

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING AGENDA
For Thursday, February 25th, 2021

Zoom Meeting
<https://bit.ly/3rYlkrJ>
or via Phone 1-253-215-8782
Meeting ID: 956 3701 2915
Passcode: 829341

- I. Call to Order** (5:00 p.m. via Zoom)
- II. Roll** (Lacey Derr, Chris Dimond, James Houck, Mark Ridgway, David Larkin, Annette Smith, Bob Wostmann, James Becker and Don Etheridge)
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED.
- IV. Approval of January 28th, 2021 Board minutes**
- V. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total time).
- VI. Consent Agenda – None**
- VII. Unfinished Business**
 1. Public Hearing for Regulation Change 05 CBJAC 10.010 –“B Zone” Vehicle Description Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/Action

MOTION: TO RECOMMEND THE ASSEMBLY ADOPT A REGULATION CHANGE REDEFINING “B ZONE” VEHICLES TO 27 FEET OR LESS OVERALL LENGTH FROM VEHICLES CARRYING LESS THAN 18 PASSENGERS.
- VIII. New Business**
 1. Consumer Price Index (CPI) Harbor Rate Fee Adjustment Presentation by the Port Director

Board Questions

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Public Comment

Board Discussion/Action

MOTION: TBD

IX. Items for Information/Discussion

1. Overview of Whale Sense www.whalesense.org
Presentation by Dr. Suzie Teerlink, NOAA

Committee Discussion/Public Comment

2. Proposed Board Resolution to address arriving cruise ship passengers experiencing limited mobility
Presentation by the Port Director

Committee Discussion/Public Comment

3. NCL Public Meeting of February 18th, 2021
Presentation by the Port Director

Committee Discussion/Public Comment

4. Potential Ballot Initiative limiting Cruise Ship Tourism
Presentation by the Port Director

Committee Discussion/Public Comment

X. Committee and Member Reports

1. Operations/Planning Committee Meeting- Thursday, January 20th, 2021.
2. Member Reports
3. Assembly Lands Committee Liaison Report
4. Auke Bay Steering Committee Liaison Report

XI. Port Engineer's Report

XII. Harbormaster's Report

XIII. Port Director's Report

XIV. Assembly Liaison Report

XV. Board Administrative Matters

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For Thursday, February 25th, 2021

- a. Finance Sub-Committee Meeting – Wednesday, March 3rd at 5:00 pm
- b. Ops/Planning Committee Meeting – Wednesday, March 17th at 5:00pm
- c. Board Meeting – Thursday, March 25th at 5:00pm

XVI. Executive Session

- a. To discuss the financial consequences of the proposed UAS appraisal of the Juneau Fisheries Terminal.

XVII. Adjournment

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For Thursday, January 28th, 2021

Zoom Meeting

I. Call to Order – Mr. Etheridge called the Regular Board Meeting to order at 5:00 p.m. via Zoom.

II. Roll Call - The following members were present via zoom or in person: Lacey Derr, James Houck, David Larkin, Mark Ridgway, Bob Wostmann, James Becker, and Don Etheridge.

Also present: Carl Uchtyl – Port Director, Matthew Creswell – Harbormaster, Erich Schaal – Port Engineer, and Teena Larson – Administrative Officer.

Absent: Chris Dimond and Annette Smith.

III. Approval of Agenda

Mr. Uchtyl requested to add an information item on the status of our vendor booth sales.

MOTION By MR. RIDGWAY: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Approval of December 17th, 2020 Regular Board minutes.

Hearing no objection, the December 17th, 2020 minutes were approved as presented.

V. Public Participation on Non-Agenda Items - None

VI. Consent Agenda – None

VII. Unfinished Business

1. Regulation Change to 05 CBJAC 10.010 – “B Zone” Vehicle Description

Mr. Uchtyl said this proposed regulation change redefines the definition of a B-Zone vehicle from a vehicle carrying 18 or less passengers to a overall length of 27 feet. The reason for this change is for the new development at the Archipelago staging lot. Staff received an autoturn analysis that showed a 27’ vehicle is the largest size vehicle that can maneuver in this lot. This change has been discussed with the transportation companies. He is asking for approval from the Board to move forward with this regulation change. This will be publically noticed and there will be a public hearing at the Regular Board meeting on February 25th. This will go to the Assembly for final approval. Mr. Uchtyl said this lot was built for the airporter size vehicles. That is not congruent with the definition of the B-Zone today. The airporter size vehicles carry more than 18 passengers. Staff is trying to make the regulation consistent with the attended purpose of this lot.

Committee Questions

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Mr. Larkin commented that there is nothing in this regulation that prohibits private vehicles from using this lot.

Mr. Uchytel said that is covered under violation of a posted notice.

Public Comment -None

Committee Discussion/Action

MOTION By MR. RIDGWAY: TO PROCEED WITH A REGULATION CHANGE REDEFINING “B ZONE” VEHICLES TO 27 FEET OVERALL FROM VEHICLES WITH LESS THAN 18 PASSENGERS AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

VIII. New Business

1. FY21 & FY22 Budget Submission

Mr. Uchytel said staff received the budget overview from the CBJ Finance Department which shows the proposed budget for the remainder of FY21 and the FY22 budget that begins on July 1st for Docks and Harbors. Mr. Uchytel pointed out that staff will work with the Finance Department to fix the FTE's for the staffing for Docks and Harbors.

FY21 Docks Highlights –

- Only revenue to date \$448,500 from MPF (Projected FY21 Revenue was over \$2M)
- Only five seasonal Dock Employees (out of 18) brought back to CY20 for maintenance
- Numerous waterfront maintenance projects were completed with in-house seasonal Dock employees
 - LUMBERMAN demolition clean-up and preparation
 - Concrete sealant of floating docks
- Depending on cruise ship visits May/June, a minimum of \$900K from Docks Fund Balance will be required to balance FY21 Docks Budget
- Completion of Downtown Waterfront Improvement Project (\$12.5M CIP)

FY22 Docks Summary

- CY21 Cruise Ship Season remains uncertain
- Docks Enterprise will judiciously bring back seasonal employees to meet the CY21 Cruise Ship needs
- Last earned revenue from October 2019

FY21 Harbors Summary

- Despite no CY20 cruise ship related Harbors revenue, Enterprise exceeded expenditures by \$614,500 ending FY20
- Only 3 of 5 seasonal Harbor Employees brought back in CY20 for operations
- Completion of \$4.1M Statter Harbor Improvements Phase IIIA (Dredging)
- Award of \$4.3M Statter Harbor Improvements Phase IIIB (For Hire Floats)
 - Completion anticipated NLT June 7th

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REGULAR MEETING MINUTES (CONTINUED)
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- Demolition of North End of Aurora Harbor Floats using in-house seasonal employees
- Deputy Harbormaster position has remained vacant through most of FY21
- Expecting to operate in the Black at the end of FY21

FY22 Harbors Summary

- Maintaining status quo for expenditures
- Diminished tourism related revenue will reduce opportunities to advance needs to the community
- Expiring lease with UA at Juneau Fisheries Terminal (in between Harris & Aurora Harbors) may require new \$100K + annual lease payment.
- Potential \$18K annual Encroachment Permit being requested by ADOT for Auke Bay Loading Facility
- Anticipating operations without draw on Harbors Fund Balance

Committee Questions

Mr. Ridgway recommended some changes to the Docks & Harbors highlights. In terms of describing the Docks, the discussion of the presentation began using the term “very problematic” and the last line of the highlight is our last revenue was from October of 2019. He suggested to clarify up front that the budget is looking problematic and we have not had any income in Docks since October 2019, and then mention the MPF funding. In speaking in terms of the Harbors highlighting, it is important that we don’t anticipate drawing from the Harbor fund balance, if we do anticipate taking funds from the Docks balance he would consider that being the second line of information under Docks. The third comment, is it worth mentioning especially in the Harbor summary in addition to how we judiciously used Harbor employees, in both Docks & Harbors the Board did a lot of many small things to encourage economics, we helped people with their permits, and we approved delayed payments on Harbor fees. This would be important because despite this help, Harbors still operated in the black. This would be a positive message to forward onto the Assembly regarding our fiscal discipline. Also worth mentioning of the Dock highlights we definitely took a hit on our revenue sources trying to spread the pain.

Mr. Uchtyl said the comments are well taken and when we get ready for the Assembly we will take those into account.

Mr. Houck asked if he could have an update on the Lumberman and when the University comes up with their new numbers is it a given we just have to pay that or could we refuse and move our property line?

Mr. Uchtyl said some of the seasonals that were brought back this last summer were instrumental in cleaning up the Lumberman. Staff could say Docks and Harbor is into well over \$100K in the cleaning efforts for the Lumberman.

Mr. Houck said that is important to note that we were not able to plan for but were able to deal with in a very efficient manner. He suggested to refer to other derelict vessels that it has cost much more than that.

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Mr. Uchytel said he believes the best way forward is to enter into a purchase agreement with UAS. Horan & Company is conducting the appraisal for UAS and we will receive a fair and ethical appraisal. Docks & Harbors does not own the land between our two most critical downtown harbors. He has made it known to UAS that we would like to consider purchasing the property if given the opportunity. He does not believe Docks & Harbors can walk away from this property.

Mr. Houck said he would support the purchase as long as it is at a fair price.

Public Comment - None

Committee Discussion/Action

Mr. Wostmann said the tentative numbers for the remainder of the current fiscal year and the start of the next fiscal year is based on having 50% of the 2019 cruise ships. This is uncertain at this time and it is likely we will need to reconvene and relook at these numbers once we get closer to the season. Another comment that may work with UAS is to go into a lease purchase agreement. This may offer a way to get there without financing the entire amount up front.

MOTION By MR. WOSTMANN: TO APPROVE THE FY21 AMENDED AND FY22 BUDGETS AND FORWARD TO THE ASSEMBLY FOR ADOPTION AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

2. Project Prioritization for State of Alaska – Infrastructure Bond Consideration

Mr. Schaal said at the Operations meeting, there was discussion on the brand new Governors Bond package. Staff wanted to be pre-emptive and use the two meetings we had to hear from the Board what the top priorities were they wanted to share with the rest of the City and the Assembly for when they ask for Juneau's request list as the bond package comes together. Staff put together the top seven projects and brought it to the Operations meeting for discussion. They went over all the projects explaining the thought process for all the projects and the reasoning for the ranking. Staff asked the Board to review the project list and we would send a doodle poll for the Board members to pick the top two projects they wanted to submit. Mr. Schaal said seven of the nine Board members voted and he showed the doodle poll results which showed Aurora Phase III was chosen six times, the North Douglas expansion concept was selected five times, and the Fisherman's Terminal concept was selected twice. The results give staff the direction we needed.

Mr Uchytel said this was a non-binding poll and he offered more time for discussion. After the meeting tonight he will send a memo to the Public Works & Facilities Director who will bring this to the Assembly Public Works & Facilities Committee on Monday. He just wanted to make sure the two projects with the most votes were what the Board wanted to move forward.

Committee Questions

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Mr. Ridgway said in terms of the projects, does staff see an opportunity in the presentation to tell how the specific project will help stabilize our economy and will our revenue numbers be brought into the presentation?

Mr. Schaal said we will be hitting all the bullet points as staff receives more direction from the bond specifics.

Mr. Ridgway asked if the Board members would be given the opportunity to review the bond application and make comments or will that not happen?

Mr. Schaal said we are unsure of the timeline but staff would like to be able to bring it back to the Board for review.

Mr. Uchytel said he just knows the Public Works & Facilities Director needs a list by Monday. There could possibly be discussion at the Committee of the Whole meeting with the Board on this topic. He said with Mr. Ridgway quoting the economic recovery, the Aurora Harbor Phase III project is a good project for the Harbor, but it probably will not do that much for Juneau as a whole. The project is a \$7M with approximately 40% of that being spent in Seattle. This project would not employ very many Juneauites. The marine construction projects are expensive, but the materials come from down south.

Mr. Ridgway said he would put the North Douglas expansion ranked first. This project may be better for broader economic benefit and maybe able to be done in phases. If this is one of the projects, would staff put that in the presentation as part of the discussion at both the City level and if it goes further?

Mr. Schaal said we would make that case if we saw either of our projects rise to the top of the Assembly's list. In the North Douglas project, we show the new launch ramp away from the existing launch ramp so you can start work and have less of an impact on the facility as construction starts. However, we have not gone down the permitting process yet, and that may be a challenge, but this project could be scalable.

Public Comment

Dennis Watson, Juneau, AK

Mr. Watson said the North Douglas Launch ramp expansion is a great idea but wrong timing. By the time Harbors gets a permit and to get the \$20M grant with the promise this will be developed he does not believe that will work. There is still the requirement to hear from the neighbors and see what they will object to. There is a lot to do for this project and it will take a long time. He understands that the intent for this money is to use it quickly to get in the hands of people. Mr. Watson asked how many slips can fit in the Aurora Phase III project?

Mr. Uchytel said the North end of Aurora has not been fully designed for the market forces yet. There is a small waiting list for downtown but all between 40 and 100 foot vessel.

Mr. Watson said there was a lot of boats until you took the floats out. He believes there were close to 60 slips and take that times the revenue when all the slips are filled. That in

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the long term is much better for the economy than the North Douglas launch ramp when the only revenue is the launch ramp permits at \$95.00 annually.

Committee Discussion/Action

Mr. Ridgway said there was good discussion on this topic at the Operation Committee meeting on how this process will play out in terms of the Legislature. He said there were guesses on how the funds would be distributed but it could be around \$7M per district. Staff presented the Committee members with this information before deciding on projects. He said he is seeing a significant change in the use at Aurora from our users with boats that are much smaller and a lot more trailerable boats. He said he is not sure if the North end of Aurora had 60 slips how soon they would be filled up. He has heard from multiple long time users of the North Douglas ramp exclusive users and they pay the same ramp fees as everyone else in town and it is the only ramp that has not had any improvements in a very long time. He said he will speak in favor of the North Douglas launch ramp project despite of the permitting issues and that it has not gone through the public process yet. It is used by a variety of people and he believes there is a potential for Fish & Game supplemental funding. It is used by kayak tours, biking tours, many other users, and also by our customers.

MOTION By MR. RIDGWAY: TO FORWARD DOCKS & HARBORS PROJECT PRIORITIZATION LIST TO THE ASSEMBLY PUBLIC WORKS & FACILITIES COMMITTEE FOR THEIR CONSIDERATION AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

IX. Items for Information/Discussion

1. Small Cruise Ship Infrastructure Master Plan – Final Report

Mr. Schaal said in the packet is the final report compiled by PND consisting of Corvus Design, North Wind Architects, and McDowell Group efforts. This has been about a year and a half in the making and has been discussed in several meetings. We are a turn around port where visitors embark or disembark in Juneau. We looked at all options for a small cruise ship dock location. The industry has indicated they want to be downtown. The focus for the industry was for vessels under 275'. Staff looked at the need by going back and looking at how many vessels were turned away due to no space. This master plan will meet the market requests.

Mr. Uchtyl said we will share this at the Assembly Committee of the Whole meeting next week. The design team will provide a 10 minute overview of the project and be available to answer questions. After staff hears input from the Assembly, we will need to come back and maybe in February have the Board adopt this master plan.

Committee Discussion/Public Comment

Mr. Ridgway asked if this plan has been coordinated with the adjacent stake holders, NOAA and the Coast Guard, and how much of this plan is planned with Norwegian Cruise Lines (NCL) that if NCL changes their plan it would affect ours.

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Mr. Schaal said staff has been interactive with the neighbors so we have met with NOAA several times and Mr. Uchytel has had a waterfront working group with all of the stake holders along the waterfront to hear their thoughts and concerns. There are a lot more discussions that need to happen before NOAA can share access to their facility. In regards to coordination with NCL, we have attended all their public meetings and invited ourselves in on the process and have been very communicative.

Mr. Wostmann asked how many times the public has had opportunities to review and comment on this plan and how many more meetings are anticipated for the public to review and comment? He said he noticed reading the report today that there have been statements from the cruise lines with numbers based off 2019 and estimates for 2020 and he wanted to know if that should be updated with what we know now providing fresher data in the report?

Mr. Schaal said we have had stake holder meetings, at least four Board meeting discussions and we put together a webinar that was recorded and staff sent out a request for comment. We continue to have open conversations with our stake holders and are proactive with public comments. In regards to updating the report, it makes sense to have a date stamp on it for when it was completed and the plan going forward might be related to the soft restart of the cruise season. This plan is a good plan as we monitor the rebound of the industry. We know what the industry was doing when we started this process and as we watch it rebound we can continue to talk with the Board and decided when it has rebound sufficiently to move forward with whatever the Board wants to from this study. He does not recommend to move on what came out of this study tomorrow because we do not know what the next year will look like but if we see a steady growth in the next few years we could decide that the study needs to be amended at that time and develop a plan to move forward.

Mr. Wostmann asked looking into the future, is there a future public meeting separately noticed specifically for this plan. He believes not very many public are paying attention to the published agenda of the Docks & Harbors Board.

Mr. Schaal said at this time, the presentation to the Assembly and bringing it back to the Board for adoption is the only two additional meetings planned. However, he believes there has been more public participation than normal because of the parallel to the NCL development.

Mr. Wostmann asked Mr. Schaal to elaborate on the public outreach received.

Mr. Schaal said it has to do with the research that people are doing for NCL, but they wanted to know specifically the interface between the Coast Guard and NOAA vessels. The interested people are looking at development all along the waterfront and looking at what NCL is proposing and how it relates to our project.

Mr. Ridgway asked if land purchase, easements, or leasing is a major component to this plan, and who are the property owners involved?

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Mr. Schaal said the major players are Goldbelt, NOAA, and the Coast Guard. He is not sure of the avenue to formalize an agreement with NOAA other than our discussion on their need for a new facility and we are trying to work with them.

Mr. Ridgway asked how critical is Goldbelt to this plan?

Mr. Schaal said they are very interested in working with us and being a small cruise nexus.

Ms. Alicia Hughes-Skandijs asked if the webinar for the public was just a presentation for the public?

Mr. Schaal said yes and it was sent out in the regular media channels. People were able to chime in and ask questions from the consultant team and staff.

Mr. Uchytel said the biggest detractors have been notified and fully aware of this project.

Public Comment-

Mr. Steve Sahlender, Juneau, AK (Goldbelt)

Mr. Sahlender said Goldbelt has been tracking this and is very excited and flexible. They are looking forward to the opportunity to make this happen.

Mr. Etheridge said he did listen to the webinars and listened to the comments. There was a lot of question but we had a lot of positive feedback and not a strong desention during the meetings. The people liked the idea to move off South Franklin Street. He believes this will be a win win if we can get this moving forward and this is not the final hearing.

Mr. Ridgway suggested to emphasize the portion of the plan that is moving existing passengers from one area to another instead of a potential increase. He also commented that if staff had an opportunity to add in the presentation how these public facilities and NOAA's public lands could be potentially used by others with the utilitarian needs of these facilities.

2. Joint Meeting with Assembly - Preparation

Mr. Uchytel said he wanted to remind everyone that Monday February 1st is the Committee of the Whole meeting with the Assembly. It will have four items on their agenda. First being the joint meeting with the Docks & Harbors Board. They will hear the Small Cruise Ship Berth study from our consultants. Then they will discuss the CBJ process for the consideration of the NCL proposal and Fireworks will be the last item.

Committee Discussion/Public Comment

Mr. Etheridge said from the Mayors office the Assembly wanted to discuss the Small Cruise Ship plan and the Docks & Harbors annual report. He said he had a discussion with staff and the topics they brought forward to talk about is the UAS property purchase, the ABLF DOT right of way easement, and abandoned cars in our harbor areas. Mr. Etheridge asked the Board members for other topics to be discussed at the joint meeting. No other member spoke up to add additional topics. He will forward this to the Mayor's office for the meeting on Monday at 6:00pm.

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3. Vendor Booths –

Mr. Uchytel said these are the permits that we issue annually that have a minimum bid of \$30,000 per year which allows them to use three different booths in three different locations. In regulation, on the first of December the Port Director notifies the public on how many permits are available. Typically we have 11 permits but as a management perspective we like to have only nine permits. In December, he said he indicated there will be nine available. Four of the nine that had remaining years to renew their permit indicated they want to come back. With that, we have only five additional permits available to be permitted and could be purchased by the companies that their permits expired. These permits have multi year options which gives the companies the opportunity to plan accordingly. In a regular year, we ask the companies that are renewing their permit to provide their permit payment by the first of February. If there are more companies than permits, we will then hold an outcry auction. Last year we issued permits for nine booths and in May, when we found there was not going to be a cruise season, we refunded their money. This year with the uncertainty, staff would like to delay any action on the issue of permits until the cruise lines give an indication when they will start. There is no exact regulation guidance on when the permits should be issued.

Mr. Wostmann agreed to wait before issuing any permits and he suggest to bring this back to the Board when there is more known about when the cruise ships are coming back and see if the \$30,000 fee is appropriate or if there should be a discount based on the size of the season.

Mr. Larkin asked if the permits are only purchased on an annual basis or could it be a monthly thing? If COVID changes, they are not stuck for a whole year. Could that be looked at?

Mr. Uchytel said that is something the Board has the authority to make those changes.

X. Committee and Member Reports

1. Operations/Planning Committee Meeting- Thursday, January 20th, 2021

Mr. Ridgway reported the Committee discussed and moved to the full Board:

- The Budget
- B-Zone Regulation change – This required a roll call vote with four yes and one no. The By-Laws were checked and determined the motion passed.

2. Member Reports

Mr. Etheridge said he and Mr. Uchytel met with CBJ Legal a couple of weeks ago and it was determined that if someone buys a vessel for one dollar and there is debt owed on the boat, the debt transfers with the boat. The debt goes with the boat and not the person.

3. Assembly Lands Committee Liaison Report - None

4. Auke Bay Steering Committee Liaison Report – Mr. Wostmann said nothing to report.

XI. Port Engineer's Report – Mr. Schaal said his report is in the packet.

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Mr. Schaal reported;

- The dredging in Harris Harbor performed by Western Marine for the Army Corps is going well. They have pulled the piles and removed the finger floats on one float and are currently dredging that area. They should be complete by the middle of February.
- Staff asked Western Marine to dredge a pocket between the Harris Harbor mainwalk and the bathrooms on the bank because we are going to be installing the new sewer pump out which will be good for our new sewer lines to have more depth to be protected from freezing weather. The new pump is in town and staff is working on a design to get the new sewer line down the bank which will be connected this spring.
- Aurora will be dredged sometime in April with completion mid-May.
- Statter Harbor phase III(B) – Trucano Construction is just about ready to start drilling and socketing the piles they drove. The cold weather has caused a couple days of delay but staff hopes they will make drilling progress tomorrow. Staff is pleased with the progress so far.

XII. Harbormaster's Report –

Mr. Creswell reported;

- No major issues with the cold at this time.
- Harbors purchased a replacement truck for one of our older trucks and this is in service now.
- Had a substantial hydraulic leak in a crane at the Fisherman's Terminal Dock and that crane has been taken out of service. Staff is working to rehab the entire crane while it is taken apart.
- The commercial crab season will start soon so the boom truck has been positioned in the cranes place and staff will be available to help the commercial fisherman if there is a need to load pots.
- There is a significant drop in crime due to the effort of Mr. Etheridge with his night time patrols.
- The posting for the Deputy Harbormaster position closes tomorrow afternoon. Staff is hoping to begin interviews for that position next Thursday.

XIII. Port Director's Report - Mr. Uchtyl said he had nothing more to report.

XIV. Assembly Liaison Report

Ms. Alicia Hughes-Skadijs reported;

- Public Health provided an update Monday on the vaccine roll out strategies. Since then the Assembly received the numbers on the next allotment. There will be another public event and those details are posted on the City website.
- There was a lot of time spent talking about the process for appointing the initial members of our Systematic Racism Review Committee.
- Dealt with junk cars that have been an issue on River road
- She thanked Mr. Etheridge for the Harbor patrols to help keep the crime down.

XV. Board Administrative Matters

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- a. Joint Assembly/Board Meeting – Monday, February 1st at 6:00 pm
- b. Finance Sub-Committee Meeting – TBD
- c. Ops/Planning Committee Meeting – Wednesday, February 17th at 5:00pm
- d. Board Meeting – Thursday, February 25th at 5:00pm

XVI. Adjournment – The Regular Board Meeting adjourned at 6:47 p.m.



Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

NOTICE OF PROPOSED CHANGE TO REGULATION Amendment of 05 CBJAC 10.060 Loading Permits

DOCKS AND HARBORS BOARD IS PROPOSING TO ADOPT THE FOLLOWING AMENDMENT TO REGULATION:

05 CBJAC 10.060 - Loading permits.

(6) "A" loading zones.

- (A) Vehicles ~~greater than 27 feet overall length containing 18 or more passenger seats~~ may be operated only in loading zones marked "A."
- (B) Permittees using "A" loading zones shall submit a schedule of all cruise ships they will be meeting. For each meeting, permittees must use the "A" loading zone closest to the terminal or lightering dock designated on the schedule. Permittees may not depart from the schedule unless approval is obtained from the director at least 24 hours in advance. Approval shall be contingent upon the impact of changes upon other permittees, users of the park, and traffic conditions.

(7) "B" loading zones. Vehicles ~~27 feet and less overall length containing fewer than 18 passenger seats~~ may be operated only in loading zones marked "B."

This regulation change is proposed for adoption pursuant to CBJ's 01.60 and CBJ 85.02.060, and CBJ 85.02.100. Interested persons may obtain a full copy of the proposed regulations at any of the harbor offices, at the CBJ libraries, at the CBJ Clerk's Office, and online at <https://bit.ly/2YNJ84B>

The Board is holding a public hearing and intends to take final action on the proposed changes on February 25th at 5:00 pm in a zoom meeting at <https://bit.ly/3pzu9qx>. This will be introduced to the Assembly on March 1st at 7:00 p.m. via zoom. Written comments may also be submitted to the Port Director at carl_uchytil@juneau.org, by hard copy at Aurora or Statter Harbor Office, The Port Director's Office at 76 Egan Drive, or web form at <https://juneau.org/harbors/board> until 4:30 p.m. on February 25th.

Interested persons may obtain more information by calling Port Director Carl Uchytil at 586-0292.

05 CBJAC 10.060 - Loading permits.

No person shall operate, park, stand, or stop a commercial vehicle, or cause or direct the same, within the designated loading zones in the downtown waterfront area except as authorized by a permit issued hereunder. Vehicular use of designated loading zones for commercial purposes without a permit is a violation of CBJ 85.25.090(11).

(a) *Application process.*

- (1) Application forms for loading permits will be available at the harbor office between April 1 and October 15.
- (2) Applications must be made on the form provided by the department, and must be complete, including all required attachments. Any incomplete application will not be considered for a permit.

(b) *Permit requirements and conditions of operations.*

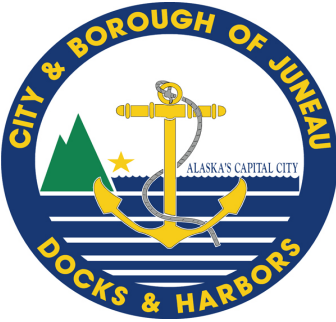
- (1) The port director is authorized to designate loading zones in the downtown waterfront area and establish rules to assure safety, security, and efficiency of operation.
- (2) The port director may issue loading zone permits and require permit holders to comply with stipulations as necessary to assure safety, security, and efficiency of operation. Permit holders shall also comply with the loading zone rules set out in 05 CBJAC 10.060(c) and the general operating requirements set out in 05 CBJAC 10.070.
- (3) An applicant for a loading zone permit must show that use of the permit will be limited to transportation of passengers and/or crew to or from cruise ships. If the applicant will be transporting passengers, the showing must consist of at least one of the following:
 - A. A tour sales permit in the applicant's name;
 - B. A contract for the sale of tours onboard a cruise ship;
 - C. A contract with a cruise ship for the transportation of passengers;
 - D. A contract for the sale of tours with a tour sales permit holder. An applicant may enter into a contract with one tour sales permit holder only; or
 - E. If the applicant sells tours without the aid of the cruise lines, a cruise ship, or a tour sales permit holder, the applicant must show that it will only transport persons who have purchased tours directly from the applicant, and the applicant shall, upon request, provide the port director with a daily manifest showing the names of passengers to be transported.

(c) *Loading zone rules.*

- (1) No signs are allowed in the loading zone.
- (2) Loading zone permits shall be prominently displayed in the lower right corner of the front windshield of the vehicle, or as specified by the director.
- (3) No person shall sell or solicit the sale of any goods or services in any loading zone.
- (4) Goods and passengers shall be staged at loading zones so as to minimize vehicular standing time. No vehicle shall be present in a loading zone except as reasonably necessary for loading or unloading goods or passengers.
- (5) The driver of a vehicle must remain in the driver's seat unless assisting in the loading or unloading of passengers or luggage in the immediate vicinity of the vehicle. No driver may leave a vehicle unattended in a loading zone for any period of time.
- (6) "A" loading zones.

- (A) Vehicles ~~greater than 27 feet overall length containing 18 or more passenger seats~~ may be operated only in loading zones marked "A."
- (B) Permittees using "A" loading zones shall submit a schedule of all cruise ships they will be meeting. For each meeting, permittees must use the "A" loading zone closest to the terminal or lightering dock designated on the schedule. Permittees may not depart from the schedule unless approval is obtained from the director at least 24 hours in advance. Approval shall be contingent upon the impact of changes upon other permittees, users of the park, and traffic conditions.
- (7) "B" loading zones. Vehicles ~~27 feet and less overall length containing fewer than 18 passenger seats~~ may be operated only in loading zones marked "B."
- (8) A vehicle without the appropriate permit may use a loading zone as necessary for a health or safety emergency. Such use shall be the minimum necessary to resolve the emergency.
- (d) *Limited loading permits.* A person may apply for a limited loading permit for designated vehicles to provide services in a designated loading zone to a cruise ship or cruise ship passengers for occasional or off-peak-hour use. Application must be made to the director no less than one business day in advance of use.
 - (1) *Nonpassenger vehicles.* If the vehicle will be left standing in a loading zone for any amount of time, or if the driver will not remain with the vehicle for any period of time, the applicant must schedule that time with the director so as not to interfere with the efficient use of the loading zone by other permittees. The permittee must conduct all business efficiently so as to minimize any standing in the loading zone.
 - (2) *Passenger vehicles.* All requirements of subsection (c) of this section apply to vehicles providing passenger services to a cruise ship pursuant to a limited loading permit.
- (e) *Fees.*
 - (1) The fee for a loading permit shall be established at least annually by the docks and harbors board.
 - (2) The fee for a limited loading permit shall be \$15.00 per vehicle for each permit day or \$250.00 per year, whichever is less.

(01/19/98; Amended 1-7-2008, eff. 1-15-2008)



Port of Juneau

From: Carl Uchytel
To: Docks & Harbors Operations Committee
Date: February 12th, 2021
Re: Moorage & Passenger For Hire rates adjusted by CPI

The previous year's Anchorage CPI, which some of our rates are based off, has had a decrease of 1.1%. Our regulation states that our annual rates will be adjusted by the Anchorage CPI unless the Docks and Harbors Board takes action to keep the fee the same as the previous year.

If the Board does not elect to keep the rates the same, as of July 1st, 2021, our monthly rate will decrease by \$.05 for downtown and Statter Harbors which will mean the downtown rate changes to \$4.40 and the Statter rate changes to \$7.30. Our daily rate will remain the same at \$.58.

The Passenger for Hire rates will also have a decrease. The inspected vessel fee currently at \$525 will decrease to \$519 and the uninspected vessel fee currently at \$158 will decrease to \$156. The passenger fee of \$1.50 will not change.

