. Under its terms, JMS paid \$2000/month in rent; the fair market appraisal we received from the Lands Department suggests a new rent of \$3225/month—a 61% increase.

First, we'd like to recognize CBJ's longstanding partnership with us, as well as your continued commitment to early childhood education, which remains in high-demand throughout the Capital City, especially for pre-school-aged children.

Your support has enabled us to operate the only AMI-certified Montessori pre-school in Alaska—and the only toddler program of any kind—at a price Juneau families can afford.

Juneau Montessori School is a 501C3 non-profit organization, following a need-blind admissions policy. We, ourselves, distribute \$68,000 a year in financial aid; nearly 10% of our students receive outside scholarships from Tlingit/Haida and/or CCS. Additionally, 15-20% classify as "special needs."

As such, managing overhead costs remains imperative for maintaining affordable tuition, while still providing an authentic Montessori education. Frankly, our program and our families cannot afford the proposed rent hike.

JMS appreciates the agreeable terms of past leases; once again, we appeal to similar generosity in requesting our rent continue at the current rate.

In closing, Juneau Montessori School has existed since 1985, two decades in the Mayflower Building. During that time, we've grown into the building, and the building has become part of the JMS experience, itself. The location is ideal for young children, with opportunities to explore Sandy Beach and Treadwell Mine on a daily basis and outdoor space for gardens, play areas and outdoor classroom elements.

Thanks again for the past 20 years; we look forward to another 20 (and more).

Sincerely,
Geoff Kirsch
President
Juneau Montessori School Board of Directors