

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING AGENDA
For Thursday, December 3rd, 2015

- I. Call to Order** (5:00 p.m. in the CBJ Assembly Chambers)
- II. Roll Call** (Tom Donek, Weston Eiler, Tim Mosher, Tom Zaruba, and David Lowell)
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED
- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total)
- V. Approval of October 21st, 2015 Finance Committee Meeting Minutes**
- VI. Consent Agenda - NONE**
- VII. Unfinished Business- NONE**
- VIII. New Business**

- 1. Channel Construction Lease Application
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO BE DETERMINED AT THE MEETING

- 2. Special Annual Moorage Fee for Skiffs
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: PROPOSE THAT AN OWNER WITH A OPEN HULL VESSEL 21' OR LESS IN LENGTH EXCLUDING ENGINES MAY APPLY TO THE HARBORMASTER FOR MOORAGE IN THE LIMITED ACCESS AREAS OF SMALL BOAT HARBORS

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING AGENDA

For Thursday, December 3rd, 2015

WHICH IS DETERMINED BY THE HARBORMASTER AT A RATE OF \$300 PER CALENDAR YEAR AND ASK FOR UNANIMOUS CONSENT.

3. A Resolution of the City & Borough of Juneau in Support of Full Funding for the State of Alaska Municipal Harbor Facility Grant Program in The FY 2017 State Capital Budget.

Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO ENDORSE PROPOSED CBJ RESOLUTION SUPPORTING THE ADOT MUNICIPAL HARBOR GRANT PROGRAM AND REQUEST ADOPTION BY THE FULL DOCKS & HARBORS BOARD.

IX. Items for Information/Discussion

X. Staff & Member Reports

XI. Committee Administrative Matters

1. Next Finance Committee Meeting- **Thursday, January 21st, 2016.**

XII. Adjournment

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Wednesday, October 21st, 2015

I. Call to Order The Finance Committee Meeting was called to order at 5:10 p.m. in CBJ Conference Room 224.

II. Roll Call The following members were present: Tom Donek, Tom Zaruba, David Lowell, and Mike Peterson.
Also Present: Bob Janes-Board Member, Carl Uchytel-Port Director, Dave Borg-Harbormaster, Chris Orman-CBJ Attorney, and Howard Lockwood - Manager, Juneau Port Development.

III. Approval of Agenda

Mr. Uchytel added special order item to the committee administrative matters.

MOTION: BY MR. MIKE PETERSON TO APPROVE THE AGENDA AS AMENDED
Motion passed with no objection

IV. Public Participation on Non-Agenda Items - NONE

V. Approval of August 20th, 2015 Finance Committee Meeting Minutes

MOTION: BY MR. TOM DONEK TO APPROVE THE AUGUST 20, 2015 FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection

VI. Consent Agenda - NONE

VII. Unfinished Business- NONE

VIII. New Business

1. Auke Bay Boatyard Lease Amendment

Presentation by Port Director

Mr. Uchytel stated at the last full Board meeting it was agreed to pursue the lease amendment which will relocate the Auke Bay Boatyard operated under the ownership of Harri's Heating & Plumbing doing business Harri's Commercial Marine. It will move from the location at old DeHarts area to the Auke Bay Loading Facility(ABLF). We will accept the lease rent amount of \$27,000 per year that was based on the appraisal by Horan & Co. The original lease was from 2008 and this remains in effect with the new amendment just changing the location & lease rent amount.

Committee Questions

Mr. Zaruba asked where exhibit B is. He recalls it from the last meeting regarding building structures and equipment information.

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For Wednesday, October 21st, 2015

Mr. Orman answered he drafted the lease amendment and did not provide exhibit B from the original lease.

Mr. Zaruba asked about Docks & Harbors adding \$250,000 worth of new structures and why is it not included in the lease amendment. He asked if this information is on exhibit B from the lease.

Mr. Uchytel answered exhibit B is from the old lease so it does not address the building of new structures at the new location. The new structures will be owned by Docks & Harbors.

Mr. Zaruba stated the appraisal from Horan & Co is not the correct value if we have not included the market value of the property, the new structures, and the equipment.

Mr. Janes stated it is in the lease to provide structures so we can encourage an operator to move to an alternate location. The old structures have no value and should be scrapped. We never intended to charge for new structures it was intended to provide motivation to move the operator from the Statter Harbor to the ABLF for our overall Statter Harbor master plan.

Mr. Orman stated the original lease from 2007/2008 was created to have an option for Docks & Harbors to do a lease amendment so we could relocate the boatyard if a new site became available. If something in the appraisal was missed we can ask Horan for an explanation. There was also a concern mentioned in previous board meeting to make sure there was no conflict of interest from a legal standpoint since Mr. Duvernay's father and Mr. Horan had worked together in the past. It will always exist that people know each other since Southeast Alaska is so small but there is no issue.