#



DOCKS & HARBORS
 155 S. Seward St.
 Juneau, AK 99801
 (907) 586-5255 tel
 (907) 586-2507 fax
www.juneau.org/harbors

FY22 Proposed Moorage Rates

DOUGLAS, HARRIS AND AURORA HARBORS		
	Effective thru June 30, 2021	Effective July 1, 2021
Skiff	\$300 per calendar year	\$300 per calendar year
Daily	58¢ per foot	58¢ per foot
Calendar Month	\$4.45 per foot	\$4.40 per foot
Bi-Annual (July 1 – Dec 31) & (Jan 1 – June 30) Annual (July 1 – June 30)	5% discount on 6-month advance payment 10% discount on 12-month advanced payment	5% discount on 6-month advance payment 10% discount on 12-month advance payment

STATTER HARBOR		
	Effective thru June 30, 2021	Effective July 1, 2021
Skiff	\$300 per calendar year	\$300 per calendar year
Daily	58¢ per foot	58¢ per foot
Calendar Month	\$7.35 per foot	\$7.30 per foot
Bi-Annual (July 1 – Dec 31) & (Jan 1 – June 30) Annual (July 1 – June 30)	5% discount on 6-month advance payment 10% discount on 12-month advanced payment	5% discount on 6-month advance payment 10% discount on 12-month advance payment
Reservations (May 1 – Sept 30)	Fishing Vessels Other Vessels <65' Other Vessels ≥ 65' Other Vessels ≥200'	\$0.75 per foot \$1.50 per foot per day \$2.50 per foot per day \$3.00 per foot per day

INTERMEDIATE VESSEL FLOAT (IVF)		
	Effective thru June 30, 2020	Effective July 1, 2020
Daily (Oct. 1 – Apr. 30)	58¢ per foot	58¢ per foot
Monthly (Oct. 1 – Apr. 30)	\$4.45 per foot	\$4.40 per foot
Reservations (May 1 – Sept 30)	Fishing Vessels Other Vessels <65' Other Vessels ≥ 65' Other Vessels ≥200'	\$0.75 per foot \$1.50 per foot per day \$2.50 per foot per day \$3.00 per foot per day

Residence Surcharge

Per Month	\$69 +\$23/person above four persons
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- A 5% City & Borough of Juneau sales tax may apply to all fees

Launch Ramp Rates

Recreational – Calendar Year (includes Kayaks) Matching registrations are required to obtain two additional permits. Please see 05 CBJAC 20.060 – Recreational Boat Launch Fees.	\$90 \$5 per additional permit
Recreational – Day	\$15
Commercial – Calendar Year	\$250 per trailer
Commercial – Day	\$30
Freight Use – Commercial	Up to 1 hour \$60 Over 1 hour \$30 for each additional hour

Parking Rates

Douglas, Harris, Aurora Harbors	Free w/ permit (permits available at Aurora Harbor office, current vehicle registration required)
Statter Harbor – Summer (May, June, July, August, September)	\$1 per hour/\$5 per calendar day
Statter Harbor – Winter (October through April)	Free w/permit (permits available at Statter Harbor office, current vehicle registration required)
Downtown Taku Lot - Summer	\$2 per hour/3 hour limit

Shorepower

Connection Type	Daily Fee
20 amp (120V, 1 phase)	\$6.00
30 amp (120V, 1 phase)	\$9.00
50 amp (208V, 1 phase)	\$25.00
100 amp (208V, 3 phase)	\$86.00
100 amp (480V, 3 phase)	\$198.00

Connection Type	Summer Liveaboard Monthly	Summer Non-Liveaboard Monthly
20 and 30 amp	\$90.00	\$54.00
50 amp	\$180.00	\$108.00
100 amp/208 volt	\$420.00	\$252.00

Connection Type	Winter Liveaboard Monthly	Winter Non-Liveaboard Monthly
20 amp	\$120.00	\$72.00
30 amp	\$162.00	\$96.00
50 amp	\$300.00	\$180.00
100 amp/208 volt	\$720.00	\$420.00

Services Provided

Power

Potable water (Year round downtown and Statter A&B Floats)
Restrooms (Aurora Harbor, Harris Harbor & Statter Harbor)
Showers (Harris Harbor & Statter Harbor)
Free Sewage pump-out (Aurora, Douglas, Harris, and Statter)
Sewage pump-out cart available at Aurora Harbor & Douglas Harbor
Harris Harbor Grid (Fee: \$1.00 per foot per day)
Please make Grid reservation at Aurora Harbor Office

Harbors Moorage Rates

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 Proposed
Downtown Moorage												
Skiff	\$540.00	\$550.00	\$568.00	\$580.00	\$590.00	\$600.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Daily	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55	\$0.57	\$0.58	\$0.58
Monthly	\$3.90	\$3.95	\$4.08	\$4.15	\$4.20	\$4.25	\$4.25	\$4.25	\$4.25	\$4.40	\$4.45	\$4.40
Annual w/discount												
Statter												
Skiff	\$540.00	\$550.00	\$568.00	\$580.00	\$590.00	\$600.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Daily	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55	\$0.57	\$0.58	\$0.58
Monthly	\$6.50	\$6.60	\$6.81	\$6.95	\$7.05	\$7.15	\$7.15	\$7.15	\$7.15	\$7.30	\$7.35	\$7.30
Annual w/discount												

Downtown Harbor Moorage Revenue

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Daily Rate	\$0.48	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55	\$0.57
Daily Moorage	\$91,430.86	\$96,548.02	\$112,447.53	\$101,161.66	\$107,541.14	\$70,078.68	\$68,280.54	\$70,488.87	\$75,440.33	\$100,537.01	\$68,225.68
Monthly Rate	\$3.85	\$3.90	\$3.95	\$4.08	\$4.15	\$4.20	\$4.25	\$4.25	\$4.25	\$4.25	\$4.40
Monthly Moorage	\$521,023.28	\$586,947.01	\$565,829.24	\$620,367.27	\$660,166.15	\$652,330.83	\$663,322.55	\$638,373.09	\$667,764.16	\$623,689.46	\$652,712.80
Annual Moorage	\$623,968.91	\$476,401.35	\$526,730.90	\$376,629.55	\$633,702.29	\$524,694.72	\$525,794.35	\$566,908.71	\$538,985.07	\$504,037.02	\$543,891.80
IVF Reservation Moorage					\$65,800.50	\$90,635.50	\$120,623.50	\$96,097.00	\$52,628.00	\$72,669.00	\$87,517.76
IVF Summer Fish Moorage Fee					\$3,034.60	\$4,713.00	\$2,819.31	\$1,715.25	\$7,516.05	\$7,733.25	\$4,226.55
	\$1,236,423.05	\$1,159,896.38	\$1,205,007.67	\$1,098,158.48	\$1,470,244.68	\$1,342,452.73	\$1,380,840.25	\$1,373,582.92	\$1,342,333.61	\$1,308,665.74	\$1,309,369.34

Statter Harbor Moorage Revenue

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Daily Rate	\$0.48	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55	\$0.57
Daily Moorage	\$246,573.29	\$241,463.06	\$243,239.84	\$231,493.75	\$235,788.28	\$228,178.60	\$238,832.67	\$203,399.17	\$200,582.79	\$227,574.97	\$191,503.98
Monthly Rate	\$6.15	\$6.50	\$6.60	\$6.81	\$6.95	\$7.05	\$7.15	\$7.15	\$7.15	\$7.15	\$7.30
Monthly Moorage	\$250,563.82	\$277,544.60	\$236,919.73	\$285,579.72	\$341,132.41	\$375,281.61	\$377,946.50	\$354,991.06	\$343,304.71	\$304,782.41	\$352,400.33
Annual Moorage	\$111,264.66	\$79,469.97	\$124,123.34	\$124,550.40	\$192,043.96	\$204,352.57	\$190,597.55	\$217,119.60	\$221,377.06	\$226,018.38	\$257,601.23
Breakwater Reservation Moorage	\$39,249.01	\$54,890.00	\$42,877.00	\$71,499.61	\$44,934.48	\$91,356.50	\$111,569.50	\$52,084.50	\$149,251.33	\$92,906.60	\$74,411.10
ABLF Daily Dockage 1-3 Days							\$13,969.63	\$16,253.25	\$15,864.24	\$19,213.25	\$21,902.69
	\$647,650.78	\$653,367.63	\$647,159.91	\$713,123.48	\$813,899.13	\$899,169.28	\$932,915.85	\$843,847.58	\$930,380.13	\$870,495.61	\$897,819.33

Consumer Price Index (CPI)

**Consumer Price Index for Urban Alaska (formerly Municipality of Anchorage) and the U.S.
Not Seasonally Adjusted – All Items – Urban Consumers
1960-Present**

Note: the percent change is from the same period of the previous year.

	Urban Alaska						U.S.					
Year	1st Half	Percent Change	2nd Half	Percent Change	Annual	Percent Change	1st Half	Percent Change	2nd Half	Percent Change	Annual	Percent Change
2020	225.049	-1.7	227.258	-0.5	226.153	-1.1	257.557	1.2	260.065	1.2	258.811	1.2
2019	228.858	2.6	228.495	0.2	228.676	1.4	254.412	1.7	256.903	1.9	255.657	1.8
2018	223.099	2.1	227.992	4.0	225.545	3.0	250.089	2.5	252.125	2.4	251.107	2.4
2017	218.616	0.7	219.131	0.2	218.873	0.5	244.076	2.2	246.163	2.0	245.120	2.1
2016	216.999	-0.1	218.660	0.9	217.830	0.4	238.778	1.1	241.237	1.5	240.007	1.3
2015	217.111	1.1	216.706	-0.1	216.909	0.5	236.265	-0.1	237.769	0.3	237.017	0.1
2014	214.777	1.9	216.833	1.4	215.805	1.6	236.384	1.7	237.088	1.5	236.736	1.6
2013	210.853	2.7	213.910	3.5	212.381	3.1	232.366	1.5	233.548	1.4	232.957	1.5
2012	205.215	2.5	206.617	2.0	205.916	2.2	228.850	2.3	230.338	1.8	229.594	2.1
2011	200.278	2.8	202.576	3.6	201.427	3.2	223.598	2.8	226.280	3.5	224.939	3.2
2010	194.834	2.5	195.455	1.0	195.144	1.8	217.535	2.1	218.576	1.2	218.056	1.6
2009	190.032	1.3	193.456	1.1	191.744	1.2	213.139	-0.6	215.935	-0.1	214.537	-0.4
2008	187.659	4.6	191.335	4.5	189.497	4.6	214.429	4.2	216.177	3.4	215.303	3.8
2007	179.394	1.5	183.080	2.9	181.237	2.2	205.709	2.5	208.976	3.1	207.342	2.8
2006	176.700	4.2	177.900	2.2	177.300	3.2	200.600	3.8	202.600	2.6	201.600	3.2
2005	169.600	2.4	174.100	3.8	171.800	3.1	193.200	3.0	197.400	3.8	195.300	3.4
2004	165.600	2.8	167.800	2.4	166.700	2.6	187.600	2.3	190.200	3.0	188.900	2.7

05 CBJAC 20.030 - Daily moorage fees.

(a) *Definition.* The fee charged on a daily basis to the owner of a vessel for berthing the vessel at the Douglas Boat Harbor, Harris Boat Harbor, Aurora Boat Basin, Norway Point Float, National Guard Float, Fisherman's Terminal, Statter Boat Harbor, and moorage appurtenant to any of these facilities.

(b) *Payment deadline.* The owner of a vessel must register with the docks and harbors department as soon as possible after arriving in the harbor system. The owner shall pay the daily moorage fees for the expected stay when registering.

(c) *Daily moorage period.* The period of time for which daily moorage will be assessed shall commence when the vessel is made fast to an allocated berth, is moored, or comes within a slip, and shall continue until such vessel casts off and has vacated the position allocated. All time is counted and no deductions are allowed because of weather or other conditions. The Harbormaster may establish check-in and check-out times to administer the daily moorage period.

(d) *Daily moorage fees.* Except as provided for reserved daily moorage, daily moorage fees will be assessed for each 24-hour period or portion thereof as follows:

- (1) From July 1, 2013 through June 30, 2014, \$0.53 per foot; and
- (2) Each moorage year after June 30, 2013, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index as reported by the Alaska Department of Labor for the calendar year preceding the start of the moorage year, rounded to the nearest cent, unless the docks and harbors board takes action to keep the fee the same as the previous year.

(Amended 4-11-2005, eff. 4-19-2005; Amended 12-5-2005, eff. 12-12-2005; Amended 3-5-2007, eff. 3-13-2007; Amended 12-11-2006, eff. 7-1-2007; Amended 4-7-2008, eff. 4-15-2008; [Amended 7-15-2013, eff. 7-23-2013](#).)

05 CBJAC 20.035 - Monthly moorage fees.

(a) *Applicability.*

(1) *Downtown harbors.* The fee charged to the owner of a vessel for berthing the vessel at the Douglas Boat Harbor, Harris Boat Harbor, Aurora Boat Basin, Norway Point Float, National Guard Float, Fisherman's Terminal, and moorage appurtenant to any of these facilities, on a monthly basis.

(2) *Statter Harbor.* The fee charged to the owner of a vessel for berthing the vessel at the Statter Boat Harbor and moorage appurtenant to this facility, on a monthly basis.

(b) *Monthly moorage time period.* Monthly moorage will be assessed on a calendar month basis.

(c) *Payment deadline.* Monthly moorage fees must be paid in advance before the first day of the calendar month for which the owner is obtaining moorage, unless the owner agrees to be billed on a recurring monthly basis and the department establishes an account for the owner. An owner that does not or cannot pay the monthly moorage fee will be assessed a daily moorage fee in accordance with these regulations.

(d) *Monthly moorage fee.* Monthly moorage fees will be assessed for each calendar month or portion thereof as follows:

(1) *Downtown harbors.* From July 1, 2016 to June 30, 2017: \$4.25 per foot.

(2) *Statter Harbor.* From July 1, 2016 to June 30, 2017: \$7.15 per foot.

(e) *Moorage fee adjustment.* Each moorage year, beginning July 1, 2017, the moorage rates at the Statter and Downtown Harbors will be adjusted by an amount equal to the change in the Downtown harbors moorage rate when adjusted by the Anchorage Consumer Price Index as reported by the Alaska Department of Labor for the calendar year preceding the moorage year, rounded to the nearest five cents, unless the Docks and Harbors Board takes action to keep the fee the same as the previous year.

([Added 6-13-2016, eff. 6-21-2016](#).)

05 CBJAC 20.080 - Passenger-for-hire fee.

(a) *Definition.* The fee assessed to a person conducting passenger-for-hire activities at Douglas Boat Harbor, North Douglas Boat Launch, Amalga Harbor Boat Launch, Echo Cove Boat Launch, Tee Harbor Launch Ramp, Harris Harbor, Harris Harbor Launch Ramp, Aurora Boat Harbor, Statter Boat Harbor, or Statter Boat Harbor Launch Ramp.

(b) *Relationship to other fees.* This fee applies in addition to other fees set out in 05 CBJAC 020, except as follows:

(1) A person paying moorage fees for reservations moorage at Statter Harbor as set out in 05 CBJAC [25.040](#) shall not be required to pay this fee;

(2) A person paying freight use fees as set out in 05 CBJAC [20.070](#) shall not be required to pay this fee if the passengers are loaded at a launch ramp;

(3) A person conducting passenger-for-hire activities at the Douglas Boat Harbor Launch Ramps, North Douglas Launch Ramp, Amalga Harbor Launch Ramp, Tee Harbor Launch Ramp, and Echo Cove Launch Ramp are assessed fees as set out 05 CBJAC 01 in lieu of this fee; and

(4) A person conducting passenger-for-hire activities at the Intermediate Vessel Float or the Marine Park Lightering Float are assessed moorage fees as set out in 05 CBJAC 15 in lieu of this fee.

(c) *Requirements.* The owner of a vessel must apply to and obtain a permit from the Harbormaster in order to conduct passenger-for-hire activities at Douglas Boat Harbor, North Douglas Boat Launch, Amalga Harbor Boat Launch, Echo Cove Boat Launch, Tee Harbor Launch Ramp, Harris Harbor, Harris Harbor Launch Ramp, Aurora Boat Harbor, Statter Boat Harbor, or Statter Boat Harbor Launch Ramp. Applications are available at any of the Docks and Harbor Department Offices. The Harbormaster is authorized to issue permits with reasonable conditions concerning insurance, operations, and the payment of fees.

(d) *Inspected vessel fees.* The Harbormaster shall assess permit fees to the owner of a vessel engaged in passenger-for-hire activities that is regulated under Subchapter T and S of 40 CFR 33 as follows:

(1) Calendar year 2015 permit: \$300.00 per vessel plus \$1.25 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity. Calendar year 2016 permit: \$400.00 per vessel plus \$1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity. Calendar year 2017 permit: \$500.00 per vessel plus \$1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.

(2) Each calendar year after 2017, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index (CPI) as reported by the Alaska Department of Labor for the calendar year preceding the start of the moorage year, rounded to the nearest \$1.00 for the vessel permit and nearest \$0.10 per passenger, unless the docks and harbors board takes action to keep the fee the same as the previous year.

(3) No charge for non-profit use when approved by the Harbormaster on a case-by-case basis.

(e) *Uninspected vessel fees.* The Harbormaster shall assess permit fees to the owner of a vessel engaged in passenger-for-hire activities that is not regulated under Subchapter T and S of 40 CFR 33 (OUPV - operator of uninspected passenger vessels) as follows:

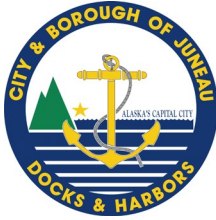
(1) Calendar year 2015 permit: \$50.00 per vessel plus \$1.00 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity. Calendar year 2016 permit: \$100.00 per vessel plus \$1.25 per passenger each calendar day that one or more facilities is used for

passenger-for-hire activity. Calendar year 2017 permit: \$150.00 per vessel plus \$1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.

(2) Each calendar year after 2017, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index (CPI) as reported by the Alaska Department of Labor for the calendar year preceding the start of the moorage year, rounded to the nearest \$1.00 for the vessel permit and nearest \$0.10 per passenger, unless the docks and harbors board takes action to keep the fee the same as the previous year.

(3) No charge for non-profit use when approved by the Harbormaster on a case-by-case basis.

(Amended 4-11-2005, eff. 4-19-2005; Amended 12-5-2005, eff. 12-12-2005; Amended 4-24-2006, eff. 5-2-2006; [Amended 7-15-2013, eff. 7-23-2013](#); [Amended 4-1-2015, eff. 4-8-2015](#))



Docks & Harbors Board RESOLUTION

Docks Enterprise Staff Action in Support of addressing limited mobility Arriving Cruise Ship Passengers to the Port of Juneau

Whereas, there have been documented cases of Juneau residents wishing to pick up arriving cruise ship passengers with limited mobility; and,

Whereas, even though there are nearly 500 public parking spaces within a cruise ship length of the Alaska Steamship Dock or the Cruise Ship Terminal Dock, the residents reported difficulty in securing adequate parking to meet and load their visitors in a safe and appropriate manner; and,

Whereas, the Docks Enterprise staff has inculcated a spirit of inclusiveness and willingness to provide exceptional customer service; and,

Whereas, the Docks Enterprise has been demonstratively innovative in addressing special requirements for individuals experiencing limited mobility previously; and,

Therefore, the Docks & Harbors Board directs the Port Director to establish an effective communications hotline for Juneau residents to coordinate with Docks Enterprise staff to efficiently pick-up visiting passengers who experience mobility issues;

Furthermore, the Port Director will ensure the hotline is appropriately communicated to the Juneau community; that the Docks Enterprise staff is trained; and that this resolution will apply to passengers arriving to the Alaska Steamship Dock, the Cruise Ship Terminal Dock, the Port Field Office Lightering Float and the Seadrome Dock.

Signed _____

Don Etheridge
Docks & Harbor Board Chair

PORT ENGINEER'S PROJECT STATUS REPORT

Erich Schaal, P.E., Port Engineer

Project	Status	Schedule	Contractor	Notes
Statter Master Plan Phase III				
Phase III A - Dredging, Blasting, Soil Compaction				
Army Corps of Engineers Permit	Complete		PND	
Incidental Harassment Authorization	Complete		PND	
Eagle Permit	Complete		PND	
CBJ Building Permit	Complete		Staff	
Construction Bid	Complete	July 16, 2019	PPM	
D&H Board Approval of Bid	Complete	July 17, 2019		
Assembly Approval of Bid	Complete	July 22 2019		
Construction	Complete	October 1, 2019	PPM	
Substantial Completion	Complete	May 29, 2020		
Dredge Basin Clean Up	Complete	September 26th & 27th		Dredging Complete
Final Completion	Complete	September 30th		
Project Close Out	In Progress			Project Close Out Underway
Phase III B - Retaining Wall, Float Installation				
Army Corps of Engineers Permit	Complete		PND	
Incidental Harassment Authorization	Complete		PND	
Eagle Permit	Complete		Staff	
Design - Bid Documents	Complete		PND	
CBJ Building Permit	Complete		Staff	
Bid/Contract	Complete		TCC	Trucano Construction
D&H Board Approval of Bid	Complete			
Assembly Approval of Bid	Complete	4/27/2020		
Construction	In Progress	Fall 2020	TCC	Pile Socket Drilling, ABMS pile installation
Substantial Completion	Hold	Spring 2021		
Final Completion	Hold	Spring 2021		
Phase III C - Uplands, Restrooms				
Eagle Permit	In Progress		Staff	
Design - Bid Documents	Hold		PND	
CBJ Building Permit	Hold		Staff	
Construction Bid	Hold		TBB	
Construction	Hold	Fall 2021	TBD	
Pre-Bid Conference	Hold			
D&H Board Approval of Bid	Hold			

PORT ENGINEER'S PROJECT STATUS REPORT

Erich Schaal, P.E., Port Engineer

Assembly Approval of Bid	Hold			
Substantial Completion	Hold	Spring 2022		
Final Completion	Hold	Spring 2022		
Downtown Waterfront Improvements				
Phase I - Deck Over				
Geotech Report	Complete		PND	
Materials Procurement	Complete	June 15, 2019	Island Const.	
Army Corps of Engineers Permit	Complete		PND	
Incidental Harassment Authorization	Complete		PND	Seals only, new reduced zone size
Bid Opening	Complete	July 2, 2019	Staff	
D&H Board Approval	Complete	July 3, 2019		
Assembly Approval	Complete	July 8, 2019		
Early Entry by Archipelago Property LLC	Canceled	June 1, 2020		Archipelago Project On Hold
Substantial Completion	Complete	December 12, 2020		Substantial Completion Walk Through Complete
Final Completion	In Progress	January 15, 2021		Some spring work remains
Phase II - Visitor Waiting Area and Restrooms				
Design - Bid Documents	Hold	TBD	PND	Working to 65% Plans with cost est
CBJ Building Permit	Hold		Staff	
Construction Bid	Hold		TBD	
D&H Board Approval	Hold			
Assembly Approval	Hold			
Phase II Construction	Hold			
Substantial Completion	Hold			
Final Completion	Hold			
Aurora - Harris Harbors Dredging - ACOE				
Breakwater Repairs	Complete	May 2020	ACOE	Western Marine Construction
Dredging Activity	In Progress	Winter/Spring 2020/2021	ACOE	Harris Dredging Complete, Aurora to begin in Apr
Public Outreach	In Progress		Western	Communicating with displaced Harris patrons
Small Cruise Ship Infrastructure Study				
Fee Negotiations	Complete		PND	
Data Collection/Market Study	Complete		PND	
Planning/Conceptual Layout	Complete		PND	
Presentation to Board	Complete		PND	
Receive Comments from Board	Complete		Staff	
Public Outreach	Complete		PND	
Final Report	Complete	Jan 2021	PND	

PORT ENGINEER'S PROJECT STATUS REPORT

Erich Schaal, P.E., Port Engineer

Final Presentation to Assembly	Complete	Feb 2021	PND	Follow up memo to Assembly in process
Large Berth Shore Power Design				
RFP Creation	Complete	May 19, 2020		RFP issued
Consultant Selection	Complete			Haight & Assoc Selected
Fee Negotiations	Complete			
Project Kick Off Meeting	Complete			
Stake Holder Interviews	In Progress		H&A	Haight conducting interviews with stake holders
Statter Breakwater Chain Repair No. 2				
RFP Creation	In Progress			Plan set done, working on scope
Contractor Selected	In Progress			
Construction	Hold			Kenter links ordered
Project Kick Off Meeting	Hold			
Construction Complete	Hold			Spring of 2021
Marine Park Lightering Float Deckover				
95% Design Review	Complete			
100% Design	In Progress			
Taku Seawalk Redecking				
65% Design Review	In Progress			
95% Design	Hold			
100% Design and Specs	Hold			
Bid Project	Hold			
Aurora Harbor Re-Build - Phase III				
Phase IIIA - Demolition				
Design and Bid Documents	Hold		D&H	Demo is complete
Phase IIIB - Dredging				
Army Corps of Engineers	Hold	Winter/Spring 2020/2021	ACOE	Apr-2021
Phase IIIC - Float Installation				
ADOT Grant Application	Complete		Staff/PND	Grant App Submitted
Design	Hold			
Auke Bay Marine Station				
Annual Report	March		Staff	2019 Report Submitted
Subdivision	In Progress		Staff	In review by Community Development Dept.
Shared Costs with UAS	In Progress		Staff	Awaiting UA response to Amendment #1
Harris Harbor Anodes				
Anode Design	Complete		Staff	Design in Progress
Anode Bid	Hold		Staff	

PORT ENGINEER'S PROJECT STATUS REPORT

Erich Schaal, P.E., Port Engineer

Douglas Harbor Anodes				
Anode Design	Complete		PND	
Construction	Complete			Jun-2020
Substantial Completion	Complete	June 5, 2020		Complete
Final Completion	Complete	July 30, 2020		Complete
Sewage Pump-Out Improvements				
Statter Pump Upgrade	In Progress		Staff	Part of SHI III(B)
Harris Pump Replacement	In Progress		Staff	Working with Term Contractor
Douglas Launch Ramp Light Project				
Design	Complete		Staff	
RFP	In Progress		Staff	Awaiting funding
Building Permit	Hold		Staff	
Construction	Hold		Staff	
D&H Managed Lands - Surveys				
ASLS 2013-15 - Uplands at Tee Harbor	Hold	2021	TBD	
ATS 1682 -DIPAC-Channel Construction	In Progress	2020	PDC	Field work complete, drafting plat
ATS 1693-DIPAC Wayside Park	In Progress	2020	PDC	Field work complete, drafting plat
ATS 1694-Tee Harbor Submerged Lands	Hold	2021	TBD	
ATS 1692 - N Douglas Boat Ramp	In Progress		PDC	Plat being recorded
ATS 1690-Indian Cove	In Progress		PDC	Working on ADNR review comments #1
Wayside Park Float				
Dredging as Float Grounds Out	Hold			Awaiting Funding
N. Douglas Boat Launch Expansion Study				
Conceptual Design	Complete		PND	Awaiting Board direction
Dockside Safety Guardrail				
Design	Hold			Awaiting funding - Passenger Fees FY22
Bid Opening	Hold			
Board Approval	Hold			
Assembly Approval	Hold			
Construction	Hold			
Harbor Security Upgrades				
Continued Project Development with Board	In Progress			New cameras in Aurora, Douglas and Harris Har
Statter Breakwater Deferred Maintenance				
Continued Project Development with Board	Hold			
2020 Build Grant App - Fisherman's Terminal				

PORT ENGINEER'S PROJECT STATUS REPORT

Erich Schaal, P.E., Port Engineer

Draft	Complete		R&M	
Submission	Complete	May 18, 2020		Application Submitted - Project not selected
Statter Breakwater Safety Improvements				
Phase II	Hold			Awaiting funding
Auke Bay Loading Facility - Phase II				
TIGER Grant Reporting - Annual	On-Going	Sept. 2019	Staff	Report for Boom Truck till 2033; SeaLift till 2044

Robert H. Palmer, III
Municipal Attorney

Teresa E. Bowen
Assistant Municipal Attorney

Sherri Layne
Assistant Municipal Attorney

Caleb A. Nagel
Assistant Municipal Attorney

Marie Anders
Assistant Municipal Attorney



Law Department City & Borough of Juneau

Debbie L. Senn
Office Manager

Audrey Dean
Litigation and Support
Assistant - Criminal

Junnie Chup
Litigation and Support
Assistant - Civil

Leah Haskell-Cummins
Litigation and Support
Assistant - Criminal

February 24, 2021

Karla Hart
karlajhart@gmail.com

RE: Upcoming Cruise Initiatives

Dear Ms. Hart,

In mid-February 2021, you contacted me requesting my comments on a few ballot initiatives to limit cruise ship tourism. You identified the initiative concepts were modeled from a recent ballot idea in Key West, Florida, and that you would be formally filing the petition with the Municipal Clerk by March 8, 2021. You principally asked where to put the proposed restrictions in the CBJ Charter. I appreciate that you have been cordial in your communications.

Pursuant to CBJC 29.10.020, I can review and comment on a petitioner committee initiative request. The purpose of my review, if any, is to offer corrective legal assistance to make groups desiring to initiate measures aware of legal problem areas that may arise if a proposed initiative is adopted. While you have not yet submitted an affidavit for my review, I offer the following preliminary assistance.

A. Disclaimer

This memo does not purport to provide complete corrective legal assistance or to make you aware of all legal problem areas that may arise. In the event your petition is subject to legal challenge, I will not represent you, defend the petition, or defend the suggestions made in this letter, unless I am directed to by the Assembly. I endeavored to address your Charter location question and will raise some potentially relevant legal issues as you finalize your initiative language. Without the benefit of robust public notice and comment opportunities on the draft language, it is possible that I have missed some legal issues. You may wish to consult with your own legal counsel for further suggestions.

B. Proposed CBJ Charter Amendments

Proposed CBJ Charter Item 1. No cruise ships with a capacity of more than 250 passengers may be at dock or at anchor between 7pm and 7am, except in the case of emergency.

Proposed CBJ Charter Item 2. No cruise ships with a capacity of more than 250 passengers may be at dock or at anchor on Saturdays, except in the case of emergency.

Proposed CBJ Charter Item 3. No additional docks to serve cruise ships with a capacity of more than 100 passengers shall be permitted.*

*What we're trying to say is the South Franklin Dock, the AJ Dock, and the two 16 B Docks are the limit for Juneau cruise docks, except we're not intending this to ban the construction of a new small ship dock to berth a cruise ship of 275 feet or less as being explored by Docks and Harbors. Alternative language for 3) No more than four cruise ships with a capacity of more than 250 passengers may be at dock or at anchor each day, except in the case of emergency.

C. Potential CBJ Charter Location

There are multiple locations in the CBJ Charter that could be a viable fit for the proposed amendments. I would recommend a new section in Article III (Assembly) as 3.24 or Article XV (General Provisions) as 15.15. Such a section could be entitled "Cruise Ship Restrictions."

D. Potential Legal Problem Areas

The City & Borough of Juneau recently commissioned a Visitor Industry Task Force (VITF) to review and recommend ideas to the Assembly for managing cruise ship tourism. The VITF held numerous public meetings, received copious public comments, and discussed varied points of view. As part of the VITF process, I was asked to identify some legal sideboards to managing cruise ship tourism. See the attached 1/21/20 Memo from Palmer to Chair Triem. Many of the legal issues identified in that memo apply to your proposed CBJ Charter Amendments.

Notably, your current proposed CBJ Charter Items 1 and 2 are likely subject to legal challenge as written.¹ While COVID-19 has severely disrupted cruise ship tourism in Alaska, any litigation would benefit from a factual record because the reasonableness of the proposed restrictions is likely important. For example, a legal challenge is more likely from an owner of one of the two existing private docks in downtown Juneau or by an aggrieved cruise ship company because of the financial harm inflicted by the restrictions. If the private dock owners or another plaintiff were to prevail in a constitutional claim or tort due to the adoption of Charter

¹ I assume these two items do not conflict with existing land use permits, if any, but the petitioner's committee should confirm.

Items 1 or 2 that purported to require the Assembly to appropriate funds for damages, then the proposed Charter Items 1 and 2 could be improper. *E.g.*, CBJ Charter 7.1; *Lieutenant Governor of State v. Alaska Fisheries Conservation All., Inc.*, 363 P.3d 105 (Alaska 2015) (discussing appropriation limits of initiative power); *Anchorage Citizens for Taxi Reform v. Municipality of Anchorage*, 151 P.3d 418, 421 n.2 (Alaska 2006) (discussing when an initiative can be challenged as an improper appropriation that allegedly “takes private property” and requires “just compensation”). If those provisions were narrowed to apply just to the two CBJ owned docks in downtown Juneau (i.e. 16B), there is less legal risk.

Additionally, the petitioner’s committee should consult with the United States Coast Guard to determine if such restrictions, if adopted, conflict with federal law, especially because the two items are not dependent on passengers disembarking a vessel. Given the interests at stake by the various cruise ship companies, private dock owners, and local tourism businesses and the lack of public process prior to submitting the proposed CBJ Charter provisions to the Municipal Clerk, the petitioner’s committee should fully understand the federal maritime regulatory scheme, so the public can be informed of the consequences of these two items and whether federal preemption will come into play.

The current proposed CBJ Charter Item 3 raises a different legal problem.² The Alaska Supreme Court has provided direction that an initiative cannot be used to strip a planning commission of its authority to review, recommend, and administer measures necessary to implement land use plans or strip an assembly of its statutory mandated role in zoning and land use planning. *Griswold v. City of Homer*, 186 P.3d 558, 563 (Alaska 2008) (“we conclude that zoning by initiative exceeds the scope of the legislative power granted by the legislature to the city council”); *Carmony v. McKechnie*, 217 P.3d 818, 820-823 (Alaska 2009); *see Municipality of Anchorage v. Holleman*, 321 P.3d 378, 383 (Alaska 2014). Because the draft language would prohibit permits for any new cruise ship dock with a capacity of more than 100 passengers, such an initiative provision is a land use planning restriction that has not gone through the CBJ Planning Commission or adopted by the CBJ Assembly. The alternative language of Item 3 may eliminate the land use planning issue, but such a change would invoke the issues identified above for Items 1 and 2.

Sincerely,

Robert H Palmer III

Robert H Palmer III
CBJ Municipal Attorney

² To the extent proposed CBJ Charter Items 1 and 2 conflict with an adopted plan, like the CBJ Comprehensive Plan, or are construed as a land use regulation, then this analysis also applies to those provisions.

Attachments:

1/21/2020 Memo from Palmer to Chair Triem, Visitor Industry Task Force

8/9/1996 Memo from Corso to Assembly



DATE: January 21, 2020
TO: Chair Triem, Visitor Industry Task Force
FROM: Robert Palmer, Municipal Attorney
SUBJECT: Preliminary Legal Issues with Managing Tourism

I have been asked to provide preliminary legal guidance for managing tourism from cruise ships. This topic can be legally complicated. I am not aware of any definitive legal authority that would be helpful at this stage because the overarching policy visions need to mature. At this stage, the VITF should focus on the desired policy visions and how to achieve those policy visions, while having awareness of some potential legal sideboards. The following legal issues may arise depending on what policy and regulation, if any, the CBJ ultimately wants to impose.

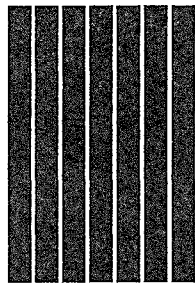
1. **U.S. Constitutional Right to Travel.** The Privileges and Immunities Clause limits laws that treat out-of-state citizens differently than in-state citizens. For example, there is a right to travel from one state to another and to use the instruments of interstate commerce, which includes “the right to be treated as a welcome visitor rather than an unfriendly alien when temporarily present in the second state.” *Saenz v. Roe*, 526 U.S. 489, 500 (1999).
2. **U.S. Constitution Commerce Clause.** Generally, laws that unduly burden interstate commerce are unconstitutional, which require courts to balance interests.
3. **U.S. Constitution Tonnage Clause.** See the recently settled *CLIAA v. CBJ* litigation. The Tonnage Clause limits fees imposed on vessels for entering a port and how those fees can be expended.
4. **U.S. Constitution Contract Clause.** The Contract Clause can limit laws that unreasonably and substantially impair existing contractual rights.
5. **Takings/Inverse Condemnation.** Private property shall not be taken or damaged for public use, without just compensation.
6. **Public Trust Doctrine.** The doctrine protects navigation on, commerce in, fishing on, and access to navigable water, but the rights protected are not absolute.
7. **Level of scrutiny.** All regulations must at least satisfy rational basis scrutiny (i.e. is the regulation rationally related to any governmental interest). Some regulations may need to satisfy a heightened scrutiny, which could require the CBJ to prove the regulation is

narrowly tailored to promote a compelling governmental interest and the regulation is the least restrictive means to vindicate that interest.

