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

Monday, September 30, 2013, 5:00pm
Assembly Chambers

I. ROLL CALL

Carlton Smith called the meeting to order at 5:00pm.
Members Present: Carlton Smith; Mary Becker; Loren Jones; Johan Dybdahl
Other Assembly Members Present: Jesse Kiehl
Liaisons Present: Jeff Wilson, PRAC; Nathan Bishop, Planning Commission
Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Jessica Beck, Lands Specialist; Matt Lillard, Eaglecrest Manager; Alan Steffert, Project Engineer

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

The minutes of the following Lands Committee were approved:
August 26, 2013

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. Use Permit Application for Amalga Harbor Culvert Replacement

Mr. Bleidorn: The Lands Office is working on issuing a one year use permit to the Department of Transportation and Public Facilities to use CBJ land to replace a culvert and replace a bridge. The total area is 1,794 feet. The parcels of CBJ land will be returned to their original condition once the project is completed.

Motion: ***Ms. Becker moved that the Lands Committee recommend to the manager that we issue a use permit to the Alaska Department of Transportation and Public Facilities subject to the terms and conditions giving permission to use the CBJ land to replace culvert and bridge.***

Mr. Jones: I object. Has this application been to the Planning Commission?
Mr. Bleidorn: No. We have a CSP turned into the Planning Department and we're waiting to be assigned a city planner.
Mr. Jones: It doesn't say that it needs Assembly approval. I'm wondering why it came before us as an action item.
Mr. Bleidorn: I thought it was a good idea to bring it to the Lands Committee because it deals with CBJ property.
Mr. Jones: Is a lease by the CBJ manager appealable?
Mr. Chaney: Leases are required to be approved by the Assembly by ordinance.

Mr. Jones: This is a concept; it's not a lease document. For us to recommend the manager issue a lease without the document puts us in an awkward position if it can be appealed, which is why I'm wondering if it's an appealable item.
Mr. Chaney: I can't answer that. We'll get back to you on that.
Mr. Dybdahl: If this motion passes, will an actual lease come to the full Assembly?
Mr. Bleidorn: No, this is a use permit.
Mr. Jones: The way I read it, a use permit doesn't need to be approved by the Assembly. I remove by objections.

Hearing no objection, motion passes unanimously.

B. Eaglecrest Wireless Communications Tower Lease

Mr. Chaney: Matt Lillard, from Eaglecrest, is joining us if you have any questions for him. This is a wireless communications tower proposed for Eaglecrest Ski Area. Alaska Wireless Network is the company asking for the lease, formally known GCI and ACS. The area is approx. 20' x 20'. It will be a 50' tall wooden pole and blend with the aesthetics. It is a 5 year term with two potential 5 year extensions. The lease rate is $750 per month with a 3% annual escalation. This has been to the Planning Commission and was approved on August 13. It was introduced at the last Assembly meeting and will be up for action at the next Assembly meeting.

Motion: ***Ms. Becker moved that the Lands Committee recommends approval of the lease terms proposed by staff, Ordinance 2013-26 would authorize staff to commence negotiations in execution of a lease with Alaska Wireless Network to lease a 20' by 20' site at the Eaglecrest Ski Area for installation of telecommunications facility. The lease terms will be subject to the terms and conditions as proposed by the Eaglecrest Manager.***
Hearing no objection, motion passes unanimously.

C. Affordable Housing Commission – Incentive for Homeowners to Create New Rental Units

Mr. Chaney: The Affordable Housing Commission has been working on an incentive program for homeowners to build new rental units. The basic concept is for one $20,000 loan per lot at 1% interest over 5 years to build a new rental unit. The AHC would like to figure out new ways to utilize the Juneau Affordable Housing Fund. They would like to use a loan program, rather than a grant program, to help protect the fund. Prior to applying, you must have a building permit. You would get the loan after a certificate of occupancy has been issued. The AHC would like support for this concept or alternative direction from the Lands Committee.
Mr. Jones: What is a junior deed of trust?
Mr. Chaney: My understanding is that it is the same thing as a second.
Mr. Kiehl: From discussions at the commission meetings, it is my understanding that that would be the second. With the loan not being issued until after a certificate of occupancy being issued, the owner would have to get a loan for the upfront cost and the bank would do the due diligence, which spares the city from doing the credit worthiness check. The bank would then be the primary lien holder. Ours would be junior to the bank.
Mr. Jones: Further down in the document it says that the secured debt may not exceed 100% of the current tax assessed value or as completed appraised value of a new appraisal. If the bank has done its due diligence and rolled that into a mortgage loan, then