Mr. Zaruba stated this is not correct with the full picture if we do not have the correct appraisal for the lease rent with structural improvements and equipment included. The Assembly will not approve it. We have nothing in the minutes where the board approved to spend the \$250,000 on building new structures.

Mr. Donek stated that is a future board action to plan, approve, and build the structures. We are waiting on Mr. Gillette, the Port Engineer, to provide the amount of money and plans that will be needed to provide the structures. It will not affect the lease rent amount.

Mr. Zaruba stated we are out of compliance with the law if we do not provide financial justification of the lease rent amount from appraisals which include everything. We have to have the value of the land and the improvements to present to the Assembly.

Mr. Peterson asked Mr. Zaruba what do you want added to the lease amendment.

Mr. Zaruba answered that he wants all the equipment listed and the values, the value of the structures, and the market value property appraisal. The lease amendment should reflect all these items so the lease rent includes everything. The lease has to be based on property value.

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FINANCE MEETING MINUTES
For Wednesday, October 21st, 2015

Mr. Peterson stated the Port Director has the authority to enter in to a land lease and to include terms that are appropriate to the lease.

Mr. Zaruba stated ask the Attorney because the City requires the lease to be 8-10% of the property value per an ordinance with a cap rate. We should have an appraisal of the fair market value of the property. This lease amendment needs more work.

Mr. Peterson asked Mr. Zaruba that he do his homework so he can provide accurate information when he is asking for changes or making a point.

Mr. Zaruba stated Mr. Uchytel said there was going to be \$250,000 spent and we need to add it to the lease.

Mr. Peterson asked Mr. Uchytel to add equipment and new structure values added.

Mr. Uchytel asked for clarification on how much needs to be added. Do we want the whole history of what has been spent on the land to create a value.

Mr. Zaruba answered the appraisal for the lease rent with improvements and equipment included and must be based on current value of the property.

Mr. Uchytel stated we are not creating a lease basing the appraisal on best and highest use of the land therefore it would not be accurate.

Mr. Orman stated he does not believe that it is correct that the lease has to be based on 8-10% of the property value per an ordinance with a cap rate. The regulations give a lot of latitude to the Port Director and the Board to manage these properties. The lease rent has varied from 5-10% of the appraisal amount. Mr. Horan has followed the regulations and appraisal requirements. That is why we hire an appraisal firm to handle these appraisals since they know the legal requirements. Per the regulations the only requirement to meet is to have an appraisal done and then base the lease rent off of that appraisal. It is not a legal requirement to have lease rent based on actual property value for every lease. We can request any type of appraisal, such as being based on a business value. There are several properties that this applies to such as a kiosk. There is no land value for a kiosk. Some require lease rent to be based on a business value only such as the Tram lease with Goldbelt. The only course for the board to follow would be if you thought Mr. Horan did the appraisal wrong for the Boatyard amendment.

Mr. Zaruba asked Mr. Orman if the City requires the lease to be 8-10% of the property value per an ordinance with a cap rate. If I am wrong about this then I'll apologize but I thought this was a city requirement for all property leases. This appraisal was based on business value only.

Mr. Orman said it is mostly practiced to be based on property value but he has to research if it's actually required. He believes it is not a requirement. Therefore we hire an appraiser to do what we request when in a situation like this, we need it to be based on business value and not property value. If the board believes the appraisal is improper then the Board can go back to Mr.

CBJ DOCKS & HARBORS BOARD
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For Wednesday, October 21st, 2015

Horan and ask for changes or explanations. As long as the board has a legitimate appraisal and bases the lease rent amount off of that, then the Board has met the legal requirements.

Mr. Zaruba said I'm not arguing that the appraisal is wrong. All I'm asking is if the appraisal is wrong under the guidelines Mr. Uchtyl gave Mr. Horan. The city requires all appraisals are done on property value not based on business value.

Mr. Orman answered you cannot do all property leases based on property value. There are exceptions such as the kiosk.

Mr. Peterson stated this discussion is being killed when there is point being made and there is no back up on the point. Mr. Peterson asked Mr. Zaruba if he thinks the appraisal was done incorrectly then please state so.

Mr. Zaruba said the type of appraisal should be based on value of the property so we can determine a cap rate.

Mr. Donek asked Mr. Zaruba to please do your research on city ordinances with Mr. Orman to have your information prior to our meetings. Please make sure you have to have a property value leases prior to making the point. Mr. Donek said this lease is not based on land value that it is based on business value like we have done before. We are not going to spend \$10,000-\$15,000 on another appraisal for property value when it would be totally useless. Please do not insist on it being property value only when you have not provided information from a code.

Mr. Zaruba answered I've been in business a long time and I've seen bad deals and if we do not have enough financial information and incomplete data this could be a bad deal.