8. **Interference/Preemption of Aviation and Maritime Matters.** The federal government has primary jurisdiction of aviation (FAA) and maritime (USCG) matters. The FAA's jurisdiction is almost exclusive, and local governments have limited authority to regulate aviation matters. The CBJ has broader authority to regulate maritime matters especially if the local regulation does not conflict with a federal law.
9. **16B Revenue Bond limitations.** The 2015 revenue bonds include provisions that prohibit the CBJ from reducing the \$3 Port Development Fee or undertaking actions that put the debt service payments in jeopardy. The bonds are scheduled to be paid off in 2034, but the CBJ can prepay the bonds as early as March 1, 2026.
10. **CBJ as property owner versus CBJ as regulator.** The CBJ has broad authority to manage its property (i.e. CBJ docks, tidelands, trails). When the CBJ acts as a regulator of non-CBJ property (i.e. private docks, State tidelands), the CBJ has substantial authority but it is subject to a variety of other laws (i.e. Takings, Interference/Preemption). For example, the CBJ regulates commercial buses (CBJC 20.40) and land use/development (CBJC Title 49).

As the Visitor Industry Task Force and the Assembly consider the preliminary legal sideboards, the following policies may be worthy of further discussion:

- A. **Voluntary Action.** The recent cruise ship litigation settlement requires an annual consultation. As community concerns arise, the cruise ship companies may be willing to voluntarily adjust their practices, which would eliminate a substantial amount of legal risks then if the CBJ simply imposes regulations.
- B. **Prepay the 16B Revenue Bonds.** The CBJ could consider satisfying the debt service from the 16B revenue bonds at the earliest opportunity (\$12.8M on March 1, 2026), which would give the CBJ more discretion regarding how the CBJ docks are used.
- C. **Articulate Specific Governmental Interests.** Because of the potential constitutional rights implicated with restricting the number of cruise ship passengers, the CBJ could consider developing, measuring, and tracking indicators of tourism to establish specific governmental interests. Such indicators would be helpful to justify and defend any cruise ship or passenger restrictions or carrying capacities.
- D. **Proprietary Control of Docks.** The CBJ currently owns two of the four cruise ship docks. If the CBJ wants to have more control of when and how long ships are in port, the CBJ could consider purchasing the two private docks and having ownership control of any new docks.
- E. **Infrastructure and Geographical Limitations.** The size of ships, the location of docks, and the geographical features of Gastineau Channel can indirectly limit cruise ship tourism. Further consultation with the USCG could result in a regulatory scheme that prohibits "anchoring out" if a new dock was constructed, which would indirectly cap cruise ships.



CBJ Law Department MEMORANDUM

To: Mayor and Assembly
From: John R. Corso, City & Borough Attorney
Subject: Cap on Tourism
Date: August 9, 1996

I. Introduction

You have asked whether the city and borough may lawfully impose a "cap on tourists". If a cap on tourists is enacted into CBJ law it will, like any other governmental policy enacted into law, have a purpose and a method for advancing that purpose. If a court is called upon to review the law, it will examine both of these elements. It will determine whether the purpose is legitimate and the method is reasonable.

At this point it is difficult to determine what a court might do with a "cap on tourists" because the term has no settled meaning. One person might think that the purpose of a cap is to limit all tourists; another might think that the purpose is to limit only cruise ship tourists; to a third it might mean a limit on tourists who use local trails and other recreational facilities. Some people might believe that the best method of accomplishing their purpose is a direct limit expressed as the maximum number of tourists allowed in town in one year, others might prefer to arrive at their goal through indirect limitations imposed on ships, buses, and other parts of the tourism infrastructure.

I can identify some of the purposes that a cap might have, and some of the methods it might use. I can suggest the purposes and methods that are clearly illegal, and provide an analytical framework for considering the legal consequences of other programs that might be developed. However, lawyers should not initiate policy. If the city and borough is to limit or manage the local tourism industry, the purpose and method for doing so should be decided first by policy makers.

Part III of this memo discusses the different purposes that a cap on tourists might have. Part IV suggests some of the methods that might be used to accomplish these purposes. Part V identifies the legal theories that could be applied to these issues.¹

II. Short Answer

The short answer to your inquiry is that the U.S. Constitution prohibits the city and borough from directly limiting the number of tourists who enter our jurisdiction. The last time anything like that was attempted was during the Great Depression when the State of California attempted to limit the number of indigent immigrants arriving from Midwest dustbowl states. The Supreme Court struck

¹ My thanks to Assistant City & Borough Attorney Jonathan Sperber for his help in researching the legal issues discussed in this memo.

down the California law on the grounds that it violated the commerce clause of the Constitution and infringed on the basic right of U.S. citizens to travel throughout their country.² It would do the same if CBJ attempted to impose a direct numerical cap on tourists or any other group of Americans.

It may be possible to limit tourism through the use of regulatory mechanisms aimed at particular impacts of tourism.

III. Possible Purposes of a Cap on Tourists

A. Examples

Is your mother a tourist? If she comes to Juneau just to see her grandchildren, maybe not. But what if she wants to see the glacier, too? Suppose she is accompanied by a traveling companion: is the companion a tourist? They tell you that they don't want to impose on you, so they will stay at a hotel: are they tourists? If their real reason for staying at the hotel is the quilting convention that's held there: does that make a difference? If one of the grandsons lives in Hoonah and comes to Juneau for the visit, is he a tourist?

While in Seattle you meet someone who might be interested in investing in your business. She accepts your invitation to come to Juneau and inspect your business. She will bring her husband and make it a "working vacation". She doesn't like airplanes and the ferry is full, so they will arrive on a cruise ship. He likes to fish, she likes to hike. You might be able to take him on your boat and her on the trail, but business comes first, so you arrange a charter and a guided hike as backup. Is he a tourist? Is she? Does it make a difference that she is fascinated with your business and spends the entire visit pouring over your books?

A retired couple books passage on a cruise ship. They like the food and the view from deck, but they have trouble getting around and have no intention of debarking in Juneau. He enjoys the voyage through the Inside Passage, but he brought the wrong shoes, and his feet begin to hurt. By the time they arrive in Juneau his feet are really bothering him, so he decides to come ashore long enough to buy the shoes he needs. Is he a tourist? Does it make a difference if his new shoes feel so good he decides to walk around town before returning to the ship?

B. Types of Issues

The foregoing examples are the kinds of problems that law professors love to inflict on their students, but these "hypotheticals" are not entirely academic: judges are fond of posing them from the bench. And sometimes real life serves them up, too.³ They illustrate the need to clearly articulate the purpose of any cap on tourists. If the purpose is unclear, it is difficult or impossible to justify the reasonableness of the method used to accomplish the purpose.

² See page 6 of this memo.

³ The August 8 edition of the *Juneau Empire* reported that former Governor and Mrs. Jay Hammond would be traveling to Juneau on a Princess Lines ship for a book promotion tour. Are they tourists? Does it make a difference that they are traveling only intrastate between ports in Southeast?

1. Is our purpose to limit tourists? A subjective approach.

A tourist, according to the dictionary, is “one who travels for pleasure”. This definition is probably too broad for purposes of the present discussion. It would encompass people who travel for the pleasure of seeing their relatives and people who travel for the pleasure of attending a hobbyist convention. Maybe CBJ policy should be most concerned with people who travel for the pleasure of traveling. These are “sightseers”: the kind of tourists who have no real “business” to do.

This is a subjective approach to defining tourism and it suffers from the usual disadvantages of subjective measurement: it requires a judgement of somebody else’s intent. In the first example above, you thought your mother was coming to see you, but perhaps she was really interested in the quilting convention or a view of the glacier: should her real intention affect her status as a tourist?

2. Is our purpose to limit tourism activities? An objective approach.

Perhaps the policy could avoid some analytical difficulties if it defined tourists not by their intent, but by their actions: how they arrive, how long they stay, and what they do while they are here. People who arrive on cruise ships, who stroll on sidewalks, walk on trails, gather on beaches, paddle on lakes, leave within x days, and so on. These criteria have the advantage of objectivity, but they invite line-drawing problems. In the third example above, the man who came debarked from a cruise ship to buy some shoes for walking — slowly, no doubt — along a downtown sidewalk, but was he really a tourist?

Some kinds of activities are easy to categorize. An elderly couple who arrive on a cruise ship, shop at a gift store, go up a mountain on a tram, then go back to the ship are probably tourists. Other activities are more problematic. An adventure writer who arrives on the ferry, shops at the Nugget, rappels down a mountain on a rope, then goes to dinner at a restaurant, may not be a tourist.

These kinds of line-drawing and definitional problems are not very common, and can be addressed, at least initially, by good legislative drafting. However, technical solutions invite technical challenges. Inventive tour operators and their lawyers might be tempted to create tourism opportunities designed to avoid application of the tourism activities cap. This invites amendment of the tourism ordinance, further maneuvering by the industry, and yet more amendments in an endless process.

3. Is our purpose to manage tourism impacts? An analytic approach.

Perhaps it is not the tourists as such, but their impacts on the quality of life in Juneau that concerns us. Some of these impacts, such as crowds on sidewalks or a lack of seating in Marine Park, result from the physical presence of a particular number of tourists at a particular time. Other impacts, such as diesel smoke and airplane noise, vary directly but not one-to-one with the number of tourists. (Larger or quieter vehicles might accommodate more tourists but produce fewer impacts: at least for a while.)

Some impacts, such as groups of hikers or kayakers, are more or less objectionable according to time of day or location. Other impacts, such as the growth of low-skill seasonal service sector employment, may be benign or even positive, depending on who they affect.

If the purpose of the policy is to manage tourism impacts, a wide variety of management tools are available. These tools will be each more finely tuned and more legally defensible than the sledgehammer solution of a cap on the raw number of tourists.

IV. Possible Methods of Capping Tourism

The policy approach selected by the Assembly will dictate the method of regulation used to implement it. A variety of methods are possible.

A. Direct Limits on the Number of Tourists

It is difficult to hypothesize a practical method of directly limiting the number of tourists entering the city and borough. Presumably the Assembly would annually establish an upper limit expressed as a number. Perhaps this quota would limit the allowable number of tourists per year, per month, or during the tourist season.

Governments usually enforce these kinds of policies with passports, checkpoints, and border guards. But these are the tools of sovereign nations. The concept of CBJ visas and border guards is comical, but helps illustrate the basic interests at stake in any attempt to limit access by outsiders.

Another way to impose direct limitations might be to cap the number of tourists who could disembark from a tour ship after it had arrived in town. This might require posting CBJ agents at gangways, where they could count the number of passengers disembarking and returning to the ship. If this becomes unmanageable, the cruise ships could be issued a limited number of shore passes or medallions to be worn in a prominent manner by tourists while they are ashore. This approach would probably attract some sort of publicity for the Capital City.

B. Direct Limits on the Number of Tourist Vehicles

A more reasonable approach might be to limit the number of tourists by limiting the number, size, or schedule of vehicles and vessels that bring tourists to town. A rough limit is imposed by Juneau's lack of road access and the carrying capacity of its harbors and airport. A limit short of that capacity might be imposed in the form of docking or landing permits. These techniques would be of dubious utility for some forms of transportation: efforts to limit the number of landings at the airport might violate the terms of federal airport grants or federal statutes regarding airport accessibility⁴ and efforts to limit state ferries would be preempted by state law.

A program to limit cruise ship traffic could be more defensible: CBJ might be able to limit the number of cruise ships per day allowed in the harbor, or it might limit the hours for cruise ship operations. The City of Key West, Florida, has done this. We have spoken with Mr. Chuck Hamlin, Assistant Transportation Planner for Key West, who reports that his city has adopted a regulation imposing a limit of three cruise ships per day within the city limits. This regulation has never been enforced. Key West also has a regulation limiting the hours that cruise ships may use the city-operated Mallory Dock. The dock is reserved for the use of vendors, street performers, and the public during sunset. This regulation is enforced, but has never been challenged.

The port dues collected by CBJ pursuant to CBJ 85.02.105 would be a complicating factor in any attempt by CBJ to limit cruise ship use of municipal docks. The dues have been collected from cruise

⁴ See, e.g., 49 U.S.C.A. §47107

lines for the express purpose of maintaining port facilities⁵ and the cruise industry can be expected to object to any limitation on its ability to amortize this investment through passenger revenues.

Experience with dockside vending regulations suggests that any system for limiting ship visits would involve some form of lottery, auction, brokerage, or other system designed to address priorities and conflicts among tour ship companies. This could generate revenue, but would entail some administrative overhead.

C. Techniques for Managing Tourism Impacts

The techniques available for managing tourism impacts are as varied as the impacts themselves, and beyond the scope of this memo. They involve the issuance and revocation of permits, concessions, leases, and regulations. These tools address the number and type of tourists, tourist vehicles, and tourist businesses allowed to use public and private space in the city and borough. They would address hours, litter, noise, damage, fees, rates of return, and similar concepts. They could, if properly done, be rationally related to a legitimate government purpose.

V. Legal Theories Applicable to a Cap on Tourists

Most of the tourists subject to the cap would be traveling from other states or other countries. The primary legal authority applicable to state and local regulation of interstate and foreign travel is the United States Constitution. The Constitution is in large measure the result of need to regulate travel and commerce between the states. Prior to the Declaration of Independence, the British Board of Trade supervised commercial transactions between the colonies. After the signing of the Declaration of Independence, there was no central control over commercial transactions in the new states. The new states were fearful of having their trade subjected to discriminatory restriction either by states with conflicting commercial interests, or by a central government that could be controlled by such interests. Accordingly, when they formed a national government under the Articles of Confederation, they granted the Continental Congress some powers over national affairs, but none over commerce between the states. They even limited Congressional power over foreign affairs by providing that no federal treaties might limit the individual states' powers over commerce and the taxation of imports and exports.

The result was economic chaos. When trade with Britain declined, the states responded by protecting their positions in the newly limited marketplace. Individual states, especially port states like New York, set up trade barriers by imposing economic sanctions against the products of other states and by taxing trade passing through their territory. The target states retaliated with taxes so high as to foreclose access to their markets. The situation deteriorated to a state of economic warfare, and national leaders feared a dissolution of the union. They called for convention to amend the powers of the national government so that it could deal with multi-state commercial problems. A convention was held, but it soon became clear that more than a few amendments would be needed. There was a call for a new convention which we now know as the Constitutional Convention. This convention

⁵ CBJ 85.02.105(c): In changing the base rate, the factors to be considered shall be the amount of revenue necessary to: retire outstanding bonded indebtedness for port facilities; perform scheduled port facility improvements, major maintenance, and land acquisition; and maintain a fund balance in the port development and major maintenance fund sufficient to offset reasonable fluctuations in annual cruise ship visits without an additional change to the base rate, and reflecting changes in port usage.

began in May of 1787 and had as one of its principal achievements the creation of a national government authorized to regulate “commerce among the states”.⁶

Interstate commerce is one element in the concept of federalism; the central organizing principal of American government. For present purposes, this principal finds expression in four constitutional doctrines: the right to travel, the equal protection clause, the commerce clause, and the privileges and immunities clause.⁷ These constitutional provisions are the ones most likely to be used to test the legality of a cap on tourism. I cannot predict the various combinations of purposes and methods that would be tested, but whatever the mix, the following constitutional principles would be applied.

A. The Right to Travel

The concept of a constitutional right to travel is well established in American law. Although its origins are obscure — there is no express mention of a right to travel in the Constitution — it is often cited.⁸ Justice Potter Stewart observed that “[t]he constitutional right to travel from one state to another... occupies a position fundamental to the concept of our federal union... [A] right so elementary was conceived from the beginning to be a necessary concomitant of the stronger Union the new Constitution created.”⁹ The right to travel is recognized as a personal right.¹⁰

This right was clearly affirmed in two cases involving direct limitations on travel: *Crandall v. Nevada*¹¹ and *Edwards v. California*¹². In *Crandall*, Nevada attempted to impose a tax of one dollar on every person leaving the state by paid transportation. The Court struck down the tax, declaring “[w]e are all citizens of the United States, and as members of the same community must have the right to pass and repass through every part of it without interruption.” The *Edwards* case concerned a California law enacted to stop waves of immigrants from the dustbowl states during the Great Depression. Like some versions of the proposed cap on tourism, the law was a direct limit on entry into the state, forbidding “anyone knowingly to bring or assist in bringing into the state a nonresident ‘indigent person’”. The Court was unanimous in its decision to strike down this law, but split on the rationale for doing so: five justices relied on the interstate commerce clause, but four relied on the inherent right of Americans to travel throughout their country.

⁶ Nowak, Rotunda, and Young, *Constitutional Law*, West Publishing (1978)

⁷ To the extent that Juneau attracts tourists from other countries, a policy limiting their access might run afoul of the exclusive federal jurisdiction over foreign affairs and immigration. *Mathews v. Diaz*, 426 U.S. 67, 81-82, 48 L.Ed.2d 478, 490-91, 96 S.Ct. 1883 (1976) (“For reasons long recognized as valid, the responsibility for regulating the relationship between the United States and our alien visitors has been committed to the political branches of the Federal Government.”).

⁸ *Shapiro v. Thompson*, 394 U.S. 618, 630, 22 L.Ed.2d 600, 612, 89 S.Ct. 1322 (1969) (“We have no occasion to ascribe the source of this right to travel interstate to a particular constitutional provision.”).

⁹ *United States v. Guest*, 383 U.S. 745, 757-58 (1966)

¹⁰ *Williams v. Fears*, 179 U.S. 270, 274, 45 L.Ed. 186, 21 S.Ct. 128 (1900) (“Undoubtedly the right of locomotion, the right to remove from one place to another according to inclination, is an attribute of personal liberty, and the right, ordinarily, of free transit from or through the territory of any state is a right secured by the 14th Amendment and by other provisions of the Constitution.”).

¹¹ 73 U.S. 35 (1868)

¹² 314 U.S. 160 (1941)

This right to travel is not absolute: state and local governments may prevent a citizen from leaving if he is a fugitive from justice, carrying a contagious disease, or subject to criminal arrest. Likewise, a citizen may be prevented from traveling into an area if she would be endangered by flood, fire, or pestilence.¹³

B. The Equal Protection Clause

Both the federal and state constitutions require that citizens enjoy the equal protection of the laws: that persons similarly situated be treated the same. Courts require that if the government draws distinctions between groups of people and then treats them differently based on that distinction, that it have some rationale basis for doing so. If a state distinguishes between residents and nonresidents, courts will apply a "strict scrutiny" test requiring that the policy serve some compelling government interest and be narrowly drawn to effectuate that purpose. The requirement that the policy be narrowly drawn is best served by tourism regulations aimed at particular impacts rather than broad classes of persons.

Some equal protection cases dealing with residency, such as the famous *Zobel* case,¹⁴ which tested the residency requirements of the Alaska Permanent Fund Dividend, involve durational residency. In these cases the government discriminates among residents based on how long they have resided in the state. A different set of standards is used for these cases. They would probably not be involved in a tourism program, unless CBJ proposed to regulate resident seasonal tourism workers.

C. The Interstate Commerce Clause

It is settled law that the transportation of persons is "commerce" within the meaning of the commerce clause.¹⁵ Prohibiting the transport of a class of persons into a state is an unconstitutional barrier to interstate commerce.¹⁶ Such a regulation is unconstitutional, even when based upon a huge influx of migrants resulting in health, morals, and financial problems of staggering proportions.¹⁷ A state or locality may not close its borders.¹⁸

Although it is not possible for cities to prohibit or discriminate against a certain class of interstate commerce, it is possible for them to regulate commerce, including the interstate commerce. Courts

¹³ *Zemel v. Rusk*, 381 U.S. 1, 15, 14 L.Ed.2d 179, 189, 85 S.Ct. 1271, *reh'g denied* 382 U.S. 873, 15 L.Ed.2d 114, 86 S.Ct. 17 (1965).

¹⁴ *Williams v. Zobel*, 619 P.2d 422, 426 (Alaska 1980), *rev'd on other grounds*, 457 U.S. 55, 102 S.Ct. 2309, 72 L.Ed.2d 672 (1982), citing *Memorial Hospital v. Maricopa County*, 415 U.S. 250, 94 S.Ct. 1076, 39 L.Ed.2d 306 (1974) and *Sosna v. Iowa*, 419 U.S. 393, 95 S.Ct. 553, 42 L.Ed.2d 532 (1975).

¹⁵ *Edwards*, 314 U.S. at 172 ("[I]t is settled beyond question that the transportation of persons is 'commerce,' within the meaning of that provision.").

¹⁶ *Id.* at 173.

¹⁷ *Id.*

¹⁸ *Id.* (No boundary "to the permissible area of State legislative activity . . . is more certain than the prohibition against attempts on the part of any single State to isolate itself from difficulties common to all of them by restraining the transportation of persons and property across its borders.").

take a two-tiered approach¹⁹ to such regulatory activity, asking first: does the regulation regulate evenhandedly with only incidental effects on interstate commerce? If so, the regulation is valid unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits. This kind of analysis might apply to a CBJ program that limited *all* tourists, even those from within Alaska.²⁰

If the regulation discriminates against interstate commerce, (meaning differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter) it is virtually *per se* invalid: The regulation will be struck down, unless it advances a legitimate local purpose that cannot be adequately served by reasonable nondiscriminatory alternatives. A “strictest scrutiny test” will be applied and the regulator’s burden of justification is so heavy that it cannot, as a practical matter, be sustained.

D. The Privileges and Immunities Clause

The privileges and immunities clause of the U.S. Constitution states that the citizens of each state are entitled to all privileges and immunities of citizens in the several states.²¹ The U.S. Supreme court has interpreted this to mean that less favorable treatment by a state towards non-residents violates the privileges and immunities clause if the activity in question is sufficiently basic to the livelihood of the nation as to fall within the purview of the clause²², and is not closely related to the advancement of a substantial state interest. The availability of less restrictive means is relevant in determining whether the discrimination bears a close relationship to the permissible purpose.

An ordinance may pass muster under the clause if the city shows something to indicate that non-residents constitute “a peculiar source of evil” at which the ordinance is aimed. It is unlikely that the mere presence of people, tourists or otherwise, constitutes an “evil” warranting their exclusion. It is arguable whether tourism impacts are sufficiently “peculiar” that they justify a ban or limit on tourists or their activities, although regulation of the impacts of those activities would be more defensible, since that would be the least restrictive method of addressing the legitimate interest in quality of life issues.

¹⁹ *Oregon Waste Systems, Inc. v. Oregon Dept. of Env'tl. Quality*, 511 U.S. ___, 128 L.Ed.2d 13, 21-22 114 S.Ct. ___ (1994); *Barber v. State of Hawaii*, 42 F.3d 1185, 1194-95 (9th Cir. 1994).

²⁰ I am not altogether confident of this analysis: a municipal effort to limit tourism from outside the city but within Alaska might still be the kind of parochial legislation that would be struck down by the Alaska Supreme Court, if not the federal courts.

²¹ U.S. Constitution, Art. IV, § 2 (“The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states”); *Toomer v. Witsell*, 334 U.S. 385, 395-96, 68 S.Ct. 1156, 1162, 92 L.Ed. 1460, *reh'g denied*, 335 U.S. 837, 69 S.Ct. 12, 93 L.Ed. 389 (1948) (“The primary purposes of this clause . . . was to help fuse into one Nation a collection of independent, sovereign States. It was designed to insure to a citizen of State A who ventures into State B the same privileges which the citizens of State B enjoy . . .”).

²² *Baldwin v. Montana Fish and Game Comm'n.*, 436 U.S. 371, 388, 98 S.Ct. 1852, 1862-63, 56 L.Ed.2d 354 (1978) (In holding that elk hunting by non-residents in Montana is not “fundamental” under the privileges and immunities clause, the Court stated that: “Equality in access to Montana elk is not basic to the maintenance or well-being of the Union. Appellants do not - and cannot - contend that they are deprived of a means of a livelihood by the system or of access to any part of the State to which they may seek to travel.”) (emphasis added); discussed in *Hawaii Boating Ass'n. v. Water Transp. Facilities*, 651 F.2d 661, 666-67 (9th Cir. 1981).

VI. Conclusion

James Madison, the principal architect of the Constitution wrote in *The Federalist Papers*, about the parochialism of the Continental Congress and how it justified approval of the new federal system:

What is the spirit that has in general characterized the proceedings of Congress? A perusal of their journals, as well as the candid acknowledgments of such as have had a seat in that assembly, will inform us, that the members have but too frequently displayed the character, rather of partisans of their respective States, than of impartial guardians of a common interest; that where on one occasion improper sacrifices have been made of local considerations, to the aggrandizement of the federal government, the great interests of the nation have suffered on a hundred, from an undue attention to the local prejudices, interests, and views of the particular States. I mean not by these reflections to insinuate, that the new federal government will not embrace a more enlarged plan of policy than the existing government may have pursued; much less, that its views will be as confined as those of the State legislatures; but only that it will partake sufficiently of the spirit of both, to be disinclined to invade the rights of the individual States, or the prerogatives of their governments. The motives on the part of the State governments, to augment their prerogatives by defalcations from the federal government, will be overruled by no reciprocal predispositions in the members.

James Madison, *The Federalist*, #46

The protection of interstate commerce and national citizenship, like the separation of powers and a republican form of government, is built into the bones of the Constitution. Judges, particularly federal judges, will look very closely at any effort by one state or locality to exclude or disfavor people from someplace else.

Tourists, by definition, are people from someplace else. The Assembly should proceed very carefully before imposing a cap on tourism. A better approach would be to limit the impacts of tourism.

JRC/szl

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APPRAISAL REPORT
MARKET VALUE AND ANNUAL MARKET RENT APPRAISAL
CITY & BOROUGH OF JUNEAU, REAL PROPERTY LEASE
AT THE UAS MARINE TECH CENTER
1425 HARBOR WAY, JUNEAU, ALASKA



View of subject from southeast corner across subject waterfront

Prepared For: Tina Thomas, Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska

Prepared By: Joshua Horan, Appraiser
Charles Horan, MAI
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

Effective Date: December 31, 2020

Report Date: February 16, 2021

Our File: 20-042 Lease Property

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN, MAI / WILLIAM G. FERGUSON,
JOSHUA C. HORAN, SLATER M. FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835
PHONE NUMBER: (907) 747-6666 FAX NUMBER (907) 747-7417
commercial@horanappraisals.com

February 16, 2021

Tina Thomas
Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska 99508

Sent via email: TMThomas9@alaska.edu

Re: Appraisal Report, Market Value and Annual Market Rent Appraisal, Real Property Lease at the UAS Marine Tech Center, City and Borough of Juneau, Alaska; Our file number 20-042.

Dear Ms. Thomas,

At your request we estimated the rental value for the real estate interest described in the May 6, 1988, lease to the City and Borough of Juneau (CBJ) a portion of the UAS Marine Tech Center. The lease allows for a 33-year extension based on “nominal rent depending on the benefit to the lessor’s academic program from the lessee’s use of the premises...” and it continues that this rent “shall not exceed the fair market rental rate of the premises at that time.”¹ The original rent for the lease was a lump sum paid in advance plus other considerations throughout the term including sublease income.

For our purposes we are making an extraordinary assumption that the “market rental rate” of the premises refers to typical market leases for this type of real estate which would be based on annual rent subject to periodic adjustment over the 33-year term. It is assumed that the lease rent would be totally net to the lessor with the lessee paying property operating expenses including if indemnifying the lessor similar to relevant terms contained in the existing lease.

The demised premises for the purpose of this appraisal are the land and the fixed marine improvements to the land. The estimated value and associated rent of these premises do not include personal property or property developed on the premises by sub lessees from the CBJ which as we understand could be removed.

¹ Lease Agreement for Fisheries and Marine-Related Development of a UAS Marine Tech Center, Juneau Alaska, final revision the 3/30/88, Section 3 page 5.

The rental situation envisioned here would be based on the estimated value of the real estate. We made a brief walkthrough inspection of the subject property and considered information provided by the University of Alaska, lessor, and the CBJ, lessee, about the character of the property and its condition. We are not engineers and cannot certify the condition of the property but assume it has an economic remaining life as estimated in this appraisal with normal maintenance. The effective date of our analysis is December 31, 2020. We've estimated the market value of these premises and estimated the annual market rent based on a market lease percentage rate of 8% those market values are as follows.

Market value	\$2,880,000
Annual market rent	\$230,400/year

Your attention is invited to the attached report which includes the assumptions and limiting conditions, definitions, scope of appraisal and the most pertinent information and analysis considered in arriving at the opinions of value.

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

Sincerely,



Joshua Horan
APGR 123317
Horan & Company LLC



Charles Horan, MAI
APGR 41

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CERTIFICATE OF APPRAISER

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- We have not performed any other services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, Charles Horan has completed the continuing education program for Designated Members of the Appraisal Institute.



Josh Horan
APRG 123317
Horan & Company, LLC



Charles Horan, MAI
APRG 41

December 31, 2020
Effective Date of Appraisal

February 16, 2021
Date of Report

1 INTRODUCTION

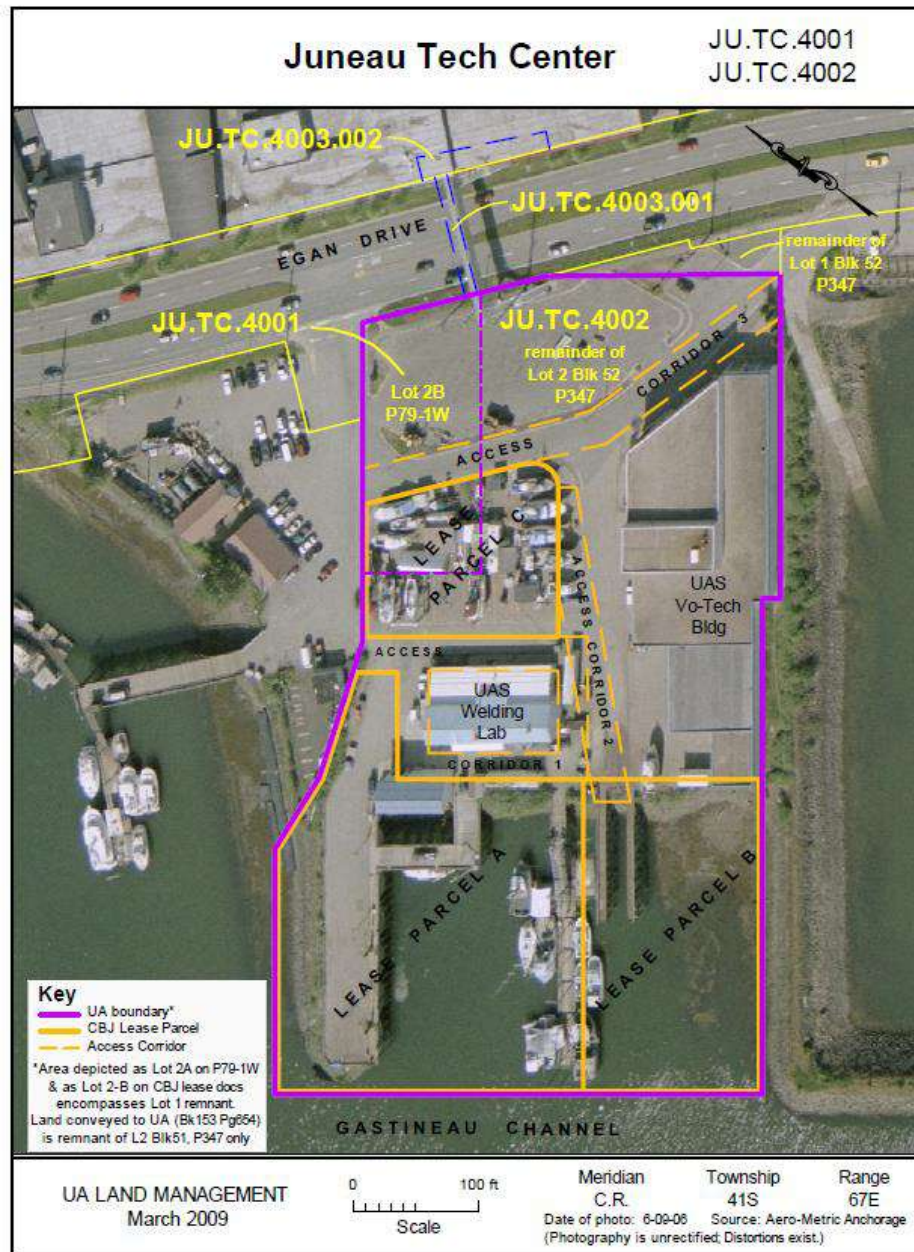


Figure 1.1 - Outline of a larger tract highlighting the subject lease parcels and shared access corridors.

1.1 PURPOSE, INTENDED USE & INTENDED USERS OF APPRAISAL

On March 30, 1988, the University of Alaska, as lessor, and the City and Borough of Juneau (CBJ), Lessee, entered into a Lease Agreement for Fisheries and Marine-Related Development of UAS Marine Tech Center at Juneau Alaska. This 33-year agreement is due to expire May 4, 2021. The lease allows for a 33-year extension based on “nominal rent depending on the benefit to the lessor’s academic program from the lessee’s use of the premises...” it continues that this rent “shall not exceed the fair market rental rate of the premises at that time.”² The original rent for the lease was a lump sum paid in advance plus other considerations throughout the term including sublease income. For our purposes we are making an extraordinary assumption that the “market rental rate” of the premises refers to typical market leases for this type of real estate which would be based on annual rent subject to periodic adjustment over the 33-year term. It is assumed that the lease rent would be totally net to the lessor with the lessee indemnifying the lessor similar to relevant terms contained in the existing lease. Our estimate of market rent does not include concessions the previous lease, included below, which in part would be a reason to negotiate in “nominal rent” something less than market rent;

Concession 1, Accommodations to promote the goals of the lessor that result in cost or inconvenience to the lessee. Included but not limited to the following other concessions.

Concession 2, 20 boat lifts per year for the term of lease.

Concession 3, share in sublet rents

Concession 4, access to the southeast side of the floating dock provided such dock is not used for permanent moorage.

Concession 5, free or nominal moorage for the UAS research vessel “Maybeso” or its replacement.

Concession 6, use of personal property or liability for its maintenance,

The University and CBJ are negotiating the possibility of extending the lease, selling the leased premises, or possibly selling the entire facility. In the process of estimating the annual market rent we are estimating the fee simple value of the leased property. The **intended use** of these appraisals is to assist in these negotiations.

The intended users of this appraisal are the University of Alaska decision makers and the prospective lessee or purchaser the City and Borough of Juneau as a party to these negotiations at their discretion.