they would do that on the yet to be done appraisal. If the tax assessment is a lot lower than the appraised value, the city has the option of going with the higher or lower amount?
Mr. Chaney: That was an item we were discussing and not quite completed. I feel much more comfortable with an appraisal. We need to iron that out.
Mr. Smith: Was there any projection on the demand and the expected result that might occur?
Mr. Chaney: There is a lot of speculation but we have no idea how many people want to do this. There are a couple of issues. One is that some people will just be able to build and won't need the loan, so it may not be an incentive for them. Some people might want to do this but won't have the upfront capital to do this.
Mr. Smith: I heard several comments and received several emails from people who think it's a grant program.
Mr. Chaney: I'm afraid many people heard about the loan program and somewhere along the line, it was changed to grant program. The AHC never considered a grant program because they want to protect the fund for future uses.
Mr. Kiehl: One thing I would flag for the committee is that there is a big question mark about whether they should look at the annual report of rents to show that it rented at fair market rate or below. The Affordable Housing Fund was originally funded by some city dollars and some state dollars with the notion that it would be a perpetual revolving fund and for affordable projects. The demand hasn't been there. This concept would be to increase a type of unit that tends to rent somewhat more cheaply. These would not be income-tested units unless the committee decided to add that. That may reduce the attractiveness of the program. It's a shift in what the fund is for. If we decide to make this a program, I want the committee to make it with their eyes open.
Mr. Bishop: From a builders standpoint it's putting the cart before the horse. I think the problem is more on the front end of the loans, not the back end. Trying to get money on the back end is speculative standpoint. We want the money up front to deal with acquiring what we need.
Mr. Chaney: The problem with having loans up front is the increased administrative cost and concern. What happens if the building is not completed? We still have to figure out how to get the money back. That takes more oversight.
Mr. Jones: If I were to add an apartment, I could go to a bank and get the loan. My incentive would be to get $20,000 at 1% interest instead of 4% on my mortgage. If the city had approved the loan but didn't disperse until completed, would the bank be more interested in loaning the money for construction?
Mr. Bishop: I have no objection to the idea. I think it could be made a little better by putting the money on the front end. I'm a little skeptical on the city having loans.
Mr. Jones: I would like it fleshed out more and have some of the questions answered. I'm unfamiliar with how the current program works. They may be going down the correct path but we need more questions answered. Keep the ideas flowing.
Mr. Dybdahl: They're looking for direction and I don't think it's ready yet. They could be talking to the banks about putting the money up front.
Mr. Smith: Are you looking for support?
Mr. Chaney: I think we got what we wanted. We wanted some general reactions to this. They had many of the same concerns. The committee can adjust it and hopefully it will be better fleshed out. We don't want to get too far down the road and have this be inappropriate.

VI. STAFF REPORTS

A. Easement for Russian Orthodox Church

Mr. Bleidorn: The St. Nicholas Russian Orthodox Church and the rectory are both historic buildings left on the church property. The city owns a piece of property adjacent to the church. The city purchased the lot to preserve open space around the church and maintain the scenic value of the church. They want a construction easement to work on the foundation repairs and a drainage easement to reroute drainage through city property. The Lands Office has an expired lease for the parking spot by the church in exchange for the property being maintained, which will need to be updated.
Mr. Smith: In previous correspondence, there was reference to abatement of fees, is that still being discussed? There has been some precedence in other municipalities for such abatements of fees.
Mr. Chaney: The building permit fees are from the Community Development Department and Lands is not involved in that. We forwarded those requests to Hal Hart, the Director of CDD, and we haven't heard back.

B. Sand and Gravel
Mr. Chaney discussed his memo included in the packet.
Mr. Bishop: How many operators are using the pit these days and what are the rules on them selling to the public?
Mr. Steffert: It's only for public projects only unless otherwise directed. The material will not be re-sold. There are 3-4 operators. Admiralty Construction and Arete Construction are working strictly on city projects. Coogan Construction and Duran Construction are working on private projects. Duran Construction is working on Vista del Sol, which will turn into a city street.
Mr. Dybdahl: Have you thought about advancing the program but tying it to a time period, year or percentage of housing available?
Mr. Chaney: If we come up with a program, we should have a time frame set because things change in the market. That is a good idea, 5 or 10 year horizon. Sand and gravel tends to move slowly so I'm not sure if 5 years would be long enough but that would be a good start.
Mr. Jones: $1200 per month is 5% below the average market rate. Is this average across all rentals?
Mr. Chaney: The reason we use 5%, which is a rough number, is that it was based on a recent survey of rents of apartments in Juneau. It looks like $1200 is somewhere below 5-10% of market rate. We were trying to take the recently approved agreement and use it as a template. We would have to come up with a standard each year looking at the type of apartment (studio, 1 bedroom, 2 bedroom, etc.).
Ms. Becker: There's another group that received sand and gravel under the same type of agreement?
Mr. Steffert: As far as I know, there's only one special agreement approved by the Assembly, which is Coogan Construction.
Ms. Becker: What about the other subdivision you mentioned, did they get the lower rate?
Mr. Steffert: Yes, Duran Construction got the lower rate also. They are constructing a street that the city will end up maintaining.
Mr. Bishop: I don't have an objection to the proposal but it's important that smaller developers have more access to the resource. We should make material available at a public rate and have some honest competition. Give any gravel resource extractor the chance to get sand and gravel at market rates. I build driveways and Duran builds roads, they both provide access. There is a great need for other projects.
Mr. Steffert: It sounds like you're asking why the CBJ can't operate as retail operation. Every week I get a call from someone asking for truckloads for a project. We have a policy