Public Comment

Mr. Dennis Watson – Juneau, AK

Mr. Watson said he has been coming to Harbor Meetings for years. There have been several deals and different leases throughout the years and you have to be able to explain how and why. It is best to move the boatyard to the ABLF but if you base the lease rent of Harri's business what happens if the boatyard lease switches companies.

Committee Discussion/Action

Mr. Orman stated we have a failsafe for the lease rents to reviewed and re-appraised every 5 years.

Mr. Peterson asked when does the lease expire and when will it be reviewed.

Mr. Uchtyl answered it will expire in April 2018 and they should have the opportunity to renew.

Mr. Zaruba stated he still wants exhibit B to have structures and equipment included.

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Mr. Janes stated we need an operator out there now and we can have it re-appraised in 3 years once the structures are in place. If we delay this we may lose the operator.

Mr. Peterson asked if Mr. Uchytel can provide a list of inventory.

Mr. Zaruba asked if we can have what is being built and its value added in also.

Mr. Uchytel answered we do not have any structure information or amounts yet.

Mr. Peterson said we need to table this until we can provide it per Mr. Zaruba's request.

Mr. Donek said we can update the inventory then we can move forward. At a later date we can add another amendment with the structures once they are built.

Mr. Zaruba said we need to know now what is being built, what it costs, and what the lease rent will be based on the additional information.

MOTION: BY MR. ZARUBA TO TABLE THE BOATYARD AMENDMENT UNTIL WE RECEIVE ADDITIONAL INFORMATION FROM STAFF ON WHAT IMPROVEMENTS WILL BE MADE AND AT WHAT COST.

Objection was made by Mr. Donek.

Motion put to vote.

Mr. Donek – No
Mr. Zaruba – Yes
Mr. Lowell – Yes
Mr. Peterson - Yes

Motion passed to table amendment until next meeting.

IX. Items for Information/Discussion

1. Juneau Port Development

Presentation by Howard Lockwood – Manager, Juneau Port Development

Mr. Lockwood stated he wants to go over the value of the lease for the City and answer any questions. He has been in the process for the last 12 years to build another harbor at no cost to the City and Borough of Juneau. It will be all outside capital put in to this project. The Public Works department has been trying to take over the property. The original project is for 112-slip harbor as was approved by the city. Mr. Lockwood went over a presentation about mining process and the changes to the harbor plan since Public Works has taken over portions of the property in the last 3 years. Mr. Lockwood also went over other financial information for the plans which was similar to timeshares.

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Mr. Zaruba asked if Mr. Lockwood has all the necessary permits in hand to proceed.

Mr. Lockwood answered no.

Mr. Janes asked how long can the land be mined.

Mr. Lockwood answered there is no time limit.

Mr. Janes asked if the city can lease it to someone else if there is a mining claim.

Mr. Lockwood answered no you cannot lease to anyone else because of the mining claim.

2. FY2016 Financial Report

Presentation by Port Director

Mr. Uchtyl presented the FY15 Financial Summaries by Department for both Docks & Harbors. The Docks department had a total of \$581,932 of revenue. The Harbors side had a total of \$104,040 of revenue after removing amounts dedicated to a CIP project. (See detailed attachment on the agenda)

Mr. Peterson asked if we are losing revenue according to the Budget vs. actuals for Docks.

Mr. Uchtyl answered we over estimated water sales and vendor booth sales but we are still profitable.

Mr. Zaruba asked if the accountants will take out another amount of equipment depreciation this year.

Mr. Uchtyl answered he does not know.

3. Downtown Food Vendors

Presentation by Port Director

Mr. Uchtyl stated we have had requests the last few summers from food vendor carts that would like to operate on our facilities in the downtown area. The city has them but we have excluded them from our limited narrow areas on our docks. We could discuss areas and pricing if the board wants to pursue this.

Mr. Zaruba asked if we have any.

Mr. Uchtyl answered the city does but we do not.

Mr. Donek asked how the city controls the ones on the streets.

Mr. Uchtyl answered there is a \$50.00 application fee and there are rules & requirements that do not seem to be followed or enforced such as size.

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Mr. Zaruba asked what we would get out of it.

Mr. Uchytel said we could state our price and do an outcry auction like the vendor booth sales.

Mr. Donek said he has a problem with a cart going in front of restaurants and taking away business.

Mr. Peterson stated as long as Docks & Harbors does not put any money in to it.

Mr. Zaruba stated we would have to police them.

Mr. Uchytel asked Mr. Orman if they can set up shop wherever they want in the city.

Mr. Orman answered he believes there are only certain allowed areas.

Mr. Donek stated he is not in favor. The best option would be when the new cruise ship area is done but only two would fit and it may cost us more than we make.