This appraisal is not considered for any other intended use or intended users.

² Lease Agreement for Fisheries and Marine-Related Development of a UAS Marine Tech Center, Juneau, Alaska, final revision the 3/30/88, Section 3 page 5.

1.2 SYNOPSIS OF SUBJECT LEASE

The following summarizes some of the salient points of the May 4, 1988, lease that relate to the value of the real estate. A complete copy of the lease is included in the addendum of this report.

Title: Lease Agreement for Fisheries and Marine-Related Development of UAS Marine Tech Center, Juneau Alaska. The footer on the lease document itself further identifies the document as Revised Final 03/30/88.

Lessor: University of Alaska

Lessee: City and Borough of Juneau

Purpose: The University of Alaska wished to enhance the fisheries programs in the area and it lacked capital to develop the infrastructure at this site to accommodate their program goals. The CBJ through this agreement was promising to “enhance the leased premises by improving the dock facilities and breakfront areas” ...for the use of fisheries and marine-related development and support activities.

Leased Premises: Parcels A, B and C and various access corridors noted 1, 2 in 3. The lessor retains its parking, the welding shop and Voc TEC building and surrounding areas.

Term: 33 years commencing May 5, 1988, expiring May 4, 2021.

Renewal Options: One option to extend for another 33 years at an agreed upon rental rate that may be nominal if it benefits lessor as academic programs. The new rate shall not exceed the fair market rental rate for the premises at the time of renewal, the current time.

Rent: For the original term an advanced rent payment was to have been made by the lessee of \$500,000 to be used exclusively for capital improvements. Additional compensation included; a) free or nominal moorage for UAS research vessel “Maybeso” or its replacement and utility hookups. UAS would pay its own utility use fees, b) reasonable access to the premises for lessor’s programs, c) 20 boat lifts per year for the term of lease and, d) additional amounts expended by Lessor to benefit Lessee or to correct Lessees nonconformance with the agreement.

Additional Sublease Revenue Due Lessor: Lessee to pay lessor additional compensation for annual net income generated from subleasing and user fees. Net income is calculated by subtracting various operating expenses from gross income but not including capital improvements expenses. Lessor is to receive 30% of the net income collected by sublessees and 40% of net income collected by lessee.

Use of the Premises: Lessee’s use of the premises is for fisheries-related development. Lessor’s use of the property will continue for its employees and students for academic uses including access to the southeast side of the floating dock provided such dock is not used for permanent moorage.

Improvements by lessee, if major, shall be approved by lessor. Lessee is responsible for maintenance and repair of all improvements.

Operation and Maintenance: Operating, insurance and maintenance expenses basically are paid for by the lessee. All the conditions of the lease are to be passed on to sublessees. Lessor has optioned to carry additional insurance.

Access Parking and Storage Spaces: The lease details the various access corridors and adjacent storage and parking areas and underscores the agreement that the lessee will not interfere with lessor's property use, parking or storage areas.

Ownership and Removal of Improvements and Fixtures: The lessee may remove its fixtures and equipment at the end of the lease. The travel lift provided by lessor will continue in lessor's ownership. Lessee may not remove access roads, dock improvements, breakfront improvements, fencing, any utility system development on site or buildings without lessor's prior written approval. At lessor's election it may require removal of improvements in which case lessee must bear the expense of removal and repair surrounding premises.

Lease Terms Appraised in this Report: The expiring lease indicates the optional renewal rent will be "nominal rent depending on the benefit to the lessor's academic program from the lessee's use of the premises..." it continues that this rent "shall not exceed the fair market rental rate of the premises at that time."³ This appraisal estimates the market rent part of that equation.

For our purposes we are making an extraordinary assumption that the "market rental rate" of the premises refers to typical market leases for this type of real estate which would be based on annual rent subject to periodic adjustment over the 33-year term. It is assumed that the lease rent would be totally net to the lessor with the lessee indemnifying the lessor similar to relevant terms contained in the existing lease.

The demised premises for the purpose of this appraisal are the land and the fixed marine improvements to the land. The estimated value and associated rent of these premises do not include personal property or property developed on the premises by sub lessees from the CBJ which as we understand could be removed.

³ Lease Agreement for Fisheries and Marine-Related Development of a UAS Marine Tech Center, Juneau, Alaska, final revision the 3/30/88, Section 3 page 5.

1.3 SCOPE OF WORK

The identification of the property is based on drawings furnished by the client, recorded plats and other recorded records available to the public, such as the CBJ assessor's files. We have reviewed the lease which gives guidance to the ownership interest appraised in the demised premise for the estimated market value and corresponding market rent. The demised premises for the purpose of this appraisal are the land and the fixed marine improvements to the land. No personal property or equipment is included in the appraisal.

Please note the common name of the property is variously identified in this appraisal and accompanying exhibits as the UAS Marine Tech Center, UAS Vocational Technical Education Center (Voc TEC), UAS TEC, and Juneau Tech Center.

It is assumed the property is owned in fee, with no significant title or other encumbrances that would affect its Highest and Best Use other than as described in this appraisal. The appraiser was not furnished with a title report.

The land is composed of fill upland on the waterfront, sloping land from the top of the toe of that filled lands, tidal lands and submerged land. The ratio of these land classifications are roughly estimated by the appraiser and are assumed to be correct for these purposes. No engineering was provided to verify this. It is assumed the fill is competent for the Highest and Best Use as the site has been developed for many years.

We relied on information provided by the client and the borough assessor's records to determine the size and character of the improvements. We made a brief walkthrough inspection of the subject property. No condition surveys were made available of the marine improvements. We interviewed representatives of the lessee and lessor to determine their condition as best we could, lacking engineered condition reports. We made estimates of remaining economic life with normal maintenance based on interviews with CBJ engineering personnel and the property owners' representative Sam Kito III.

The subject marine improvements are somewhat unique. There are no comparable marina improved properties that have sold. The market data or direct sales comparison approach with regard to the marine improvements is not applicable.

The land value however is developed by the sales comparison approach. The marina improvements are valued based on their depreciated replacement cost.

The income approach was considered based on the existing rents and dock space income at about \$4.00/SF per month per lineal foot. Based on substitution through construction and a return on the value of the land and improvements, the existing rents do not demonstrate the property as currently used as feasible. Due to the relatively low rents in this subsidized rental market with the CBJ providing inexpensive moorage, the

income approach is not applicable. Therefore, the property is valued based on the sales comparison approach for the land and depreciated cost approach for the improvements.

Market transactions for this type of land include comparable sales and annual land lease rental agreements which can be capitalized into an indication of value. Prices paid for competitive properties will be considered on a price per square foot basis.

The subject as a marina property is essentially an owner user property. The market rent for the subject is based on the value of the property to an owner for its personal or institutional use at a lease percentage rate. Typically, a percentage of the value will be negotiated to express a net commercial for this type of property. We will discuss the range of rental percentage rates⁴ and how they would be applicable in the subject instance. The annual market rent then will be based on a percentage of the market value of the property.

A thorough search of the market has been made for comparable transactions including interviews with realtors, consultations with the southeast and statewide Multiple Listing Services, a review of the assessor's files on sales transactions, lenders, government agencies and others who regularly participate in the real estate market. To the extent possible, we have interviewed buyers, sellers or other knowledgeable parties to the transactions as more fully described in our market data sheets contained in the addenda and retained in the appraiser's files.

1.4 INSPECTION & EFFECTIVE DATE

The property was inspected and photographed by Joshua Horan, appraiser, and Charles Horan, MAI, on November 17, 2020, with Sam Kito III, a representative of the property owner. Mr. Kito was interviewed in late December, 2020, and confirmed the property had not substantially change. Market research continued through December of 2020. The effective date of the appraisal is December 31, 2020.

1.5 RECENT OWNERSHIP & PROPERTY HISTORY

The property was acquired in the late 1970s by the University of Alaska.

There have been no major transactions for it since then. The 33-year lease entered into May 6, 1988, was motivated by economic stimulus on this behalf of the CBJ and program development on behalf of the University and is not considered an economic indicator. The CBJ had been subleasing small portions of the property which gave access to docks, parking another offsite amenities and are not applicable as value indicators for the subject primary leased property.

⁴ Rental percentage rate used in this instance is the percent of the market value that is used to calculate a net market rent.

1.6 ASSUMPTIONS & LIMITING CONDITIONS

By virtue of the condition of assignment, the appraisal is subject to certain hypothetical conditions and extraordinary assumptions listed below in addition to the more generalized assumptions and limiting conditions. The value opinions may be impacted if the conditions are different than described herein or the assumptions are not found to be true.

Hypothetical Condition (HC)

HC-1: For the purpose of estimating the value of the premises, it is assumed that they are subdivided and that the access corridors are shared with the remaining ownership as envisioned in lease.

Extraordinary Assumptions (EA)

EA-1: Is assumed that the market rent of the premises refers to typical market leases for this type of real estate which would be based on annual rent subject to periodic adjustment over the 33-year term. It is assumed that the lease rent would be totally net to the lessor with the lessee indemnifying the lessor similar to relevant terms contained in the existing lease.

EA-2: It is an assumption of this appraisal that the condition of the marine improvements would support the economic life anticipated in the appraisal analysis with normal maintenance.

EA -3: It's assumed the allocation of the filled lands at grade, sloping/tidelands and submerged lands are approximately as estimated in the site description of this appraisal.

EA 4: The market value estimate is made assuming that any remaining sublease improvements do not add to nor detract from the value of the property.

This appraisal report and valuation contained herein are also expressly subject to the following assumptions and/or conditions:

1. It is assumed the data, maps and descriptive data furnished by the client or its representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuations are based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise

noted, and the property is appraised as though free and clear, having responsible ownership and competent management. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.

4. The property described herein has been examined exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the Highest and Best Use of the subject property and make meaningful comparisons in the valuation of the property. The appraisers' observations and reporting of the subject land or improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes that the subject is structurally sound and all components are in working condition.
5. This appraisal report may note any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because We are not experts in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. We obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that we believe to be true and correct. It is assumed that no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.
6. The client is the party or parties who engage an appraiser in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained

before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.

7. The appraisal report may not be properly understood without access to the entire report. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
8. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
9. One (or more) of the signatories of this appraisal report is a member or associate member of the Appraisal Institute. The bylaws and regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of signatories of this appraisal report.
10. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.7 DEFINITIONS

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 123

The estimated market exposure time is 18 to 24 months.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Pages 121 & 122

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 93

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Page 84

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

Demand for real estate is generally driven by population, and population is sustained by employment. The Juneau economy is primarily driven by the government. 38% of all jobs and 45% of all wages in Juneau are related to municipal, state, federal, or tribal government.

According to the Alaska Department of Labor and Workforce Development, estimates, included in the Juneau Economic Development Council's (JEDC's) 2020 report on the

2019 data, for the first time in eight years Juneau experienced a small net gain in the government sector. While state and federal government decreased, local and tribal government increased for a 0.2% net increase in government employment. Juneau's state government sector is still the largest contributor, making up 24% of all wages. The three top contributors to Juneau's economy are government, travel and hospitality, combined making for nearly half (48%) of all earnings. Figure 2.2 below shows that in the past several years, the private sector has continued to grow while the government sector declined. Government employment is now about 60% of the private sector's rate (6,719 jobs compared to 11,232).

JEDC's 2020 annual report states that the Juneau 2020 unemployment rate through September, 2020, was 7.6%, up 3.2 percentage points from 2019. This is mainly the result of the COVID-19 pandemic. While it is a noted increase, the rate is still below the unemployment rate for the rest of the region, state and nation.

Juneau's per capita income through 2018 (the most current available data) indicates the relative well-being of the community. With inflation-adjusted dollars, Juneau's per capita income is 115% of the state average and 125% of the national average. See Figure 2.2.

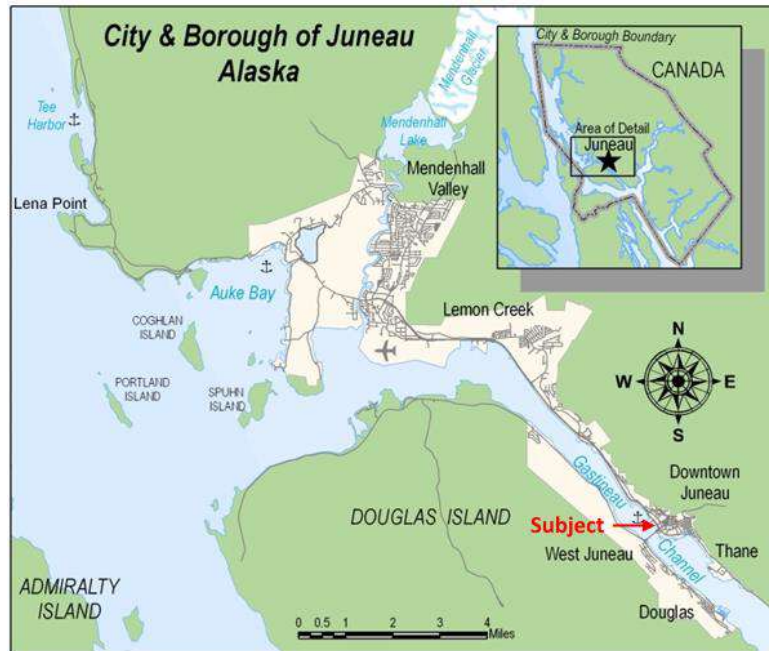


FIGURE 2.1 – Juneau Area



FIGURE 2.2 – Juneau’s per Capita Income Compares to State and National Data.

Source: JEDC’s 2020 Annual Report.

Juneau’s population has declined the past five years, dropping over 1,100 from 2015 to 2019, which indicated 31,986. The out-migration has continued to surpass the natural increase. Nevertheless, Juneau has the youngest median age of all Southeast communities (38.5 years.) See Figure 2.3 and Figure 2.4.

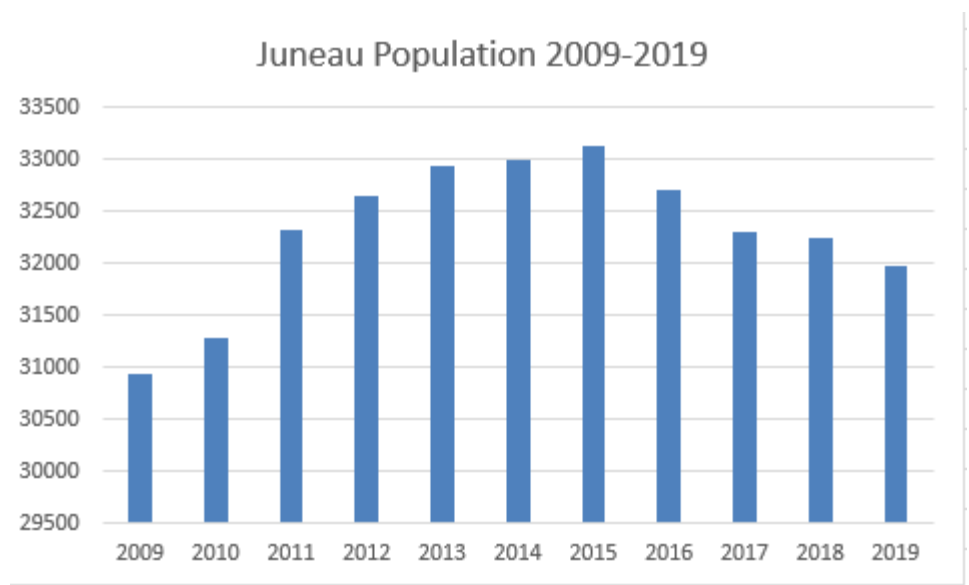


FIGURE 2.3 – Juneau, Alaska, Population Trends (2009-2019).

Source: JEDC’s 2020 Annual Report

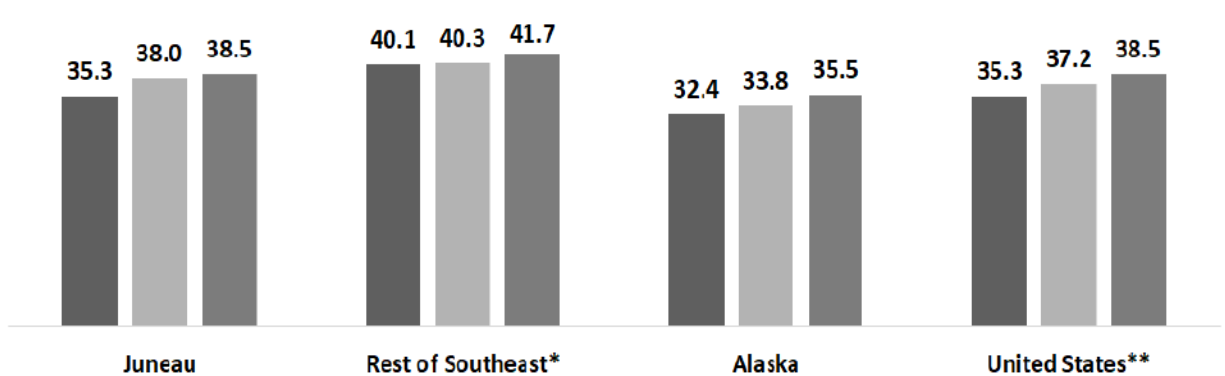


FIGURE 2.4 – Median Age, 2000, 2010, and 2019. Published in JEDC’s 2020 Annual Report

According to the Juneau and Southeast Alaska Economic Indicators and Outlook, August 2019, “The median transaction price of single-family home increased by 1.4% from 2016 to 2017, and prices increased again in 2018 by 1.2%. The rapid turnover for single family homes, less than 30 days, is an indication of a tight housing market in Juneau. In 2017 the average days on market for all homes was 26 days, and in the first half of 2018 this number fell to 22 days.”

Several low to moderate price residential condominium projects have come on line and have moderately increased prices. This is not necessarily a growth in demand for housing as a relief valve for renters, who are now finding it economical to get into homeownership, especially the subsidized first-time programs.

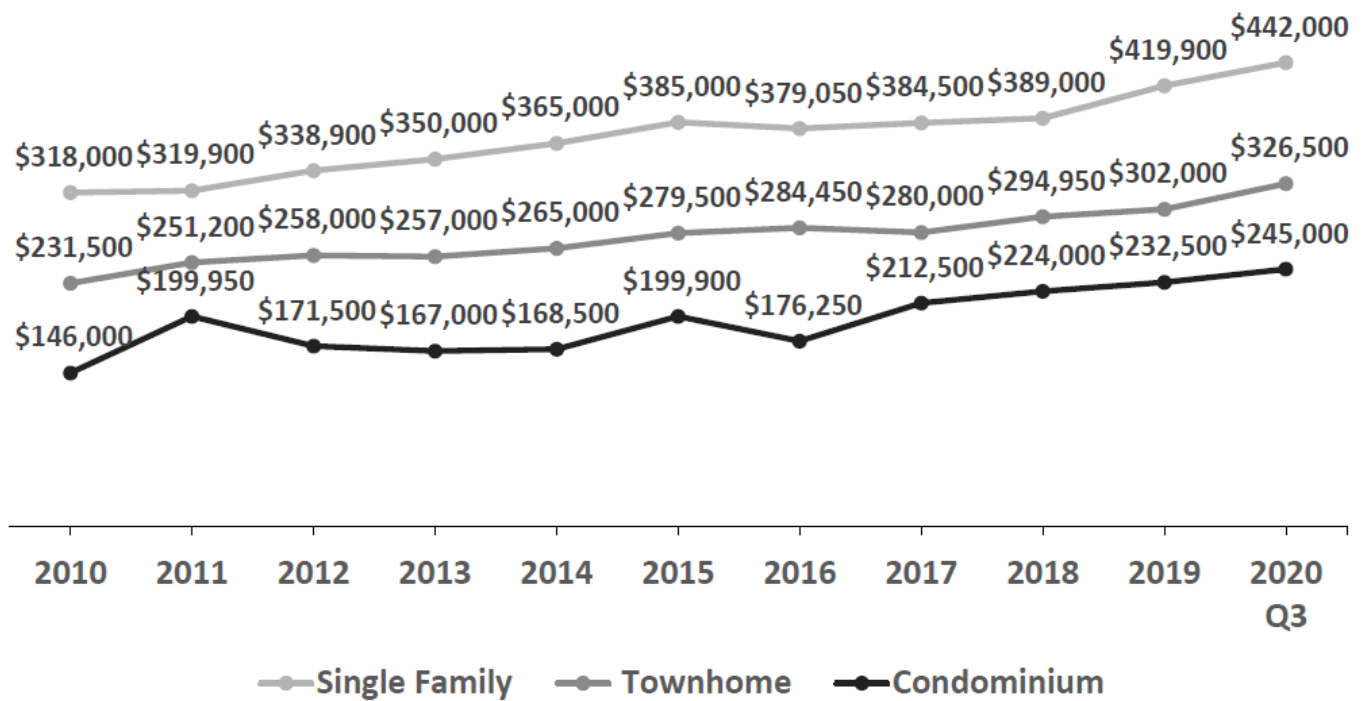


FIGURE 2.5 – Median Price of Single Family, Attached Homes and Condominiums from 2012-2020, Q3. Published in JEDC’s 2020 Annual Report.

2.2 NEIGHBORHOOD ANALYSIS

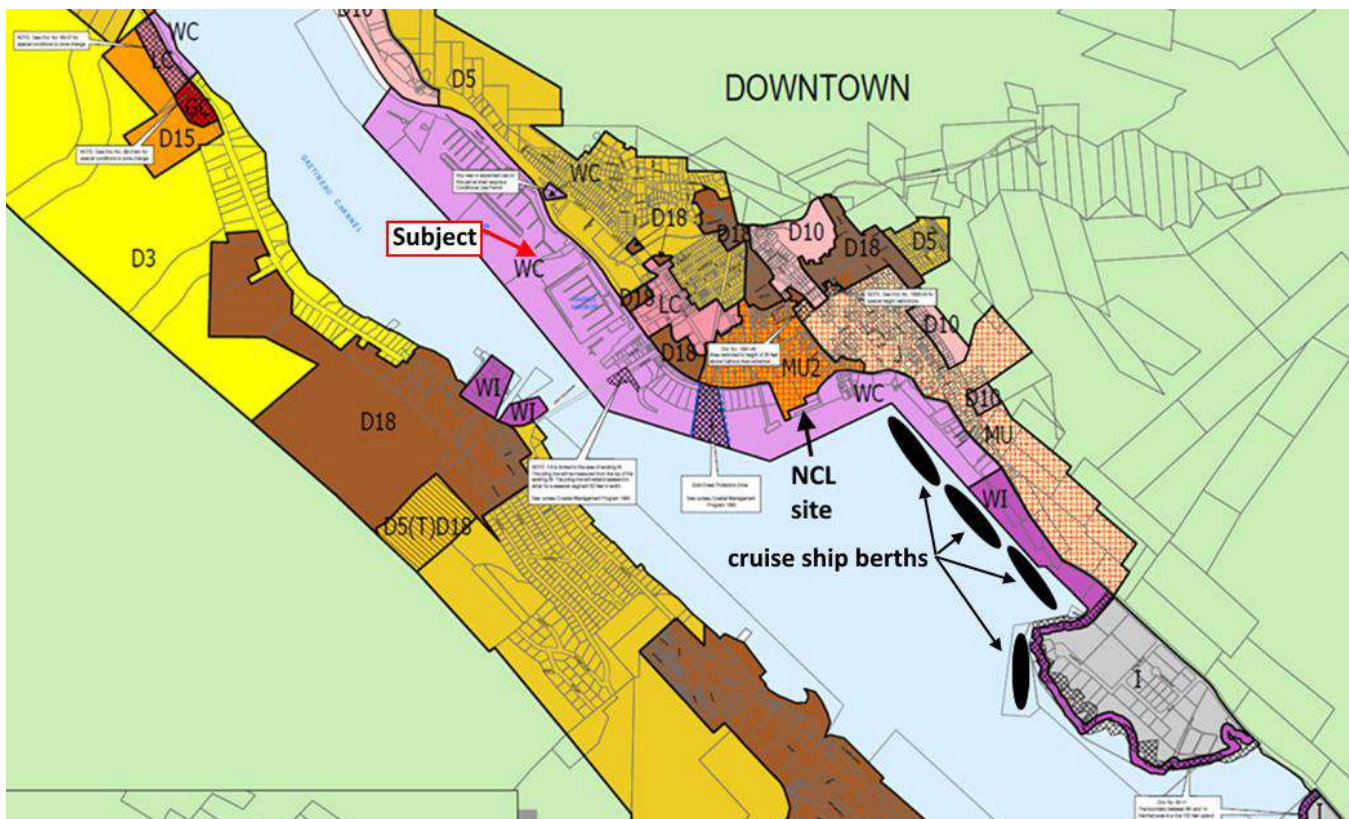


FIGURE 2.6 - Zoning Map. Source: CBJ Downtown Juneau & Douglas Zoning Map as of September 29, 2015 annotated by Horan & Company.

The subject is located adjacent to Harris Harbor and is an extension of the Juneau downtown commercial waterfront area. This broader neighborhood is defined along the northern edge of the Juneau Port as shown in Figure 2.6 below, predominantly zoned WC (waterfront commercial) with some mixed-use.

From the waterfront perspective the neighborhood connectivity is obvious. However, over time dominant areas have developed including the cruise ship harbor area in the southeast part which corresponds to the downtown retail commercial influence along South Franklin Street continuing on toward Merchants Wharf along Egan Drive. The AJ Dock marks the southern extent of the industrial neighborhood. In September of 2019 Norwegian Cruise Lines (NCL) put in a bid of \$20,000,000 to purchase nearly three acres of MU2 property to the east with the idea of developing a fifth cruise ship dock and extensive tourist-related waterfront facilities with a combined public, private and nonprofit participation. There is significant demand for cruise ship visitation to Alaska, due to the large capacity of cruise ships, the profitability of the Alaska market, and the perceived relative safety. This growth potential is thwarted by the lack of shoreside infrastructure. Please see Figure 2.7 which shows the growth in cruise ship passenger

visitation over the last nine years. There were no cruise ship visitations for 2020 due the COVID 19 pandemic.

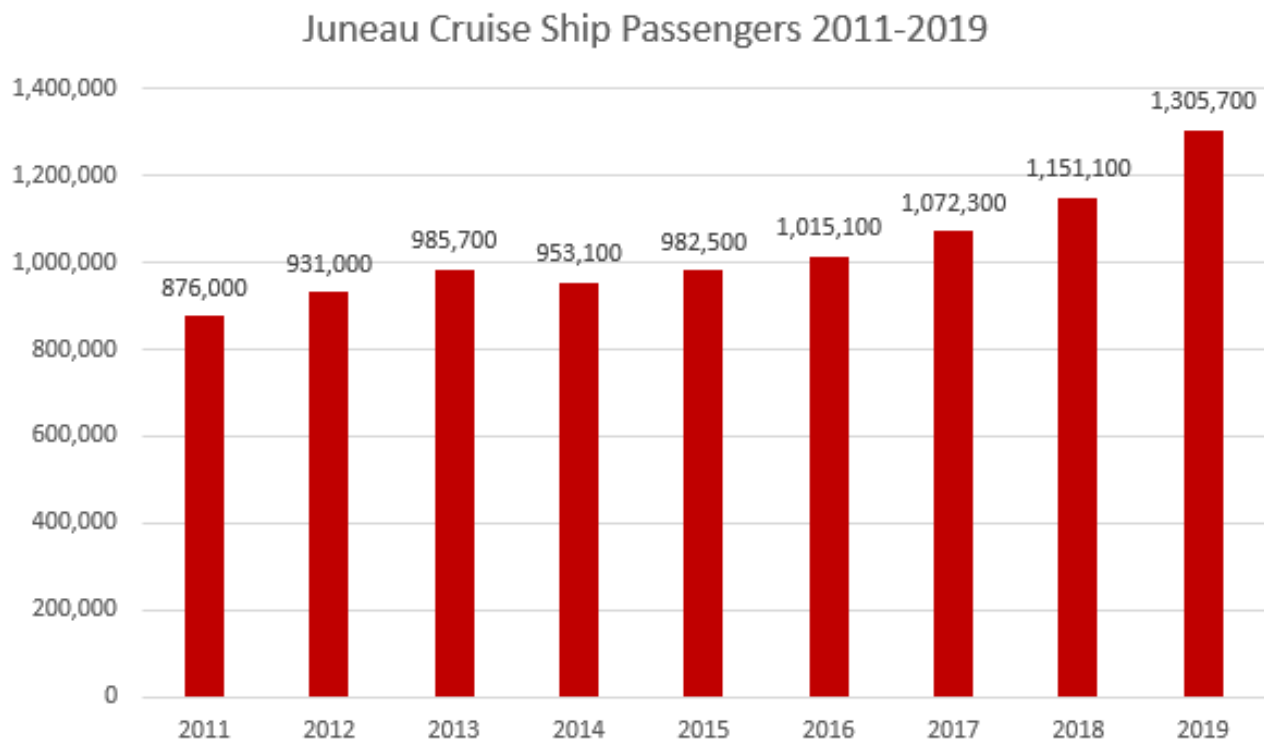


FIGURE 2.7 – Juneau Cruise Ship Passenger Counts. Source: JEDC’s 2020 Annual Report

This neighborhood is further interrupted by the lack of development along the Gold Creek tide flats. The seawalk does continue to connect these neighborhoods by pedestrian paralleling the road connection.

The Bridge to Norway Point

The subject defines itself around unique marine activities related to the Harris and Aurora Harbors, fish landing and boat repair between the Juneau Douglas Bridge and Norway Point. This area was subject to the Juneau Downtown Harbors Uplands Master Plan, Bridget Park to Norway Point (referred to below as “the study”) dated March 30, 2017, commissioned by the CBJ Docks and Harbors Department.



Figure 2.8 - Land use and strategic planning downtown harbors, showing potential fill opportunities (orange dashed lines) from page 41 of 66 of the study.

In addition to increasing local use, the cruise ship passenger traffic has directly or indirectly placed increased demand on the waterfront commercial lands. These are typically used for docks, marinas, floatplane facilities, shops, retail, restaurants, offices and other administrative facilities. Parking is in high demand, especially in areas supporting restaurant, office and marine uses.

The study shows harbors in the immediate area have a 753-vessel capacity (Aurora Harbor with 465 and Harris Harbor with 288), generate over \$1,000,000 in moorage revenue and have 160 harbor residents. The area provides 289 parking spaces but the city issued 800 annual parking stickers in 2016 for harbor users plus 620 temporary permits ranging from 1 day to three months. The harbor services 100 commercial fishing boats, about 1/3 of Juneau's fishing fleet with support from the subject property for fish landings and boat haul out and repair. The travel lift on the property hauls between 150 and 200 vessels per year. There are approximately 360 students enrolled at the UAS Technical Education Center which provides education for mining, construction technology, power technologies (diesel/auto/marine) and welding. Businesses on the subject site and in the immediate area employ about 90 workers.

The master plan took stock of the limited access off Egan Drive and the harbors which lack adequate parking for these harbors and other uses. There are marine-oriented facilities, such as the Juneau Yacht Club at Norway Point. The subject, referred to as Fishermen's Terminal, has boat haul out and repair and serves as an exit point for landed fish. This study aims at developing the fish processing, recreation and boat marina opportunities in this area. Close proximity to downtown Juneau also makes it attractive for some limited retail support uses. The overall plan would include creating

easier access off Egan Drive and better connectivity to the rest of the waterfront under the Juneau Douglas Bridge.

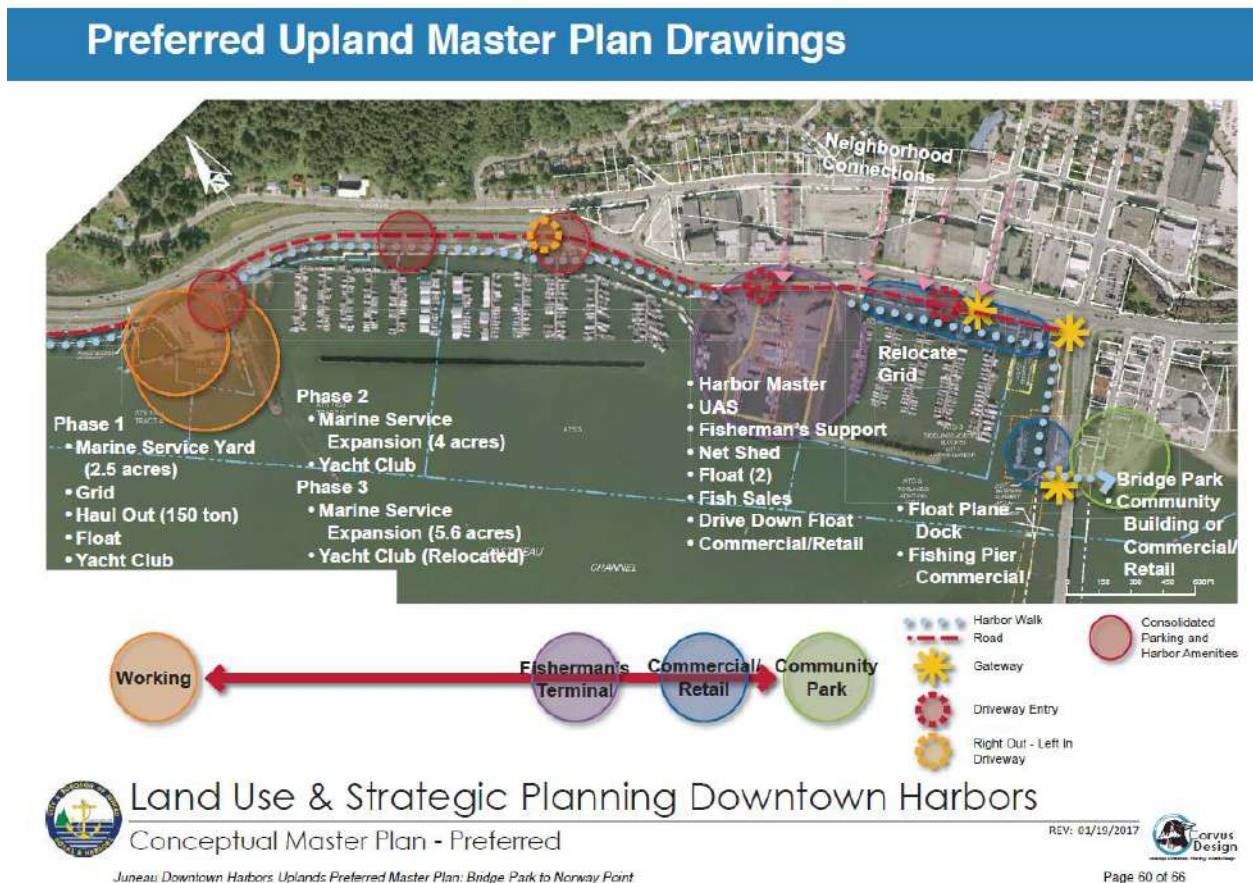


FIGURE 2.9 - Preferred opportunity from the Juneau Downtown Harbor Uplands Preferred Master Plan: Bridge Park to Norway Point.