for public projects only and if you want something beyond that, you need to go to the Assembly. We need to decide if we want to change that process. From an operational standpoint, I don't want to operate a retail business. The question we need to answer is if we want the city to be in the sand and gravel business.
Ms. Becker: I thought that when we first agreed to this condition we agreed because we were going to get something out of it. We wanted affordable housing and we came up with a condition to get us that. Otherwise, we're getting into competition with another company that already sells sand and gravel.
Mr. Bishop: I'm not implying the city take on the retail business but allowing the contractors in there to make sales to the public at market rate material.
Mr. Steffert: It is a finite resource that should be conserved for future use. Sand and gravel is a special deposit and there is a nice deposit at Lemon Creek. There are other resources for the public to get sand and gravel.
Mr. Kiehl: I share Ms. Becker's concerns about competing with private owners. What we have is a workable program that is limited in scope. New to me was for the idea of for sale units in addition to rental units. I have concerns about the workability of that concept. The rental units are straightforward. When we look at homes for sale, I'm not sure how we ensure an arms length sale at the end.
Mr. Chaney: We don't have a program ready for that. It was just to see if it is something of interest. It's complicated. If you think it's important we can look at it. It looks a little off if we're only subsidizing rentals and not sales but if that's the way it has to be set up, then that's it.
Mr. Wilson: As an engineer, it really is non-renewable resource. I too have a hard time with the city going in competition with private sector. Its tricky to know if 5% save is really worth it. We really need to see if taxpayers are getting a benefit from selling our sand and gravel.
Ms. Becker: I think the draft Coogan agreement looks good to me. I would like to let this work it out and see how it goes. Coogan's agreement will be a trial. Will there be a benefit? See it happen before we come up with an agreement.
Mr. Bishop: We're putting an incentive in only one area of market, affordable housing in multi-unit family dwelling units. We're not opening it up for single-family homes, duplexes, etc. If we're subsidizing one side, we need to do both. If we let it become available to the public, the price will come down and we will see the prices come down overall for sand and gravel for the community.
Mr. Wayne Coogan: I operate a gravel pit out at Montana Creek in competition with my neighbor, Mr. Sidney. Based on everything said here tonight, we entered into an agreement to buy gravel from the city because it wasn't feasible to truck from our pit. It made sense for us to do this rental concession. As a gravel pit owner and the concern of competing with us, at this point and time, because of my agreement, I wouldn't have a problem with it if someone else had a similar agreement as us for affordable housing, in the same manner that we did that deal. Steffert said the city owns a rock pit at Stabler's Point. The city owns a gravel pit at Lemon Creek. The city sells rock out of Stabler's Point to public for market price all day long. If I want to fill my loft with sand, it's a problem. If I want to fill my lot with shot rock, you'll sell it no problem. Secon owns a rock pit and the city is in competition with them.
Mr. Jeremy Sidney: We bought the competing pit from Wayne and Mr. Wilcox in 2007. If you start selling pit rock to the public, I'll be out of business. We won't be able to maintain payments, pay taxes, and be there to the public. I don't think the city should be doing this with the gravel pit at all. Duran used their material for a project the city is taking possession of and the city will own that material. If you put this through, you guys will be a sole source. You guys could sell it for $2 and I'm paying more than $2 to my partners.

Mr. Smith: Do you have what you need from the committee?
Mr. Chaney: I would like to know if this is a program that I should continue working on or not.
Mr. Smith: Unless there is an objection that is the way we would like it to go.
Mr. Chaney: I'll work on it some more and bring it back.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Bishop: Last week we approved the final plat for Auke Bay ridge 6-lot subdivision. We recommended against a zone change on Atlin Drive. We saw a conditional use permit for 32 units on the corner of Cordova and Pioneer for Mr. Coogan, which we approved.
Mr. Wilson: PRAC last month had some unfinished business. We had an update from staff who has been working on the OHV park. We are also working on the Empty Chair Project. We approved grant funding request from the National Park Service for the project. Auke Lake Wayside update, funding was removed from STIP funds and so we will be addressing that. We will probably send a letter to the Assembly soon asking them to ask DOT to reconsider the funds for the Auke Lake Wayside.

VIII. ADJOURNMENT

Meeting adjourned at 6:03pm.