X. Staff & Member Reports - NONE

XI. Committee Administrative Matters

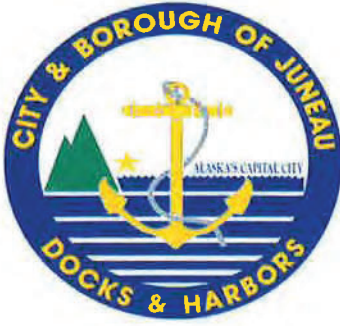
1. Next Finance Committee Meeting- **Thursday, November 12th, 2015.**

2. Special Order Item

Mr. Uchytel presented Mr. Mike Peterson with a cap & jacket as a parting gift to thank him for all his work with Harbor Board since he is leaving Alaska next month.

XII. Adjournment

The Finance Committee meeting adjourned at 6:44pm.



City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

To: Docks & Harbors Finance Committee

CC: Docks & Harbors Regular Board

From: Carl Uchtyl, Port Director

Date: December 3rd, 2015

Re: Channel Construction application for re-lease of ADL2193/ATS 7

1. **Background:** The original lease property is ADL 2193/ATS 7 Lot 2 containing 1.607 acres. This a parcel of tidelands seaward of the mean high water line on Gastineau Channel. This lease was originally a 55 year lease entered into on April 25th, 1961 between Construction Services Inc. and Alaska Department of Natural Resources. The assignment changed on April 8th, 1967 to Juneau Ready Mix Inc. There was an amendment to the lease effective October 25th, 1978 changing the five year adjustment intervals to a one time 25 year period and 10 year intervals thereafter. Effective February 8th, 2001 the Department of Natural Resources conveyed the tidelands and transferred lease administration for Lease No ADL 2193/ ATS 7 Lot 2 to City and Borough of Juneau. The assignment was changed on June 19th, 2003 to William R. Tonsgard, and September 24th, 2008 changed again to Channel Construction which is the current lessee. There was an amendment to this lease effective May 5th, 2010 adding to the leased property a parcel of tidelands consisting of approximately .51 acres (22,192 S.F.) located adjacent to the existing leased property making a total lease area of approximately 2.117 acres (see attached Map 1). The current rate of \$0.13 per square foot was established by the Docks & Harbors Board effective August 26th, 2004 for the 1.607 acres and \$0.15 per square foot was used for the .51 acre additional lease area. On March 14th, 2011, a statement of sublease was signed allowing Channel Construction to sublease 266 S.F. to DIPAC and DIPAC sublease 258 S.F. to Channel Construction (see attached map 2). The current and proposed use is for a barge landing. In accordance with the terms of the current tideland lease agreement, Channel Construction has a preference right for this lease. An appraisal is currently being conducted and should be available by December 2nd, 2015. This lease will expire on April 25th, 2016.

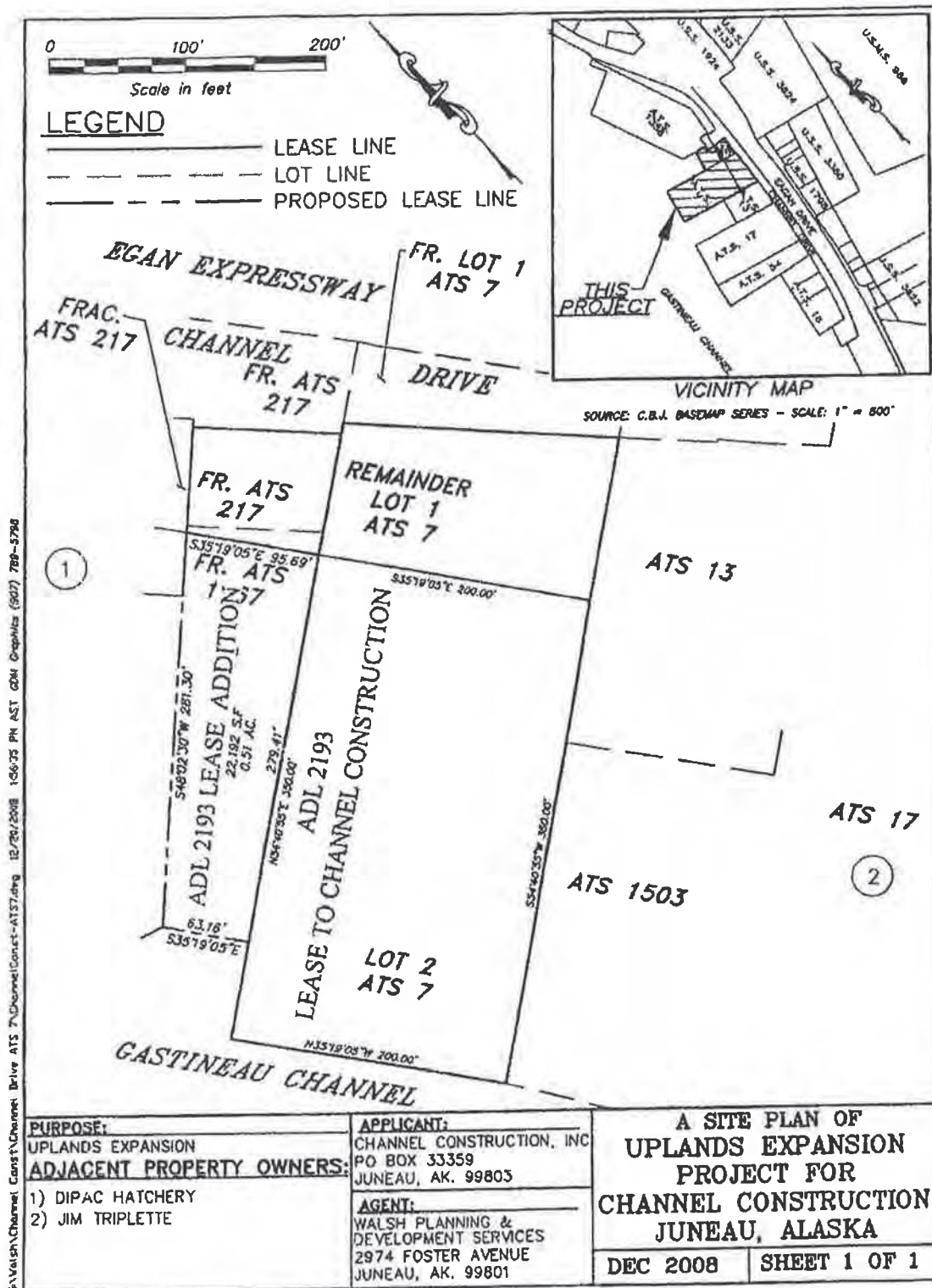
2. **Recommendation:** Recommend to approve Channel Constructions application for a new lease, provide a fair and reasonable land lease rate based on an appraisal, and forward to the Regular Board for final approval.