The preferred alternative favors the continuation of educational programs, harbor master and administrative uses, retail sales including fish, net shed and other fishermen support. Some of the heavier marine services such as a grid and haul out would be shifted to the northwest at Norway Point. Please see Figure 2.10 which follows. We have roughly approximated the existing larger parcel property boundaries on it.



Figure 2.10 - From page 64 (of 66) of the study showing possible future uses on the subject.

The subject property would be a flagship property as this area emerges as a more viable waterfront commercial mixed-use neighborhood. It represents one of the few large land areas in this waterfront along Gastineau Channel inside (west of) the bridge. The availability of the Voc TEC makes it attractive for the high school programs across the highway which have been linked by a pedestrian overpass. It is conveniently located off Egan Expressway but has access issues that need to be resolved. It has parking which is at a premium in this area. Its close proximity to downtown Juneau and related demanded generators makes it very attractive.

3 SITE DESCRIPTION

3.1 LARGER PARCEL

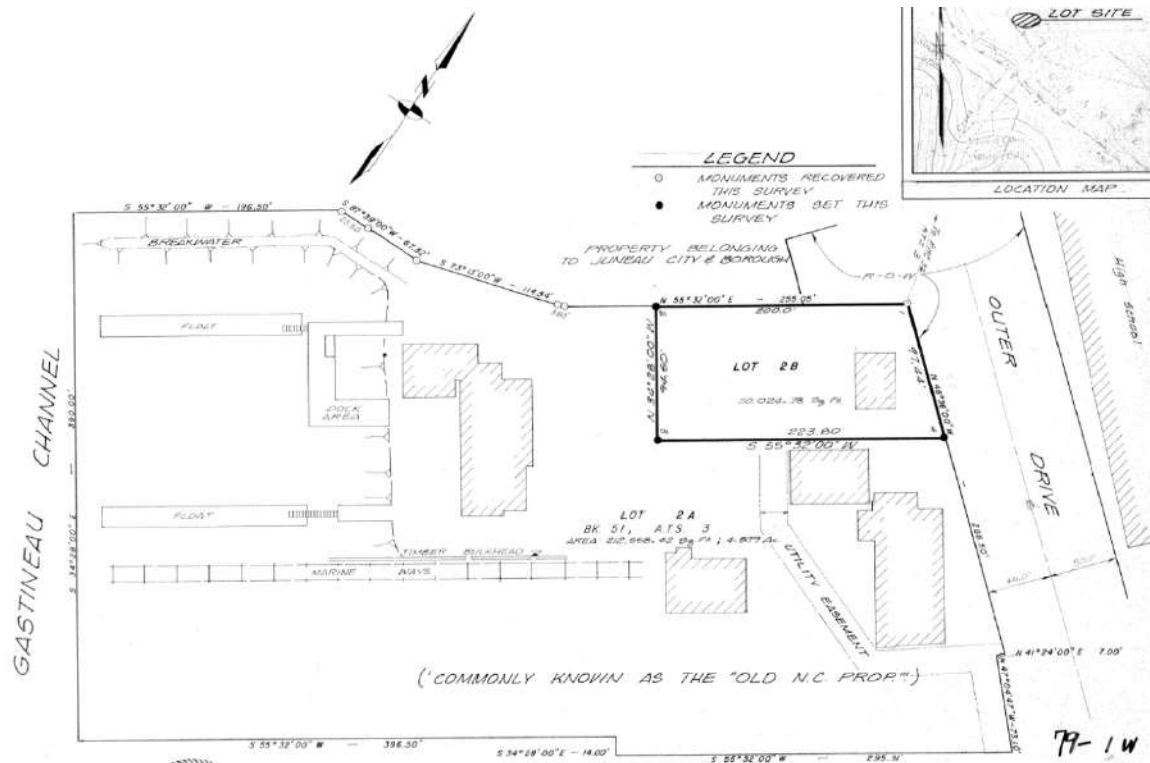


FIGURE 3.1 - Excerpt of Plat 79-1W showing the larger parcel

Size, Shape, and Adjacent Uses

The three subject lease parcels are imposed on two lots which form a larger parcel due to unity of ownership by UAS. The larger parcel is analyzed in order to determine a value per square foot for the various land types of which the lease area is comprised. It is shown above in Figure 3.1, which is an excerpt of Plat 79-1W showing lots 2A and 2B which have a total size of **232,583 SF** or **5.34 AC**. According to the plat, it is an irregular shaped parcel with 390 feet of waterfrontage on Gastineau Channel which narrows to 348.6 feet on Egan Drive to the northeast. Its southeastern property line stretches 706.41 along its border with Harris Harbor. The southwestern boundary has 637.04 feet along the boundary with Aurora Harbor.

Soils and Topography

The site consists of level filled uplands off of Egan Drive which extend southwest toward the water approximately 2/3 of the distance to the property line. The remaining third of the site is comprised of a mix of sloping tidelands and submerged lands along the waterfront, punctuated by the site's marine improvements. The breakout of these areas is summarized Table 3.4 and is based on an average of the client's and appraisers' estimates. Figure 3.4 which follows is an aerial of the lease areas imposed on the larger

parcel which also shows the character and location of the sloping and submerged tidelands.

TABLE 3.1 – Site Area Breakdown	
Lot 2A	212,558.42 SF
Lot 2B	20,024.78 SF
Total site	232,583.20 SF
Uplands	147,283.20 SF
Tidal lands	49,600.00 SF
Submerged lands	35,700.00 SF



FIGURE 3.2 – Aerial of the larger parcel outlined in red with dashes showing the subject's lease areas and access corridors as outlined. This photo also shows the character of and location of the tidelands and submerged lands.

Access and Utilities

Road access is developed from Egan Drive, a paved, undivided, four-lane highway with concrete curbs, gutters, and storm drainage. This is a heavily trafficked road, and access points are limited. The site also has access via Harbor Way, a two-way road through the Harris Harbor Parking Lot, which also accessed Egan Drive. The site also has water access through tidelands to the waters of Gastineau Channel to the south.

All utilities available in the City and Borough of Juneau are available to the site, including water, sewer, telephone, cable television, electric power, etc.

Zoning

The subject lot is zoned WC for Waterfront Commercial. The WC, Waterfront Commercial District, is intended to provide both land and water space for uses which are directly related to or dependent upon a marine environment. Such activities include private boating, commercial freight and passenger traffic, commercial fishing, floatplane operations, and retail services directly linked to a maritime clientele. Other uses may be permitted if water-dependent or water-oriented. Typically the area lots are developed with commercial, retail, storage, shops, apartments, office or other administrative and support facilities. The subject is on the harbor making it convenient for marine oriented businesses that require direct water access.

Easements and Other Restrictions

There is a utility easement of unspecified width crossing Lot 2A to the benefit of 2B, in the approximate location of access corridor 3 in the lease. This easement is noted on the plat, however, there are no plat notes or specifications. This easement does not appear to adversely affect the highest and best use of the larger parcel. No other restrictions are noted on the plat.

Environmental Hazards

There are no obvious environmental hazards, however, I am not an environmental inspector or engineer.

Upland Site Improvements

The site is improved with extensive asphalt paving with the boatyard area surface in gavel. The Voc Tech Center has some nominal landscaping and plantings.

Assessed Valuation and Taxes

This parcel is owned by the State of Alaska and is tax exempt. The larger parcel, therefore, has no assessed valuation or property taxes.

[illegible]

Parcel A is an irregular shaped parcel occupying the northern portion of the larger parcel's waterfrontage. It encompasses the crane dock/harbor jetty, the dredged basin between the jetty and the main float, and the main float itself. Most of this parcel's **65,443 SF** area is either submerged tidelands and the marine improvements, including the filled jetty. It has 246.94 feet of waterfrontage on the Gastineau Channel with a 251.85 feet depth from the waterfrontage back to the shore. The basin's shoreline and the northern shore of the jetty is sloping rock rip rap.

20-042 / UAS Marine Tech Center, Juneau, Alaska

undredged, gradually sloping beach which are less usable. Please see Figure 3.1. The portions along the shore and the breakwater of Harris Harbor are sloping rip rap.

Parcel C is an irregular shaped tract located near the middle of the larger parcel comprised of leveled filled uplands. It is 179.35 feet wide along its western boundary and over 119 feet wide on its southern boundary, which narrows to 105.51 feet on its northern boundary. It is bounded by access corridors to the east, south and west and Aurora Harbor to the north. This **19,426 SF** site is used as a boat yard.

Access Corridors 1, 2 and 3 are specified in the lease and their locations and areas are shown in Figure 3.1. They are nonexclusive easements which essentially allow the lessee access from Harbor Way to the south and Aurora Harbor to the north. They essentially are drawn to allow the lessee's access to the tidelands while cutting out the area occupied by the lessor's welding shop.

The area breakout for these lease spaces is as follows:

TABLE 3.2 - Summary Allocation of Subject Lease Areas				
Lease Tracts	Total Area	Uplands	Tidal	Submerged Basin
Parcel A	65,443	Marina & break water		
Parcel B	<u>36,030</u>	Haul out & sloping tidelands		
Subtotal	101,473	16,173	49,600	35,700
Parcel C	19,426	19,426		
Total net lease areas	120,898	35,598	49,600	35,700
Percent allocation	100%	29%	41%	30%
Access corridor 1	11,404.90			
Access corridor 2	6,535.80			
Access corridor 3	<u>10,455.80</u>			
Total access corridors	28,396.50			

3.3 DESCRIPTION OF MARINE IMPROVEMENTS

The description of the marine improvements is based on information from the CBJ's assessor's office and Port Engineer Erich Schaal, who also gave guidance on the facilities' condition in terms of estimated remaining economic life. Additional information was provided by the University of Alaska facilities personnel and an interview with the sublessees.

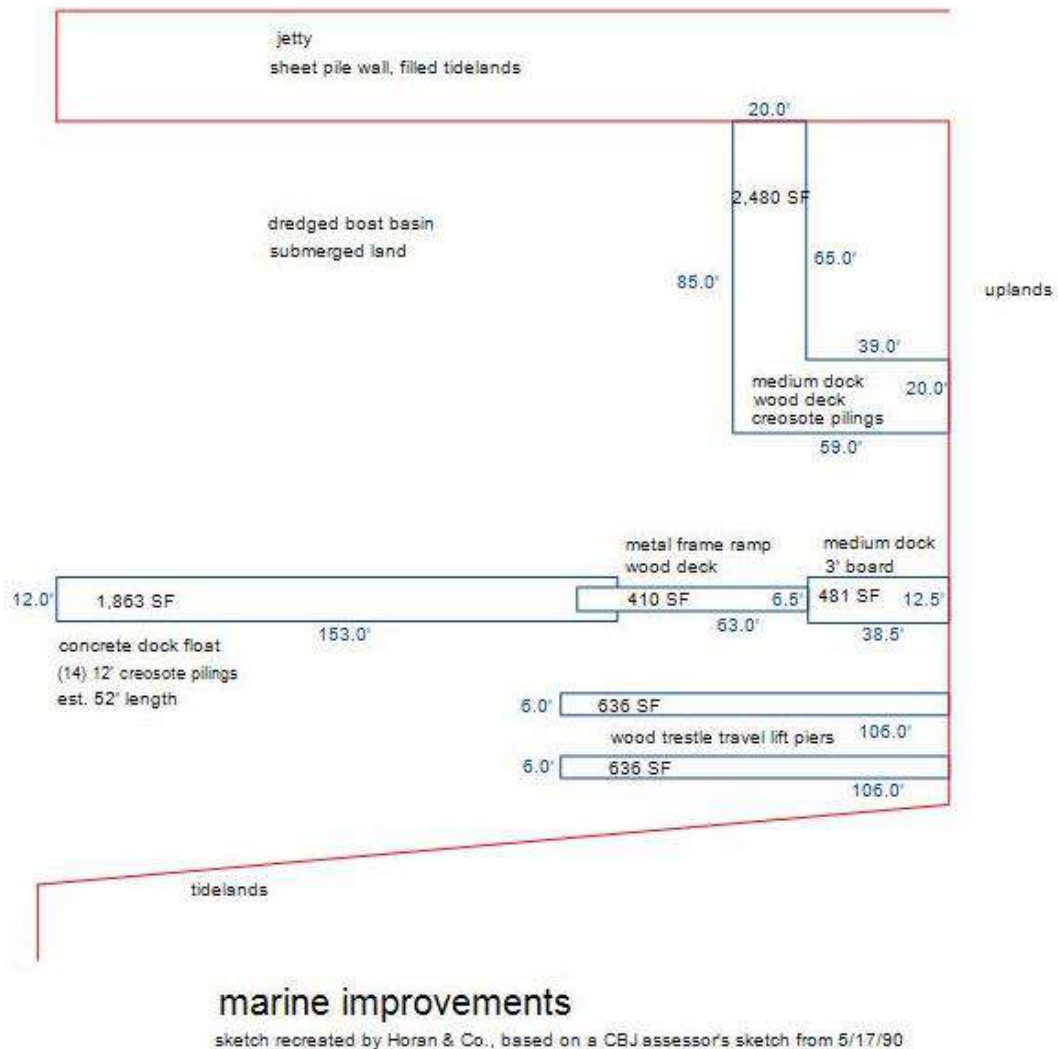


FIGURE 3.4 - Sketch showing layout and approximate size of marine improvements. It is not a survey

Travel Lift Pier

The travel lift pier is a medium duty wood-trestle structure built at some point in the late seventies or early 1980s. It has been maintained by the lessor for major capital improvements such as piling replacement etc. The sub tenant has been doing minor repairs such as railing and bull rail replacements. It is a 40-to-50-year structure with about 10 years of remaining economic life. It is comprised of two, 6 foot wide by 106-foot-long piers designed to support a travel lift which can pull and place medium draft vessels to and from the water.



Main Float

This is a 12-foot wide by 153-foot-long concrete float with Styrofoam flotation secured by fourteen 12-foot creosote pilings. It is connected to a 63 foot long, 6.5 foot wide painted, steel ramp. The ramp in turn is connected shoreside to a 12 1/2 foot by 38.5-foot pier with medium duty wood pilings and 3-foot-wide board decking. The ramp and float are nearing 41 years of age with a design life of about 50 years. They have an effective age of about 40 years or 10 years of remaining serviceable life. The concrete is chipping on the floats and may need repair. The shoreside pier is in better condition since it was rebuilt in 2013 after a vessel collision. Its effective age is estimated at seven years similar to its actual age.



Photo showing White Crain Dock photo left with main float and pier photo center. Note ramp and float photo right.

White Crane Dock

This is a medium duty wood dock on treated piling. It is “L” shaped and about 2,480 SF. It is 20 feet wide and has about 85 feet of dock frontage running roughly north to south on the basin, forming the long leg of the “L” and 59 feet running roughly west to east back to shore. It is very old and probably needs to be rebuilt. Part of the dock was constructed in 1985 when the steel pile jetty was built. Its load rating has been downgraded and the crane capacity on it has been reduced due to structural issues. It probably has about five years remaining life.



Harbor Jetty

When the city took over the lease it reinforced/widened the harbor jetty with an open cell steel sheet pile system which involved excavating a portion of the existing breakwater and backfilling and paving to create a level, usable surface. On the southern side, facing the basin, the sheet pile wall is buttressed with timber piles to provide flush contact with the 12 x 2 bull rail at the top. This bull rail extends around the western tip of the jetty and back along the northern side facing Aurora Harbor. These two sides of the jetty have sloping rip rap. The city monitors the integrity of the metal sheet pile and regularly checks and replaces the sacrificial anodes. It would be expected have a 40 to 50-year service life. The actual and effective age are estimated at 32 years. The jetty is approximately 210 feet long by 48 feet wide with a total estimated area of 10,080 SF.

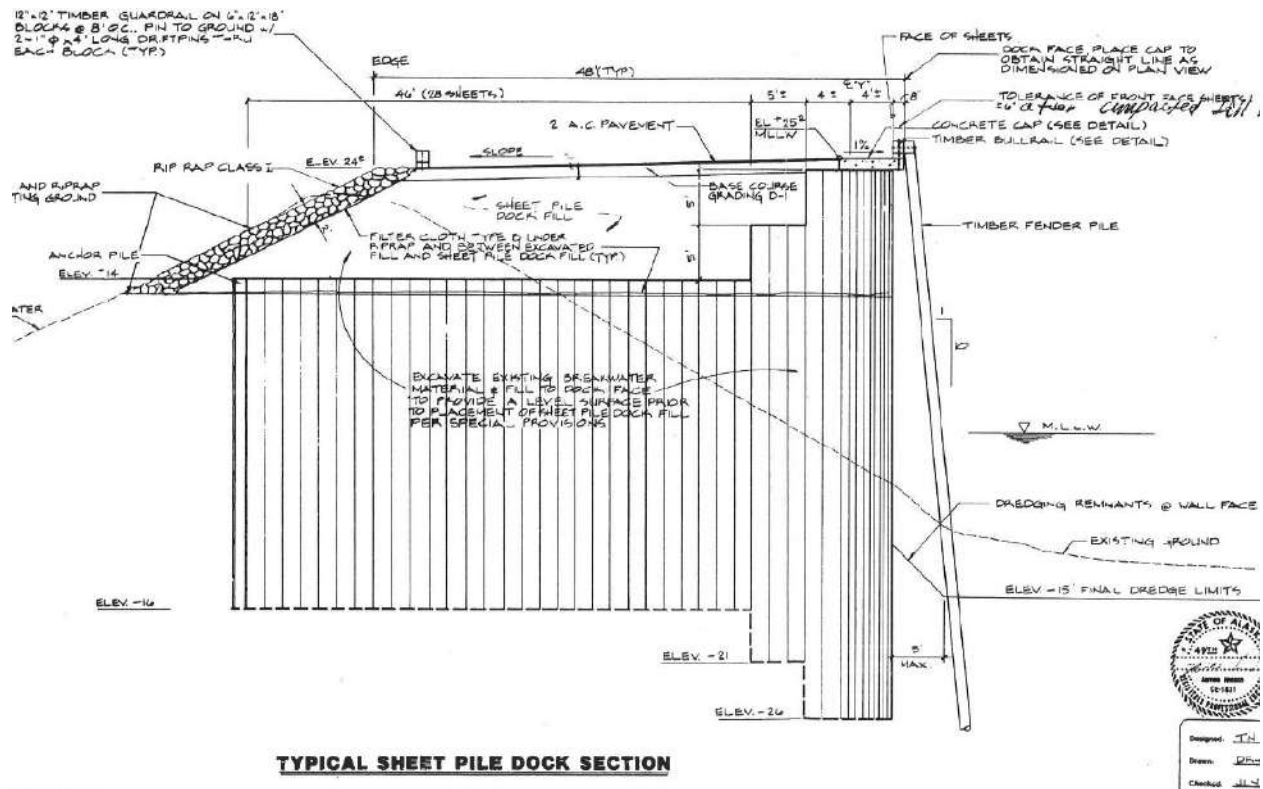


FIGURE 3.5 – Excerpt from 1988 fishermen’s terminal upgrade showing jetty expansion project depth of steel sheet piling and repose of slope on backside.

There are two Slattery knuckle boom cranes on the jetty and an Aurora boom crane on the White Crane Dock. These cranes in their wiring were replaced in 2008. They would typically have about a 15-to-20-year life. For purposes they have an eight-year life with an overall 18 year life expectancy.

4 VALUATION

4.1 HIGHEST & BEST USE

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, page 93

The subject property is well situated in the commercial center of downtown Juneau. It has good site prominence along Egan Drive and good access from Harbor Way. The level developable area would be available for a wide variety of feasible uses similar to what is found in the neighborhood including hotels, offices, and retail facilities. The site has a distinctive advantage of direct water access and is available to a variety of water dependent uses. Some of the feasible water-dependent uses include tourism related office and retail, and marina uses for tour boats, yachts and seaplanes. Based on successful neighborhood development, these are likely feasible uses. Also, parking is a premium in the wider neighborhood.

Historically the neighborhood has been developed with fisheries related uses including boat haul out, repair and fish landings. The larger site hosts a marina that complements the educational and fishery uses on the uplands. The Juneau Downtown Harbors Uplands Master Plan, Bridget Park to Norway Point, from 2017, considers the deficiencies of the neighborhood which include lack of parking and difficult access on and off Egan Drive. Likely feasible continuing uses will be education, fisheries related uses especially in conjunction with the marina and parking. The site is uniquely large to the neighborhood, one of the few with ample parking. Of the feasible uses, a continuation of the existing use and its availability for expanding of other nearby uses, especially those suggested in the master plan, would represent the Highest and Best Use.

The Highest and Best Use is for continuing waterfront commercial uses, taking advantage of its proximity to the harbors in downtown Juneau.

4.2 LAND VALUE OF THE LARGER PARCEL

Commercial land sales and rents in the immediate area were considered for estimating the value of the subject. There are a limited number of actual land transactions in the Juneau Harbor waterfront area. The following transactions were found to be most helpful in our analysis. Details of these comps are in the addenda.

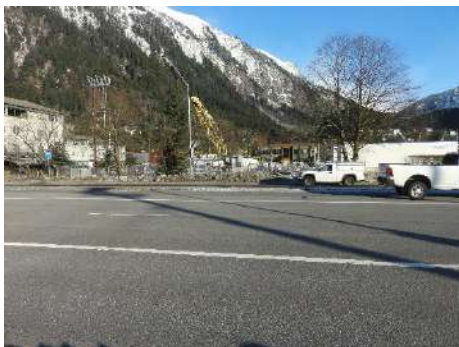


Comparable Sales Location Maps

TABLE 4.1 – Summary & Adjusted Land Value Indicators						
Comp # (Record #)	Address	Date	Sale Price or Cap Value	SF Size	Upland SF Value	Tideland Indicated SF Value
1 (#8069)	1108 F St	7/18	\$698,000	38,769	\$18.00	--
2 (#11525)	Mill St	4/19	\$597,938	27,179	\$22.00	--
3 (#10017)	~355 Egan	8/17	\$1,352,000	42,550	\$31.77	--
4 (#8018)	1050 Harbor	7/14	Total - \$170,000	4,617	\$52.60	\$21.04
			Upland - \$121,429	2,308.50		
			Tideland - \$48,571	2,308.50		
5 (#10071)	W 8 th St	10/12	\$400,000	27,784	--	\$14.40
6 (#11142)	2691 Channel Dr	4/17	Total - Confidential ⁵	--	\$12.68	\$2.54
			Uplands	53,629		
			Tidelands	42,333		
Subject		1/19	Total Size	122,149		
			Upland	91,612		
			Tideland	30,537		

In the following discussion we will talk about each of the comps as related to their contributory value for the uplands, tidelands and dredged/submerged lands.

Contributory Value of Uplands



Comp 1 is the buyers' land allocation of a parking lot which sold as part of an office/college classroom complex. The parking lot is across the street from the building. It is currently being used for parking and storage, while the building itself is being used for storage and being held for speculation and/or redevelopment. This site has good prominence on Egan Drive; however, it is inferior to the site prominence of the subject uplands which are also on Egan Drive and benefit from the waterfront influence. The allocated \$18/SF is **inferior** to what the subject uplands would warrant in the market.

⁵ The confidential price includes purchase of fee simple uplands and leasehold tidelands which were partially filled. The values reflected in the table are the adjusted fee simple indicated SF values of the allocated uplands and tidelands.



Comp 2 is a sale of vacant land in Juneau's AJ Rock Dump Area. The neighborhood is near Downtown Juneau and includes a cruise ship dock. The site was purchased to be developed as a tour bus maintenance and storage facility. Much like Comp 1, this comp is similar in its good location to the subject, but it lacks the waterfront location which the subject's uplands enjoy. The \$22/SF shown by this transaction is **inferior** to the value of the subject uplands.



Comp 3 is a sale of vacant land from the Mental Health Land Trust to a private developer who intends to build a mixed-use complex with retail oriented to the seawalk. While not having any waterfrontage, it has similar waterfront influence to the subject's uplands. This comp is rated **similar** to the subject's uplands, overall.



Comp 4 is the uplands allocation of a much smaller, commercially zoned sale near the Juneau-Douglas Bridge, which includes uplands and sloping tidelands. While similar in its waterfront location, it is far superior on a price per unit basis due to the economies of scale associated with its much smaller size. Its \$52.60/SF is far **superior** to the subject's uplands on a price per unit basis.

The uplands value indicators considered above are arrayed in the following table:

TABLE 4.2 - Summary Comparable Unit Value Ranking Uplands		
The comps indicated the upland value is:		Price/SF
Comp 1	More than	\$18.00/SF
Comp 2	More than	\$22.00/SF
Comp 3	Similar to	\$31.77/SF
Comp 4	Less than	\$52.60/SF

At the bottom of the range are Comps 1 and 2 at \$18/SF and \$22/SF, respectively. These sales lack the subject's waterfront influence and should be lower than what the subject's uplands would command in the market. At the top of the range at \$52.60/SF is the sale of a much smaller site by the Juneau Douglas Bridge which indicates much higher due to the economies of scale associated with its much smaller size. The subject should indicate lower than this, on a price per square foot basis. In the middle of the range at \$31.77/SF is the sale of an upland parcel with similar waterfront influences to the subject uplands. The subject uplands' value per square foot should indicate similar to this sale. Given the above analysis, the value per square foot of the subject uplands are placed as follows:

Per square foot value of subject uplands = \$31/SF.

Contributory Value of Dredged/Submerged Tidelands & Sloping Tidelands

The next land types to be examined are the subject's dredged tidelands, which allow for moorage, and the sloping tidelands which have more limited utility. The following comps were analyzed:



Most of **Comp 4's** tidelands are predominantly sloping although there is a sliver of submerged lands along Harris Harbor. They are allocated at \$21.04/SF, altogether. Like its use in the uplands analysis, the much smaller area of this site's tidelands (2,308 SF) yields a higher unit value per square foot simply due to economies of scale. The subject has over an acre of sloping tidelands and 35,700 SF of submerged lands. These combined areas are much larger than this comp

and should indicate much lower on a price per square foot basis. The \$21.04/SF shown by this comp is far **superior** to the subject's dredged and sloping tidelands on a price per unit basis.



Comp 5 is an older sale transaction which was purchased by CBJ for the seawalk construction project. Any inferior market conditions associated with this being an older sale are offset by superior conditions of sale. The CBJ stood to benefit cost wise on the overall seawalk project by acquiring this property, and appear to have paid over market value as a result. The 14.40/SF shown is a combination of sloping tidelands and submerged lands in a high velocity tidal zone. It should be **similar** to the subject's submerged lands on a price per unit basis.



Comp 6 is the sale of a barge landing on Channel Drive which is a combination of fee owned uplands, and leasehold sloping, partially submerged tidelands. The allocation of the sloping tidelands show a per unit value of \$2.54/SF. These lands are similar in character and overall size to the subject's sloping tidelands and should be **similar** on a value per square foot.

The tidelands value indicators considered above are arrayed in the following table:

Table 4.3 - Summary Comparable Unit Value Ranking Tide & Submerged Lands		
The comps indicated value is:		Tidelands
Comp 4	Superior to Dredged Submerged	\$21.05/SF
Comp 5	Similar to Dredged Submerged	\$14.40/SF
Comp 6	Sim to inferior to sloping	\$2.54/SF

While the amount of data available for dredged/submerged and sloping tidelands in Juneau's commercial waterfront market is admittedly limited, the sales above are reliable indicators of value. The much smaller size of Comp 4's tidelands indicate much higher on price per unit basis, indicating that the subject's submerged tidelands should be less than \$21.05/SF. Comp 5's indicated value of \$14.40/SF is far more similar in size to the subject's tidelands and should be similar to what the subject would warrant on a price per square foot. Comp 6's tidelands indicate \$2.54/SF and are comparable in size and quality to the subject's sloping tidelands. Given the above analysis, the value per square foot of the subject tidelands are placed as follows:

Per square foot value of subject dredged tidelands = \$15/SF.

Per square foot value of subject's sloped tidelands = \$3/SF.

Value of the Larger Parcel

In this section we determined the per square foot values of the three land types which comprise the subject's larger parcel. In the table below, these per unit values are applied to the square foot areas of each land type to determine a contributory value. The sum of these contributory values is the value of the larger parcel.

TABLE 4.4 -Summary Value of Larger Land Parcel			
Uplands	147,283 SF	\$31/SF	\$4,565,779
Sloping Tidelands	49,600 SF	\$3/SF	\$148,800
Submerged Lands	35,700 SF	\$15/SF	\$535,500
Total Site	232,583 SF	\$22.57/SF	\$5,250,079
Estimated Value of Larger Parcel Rounded			\$5,250,000

4.3 VALUE OF THE CBJ LEASE AREA

The CBJ lease is made up of the same land types as the larger parcel. To determine the value of these areas, we simply apply the appropriate per unit value to its respective area and calculate a value. The lease, however also benefits from three access corridors across the adjacent uplands, which are shared with the lessee. While these are effectively easements, and easements do occasionally sell, the data for commercial uplands easements in the Juneau market is very limited. In order to value these corridors, we simply apply a 50% rate to the uplands unit value. The following table then will allocate the access areas at \$15.50/SF (\$31.00/SF at 50%). This is reasonable since the other owners within the hypothetical subdivision would also have access in use of these easement areas. The result is then multiplied by the corridor areas to yield a value. The calculations for the subject lease area are calculated as follows:

TABLE 4.5 - Allocated Land Value of Lease Area			
Uplands	35,598	\$31/SF	\$1,103,538
Tidal Lands	49,600	\$3/SF	\$148,800
Submerged	35,700	\$15/SF	\$535,500
Subtotal Net Fee Land Area			\$1,787,838
Access Easement Areas	28,397	\$15.50	\$440,146
Total Land Value			\$2,227,984
Estimated Lease Area Land Value Rounded			\$2,230,000

4.4 COST APPROACH, MARINE IMPROVEMENTS

As indicated earlier it is beyond the scope of this appraisal to provide an engineering assessment of the condition of these improvements, deferred maintenance, estimated cost to remedy deficiencies and estimate remaining economic life. It is an extraordinary assumption of this appraisal that the condition is similar to what is reflected in our analysis. Our understanding of the condition of these improvements is based on a brief walkthrough of the facility, consultation with Erich Schaal, P.E., Port Engineer, and a review of various documents provided by Mr. Schaal, including the 1988 Juneau Fisheries Terminal Plans by Peratrovich, Nottingham & Drage, The 1991 Project Management Report, and the 2013 CBJ Fisheries Terminal Dock Replacement Plans and associated contractor bids. Based on these observations the appraisers have estimated the following effective ages and overall lives. The net good percentage of the various marine improvements is calculated based on a straight-line depreciation summarized in the following table:

TABLE 4.6 - Summary of Marine Improvements Effective Age and Net Good Condition				
Item	Est Effective Age	Overall Life	Depreciation	Net Good Condition
Sheet Pile Dock/Jetty Dock	32	45	71%	29%
White Crane Dock	40	45	89%	11%
Approach Dock 40x12	7	45	16%	84%
Main Float Steel Ramp	35	45	78%	22%
Main Float	35	45	78%	22%
Travel Lift Piers	35	45	78%	22%
Cranes and Electrical	12	18	67%	33%
Dock electrical	7	18	39%	61%

To estimate the contributory value of the marine improvements we estimated their replacement cost new (RCN) and depreciate them based on their remaining economic life as reflected in their respective net good percentages, estimated above. We analyze recent construction costs, and rely on interviews with marine construction engineers and updated historic rehabilitation and installation costs. We utilize Marshall Valuation cost estimating service which estimates replacement cost new, estimates physical life, national depreciation trends and indexes various historic costs. The following tables summarize our analysis of the RCN and calculate the contributory value of each improvement based on its net good condition.

The contributory costs of the jetty is comprised of the utility provided by the sheet pile wall the acts like a dock face but also holds back a significant area of land, nearly 10,000 square feet. Interviews with local knowledgeable contractors and engineers suggest a sheet plie walls could cost up to \$10,000 per lineal foot or about \$250,000 (250 feet

times \$10,000) in the subject instance. We've made an adjustment for depreciation of this amount based on the age in remaining life (32 years at a 45-year life). We adjusted the contributory value of the land behind the wall which left a net value of the contribution of the wall at \$410,000⁶ or about \$1640 per lineal foot.

The dock approach was damaged in 2013 and replaced. We can analyze those costs extracting the dock structure and a portion of the mobilization cost indicated a cost of the dock structure alone at about \$166/SF. Other dock costs in the private sector have ranged from \$125/SF to over \$180/SF. In the subject case the concrete floats are good quality and very expensive and can cost up to over \$300/SF. Other simpler floats with Styrofoam flotation can be as low as \$40.00/SF. We have considered that on average the floats and docks contribute replacement cost would typically be about \$150/SF. The main float's steel ramp replacement cost is estimated at \$60,000. The cranes and their associated wiring are estimated at \$25,000 each. An additional RCN the main dock electrical is estimated at \$35,000.

The contributory value of the marine improvements are summarized in the following table.

TABLE 4.7 - Summary of Estimated Contributory Value of the Improvements					
Item	Units	Unit Cost	RCN	Net Good	Net Value
Sheet Pile Dock/Jetty Dock	250	\$1,640	Net Value		\$410,000
White Crane Dock	2,480	\$150	\$372,000	11%	\$41,333
Approach Dock	481	\$150	\$72,150	84%	\$60,927
Main Float Steel Ramp 6. 5' x 63	1	\$60,000	\$60,000	22%	\$13,333
Main Float	1,863	\$150	\$279,450	22%	\$62,100
Travel Lift Piers	1072	\$150	\$160,800	22%	\$35,733
3 Cranes and Electrical	3	\$25,000	\$75,000	33%	\$25,000
Dock electrical	1	\$35,000	\$35,000	61%	\$21,389
Totals			\$1,054,400	61%	\$648,427
Estimated contributory value of improvements rounded					\$650,000

The total value of the real estate in its as is condition including the tidelands uplands and marine improvements can be summarized as follows

Indicated land value	\$2,230,000
Marine Improvements	<u>\$650,000</u>
Indicated Value by the Cost Approach	\$2,880,000

⁶ Cost of the sheep of wall \$2,500,000 within that remaining value 29% (45-year life 32-year age) = \$722,222. The land behind the walls, 10,080 SF and \$31.00/SF equals \$312,480 leaving a residual value to the structure of \$409,742 (\$722,222 - \$312,480), rounded \$410,000.

Other Approaches to Value

The Sales Comparison Approach was considered but not used since there are no sales of properties of similar characteristics.

The Income Approach was briefly considered based on potential income of the property as operated. There are three subleases on the site which have consistently generated \$36,435 per year for the last six years. These users also have some use of the dock space but mostly are charged in addition for it. We considered there could be a maximum of 600 feet of dock space. Using the long-term moorage rate of \$4.00 per foot per month this might generate another \$28,800 (600 lineal feet at \$48/ft/yr). Finally, the CBJ operates three cranes on the site which have had a highly variable income stream. Over the last six years it was as low as \$7,200 in 2015 and as high as over \$14,000 in 2019. Its costs of operating usually exceed the gross revenue. On average in the last six years, it has lost \$300. If the crane income is discounted as a zero net gain the subleases and potential moorage add up to about \$65,200 (\$28,800 plus about \$36,400). This would barely cover maintenance. But for sake of discussion even if 50% of this could be net attributable to capital real estate investment capitalized at a rate of 9%, the indicated real estate value would be about \$360,000⁷. This would obviously not be the Highest and Best Use of the property, as it can be purchased for owner occupied related uses for a larger amount as indicated by the land value and depreciated contributory cost of the improvements. It should be clarified that the appraiser has not done a complete marina development income analysis which would require feasibility work outside the scope of this assignment. This would require additional upland development. It does suffice to say that as the property is developed and there is no meaningful income approach that would reflect the Highest and Best Use value. Therefore, while the income approach was considered it was not used for the purpose of our analysis.

4.5 VALUE CONCLUSION

As indicated in the cost approach, the market value of the land and marine improvements being leased by the City and Borough of Juneau, as of the effective date, is **\$2,880,000**.

⁷ \$65,200 times 50% divided by 9% equals \$362,222.

4.6 RENTAL VALUE

Commercial property generally rents as a percentage of the market value. There is a resistance to “renting” and developing property in the subject market. The private market functions more efficiently when it can purchase a property outright and develop it. However, there are instances when governmental agencies, or other institutions which do not have the flexibility of sale, typically rent at a percentage of the estimated market value. These percentage rents have ranged from 6% to 12% over the last 20 years. In the last 10 years or so these rates have narrowed to a range of 7% to 10% and are predominately around 8%. Based on nominal percentage lease rate at 8% the indicated annual rent is calculated as follows.

\$2,880,000 at 8%= \$230,400/Year

The lease terms for the rent assumes a full net lease, where the lessee pays tax, insurance, and all expenses related to the use of the land, for a minimum 20-year term, with 3-to-5-year rental adjustment clause, lessee fully indemnifies the lessor, and other conditions typical of market land lease rents in the region.

**APPRAISAL REPORT
MARKET VALUE APPRAISAL
UAS MARINE TECH CENTER AND MARINA
1417 - 1425 HARBOR WAY, JUNEAU, ALASKA**



View of subject as it fronts Egan Drive looking in a southerly direction.

Prepared For: Tina Thomas, Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska

Prepared By: Joshua Horan, Appraiser
Charles Horan, MAI
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

Effective Date: December 31, 2020

Report Date: February 16, 2021

Our File: 20-042 UAS Whole Property

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN, MAI / WILLIAM G. FERGUSON,
JOSHUA C. HORAN, SLATER M. FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835
PHONE NUMBER: (907) 747-6666 FAX NUMBER (907) 747-7417
commercial@horanappraisals.com

February 16, 2021

Tina Thomas
Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska 99508

Sent via email: TMThomas9@alaska.edu

Re: Appraisal Market Value UAS Marine Tech Center at 1417-1425 Harbor Way,
Juneau, Alaska; Our file number 20-042 UAS Whole Property

Dear Ms. Thomas,

We estimated the market value of the UAS Technical Education Center(TEC) and Welding Lab, uplands boat storage and marina facility at your request. This is a 5.34-acre parcel of which approximately 2.8 acres and related marina facilities are leased to the City and Borough of Juneau under an agreement which will expire in May of 2021. As part of your negotiating a possible extension or acquisition we have appraised the lease property under a separate appraisal and appraised the entire real property in this appraisal. This appraisal is made under the following hypothetical condition and extraordinary assumptions:

Hypothetical Condition (HC)

HC-1: It is a hypothetical condition of this report that the lease to CBJ is not in place and that the University of Alaska has fee simple interest ownership in all the real estate improvements valued herein. The City and Borough of Juneau has an option to renew which has also been disregarded.

Extraordinary Assumptions (EA)

EA-1: It's an assumption of this appraisal that the condition of the marine improvements would support the economic life anticipated in the appraisal analysis with normal maintenance.

EA -2: It's assumed the allocation of the filled lands at grade, sloping/tidelands and submerged lands are approximately as estimated in the site description of this appraisal.

EA 3: The market value estimate is made assuming that any remaining sublease improvements do not add to nor detract from the value of the property.

The use of hypothetical conditions or extraordinary assumptions may affect the assignment results.

The intended use of this appraisal is to assist those negotiations for the intended users, the University of Alaska as our client and the City and Borough of Juneau, at their discretion.

We made a brief walkthrough inspection of the subject property and considered information provided by the University of Alaska, owner, and the CBJ, the tenant of the leased area, about the character of the property and its condition. We are not engineers and cannot certify the condition of the property but assume it has an economic remaining life as estimated in this appraisal with normal maintenance. The effective date of our analysis is December 31, 2020. The estimated value of the entire property is

Market value	\$8,570,000
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Your attention is invited to the attached report which includes the assumptions and limiting conditions, definitions, scope of appraisal and the most pertinent information and analysis considered in arriving at the opinions of value.

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

Sincerely,



Joshua Horan
APGR 123317
Horan & Company LLC



Charles Horan, MAI
APGR 41

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CERTIFICATE OF APPRAISER

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- We have not performed any other services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, Charles Horan has completed the continuing education program for Designated Members of the Appraisal Institute.



Josh Horan
APRG 123317
Horan & Company, LLC



Charles Horan, MAI
APRG 41

December 31, 2020
Effective Date of Appraisal

February 16, 2021
Date of Report

1 INTRODUCTION

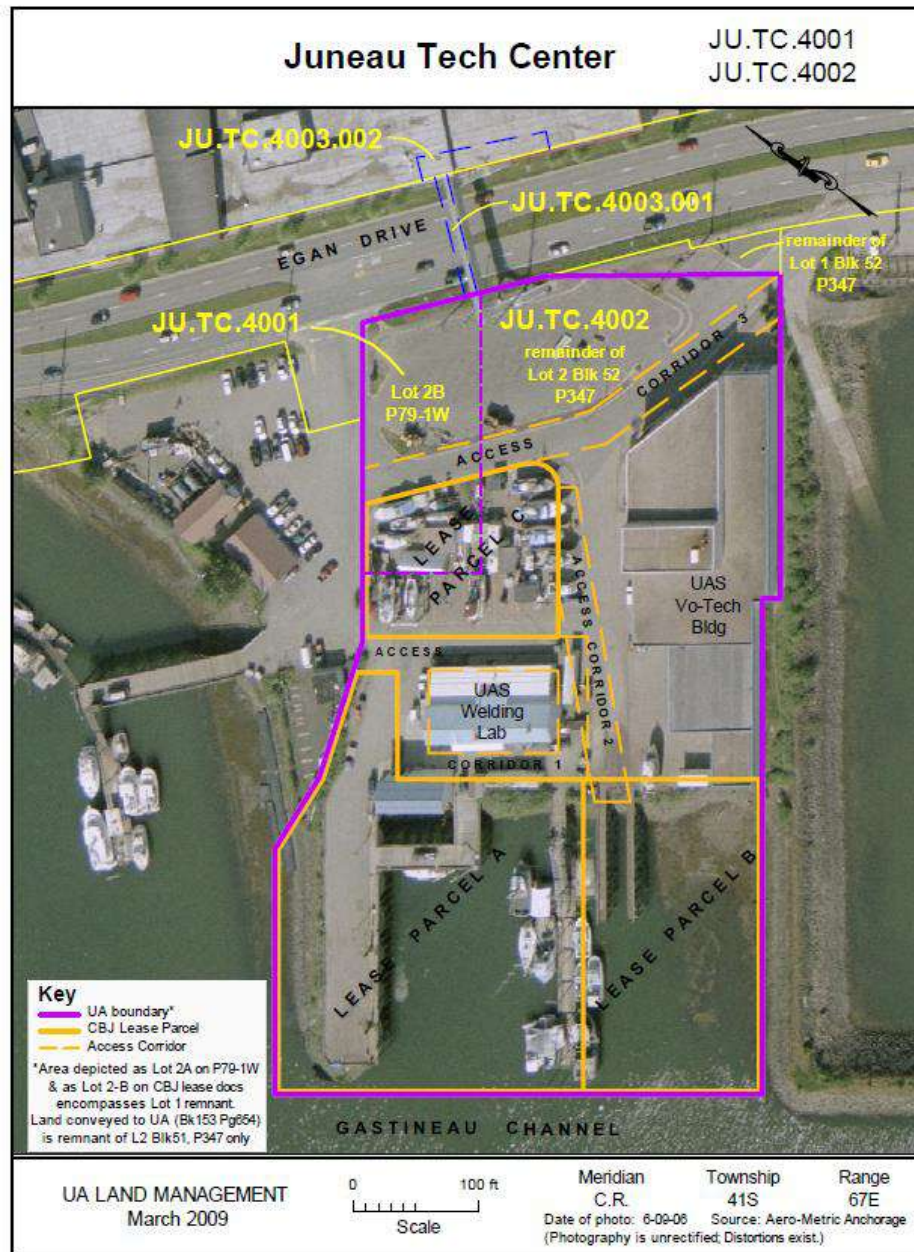


Figure 1.1 - Outline of the larger tract appraised herein. This exhibit also notes the lease parcels which are disregarded for the purpose of this appraisal.

1.1 PURPOSE, INTENDED USE & INTENDED USERS OF APPRAISAL

On March 30, 1988, the University of Alaska, as lessor, and the City and Borough of Juneau (CBJ), Lessee, entered into a Lease Agreement for Fisheries and Marine-Related Development of UAS Marine Tech Center at Juneau Alaska. This 33-year agreement is due to expire May 4, 2021. The lease allows for a 33-year extension. The CBJ and the University are considering the extension of this lease or purchase of the leasehold premises which have been appraised under separate report. This appraisal considers the value of the entire parcel disregarding the lease as an alternate option for possibly negotiating the acquisition of the entire property. The purpose of this appraisal is to estimate the market value the entire property under the hypothetical condition that there is no lease.

The **intended use** of these appraisals is to assist in these negotiations. The **intended users** of this appraisal are the University of Alaska decision makers and the perspective purchaser, the City and Borough of Juneau as a party to these negotiations at the University's discretion.

This appraisal is not considered for any other intended use or intended users.

1.2 SCOPE OF WORK

The identification of the property is based on drawings furnished by the client, recorded plats and other recorded records available to the public, such as the CBJ assessor's files. We have reviewed the lease which gives guidance to the ownership interest appraised in the demised premise for the estimated market value and corresponding market rent. The demised premises for the purpose of this appraisal are the land and the fixed marine improvements to the land. This appraisal is made under the hypothetical condition that the lease is not in place and that the University of Alaska has fee simple interest ownership in all the real estate improvements valued herein. The use of hypothetical conditions or extraordinary assumptions may affect the assignment results. No personal property is included in the appraisal.

Please note the common name of the property is variously identified in this appraisal and accompanying exhibits as the UAS Marine Tech Center, UAS Vocational Technical Education Center (Voc TEC), UAS TEC, and Juneau Tech Center.

It is assumed the property is owned in fee, with no significant title or other encumbrances that would affect its Highest and Best Use other than as described in this appraisal. The appraiser was not furnished with a title report.

The land is composed of filled uplands on the waterfront, sloping land from the top of the toe of those filled lands, tidal lands and submerged land. The ratio of these land classifications are roughly estimated by the appraiser and are assumed to be correct for these purposes. No engineering was provided to verify this. It is assumed the fill is competent for the Highest and Best Use as the site has been developed for many years.

We relied on information provided by the client and the borough assessor's records to determine the size and character of the improvements. We made a brief walkthrough inspection of the subject property. No condition surveys of the marine improvements were made available. We interviewed representatives of the lessee and lessor to determine their condition as best we could, lacking engineered condition reports. We made estimates of remaining economic life with normal maintenance based on interviews with CBJ engineering personnel and the property owners' representative Sam Kito III.

The subject marine improvements are somewhat unique. There are no comparable marina improved properties that have sold. The market data or direct sales comparison approach with regard to the marine improvements is not applicable.

The land value, however, is developed by the sales comparison approach. The marina improvements are valued based on their depreciated replacement cost.

The income approach with regard to the marine improvements was considered based on the existing rents and dock space income at about \$4.00/SF per month per lineal foot and other income generated by the marina subleases and crane use. This income was not sufficient to justify the Highest and Best Use value of the property and therefore this approach was discounted. Also, we considered income to the institutional property of which is also not market responsive in terms of the properties Highest and Best Use. The income approach was considered but not applicable.

The property is valued based on the sales comparison approach for the land and depreciated cost approach for the improvements.

Market transactions for this type of land include comparable sales and annual land lease rental agreements which can be capitalized into an indication of value. Prices paid for competitive properties will be considered on a price per square foot basis.

The subject institutional buildings and marine improvements are essentially suited for an owner user of the property. There are a few building comps which we use to verify the depreciated Cost Approach on the buildings but no independent sales comparison approach for the entire property was done due to the unique character of the overall property and lack of sales. However, the depreciated costs of the TEC and Welding Lab are, respectively, checked against market sales of commercial/industrial property and the potential of capitalized income.

A thorough search of the market has been made for comparable transactions including interviews with realtors, consultations with the southeast and statewide Multiple Listing Services, a review of the assessor's files on sales transactions, lenders, government agencies and others who regularly participate in the real estate market. To the extent possible, we have interviewed buyers, sellers or other knowledgeable parties to the

transactions as more fully described in our market data sheets contained in the addenda and retained in the appraiser's files.

1.3 INSPECTION & EFFECTIVE DATE

The property was inspected and photographed by Joshua Horan, appraiser, and Charles Horan, MAI, on November 17, 2020, with Sam Kito III, a representative of the property owner. Mr. Kito was interviewed in late December, 2020, and confirmed the property had not substantially changed. Market research continued through December of 2020. The effective date of the appraisal is December 31, 2020.

1.4 RECENT OWNERSHIP & PROPERTY HISTORY

The property was acquired in the late 1970s by the University of Alaska.

There have been no major transactions for it since then. The 33-year lease entered into on May 6, 1988, was motivated by economic stimulus on behalf of the CBJ and program development on behalf of the University and is not considered an economic indicator. The CBJ had been subleasing small portions of the property which gave access to docks, parking, and other offsite amenities. These small portions are not applicable as value indicators for the subject primary leased property.

1.5 ASSUMPTIONS & LIMITING CONDITIONS

By virtue of the condition of assignment, the appraisal is subject to certain hypothetical conditions and extraordinary assumptions listed below in addition to the more generalized assumptions and limiting conditions. The value opinions may be impacted if the conditions are different than described herein or the assumptions are not found to be true.

Hypothetical Condition (HC)

HC-1: For the purpose of estimating the value of the entire property for its fee simple value, we have disregarded the lease which is in place and expires in May of 2021. The City and Borough of Juneau has an option to renew which has also been disregarded.

Extraordinary Assumptions (EA)

EA-1: It's an assumption of this appraisal that the condition of the marine improvements would support the economic life anticipated in the appraisal analysis with normal maintenance.

EA -2: It's assumed the allocation of the filled lands at grade, sloping/tidelands and submerged lands are approximately as estimated in the site description of this appraisal.

EA 3: The market value estimate is made assuming that any remaining sublease improvements do not add to nor detract from the value of the property.

This appraisal report and valuation contained herein are also expressly subject to the following assumptions and/or conditions:

1. It is assumed the data, maps and descriptive data furnished by the client or its representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuations are based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.
4. The property described herein has been examined exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the Highest and Best Use of the subject property and make meaningful comparisons in the valuation of the property. The appraisers' observations and reporting of the subject land or improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes that the subject is structurally sound and all components are in working condition.
5. This appraisal report may note any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. We obtained the information, estimates, and opinions furnished by other parties

and expressed in this appraisal report from reliable public and/or private sources that we believe to be true and correct. It is assumed that no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.

6. The client is the party or parties who engage an appraiser in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
7. The appraisal report may not be properly understood without access to the entire report. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
8. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
9. One (or more) of the signatories of this appraisal report is a member or associate member of the Appraisal Institute. The bylaws and regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of signatories of this appraisal report.
10. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.6 DEFINITIONS

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 123

The estimated market exposure time is 18 to 24 months.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Pages 121 & 122

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 93

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Page 84

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

Demand for real estate is generally driven by population, and population is sustained by employment. The Juneau economy is primarily driven by the government. 38% of all jobs and 45% of all wages in Juneau are related to municipal, state, federal, or tribal government.

According to the Alaska Department of Labor and Workforce Development, estimates, included in the Juneau Economic Development Council's (JEDC's) 2020 report on the

2019 data, for the first time in eight years Juneau experienced a small net gain in the government sector. While state and federal government decreased, local and tribal government increased for a 0.2% net increase in government employment. Juneau's state government sector is still the largest contributor, making up 24% of all wages. The three top contributors to Juneau's economy are government, travel and hospitality, combined making for nearly half (48%) of all earnings. Figure 2.2 below shows that in the past several years, the private sector has continued to grow while the government sector declined. Government employment is now about 60% of the private sector's rate (6,719 jobs compared to 11,232).

JEDC's 2020 annual report states that the Juneau 2020 unemployment rate through September, 2020, was 7.6%, up 3.2 percentage points from 2019. This is mainly the result of the COVID-19 pandemic. While it is a noted increase, the rate is still below the unemployment rate for the rest of the region, state and nation.

Juneau's per capita income through 2018 (the most current available data) indicates the relative well-being of the community. With inflation-adjusted dollars, Juneau's per capita income is 115% of the state average and 125% of the national average. See Figure 2.2.

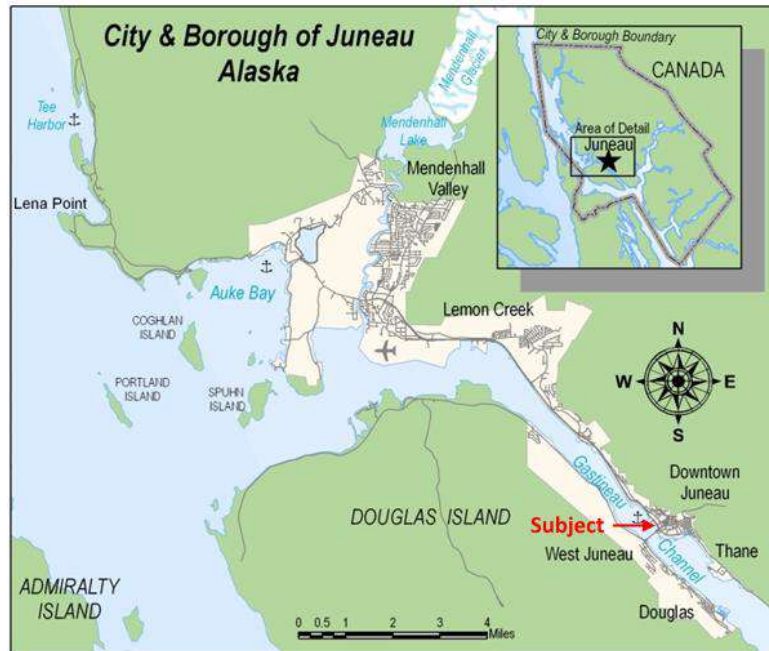


FIGURE 2.1 – Juneau Area



FIGURE 2.2 – Juneau’s per Capita Income Compares to State and National Data.

Source: JEDC’s 2020 Annual Report.

Juneau’s population has declined the past five years, dropping over 1,100 from 2015 to 2019, which indicated 31,986. The out-migration has continued to surpass the natural increase. Nevertheless, Juneau has the youngest median age of all Southeast communities (38.5 years.) See Figure 2.3 and Figure 2.4.

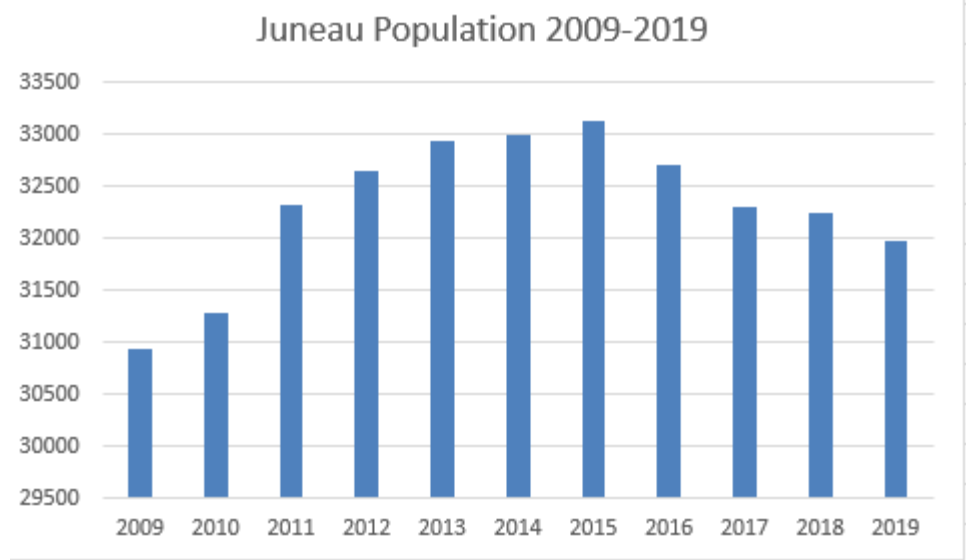


FIGURE 2.3 – Juneau, Alaska, Population Trends (2009-2019).

Source: JEDC’s 2020 Annual Report

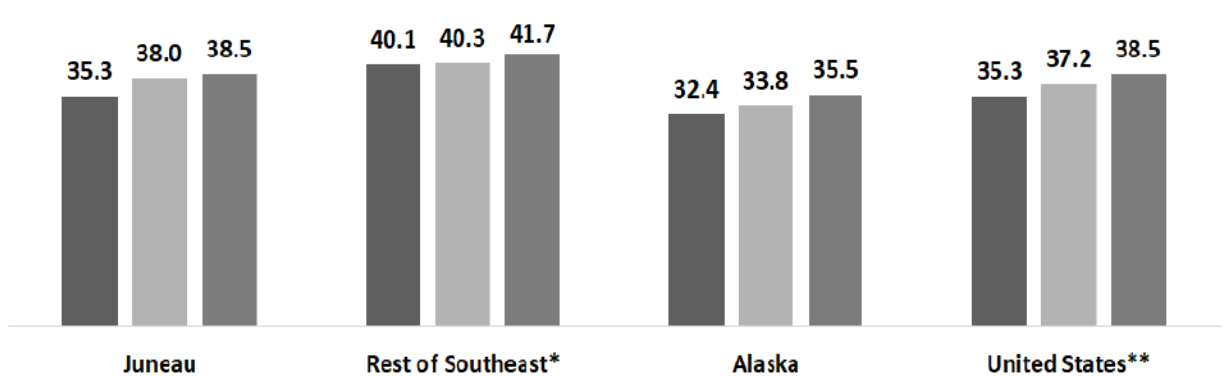


FIGURE 2.4 – Median Age, 2000, 2010, and 2019. Published in JEDC’s 2020 Annual Report

According to the Juneau and Southeast Alaska Economic Indicators and Outlook, August 2019, “The median transaction price of single-family home increased by 1.4% from 2016 to 2017, and prices increased again in 2018 by 1.2%. The rapid turnover for single family homes, less than 30 days, is an indication of a tight housing market in Juneau. In 2017 the average days on market for all homes was 26 days, and in the first half of 2018 this number fell to 22 days.”

Several low to moderate price residential condominium projects have come on line and have moderately increased prices. This is not necessarily a growth in demand for housing as a relief valve for renters, who are now finding it economical to get into homeownership, especially the subsidized first-time programs.

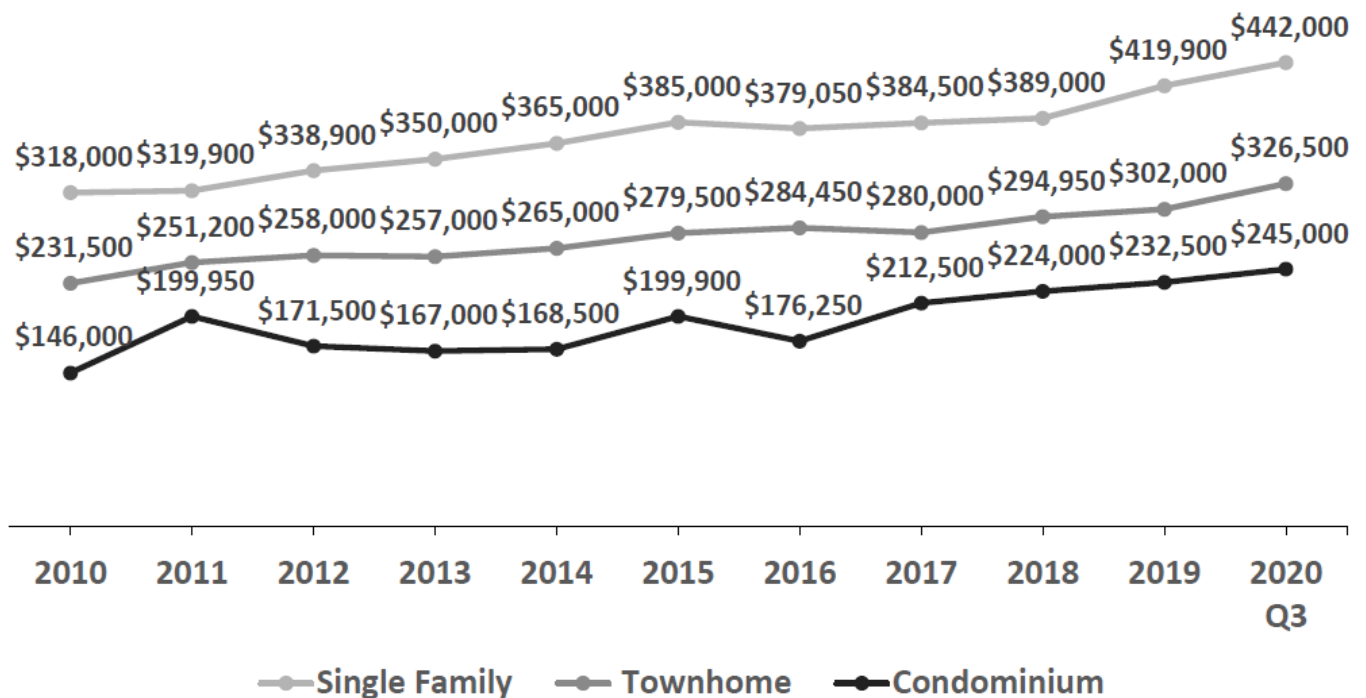


FIGURE 2.5 – Median Price of Single Family, Attached Homes and Condominiums from 2012-2020, Q3. Published in JEDC’s 2020 Annual Report.

2.2 NEIGHBORHOOD ANALYSIS

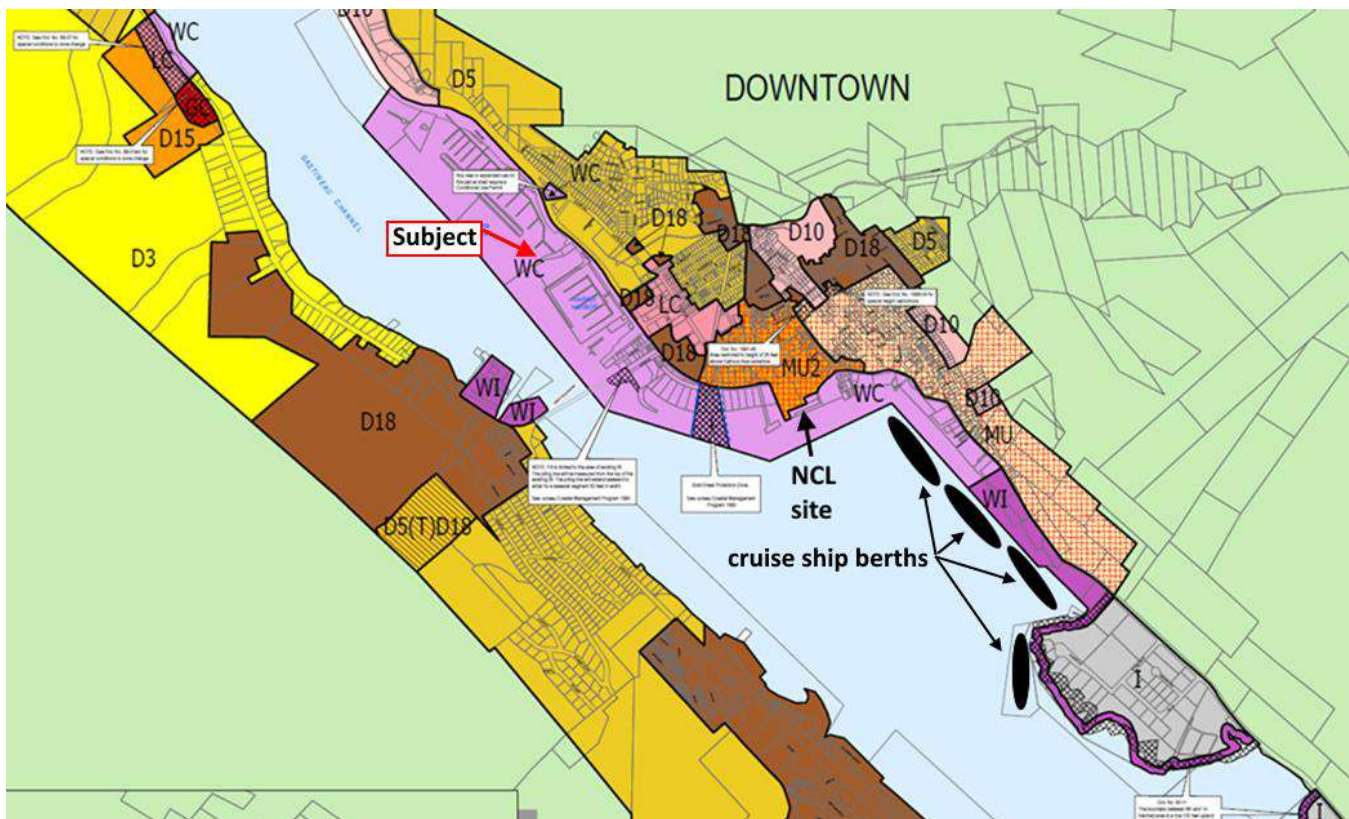


FIGURE 2.6 - Zoning Map. Source: CBJ Downtown Juneau & Douglas Zoning Map as of September 29, 2015 annotated by Horan & Company.

The subject is located adjacent to Harris Harbor and is an extension of the Juneau downtown commercial waterfront area. This broader neighborhood is defined along the northern edge of the Juneau Port as shown in Figure 2.6 below, predominantly zoned WC (waterfront commercial) with some mixed-use.

From the waterfront perspective the neighborhood connectivity is obvious. However, over time dominant areas have developed including the cruise ship harbor area in the southeast part which corresponds to the downtown retail commercial influence along South Franklin Street continuing on toward Merchants Wharf along Egan Drive. The AJ Dock marks the southern extent of the industrial neighborhood. In September of 2019 Norwegian Cruise Lines (NCL) put in a bid of \$20,000,000 to purchase nearly three acres of MU2 property to the east with the idea of developing a fifth cruise ship dock and extensive tourist-related waterfront facilities with a combined public, private and nonprofit participation. There is significant demand for cruise ship visitation to Alaska, due to the large capacity of cruise ships, the profitability of the Alaska market, and the perceived relative safety. This growth potential is thwarted by the lack of shoreside infrastructure. Please see Figure 2.7 which shows the growth in cruise ship passenger

visitation over the last nine years. There were no cruise ship visitations for 2020 due the COVID 19 pandemic.