Attachments

- (1) – Additional Lease area map
- (2) – Statement of Sublease map
- (3) - Application

**EXHIBIT A.
LEASE ADDITION
CHANNEL CONSTRUCTION
ADL 2193**

Attachment (1)



Ord. 2010-08 - Exhibit A



4 of 4

2010-007778-0

LEGEND

LEASE LINE

PROPOSED LEASE LINE

STATEMENT OF SUBLEASE:

CHANNEL CORPORATION, INC HEREWITH LEASES 266 SQUARE FEET OF AREA FROM ITS LEASE ENTITLED FRACTION ATS 1067 TO ITS NEIGHBOR DIPAC FOR AS LONG AS BOTH CHANNEL CORPORATION, INC'S LEASE AND DIPAC'S LEASE ARE VALID

Dated: 3/11, 2011

WILLIAM R. TOMESGARD, PRESIDENT
CHANNEL CORPORATION, INC
JUNEAU, ALASKA

STATEMENT OF SUBLEASE:

DIPAC HEREWITH LEASES 258 SQUARE FEET OF AREA FROM ITS LEASE ENTITLED FRACTION TRACT A, ATS 1356 TO ITS NEIGHBOR CHANNEL CORPORATION, INC FOR AS LONG AS BOTH CHANNEL CORPORATION, INC'S LEASE AND DIPAC'S LEASE ARE VALID