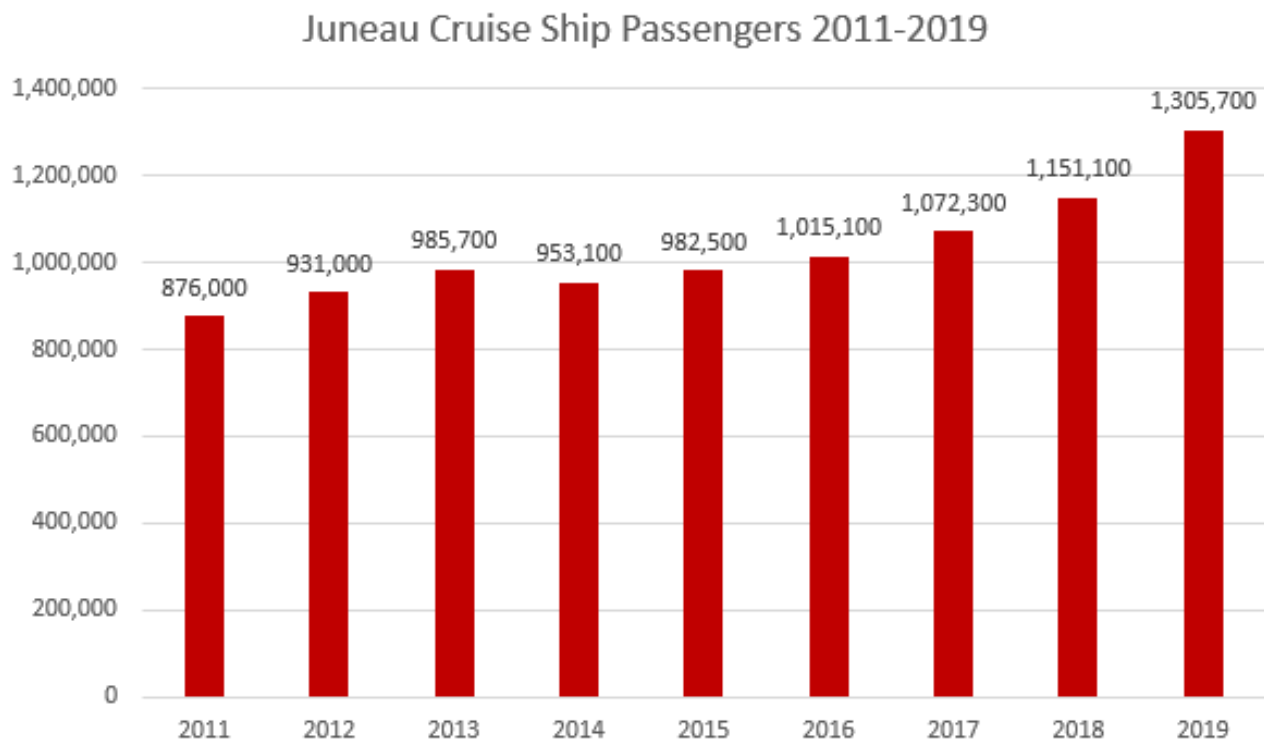


FIGURE 2.7 – Juneau Cruise Ship Passenger Counts. Source: JEDC’s 2020 Annual Report

This neighborhood is further interrupted by the lack of development along the Gold Creek tide flats. The seawalk does continue to connect these neighborhoods by pedestrian paralleling the road connection.

The Bridge to Norway Point

The subject defines itself around unique marine activities related to the Harris and Aurora Harbors, fish landing and boat repair between the Juneau Douglas Bridge and Norway Point. This area was subject to the Juneau Downtown Harbors Uplands Master Plan, Bridget Park to Norway Point (referred to below as “the study”) dated March 30, 2017, commissioned by the CBJ Docks and Harbors Department.



Figure 2.8 - Land use and strategic planning downtown harbors showing potential fill opportunities (orange dashed lines) from page 41 of 66 of the study.

In addition to increasing local use, the cruise ship passenger traffic has directly or indirectly placed increased demand on the waterfront commercial lands. These are typically used for docks, marinas, floatplane facilities, shops, retail, restaurants, offices and other administrative facilities. Parking is in high demand, especially in areas supporting restaurant, office and marine uses.

The study shows harbors in the immediate area have a 753-vessel capacity (Aurora Harbor with 465 and Harris Harbor with 288), generate over \$1,000,000 in moorage revenue and have 160 harbor residents. The area provides 289 parking spaces but the city issued 800 annual parking stickers in 2016 for harbor users plus 620 temporary permits ranging from 1 day to three months. The harbor services 100 commercial fishing boats, about 1/3 of Juneau's fishing fleet with support from the subject property for fish landings and boat haul out and repair. The travel lift on the property hauls between 150 and 200 vessels per year. There are approximately 360 students enrolled at the UAS Technical Education Center which provides education for mining, construction technology, power technologies (diesel/auto/marine) and welding. Businesses on the subject site and in the immediate area employ about 90 workers.

The master plan took stock of the limited access off Egan Drive and the harbors which lack adequate parking for these harbors and other uses. There are marine-oriented facilities, such as the Juneau Yacht Club at Norway Point. The subject, referred to as Fishermen's Terminal, has boat haul out and repair and serves as an exit point for landed fish. This study aims at developing the fish processing, recreation and boat marina opportunities in this area. Close proximity to downtown Juneau also makes it attractive for some limited retail support uses. The overall plan would include creating

easier access off Egan Drive and better connectivity to the rest of the waterfront under the Juneau Douglas Bridge.

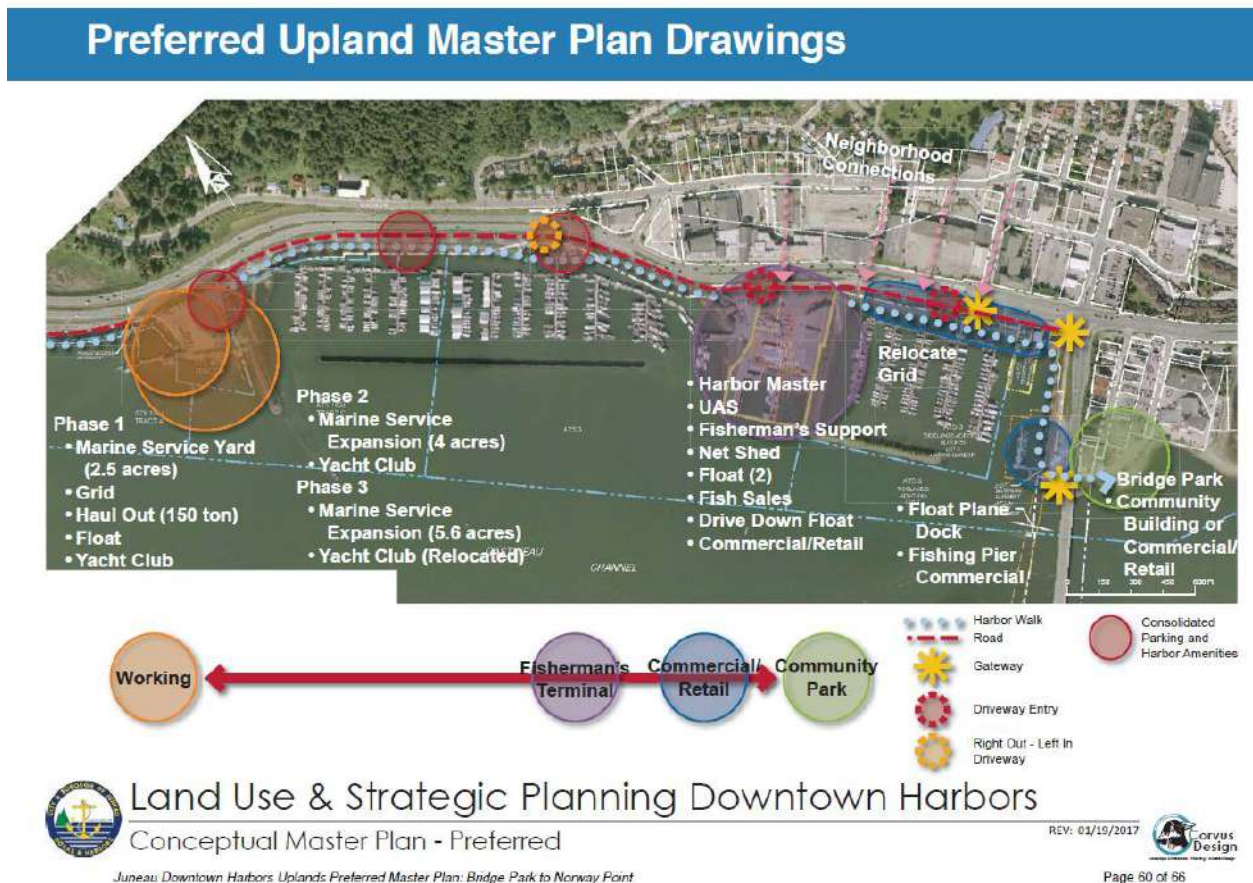


FIGURE 2.9 - Preferred opportunity from the Juneau Downtown Harbor Uplands Preferred Master Plan: Bridge Park to Norway Point.

The preferred alternative favors the continuation of educational programs, harbor master and administrative uses, retail sales including fish, net shed and other fishermen support. Some of the heavier marine services such as a grid and haul out would be shifted to the northwest at Norway Point. Please see Figure 2.10 which follows. We have roughly approximated the existing larger parcel property boundaries on it.



Figure 2.10 - From page 64 (of 66) of the study showing possible future uses on the subject.

The subject property would be a flagship property as this area emerges as a more viable waterfront commercial mixed-use neighborhood. It represents one of the few large land areas in this waterfront along Gastineau Channel inside (west of) the bridge. The availability of the Voc TEC makes it attractive for the high school programs across the highway which have been linked by a pedestrian overpass. It is conveniently located off Egan Expressway but has access issues that need to be resolved. It has parking which is at a premium in this area. Its close proximity to downtown Juneau and related demanded generators makes it very attractive.

3 PROPERTY DESCRIPTION

3.1 LAND DESCRIPTION

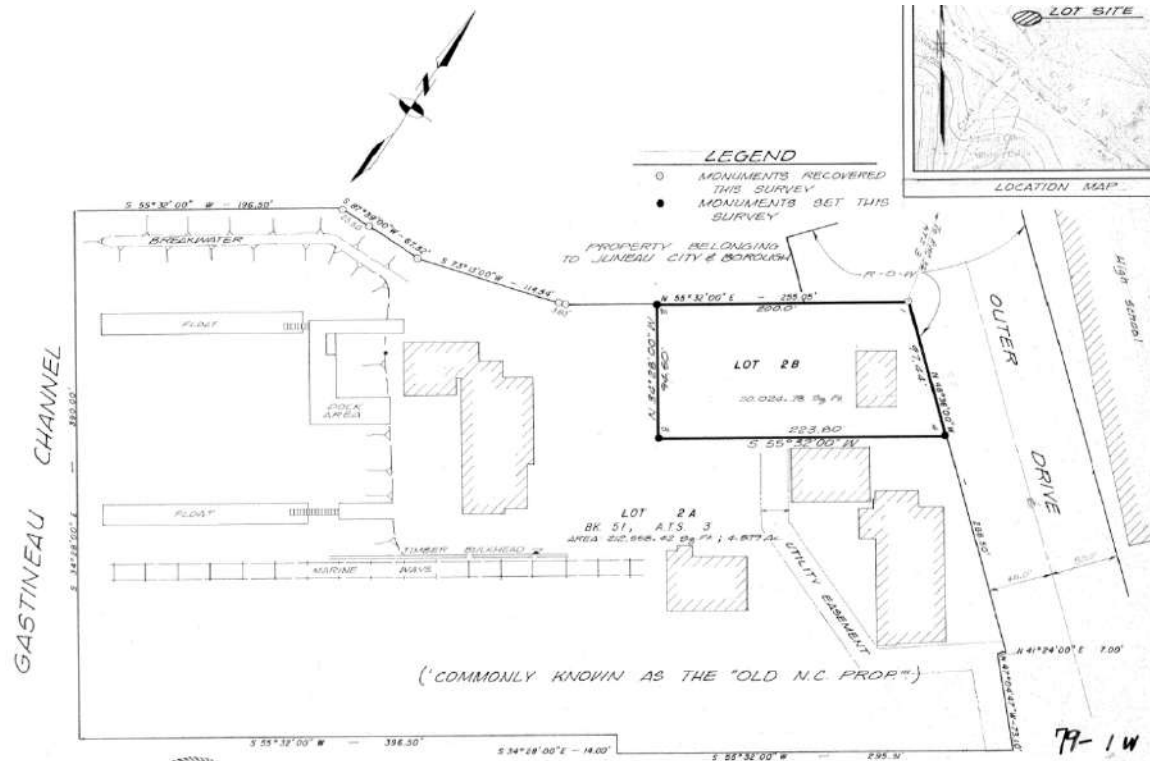


FIGURE 3.1 - Excerpt of Plat 79-1W showing the larger parcel

Size, Shape, and Adjacent Uses

The subject lands are comprised of two lots which form a larger parcel due to unity of ownership by UAS. The larger parcel is analyzed in order to determine a value per square foot for the various land types. It is shown above in Figure 3.1, which is an excerpt of Plat 79-1W showing lots 2A and 2B which have a total size of **232,583 SF** or **5.34 AC**. According to the plat, it is irregular shaped parcel with 390 feet of waterfrontage on Gastineau Channel which narrows to 348.6 feet on Egan Drive to the northeast. Its southeastern property line stretches 706.41 feet along its border with Harris Harbor. The southwestern boundary has 637.04 feet along the boundary with Aurora Harbor.

Soils and Topography

The site consists of level filled uplands off of Egan Drive which extend southwest toward the water approximately 2/3 of the distance to the property line. The remaining third of the site is comprised of a mix of sloping tidelands and submerged lands along the waterfront, punctuated by the site's marine improvements. The breakout of these areas is summarized in Table 3.3 and is based on an average of the client's and appraisers' estimates. Figure 3.4 which follows is an aerial of the lease areas imposed on the larger

parcel which also shows the character and location of the sloping and submerged tidelands.

Lot 2A	212,558.42 SF
Lot 2B	<u>20,024.78 SF</u>
Total site	232,583.20 SF
Uplands	147,283.20 SF
Tidal lands	49,600.00 SF
Submerged lands	35,700.00 SF



FIGURE 3.2 – Aerial of the larger parcel outlined in red with dashes showing the subject’s lease areas and access corridors as outlined. This photo also shows the character of and location of the tidelands and submerged lands.

Access and Utilities

Road access is developed from Egan Drive, a paved, undivided, four-lane highway with concrete curbs, gutters, and storm drainage. This is a heavily trafficked road, and access points are limited. The site also has access via Harbor Way, a two-way road through the Harris Harbor Parking Lot, which also accessed Egan Drive. The site also has water access through tidelands to the waters of Gastineau Channel to the south.

All utilities available in the City and Borough of Juneau are available to the site, including water, sewer, telephone, cable television, electric power, etc.

Zoning

The subject lot is zoned WC for Waterfront Commercial. The WC, Waterfront Commercial District, is intended to provide both land and water space for uses which are directly related to or dependent upon a marine environment. Such activities include private boating, commercial freight and passenger traffic, commercial fishing, floatplane operations, and retail services directly linked to a maritime clientele. Other uses may be permitted if water-dependent or water-oriented. Typically, the area lots are developed with commercial, retail, storage, shops, apartments, office or other administrative and support facilities. The subject is on the harbor making it convenient for marine-oriented businesses that require direct water access.

Easements and Other Restrictions

There is a utility easement of unspecified width crossing Lot 2A to the benefit of 2B, in the approximate location of access corridor 3 in the lease. This easement is noted on the plat, however, there are no plat notes or specifications. This easement does not appear to adversely affect the Highest and Best Use of the larger parcel. No other restrictions are noted on the plat.

Environmental Hazards

There are no obvious environmental hazards, however, I am not an environmental inspector or engineer.

Upland Site Improvements

The site is improved with extensive asphalt paving with the boatyard area surface in gravel. The Technical Education Center (TEC) has some nominal landscaping and plantings.

Assessed Valuation and Taxes

This subject is owned by the State of Alaska and is tax exempt. Therefore, it has no assessed valuation or property taxes.

3.2 TECHNICAL EDUCATION CENTER (TEC) DESCRIPTION

The UAS Technical Education Center or TEC is a two-story, metal frame building on a concrete slab foundation. It has a flat, composition tile roof and metal siding. It was built in 1984 with additions in 1985 and again in 1992. The first floor is a mix of large, high ceiling shop/educational labs and classrooms while the second, penthouse level houses offices, a nursing lab, a testing center, a student lounge and a large mechanical room. A two-story atrium style foyer connects both



FIGURE 3.3 – Technical Education Center (111720-377)

these levels with an interior stair and elevator. The exterior includes ten rollup doors to access the various labs. The overall gross building area, based on UAS personnel's calculations, is **37,120 SF**. Heat is provided by an oil-fired boiler hydronic system. The building is sprinklered.

The Construction Tech Labs, the Heavy Equipment Simulator Lab, and the High Bay Workshop and Autoshop Lab (Please see Figure 3.5) have high, open frame ceilings with a combination of suspended fluorescent and halogen lights. Walls are a combination of open frame, partial wood panel, and fully finished with wood panel and sheetrock. Floors throughout these areas are sealed slabs. The classrooms on the first floor have drop tile ceilings, inset fluorescent lights, finished sheetrock walls, and either sealed slab floors or commercial carpet. Most of the classrooms also include upper and lower cabinets with work counters, some including sinks. They also include whiteboards. Restrooms have typical commercial grade fixtures and include grab bars.

The upper level is entirely finished with sheetrock in all rooms, drop tile and fluorescent lighting throughout, carpet in the lounge and hall, laminate tile in the offices, vinyl sheet in the Nursing Lab, and vinyl plank in the Testing Center. The Nursing Lab includes cabinet banks with sinks as well as lights setup above hospital beds, mimicking a hospital room. The Mechanical Room houses the boilers as well as the air handling system. It is finished with sheetrock and sealed slab floors.

The building has been relatively well maintained over its lifetime. All of the original roofing, including for the two additions, has been replaced. Interior remodels in 2011 and 2013 and exterior painting in 2016 have contributed to prolonging the building's life. The effective age is estimated at 25 years.

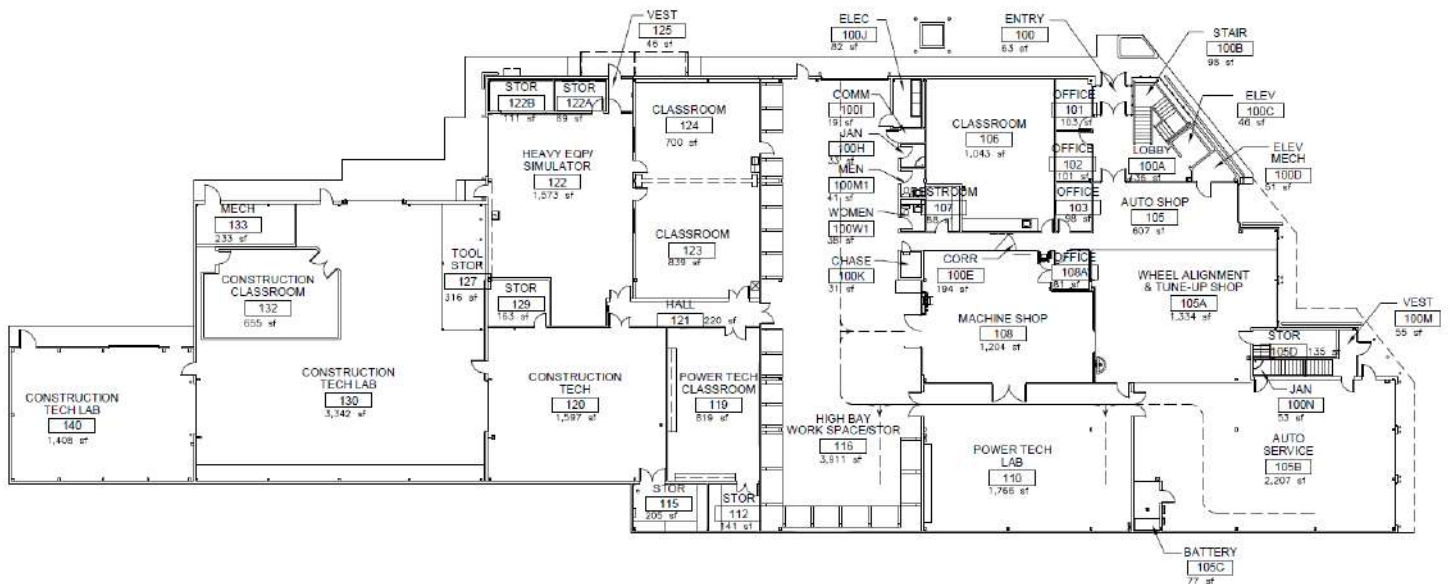


FIGURE 3.4 – TEC building layout as shown by excerpts from drawings, first floor layout

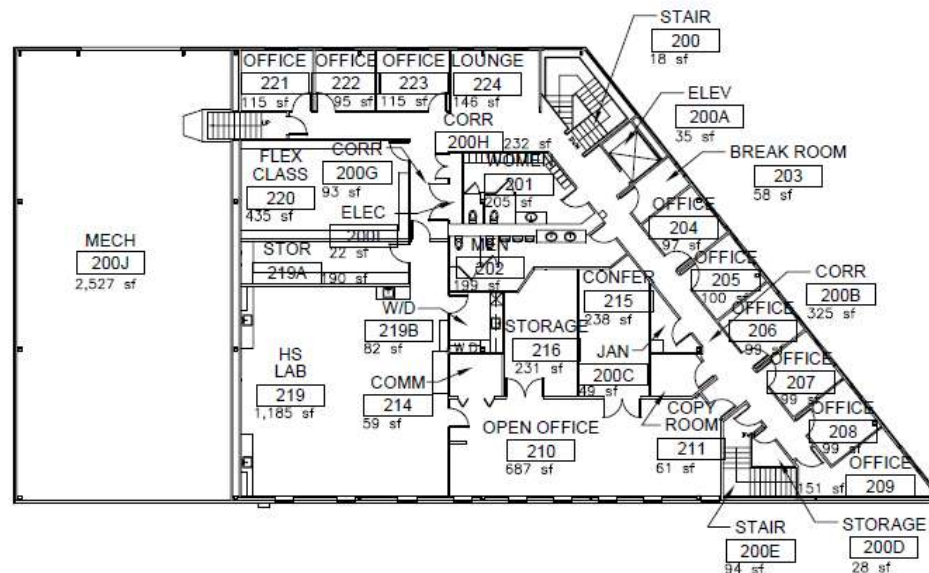


FIGURE 3.5 – TEC building layout as shown by excerpts from drawings, second floor layout

3.3 WELDING SHOP DESCRIPTION

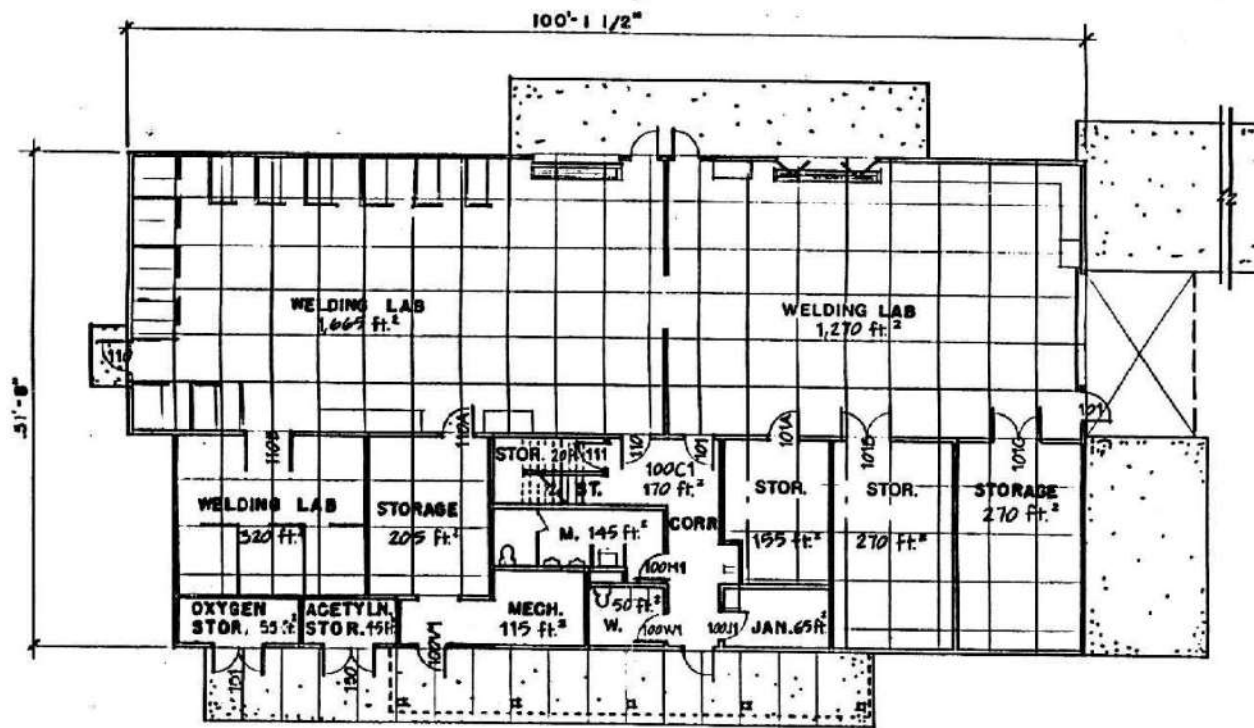


FIGURE 3.6 – First floor layout of the Welding Lab

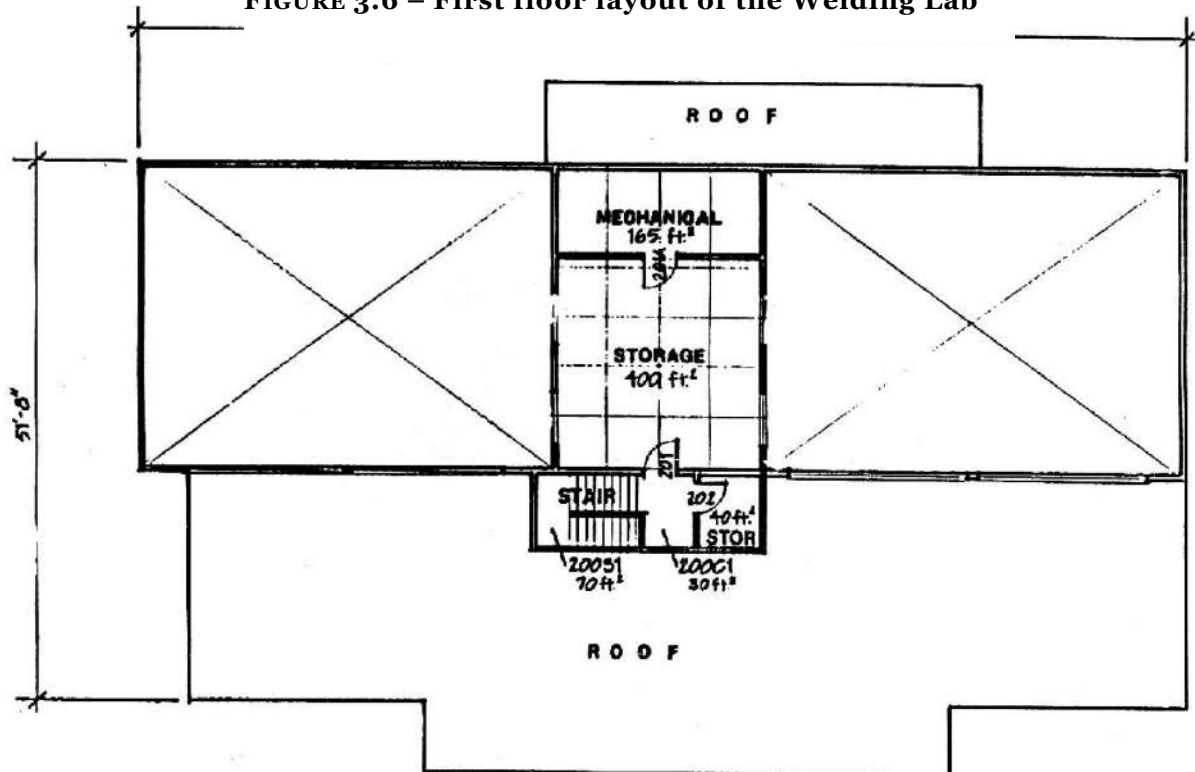


FIGURE 3.7 – Second floor layout of the Welding Lab

Welding Lab Building (built in 1940s, renovated 1980)

This building is a 1.5 story, wood frame structure on a concrete slab foundation with metal siding and a gable style metal roof.

According to the 1982 plans provided by the client, the first-floor footprint is approximately 100' long by 51.5' wide. Per calculations by UAS personnel, the building has **5,970 SF** of gross building area. It was originally built in the 1940s but was extensively renovated and expanded to its current configuration in 1980. Another remodel in 1993 saw the roofing and siding replaced as well as many of the interior finishes. The western side of the first floor, on the waterfront, is divided into two, higher-ceiling vocational education areas, the Welding Lab to the south and the Diesel Engines Lab to the north. Each of these labs include storage rooms to the east. At the far eastern end of the building is the entry, restrooms, and stairwell. The second floor, which is a half story includes a classroom and a mechanical room. The exterior includes three rollup doors to access the various labs. Heat is provided by electric forced air and wall units. The building is sprinklered.

The Welding Lab and the Diesel Lab have high, open frame ceilings with combination of suspended fluorescent and halide lights. Walls are combination of finished sheetrock and FRP paneling. Floors in the labs and storage areas are sealed slabs. The entry, bathrooms and classroom have vinyl floor cover. The classroom has drop tile ceilings and inset fluorescent lights. Restrooms have typical commercial grade fixtures.

The client provided us with the MRV Architects 2018 Condition Survey of the property which outlines various deficiencies. According to the survey, the building has structural deficiencies including but not limited to undersized trusses and settlement of the slab foundation as evidenced by cracks in the slab and sheetrock. The report points out various other deficiencies including but not limited to possible lead-based paint, having a classroom located on the second floor without an elevator which is out of compliance with ADA, and various other issues with are out of compliance with current code. Despite these issues, the building is currently being used, and has remaining economic life. Its effective age is estimated at 50 years based on an overall economic life of 60 years.



Figure 3.8 – Welding lab as viewed from the roof of the TEC Building.

3.4 DESCRIPTION OF MARINE IMPROVEMENTS

The description of the marine improvements is based on information from the CBJ's assessor's office and Port Engineer Erich Schaal, who also gave guidance on the facilities' condition in terms of estimated remaining economic life. Additional information was provided by the University of Alaska facilities personnel and an interview with the sublessees.

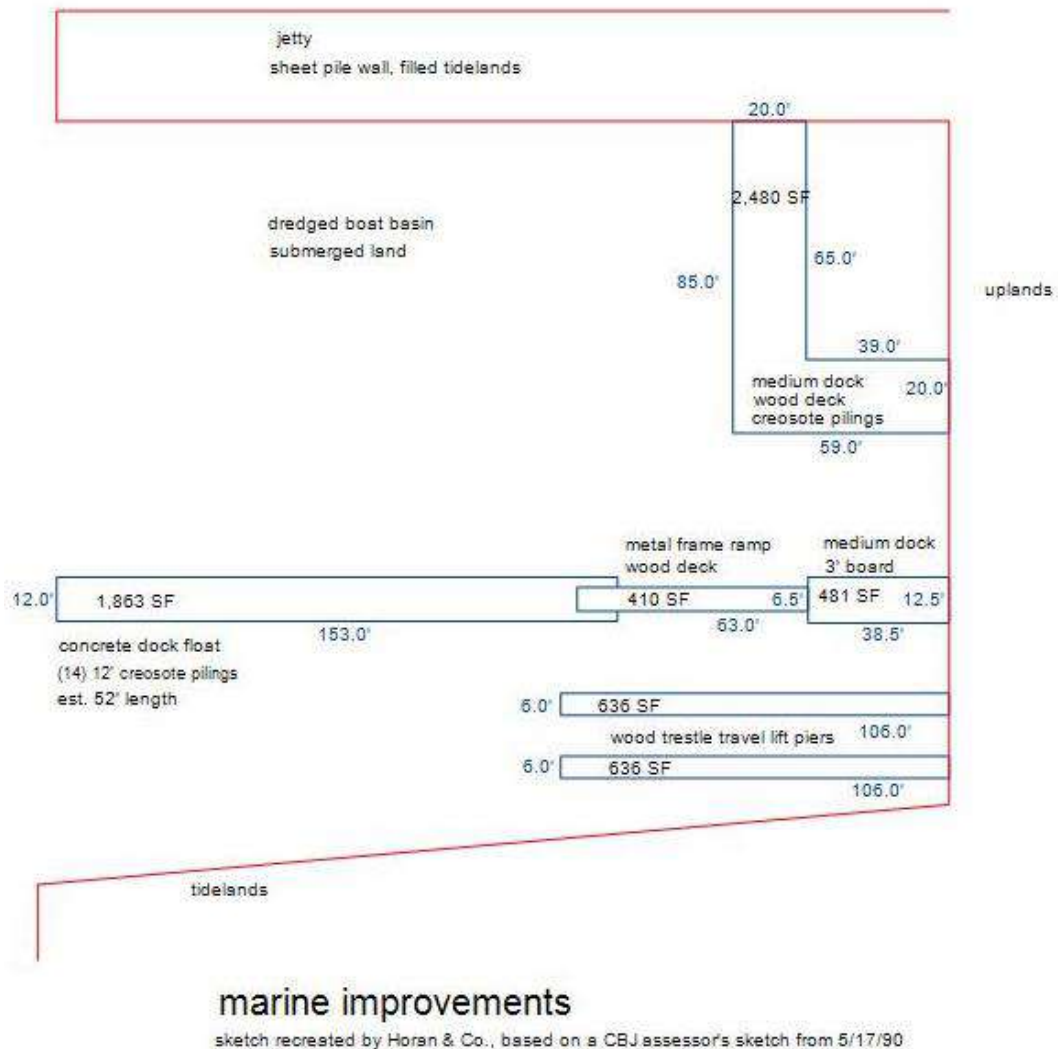


FIGURE 3.9 - Sketch showing layout and approximate size of marine improvements. It is not a survey

Travel Lift Pier

The travel lift pier is a medium duty wood-trestle structure built at some point in the late seventies or early 1980s. It has been maintained by the lessor for major capital improvements such as piling replacement etc. The sub tenant has been doing minor repairs such as railing and bull rail replacements. It is a 40-to-50-year structure with about 10 years of remaining economic life. It is comprised of two, 6 foot wide by 106-foot-long piers designed to support a travel lift which can pull and place medium draft vessels to and from the water.



Main Float

This is a 12-foot wide by 153-foot-long concrete float with Styrofoam flotation secured by fourteen 12-foot creosote pilings. It is connected to a 63 foot long, 6.5 foot wide painted, steel ramp. The ramp in turn connected shoreside to a 12 ½ foot by 38.5-foot pier with medium duty wood pilings and 3-foot-wide board decking. The ramp and float are nearing 41 years of age with a design life of about 50 years. They have an effective age of about 40 years or 10 years of remaining serviceable life. The concrete is chipping on the floats and may need repair. The shoreside pier is in better condition since it was rebuilt in 2013 after a vessel collision. Its effective age is estimated at seven years similar to its actual age.



Photo showing White Crane Dock photo left with main float and pier photo center. Note ramp and float photo right.

White Crane Dock

This is a medium duty wood dock on treated piling. It is “L” shaped and about 2,480 SF. It is 20 feet wide and has about 85 feet of dock frontage running roughly north to south on the basin, forming the long leg of the “L” and 59 feet running roughly west to east back to shore. It is very old and probably needs to be rebuilt. Part of the dock was constructed in 1985 when the steel pile jetty was built. Its load rating has been downgraded and the crane capacity on it has been reduced due to structural issues. It probably has about five years remaining life.



Harbor Jetty

When the city took over the lease it reinforced/widened the harbor jetty with an open cell steel sheet pile system which involved excavating a portion of the existing breakwater and backfilling and paving to create a level, usable surface. On the southern side, facing the basin, the sheet pile wall is buttressed with timber piles to provide flush contact with the 12 x 2 bull rail at the top. This bull rail extends around the western tip of the jetty and back along northern side facing Aurora Harbor. These two sides of the jetty have sloping rip rap. The city monitors the integrity of the metal sheet pile and regularly checks and replaces the sacrificial anodes. It would be expected have a 40 to 50-year service life. The actual and effective age are estimated at 32 years. The jetty is approximately 210 feet long by 48 feet wide with a total estimated area of 10,080 SF.

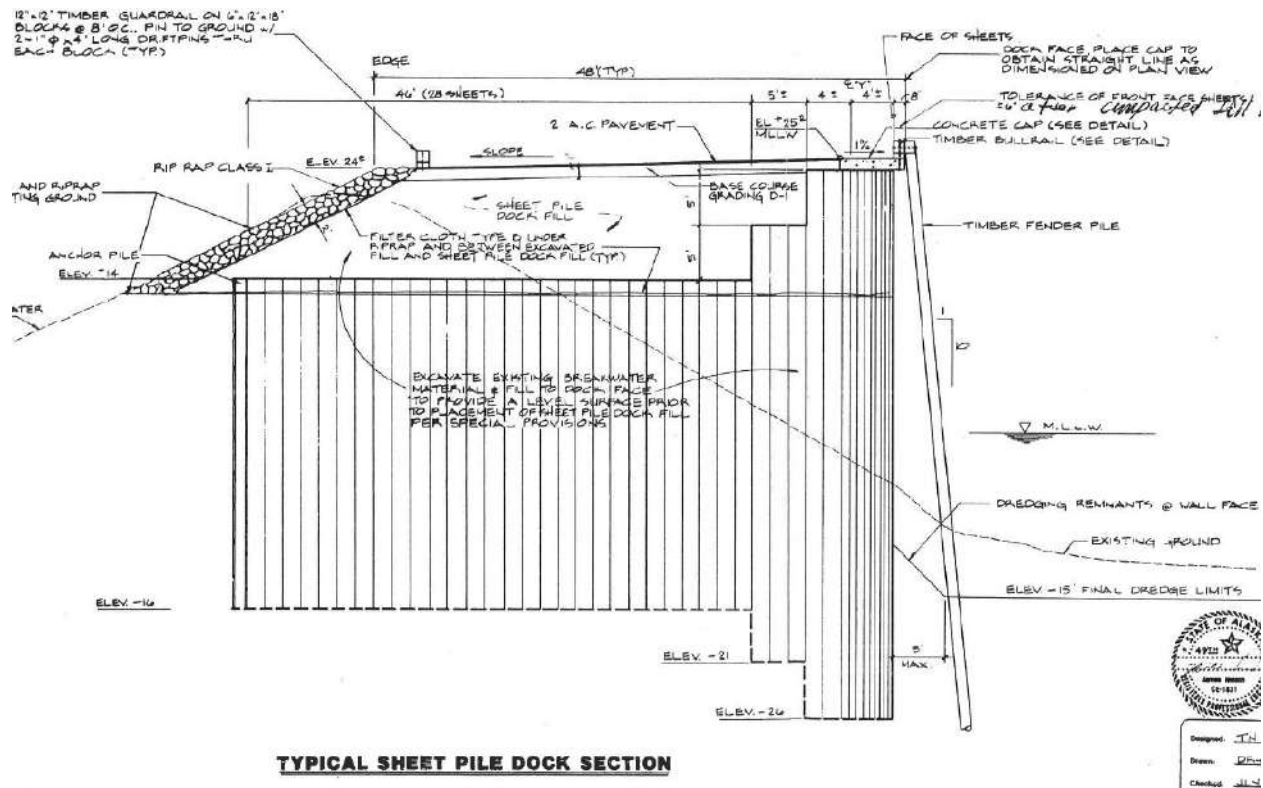


FIGURE 3.10 – Excerpt from 1988 Fishermen’s Terminal upgrade showing jetty expansion project depth of steel sheet piling and repose of slope on backside.

There are two Slattery knuckle boom cranes on the jetty and an Aurora boom crane on the White Crane Dock. These cranes and their wiring were replaced in 2008. They would typically have about a 15-to-20-year life. For purposes they have an eight-year life with an overall 18 year life expectancy.

4 VALUATION

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, page 93

The subject is well situated in the commercial center of downtown Juneau. It has good site prominence along Egan Drive and good access from Harbor Way. The level developable area would be available for a wide variety of feasible uses similar to what is found in the neighborhood including hotels, offices, and retail facilities. The site has a distinctive advantage of direct water access and is available to a variety of water dependent uses. Some of the feasible water-dependent uses include tourism-related office and retail, and marina uses for tour boats, yachts and seaplanes. Based on successful neighborhood development, these are likely feasible uses. Also, parking is a premium in the wider neighborhood.

Historically the neighborhood has been developed with fisheries related uses including boat haul out, repair and fish landings. The larger site hosts a marina that complements the educational and fishery uses on the uplands. The Juneau Downtown Harbors Uplands Master Plan, Bridget Park to Norway Point, from 2017, considers the deficiencies of the neighborhood which include lack of parking and difficult access on and off Egan Drive. Likely feasible continuing uses will be education, fisheries-related uses especially in conjunction with the marina and parking. The site is uniquely large to the neighborhood, and is one of the few with ample parking. Of the feasible uses, a continuation of the existing use and its availability for expanding of other nearby uses, especially those suggested in the master plan, would represent the Highest and Best Use.

The Highest and Best Use of the subject is for continuing, mixed educational and waterfront commercial uses, taking advantage of its proximity to the harbors and downtown Juneau.

4.1 LAND VALUATION

Commercial land sales and rents in the immediate area were considered for estimating the value of the subject. There are a limited number of actual land transactions in the Juneau Harbor waterfront area. The following transactions were found to be most helpful in our analysis. Details of these comps are in the addenda.

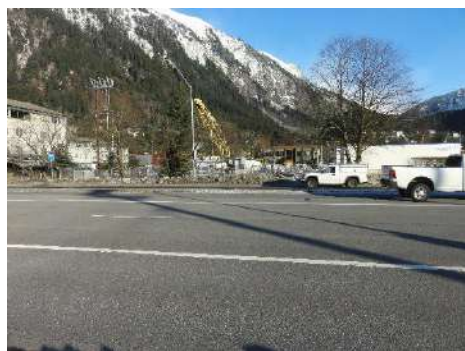


Comparable Sales Maps

TABLE 4.1 – Summary & Adjusted Land Value Indicators						
Comp # (Record #)	Address	Date	Sale Price or Cap Value	SF Size	Upland SF Value	Tideland Indicated SF Value
1 (#8069)	1108 F St	7/18	\$698,000	38,769	\$18.00	--
2 (#11525)	Mill St	4/19	\$597,938	27,179	\$22.00	--
3 (#10017)	~355 Egan	8/17	\$1,352,000	42,550	\$31.77	--
4 (#8018)	1050 Harbor	7/14	Total - \$170,000	4,617	\$52.60	\$21.04
			Upland - \$121,429	2,308.50		
			Tideland - \$48,571	2,308.50		
5 (#10071)	W 8 th St	10/12	\$400,000	27,784	--	\$14.40
6 (#11142)	2691 Channel Dr	4/17	Total - Confidential ¹	--	\$12.68	\$2.54
			Uplands	53,629		
			Tidelands	42,333		
Subject		12/20	Uplands	147,283.2		
			Tideland	49,600		
			Submerged lands	35,700		

In the following discussion we will talk about each of the comps as related to their contributory value for the uplands, tidelands and dredged/submerged lands.

Contributory Value of Uplands



Comp 1 is the buyers' land allocation of a parking lot which sold as part of an office/college classroom complex. The parking lot is across the street from the building. It is currently being used for parking and storage, while the building itself is being used for storage and held for speculation and/or redevelopment. This site has good prominence on Egan Drive; however, it is inferior to the site prominence of the subject uplands which are also on Egan Drive and benefit from the waterfront influence. The allocated \$18/SF is **inferior** to what the subject uplands would warrant in the market.

¹ The confidential price includes purchase of fee simple uplands and leasehold tidelands which were partially filled. The values reflected in the table are the adjusted fee simple indicated SF values of the allocated uplands and tidelands.



Comp 2 is a sale of vacant land in Juneau's AJ Rock Dump area. The neighborhood is near downtown Juneau and includes a cruise ship dock. The site was purchased to be developed as a tour bus maintenance and storage facility. Much like Comp 1, this comp is similar in its good location to the subject, but it lacks the waterfront location which the subject's uplands enjoy. The \$22/SF shown by this transaction is **inferior** to the value of the subject uplands.



Comp 3 is a sale of vacant land from the Mental Health Land Trust to a private developer who intends to build a mixed-use complex with retail oriented to the seawalk. While not having any waterfrontage, it has similar waterfront influence to the subject's uplands. This comp is rated **similar** to the subject's uplands, overall.



Comp 4 is the uplands allocation of a much smaller, commercially zoned sale near the Juneau-Douglas Bridge, which includes uplands and sloping tidelands. While similar in its waterfront location, it is far superior on a price per unit basis due to the economies of scale associated with its much smaller size. Its \$52.60/SF is far **superior** to the subject's uplands on a price per unit basis.

The uplands value indicators considered above are arrayed in the following table:

TABLE 4.2 - Summary Comparable Unit Value Ranking Uplands		
The comps indicated the upland value is:		Price/SF
Comp 1	More than	\$18.00/SF
Comp 2	More than	\$22.00/SF
Comp 3	Similar to	\$31.77/SF
Comp 4	Less than	\$52.60/SF

At the bottom of the range are Comps 1 and 2 at \$18/SF and \$22/SF, respectively. These sales lack the subject's waterfront influence and should be lower than what the subject's uplands would command in the market. At the top of the range at \$52.60/SF is the sale of a much smaller site by the Juneau Douglas Bridge which indicates much higher due to the economies of scale associated with its much smaller size. The subject should indicate lower than this, on a price per square foot basis. In the middle of the range at \$31.77/SF is the sale of an upland parcel with similar waterfront influences to the subject uplands. The subject uplands' value per square foot should indicate similar to this sale. These lands had pavement site improvements. The indicated value includes a nominal amount for pavement walks and incidental site improvements. Given the above analysis, the value per square foot for the subject uplands are as follows:

Per square foot value of subject uplands = \$31/SF.

Contributory Value of Dredged/Submerged Tidelands & Sloping Tidelands

The next land types to be examined are the subject's dredged tidelands, which allow for moorage, and the sloping tidelands which have more limited utility. The following comps were analyzed:



Most of **Comp 4's** tidelands are predominantly sloping although there is a sliver of submerged lands along Harris Harbor. They are allocated at \$21.04/SF, altogether. Like its use in the uplands analysis, the much smaller area of this site's tidelands (2,308 SF) yields a higher unit value per square foot simply due to economies of scale. The subject has over an acre of sloping tidelands and 35,700 SF of submerged lands. These combined areas are much larger than this comp

and should indicate much lower on a price per square foot basis. The \$21.04/SF shown by this comp is far **superior** to the subject's dredged and sloping tidelands on a price per unit basis.



Comp 5 is an older sale transaction which was purchased by CBJ for the seawalk construction project. Any inferior market conditions associated with this being an older sale are offset by superior conditions of sale. The CBJ stood to benefit cost wise on the overall seawalk project by acquiring this property, and appears to have paid over market value as a result. The \$14.40/SF shown is a combination of sloping tidelands and submerged lands in a high velocity tidal zone. It should be **similar** to the subject's submerged lands on a price per unit basis.



Comp 6 is the sale of a barge landing on Channel Drive which is a combination of fee owned uplands, and leasehold sloping, partially submerged tidelands. The allocation of the sloping tidelands show a per unit value of \$2.54/SF. These lands are similar in character and overall size to the subject's sloping tidelands and should be **similar** on a value per square foot.

The tidelands value indicators considered above are arrayed in the following table:

TABLE 4.3 - Summary Comparable Unit Value Ranking Tide & Submerged Lands		
The comps indicated value is:		Tidelands
Comp 4	Superior to Dredged Submerged	\$21.05/SF
Comp 5	Similar to Dredged Submerged	\$14.40/SF
Comp 6	Similar to Inferior to Sloping	\$2.54/SF

While the amount of data available for dredged/submerged and sloping tidelands in Juneau's commercial waterfront market is admittedly limited, the sales above are reliable indicators of value. The much smaller size of Comp 4's tidelands indicate much higher on price per unit basis, indicating that the subject's submerged tidelands should be less than \$21.05/SF. Comp 5's indicated value of \$14.40/SF is far more similar in size to the subject's tidelands and should be similar to what the subject would warrant on a price per square foot. Comp 6's tidelands indicate \$2.54/SF and are comparable in size and quality to the subject's sloping tidelands. Given the above analysis, the values per square foot of the subject tidelands are placed as follows:

Per square foot value of subject dredged tidelands = \$15/SF.

Per square foot value of subject's sloped tidelands = \$3/SF.

Value of the Overall Site

In this section we determined the per square foot values of the three land types which comprise the subject's larger parcel. In the table below, these per unit values are applied to the square foot areas of each land type to determine a contributory value. The sum of these contributory values is the value of the larger parcel.

TABLE 4.4 -Summary Value of Larger Land Parcel			
Uplands	147,283 SF	\$31/SF	\$4,565,779
Sloping Tidelands	49,600 SF	\$3/SF	\$148,800
Submerged Lands	35,700 SF	\$15/SF	\$535,500
Total Site	232,583 SF	\$22.57/SF	\$5,250,079
Rounded			\$5,250,000

4.2 COST APPROACH

In this approach to valuation, the Replacement Cost New (RCN) for the subject building is estimated. Depreciation is then subtracted from the RCN to arrive at a depreciated value for the improvements only. The depreciated building improvement's value is then added to the site value to arrive at a fee simple valuation of the entire property, per the Cost Approach.

The approach is most applicable for new properties where the costs are known and reflect the Highest and Best Use. It is also applicable for special purpose properties, like the subject, where comparable sales are limited or income information is less reliable. The TEC, Welding Lab and marine improvements were all built several years ago. Some historic costs associated with some of the marine improvements are available as are current estimates for rebuilding the Welding Lab. Exact cost breakdowns for most of these improvements, however, are not available.

The following discussion summarizes the depreciated replacement cost for the buildings and the marine improvements. The estimated land value is then added to determine an indicated value by the Cost Approach.

4.3 BUILDINGS

Replacement Cost New

In determining costs for the two vocational education buildings, we consulted Marshall & Swift Valuation Service's Cost Guide, a national cost index used in Southeast Alaska with reliable cost estimates for many years. The guide has costs for vocational education buildings which consider construction type, quality level, and refinements such as sprinkler systems. This guide also includes a location factor for various towns in Southeast Alaska, including Juneau.

Depreciation

Depreciation is a loss in the upper limit of value due to physical wear and tear or obsolescence. Depreciation most frequently occurs with physical deterioration. The replacement cost new can also be diminished by functional and economic deficiencies as well. Physical depreciation is typically estimated based on a building's observed effective age. In the subject's case, we estimate an effective age for each of the buildings, 25 years for the TEC and 45 years for the Welding Lab, based on a total economic life of 50 years for each building. Using straight line depreciation, whereby each year of effective age depreciates at the same rate in a straight line, indicates a depreciation rate of 2.00% per year. We have also considered actual depreciation rates of 2.07% year and 2.27% per year taken respectively from two relatively recent sales, the Bill Ray Center and the Triplette Building. These sales bracket the age of the subject and are given more weight. The depreciation rate used for physical deterioration and, to some extent functional obsolescence which occurs over time, is 2.1% per year.

Other typical types of depreciation are either functional obsolescence, due to built-in internal depreciation, or economic obsolescence, due to changing external forces in the marketplace that cause a loss in value. While vocational education is a highly specific use that would seem to warrant some degree of functional depreciation, to some extent this is reflected in the annual depreciation percentage estimated above classified as physical. Any additional functional obsolescence would be reflected in the sales comparison approach. None is estimated in the Cost Approach.

There is no other notable functional obsolescence in the physical layout of the building. The subject was just built and there is no sales evidence that economic obsolescence is applicable in this instance. Based on the foregoing, the estimated value per the Cost Approach can be summarized as follows:

RCN TEC Building (37,120 SF @ \$180.45/SF) =	\$6,698,196	
Less depreciation (25 years @2.1%/year = 52.5%)	<u>(\$3,516,553)</u>	
Depreciated Cost of TEC Building	\$3,181,643	
Depreciated Cost of TEC Building Rounded		\$3,180,000
RCN Welding Lab (5,970 SF @ \$181.29 /SF) =	\$1,082,329	
Less depreciation (40 years @2.1%/year = 84%)	<u>(\$909,156)</u>	
Depreciated Cost of Welding Lab	<u>\$173,173</u>	
Depreciated Cost of Welding Lab (Rounded)		\$170,000
Total Depreciated Cost of Buildings (Rounded)		\$3,350,000

Comments on Condition Survey of Welding Lab & Replacement Cost

The Welding Lab replacement costs are estimated by MRV Architects as one of the future options in their condition assessment. The architects estimate a replacement cost of \$2,340,000. This includes demolition, design, contingencies and government required labor and oversight that may not be reflected in local, private replacement costs. This project affirms the subject may be approaching the end of its useful life to the University of Alaska.

4.4 MARINE IMPROVEMENTS

As indicated earlier it is beyond the scope of this appraisal to provide an engineering assessment of the condition of these improvements, deferred maintenance, estimated cost to remedy deficiencies and estimate remaining economic life. It is an extraordinary assumption of this appraisal that the condition is similar to what is reflected in our analysis. Our understanding of the condition of these improvements is based on a brief walkthrough of the facility, consultation with Erich Schaal, P.E., Port Engineer, and a review of various documents provided by Mr. Schaal, including the 1988 Juneau Fisheries Terminal Plans by Peratrovich, Nottingham & Drage(PND), The 1991 Project Management Report, and the 2013 CBJ Fisheries Terminal Dock Replacement Plans and associated contractor bids. Based on these observations, the appraisers have estimated the following effective ages and overall lives. The net good percentage of the various marine improvements is calculated based on a straight line depreciation summarized in the following table:

TABLE 4.5 - Summary of Marine Improvements Effective Age and Net Good Condition				
Item	Est Effective Age	Overall Life	Depreciation	Net Good Condition
Sheet Pile Dock/Jetty Dock	32	45	71%	29%
White Crane Dock	40	45	89%	11%
Approach Dock 40x12	7	45	16%	84%
Main Float Steel Ramp	35	45	78%	22%
Main Float	35	45	78%	22%
Travel Lift Piers	35	45	78%	22%
Cranes and Electrical	12	18	67%	33%
Dock electrical	7	18	39%	61%

To estimate the contributory value of the marine improvements we estimated their replacement cost new (RCN) and depreciated them based on their remaining economic life as reflected in their respective net good percentages, estimated above. We analyze recent construction costs, and rely on interviews with marine construction engineers and updated historic rehabilitation and installation costs. We utilize Marshall & Swift Valuation, a cost estimating service which estimates replacement cost new, physical life, national depreciation trends and indexes various historic costs. The following tables summarize our analysis of the RCN and calculate the contributory value of each improvement based on its net good condition.

The contributory costs of the jetty is comprised of the utility provided by the sheet pile wall that acts like a dock face but also holds back a significant area of land, nearly 10,000 square feet. Interviews with local knowledgeable contractors and engineers suggest a sheet pile wall could cost up to \$10,000 per lineal foot or about \$2,500,000 (250 feet times \$10,000) in the subject instance. We've made an adjustment for depreciation of this amount based on the age in remaining life (32 years at a 45-year life). We adjusted the contributory value of the land behind the wall which left a net value of the contribution of a wall at \$410,000² or about \$1,640 per lineal foot.

The dock approach was damaged in 2013 and replaced. We can analyze those costs; extracting the dock structure and a portion of the mobilization cost indicated a cost of the dock structure alone at about \$166/SF. Other dock costs in the private sector have ranged from \$125/SF to over \$180/SF. In the subject case, the concrete floats are good quality and very expensive and can cost up to over \$300/SF. Other simpler floats with Styrofoam flotation can be as low as \$40.00/SF. We have considered that on average the floats and docks contribute replacement cost would typically be about \$150/SF. The

² Cost of the sheet pile wall \$2,500,000 within that remaining value 29% (45-year life 32-year age) = \$722,222. The land behind the walls, 10,080 SF and \$31.00/SF equals \$312,480 leaving a residual value to the structure of \$409,742 (\$722,222 - \$312,480), rounded \$410,000.

main floats steel ramp replacement cost is estimated at \$60,000. The cranes and their associated wiring are estimated at \$25,000 each. An additional RCN of the main dock electrical is estimated at \$35,000.

The contributory value of the marine improvements are summarized in the following table.

TABLE 4.6 - Summary of Estimated Contributory Value of the Improvements					
Item	Units	Unit Cost	RCN	Net Good	Net Value
Sheet Pile Dock/Jetty Dock	250	\$1,640	Net Value		\$410,000
White Crane Dock	2,480	\$150	\$372,000	11%	\$41,333
Approach Dock	481	\$150	\$72,150	84%	\$60,927
Main Float Steel Ramp 6. 5' x 63	1	\$60,000	\$60,000	22%	\$13,333
Main Float	1,863	\$150	\$279,450	22%	\$62,100
Travel Lift Piers	1072	\$150	\$160,800	22%	\$35,733
3 Cranes and Electrical	3	\$25,000	\$75,000	33%	\$25,000
Dock electrical	1	\$35,000	\$35,000	61%	\$21,389
Totals			\$1,054,400	61%	\$648,427
Estimated contributory value of improvements rounded					\$650,000

SUMMARY COST APPROACH

Depreciated Cost of TEC Building (37,120 SF - \$85.51/SF)	\$3,181,643
Rounded	\$3,180,000
Depreciated Cost of Welding Lab Building (5,970 SF - \$29.01/SF)	\$173,173
Rounded	\$170,000
Total Depreciated Cost of Buildings (Rounded)	\$3,350,000
Depreciated Cost of Marine Improvements	\$650,000
Land Value	<u>\$5,250,000</u>
Value Indicated by Cost Approach (Rounded)	\$9,250,000

4.5 OTHER APPROACHES TO VALUE

The subject is a five-acre campus with diverse property components including a mix of education buildings, industrial buildings classrooms and shops. It also includes significant marine improvements. There are no direct comparable sales for this type of facility. Even the individual components lack good comparable sales data. In this section, we use market derived evidence to calculate the residual market value of the TEC, Welding Lab and marine improvements. These residual market values are then

reconciled with the costs determined in the previous section. First, we apply this process to the TEC.

Technical Education Center (TEC)

The TEC in particular, is a highly specialized building and at 37,120 SF of Gross Building Area, is larger than most buildings in the Juneau market. Nonetheless, market data can be used to determine a residual building value for the improvements. In the case of the TEC center, we take the aforementioned GBA and multiply it by a market derived land to building ratio and create a hypothetical parcel for purposes of comparison, without including all 5 acres. This land to building ratio is based on the idea that for every unit of GBA to function, a corresponding multiple amount of land units is required for staging, parking, loading etc. A search of large buildings in Juneau's commercial and industrial real estate markets for the past decade yields five sales which are arrayed in the following table. After the table, each is discussed relative to the TEC and its hypothetical parcel on a price per square foot of GBA. A land to building ratio of 3:1 is supported by the comps as can be seen in the table. This would indicate a hypothetical parcel for the TEC building of 111,360 SF based on its 37,120 SF GBA.

TABLE 4.7 – TEC Comparable Sales Grid							
Comp# (Rec#)	Address/Property Name	Date	Price	GBA	\$/GBA	Site Area	L:B Ratio
B1 (11392)	5360 Commercial Blvd	5/18	\$2,522,000	16,517	\$152.69	49,500	3.00
B2 (6977)	CONFIDENTIAL	12/10	\$2,925,000	19,050	\$153.54	65,600	3.44
B3 (11696)	Triplette Building	10/19	\$3,300,000	20,782	\$158.79	131,551	6.33
B4 (8069)	Bill Ray Center	7/18	\$1,741,000	22,055	\$78.94	68,158	3.09
B5 (7576)	3030 Vintage Blvd	12/12	\$3,850,000	29,455	\$130.71	87,384	2.97



Comp B 1 is a mixed-use property in Juneau's Lemon Creek neighborhood. It includes five shop bays and two apartments. The quality level and build out are considered similar to the subject. Overall, this sale is considered **similar** to slightly **superior** to the subject's value per GBA.



Comp B2 is the confidential sale of a warehouse, also in the Lemon Creek neighborhood. The building is of similar quality and was well maintained, like the subject. It is a relatively large building for Juneau's commercial market. Its \$153.54/SF of GBA is **similar** to slightly **superior** to the subject due to the economies of scale of its smaller size.



Comp B3 is the sale of an industrial building located on the Gastineau Channel, like the subject. It has a much larger site which is why its land to building ratio of 6.33 is so high. Approximately 62% of this site, however is submerged tidelands. When excluding these and just considering the uplands, the ratio lowers to 2:4:1. These tidelands also contribute to the higher price per GBA of \$158.79 for this comp, which should be higher than the TEC and the hypothetical 111,360 SF parcel we

are analyzing it with, which does not include tidelands. The building itself is considered similar in quality and condition to the subject. This comp is rated **superior** to the subject, overall.



Comp B4 is the sale of the Bill Ray Center, a classroom and administrative office building which formerly belonged to UAS. While similar in educational use to the subject, it lacks the subject's large lab spaces. The building was also far more depreciated than the subject at the time of sale. It is currently being used for storage as it is being held speculatively for future redevelopment. Overall, this sale is **inferior** to the subject on a price per unit basis.



Comp B5 is the 2012 sale of three separate office buildings in an office park development. At 29,455 SF of combined GBA, this is one of the largest building sales in Juneau’s market from the past several years. The economies of scale for this comp should be similar to the subject. This is offset, however, by the fact that the higher effective age of these improvements. This comp is rated **inferior** on a price per SF of GBA as a result.

These value indicators considered above are arrayed relative to the TEC building with our hypothetical site in the following table:

TABLE 4.8 - Summary Comparable Unit Value Ranking Uplands		
The comps indicated the TEC \$/GBA value is:		Price/SF
Comp B3	Less than	\$158.79/SF
Comp B2	Slightly less than	\$153.54/SF
Comp B1	Slightly less than	\$152.69/SF
Subject		Solve
Comp B5	More than	\$130.71/SF
Comp B4	More than	\$78.94/SF

Despite being one of the larger buildings in the Juneau market, the TEC center is bracketed on a \$/GBA basis by the five comps noted above. Comps B1, B2 and B3 all cluster between \$152.69/SF to \$153.54/SF and are just slightly superior to the subject. At \$158.79/SF is Comp B3 which indicates higher due to the extra tidelands included with its site. Below these indicators at \$130.71/SF is the sale of three office buildings with a combined GBA comparable to a price per unit basis to the subjects’. The older age of these improvements, however, make this comp a lower indicator to the subject. At the bottom of the range is Comp 4, the sale of an older educational facility in downtown Juneau. Its \$78.94/SF reflects its higher effective age. This comp is below what the subject would warrant on a price per square foot of GBA. Given the above analysis, the value per square foot of GBA for the TEC center is placed at **\$150/SF**. The overall value of the TEC with the hypothetical upland parcel is calculated as follows:

$$\mathbf{37,120\ SF\ of\ GBA\ @\ \$150/SF = \$5,581,500}$$

In order to calculate the residual market value of the building, the land value of the hypothetical parcel must be subtracted. Earlier in this report we estimated the value per square foot of the subject uplands at \$31/SF. Applying this rate to our hypothetical land parcel gives us the following value for the parcel:

$$111,360 \text{ SF} @ \$31/\text{SF} = \$3,348,900.$$

Subtracting the hypothetical site value from the market value of the TEC and hypothetical site calculated above yields the following residual market value for the TEC:

$$\text{Residual market value of TEC} = \$5,581,500 - \$3,348,900 = \mathbf{\$2,232,600}$$

Reconciliation of TEC Building Value

The residual market value of the TEC building calculated above, is just one of the value indicators we have for this building. Earlier, in the Cost Approach section we calculated a depreciated cost for the TEC building as well. These two value conclusions are summarized as follows:

Depreciated Cost of TEC Building	\$3,180,000
Residual market value of TEC	\$2,232,600

The \$947,400 difference between these two values likely reflects a form of functional depreciation, not reflected in the Cost Approach. In larger markets with more data, it may be possible to develop an actual functional depreciation amount for this type of property, similar to how physical depreciation was confirmed with the sale of the Bill Ray Center and Triplette Building. Juneau's market simply is not large enough and this particular building is too specialized to be able to perform this analysis. The Depreciated Cost is based on a nationally recognized cost guide and straight line physical depreciation which also appears to be supported by market evidence. The Residual Market Value of the building is based on actual sales. Slightly more weight is given to the latter given its basis in the market. The Depreciated Cost is given some weight, since it reflects the specialized use of the property, but is ultimately given less weight than the residual. The value of the TEC is summarized as follows:

$$\mathbf{\text{Value of the TEC Building only} = \$2,500,000}$$

Welding Lab

Insufficient market data exists to calculate a residual market value of the welding lab improvements with market transactions, similar to the manner the residual of the TEC was calculated. This is mostly due to their high effective age and specialized use. Nonetheless, a market value based on the potential income of the building can be calculated.

The subject is a public education facility and has not been generating income. Nonetheless, similar to how hypothetical land parcel was applied to determine a value via the Sales Comparison Approach, the same can be done for deriving value from the building's potential income. By estimating the building's potential gross income (PGI) and adjusting it for possible vacancy and credit loss to indicate an effective gross income (EGI). The effective gross income is then adjusted downward for normal expenses incurred by the owner for operating the property. The resulting net operating income (NOI) is capitalized into an indication of value through the direct capitalization process. Overall capitalization rates are typically developed from market observations or the Band of Investments method. In this case, we will use market observations. Although an education space, the subject would compete with other industrial spaces in the market. A rent of \$1.25/month could be supported by the building in the market. This would yield an annual rent of \$15/SF or \$89,550. This potential gross income is then adjusted downward for vacancy or credit loss, insurance, taxes, reserves and maintenance, management/misc., indicating an annual Net Operating Income of \$64,834.20. Given the building's single tenant occupancy and its good location, a cap rate of 9% is considered appropriate. Applying this rate to the NOI yields a value of \$720,380 to the Welding Lab with hypothetical site. Removing the 17,910 SF, hypothetical upland site which is valued at \$31/SF or \$555,210. This yields a residual to the Welding Lab building of \$165,170 or \$165,000 rounded.

TABLE 4.11 – Income to Welding Lab		
Cap rate	9%	\$720,380.00
Land 3:1	17,910 @ \$31/SF	\$555,210.00
Residual		\$165,170
Residual rounded		\$165,000

Reconciliation of the Welding Lab Building

The residual market value of the Welding Lab calculated above, is just one of the value indicators we have for this building. Earlier, in the Cost Approach section we calculated a depreciated cost for this building as well. These two value conclusions are summarized as follows:

Depreciated Cost of Welding Lab Building	\$170,000
Residual Value Indicated by Income Analysis	\$165,000

The \$5,000 difference between these two values is nominal. The reconciled value is placed between these two indicators and is summarized as follows:

Value of the Welding Lab only = \$170,000

Marina Income Considerations.

The Income Approach was briefly considered based on potential income of the property as operated. There are three subleases on the site which have consistently generated \$36,435 per year for the last six years. These users also have some use of the dock space but mostly are charged in addition for it. We considered there could be a maximum of 600 feet of dock space. Using the long-term moorage rate of \$4.00 per foot per month this might generate another \$28,800 (600 lineal feet at \$48/ft/yr). Finally, the CBJ operates three cranes on the site which have had a highly variable income stream. Over the last six years it was as low as \$7,200 in 2015 and over \$14,000 in 2019. Its costs of operating usually exceed the gross revenue. On average in the last six years, it has lost \$300. If the crane income is discounted as a zero net gain the subleases and potential moorage add up to about \$65,200 (\$28,800 plus about \$36,400). This would barely cover maintenance. But for sake of discussion, even if 50% of this could be net attributable to capital real estate investment capitalized at a rate of 9%, the indicated real estate value would be about \$360,000³. This would obviously not be the Highest and Best Use of the property as it can be purchased for owner occupied related uses for a larger amount as indicated by the land value and depreciated contributory cost of the improvements. It should be clarified that the appraiser has not done a complete marina development income analysis which would require feasibility work outside the scope of this assignment. This would require additional upland development. It does suffice to say that as the property is developed and there is no meaningful income approach that would reflect the Highest and Best Use value. Therefore, while the income approach was considered it was not used for the purpose of our analysis.

4.5 Value Conclusion

The value of the subject has been calculated using a variety of approaches for each component. The land was calculated using the Sales Comparison Approach to determine a value for each of the three land types represented by the subject. The TEC building's value was determined using the Cost Approach with market derived depreciation and a market residual based on sales of commercial and industrial buildings in Juneau's market. The Welding Lab was also calculated using the Cost Approach and capitalized

³ \$65,200 times 50% divided by 9% equals \$362,222.

market derived income. Finally, the marine improvements were valued based on costs based on discussions with local contractors and engineers. Based on the foregoing the indicated value of the subject is:

Table 4.12 – Value Summary	
Land	\$5,250,000
TEC	\$2,500,000
Welding	\$170,000
Marine	\$650,000
	\$8,570,000