Dated: 3/14, 2011

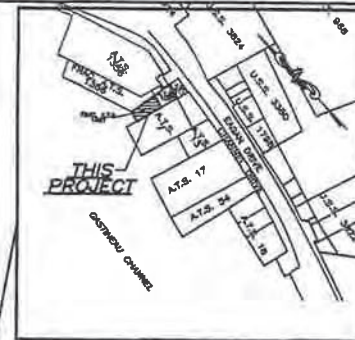
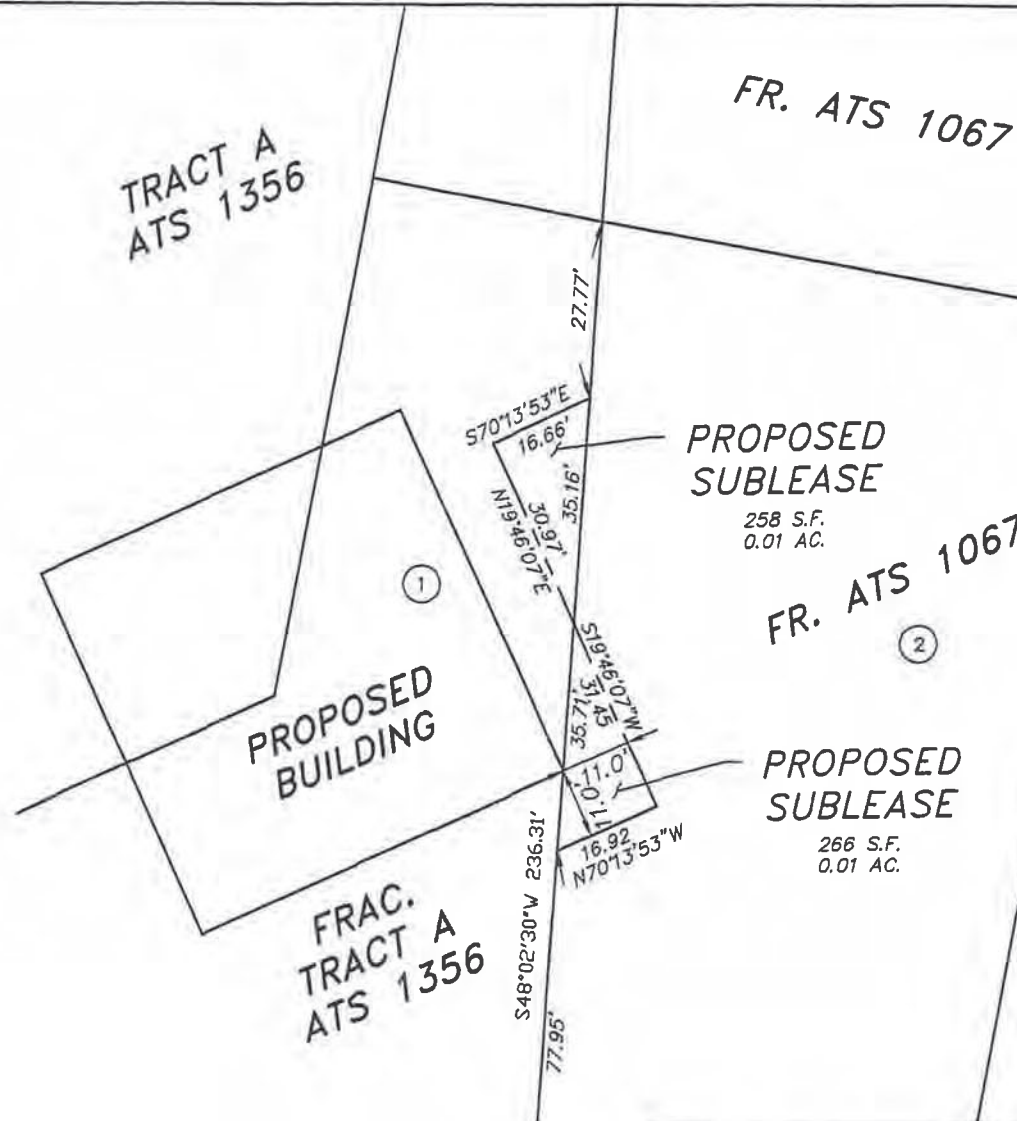
ERIC PRESTEGARD, PRESIDENT
DIPAC
JUNEAU, ALASKA

CERTIFICATE OF APPROVAL

THE LESSOR OF BOTH CHANNEL CORPORATION, INC AND DIPAC'S LEASES, THE CITY AND BOROUGH JUNEAU DOCKS AND HARBORS DEPARTMENT, HEREWITH ACKNOWLEDGES THESE SUBLEASES.

Dated: MARCH 14, 2011

JOHN STONE, PORT DIRECTOR
CITY & BOROUGH OF JUNEAU
DOCKS AND HARBORS DEPARTMENT



VICINITY MAP
SOURCE: G.B.J. BASEMAP, SERIES
SCALE: 1" = 600'

0 20' 40'
Scale in feet

PURPOSE: SUBLEASE	APPLICANT: CHANNEL CONSTRUCTION, INC PO BOX 33359 JUNEAU, AK. 99803	A PLAT OF A SUBLEASES BETWEEN CHANNEL CONSTRUCTION, INC. AND DIPAC JUNEAU, ALASKA
ADJACENT PROPERTY OWNERS: 1) DIPAC HATCHERY 2) CHANNEL CONSTRUCTION, INC	AGENT: WALSH PLANNING & DEVELOPMENT SERVICES 2974 FOSTER AVENUE JUNEAU, AK. 99801	
		MAR 2011 SHEET 1 OF 1

City and Borough of Juneau Property Docks and Harbors Application for Lease

Application processing - The Port Director will review each application for completeness within 30 days of receipt unless the Director notifies the applicant that more time is required to complete the review. If the port director determines that the application is not complete, the Director will provide the applicant with a general description of the information needed to make the application complete. Once the application is complete, the Port Director will estimate the cost for the docks and harbors department to process the application and will notify the applicant in writing of the estimated cost. The applicant is required to pay all costs associated with processing of the application, including any costs to survey and appraise the area proposed to be leased. The applicant must agree in writing to pay the processing costs prior to the Docks and Harbors Board taking action on the application. Failure of the applicant to agree to pay, or pay, any processing cost will result in the application being denied. The applicant may assist the Port Director by arranging for specified components of the work, such as survey and appraisal, provided any such work to be performed by applicant is approved in writing in advance by the Port Director.

Date 10/28/15 ADL# 2193/ATS 7

Applicant's Name: CHANNEL CONSTRUCTION INC.

Group, Association, or Corporation Name _____

Mailing Address: PO BOX 33359

City/State/Zip JUNEAU AK 99803

Message Phone 907-789-0200 Work Phone 907-789-0200

Is applicant authorized to conduct business under the laws of the State of Alaska?

YES

Is applicant 19 years or older?

YES

What type of lease are you applying for?

TIDELANDS LEASE
(uplands lease, tidelands lease, easement)

Legal Description:

Lot(s) LOT 2 Block/Tract# ATS 7 Survey/Subdivision 1798

Other: _____

Acres 1.607 + .51

Total area Approximately 2.117 acres.

What is the proposed use and activity on the leased land?

BARGE LANDING

Proposed term of lease 35 ? YEARS

Are you planning to Sublease this land? Yes (No) - 266 S.F. to DIPAC

Are there any improvements or construction planned? no

If yes, submit a development plan that includes.

- a. The nature and purpose of the proposed lease.
- b. A site plan
- c. The use, value, and nature of improvements to be constructed.
- d. The dates construction is estimated to commence and be completed.
- e. A detailed description of the proposed operation.
- f. Whether the intended use complies with the CBJ Land Use Code, CBJ Title 49, and the comprehensive plan of the City and Borough of Juneau.
- g. Additional information that would assist the Port Director, the Docks and Harbors Board, and the Assembly in acting on the application.

CBJ zoning title and plans are available from the Community Development Department.

The Board recommends that applicants carefully review current site conditions before making an application.

The Board intends to award leases to the development that provides the most marine-related benefit to the community of Juneau and the development that provides the most economic benefit to the City and Borough of Juneau in general and the Docks and Harbors Department in particular.

The lease must meet all applicable requirements listed in CBJ ordinance 53.20.

WR [Signature] 11/14/15
Signature Date

If applying on behalf of an agency, municipality, or organization, state which one. PRESIDENT
Title

Please do not write below. Docks and Harbor use only.

Application Received <u>11/17/15</u>	\$10.00 Filing Fee Received <u>21 11/23/15</u>
Date approved by Operations Committee _____	
Date approved by Finance Committee _____	
Approved by Regular Board _____	
Law Department Ordinance _____	
Assembly Action _____	
Lands _____	
Public Notice _____	
Ad Option _____	
Final Lease Signed Date _____	

APPRAISAL REPORT MARKET RENT OF
LOT 2, ATS 7, ADL 2193 &
THE LEASE ADDITION, ATS 1067,
PLAT 2010-08, (2.116 ACRES),
2691 CHANNEL DRIVE, LOCATED IN
GASTINEAU CHANNEL, JUNEAU, ALASKA



LOOKING SOUTH OVER SUBJECT'S FILLED AND UNFILLED AREA FROM THE
ADJACENT DIPAC LEASE

PREPARED FOR: City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

PREPARED BY: Charles Horan, MAI
Joshua Horan, Real Estate Appraiser
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

EFFECTIVE DATE: May 1, 2015

REPORT DATE: December 2, 2015

OUR FILE NO.: 15-119

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

PHONE NUMBER: (907)747-6666 FAX NUMBER (907)747-7417 commercial@horanappraisals.com

December 2, 2015

Carl Uchytel, P.E., Port Director
City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

VIA Email teenalarson@juneau.org

Re: Appraisal Report Market Rent of ATS 7, and Lease Addition, approximately. 2.116 Acres,
Located in Gastineau Channel, at 2691 Channel Drive, Juneau, Alaska, Our File 15-119

Dear Mr. Uchytel,

We have contacted the lessee, inspected the property and made a market analysis of the tidelands and waterfront real estate market to determine the market rent for the above referenced Tidelands Lease. Based on this analysis, the estimated annual market rent value, as of the valuation date of May 1, 2015, is as follows:

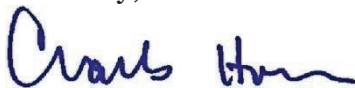
ATS 7, Lot 2 and Lease Addition
92,193 SF @ \$0.15/SF = \$13,828.95/year

This is a retrospective appraisal and is completed under the extraordinary assumption that the subject was in a similar condition on the effective date as it was on the inspection date.

Your attention is invited to the remainder of this report which sets forth the Assumptions and Limiting Conditions and Certification of Appraisal in the addenda, and the most pertinent data considered in estimating the market rent of the subject property. This appraisal report is intended to comply with the rules and regulations as set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) and the City and Borough of Juneau's Appraisal instructions.

If you have any questions or comments, please feel free to contact us at your convenience.

Sincerely,



Charles E. Horan, MAI
Horan & Company, LLC



Joshua Horan, Real Estate Appraiser

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Addenda

Certifications

Assumptions & Limiting Conditions

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Scope of Work

Leases

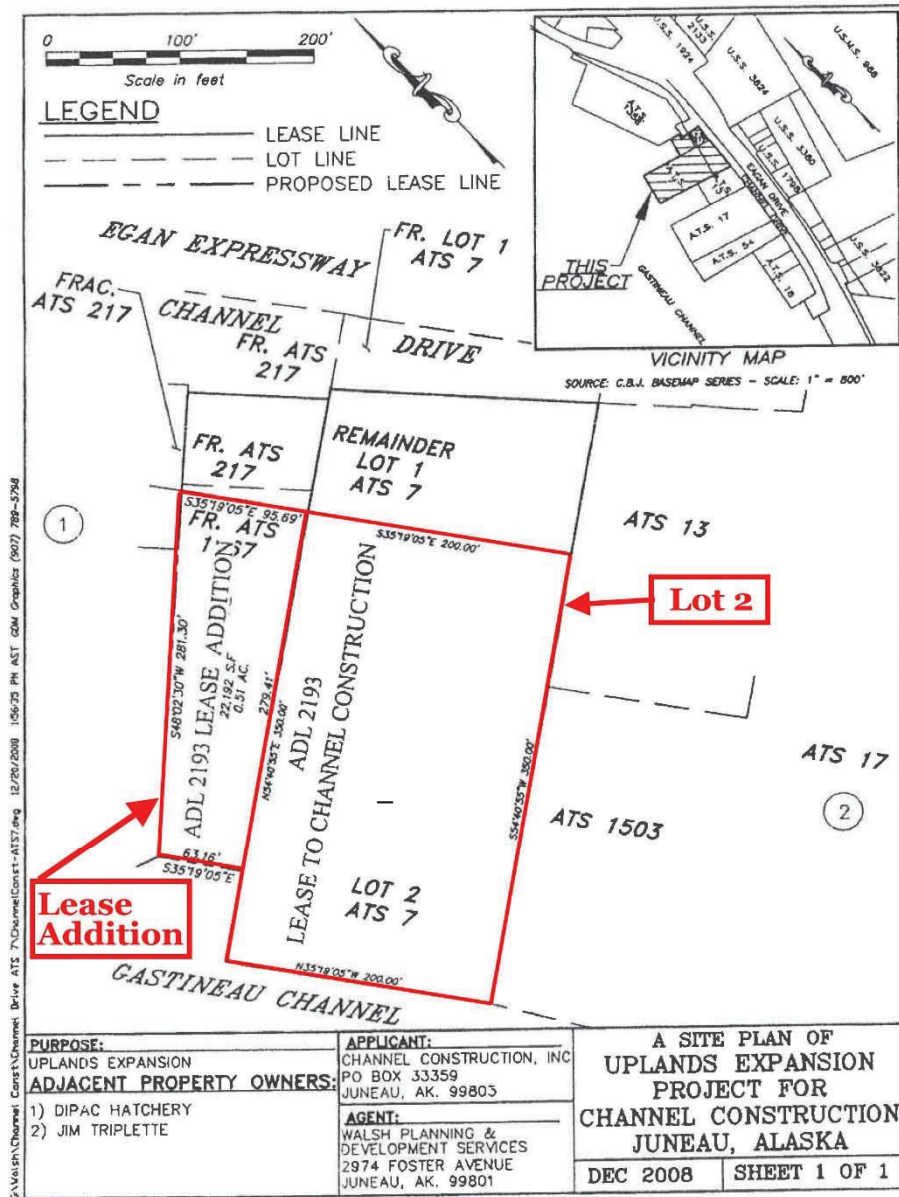
Subject Photographs

Comparable Write ups

Qualifications

1 INTRODUCTION

EXHIBIT A. LEASE ADDITION CHANNEL CONSTRUCTION ADL 2193



Ord. 2010-08 - Exhibit A



FIGURE 1.1 SUBJECT SITE PLAN

The purpose of this appraisal is to estimate the current market rent of the subject based on the five year rental adjustment provisions of the lease. This is a retrospective appraisal assignment. Our inspection date is several months after the effective date which is the lease review date. This appraisal is made under the extraordinary assumption that the subject was in a similar condition on the effective date as it was on the inspection date. The subject is located just north of the applicant's business property at 2685 Channel Drive, adjacent to Gastineau Channel in Juneau, Alaska (ATS 7). It is currently used as a barge landing. The lease was originally signed in 1961 and terminates in April of next year. The lessee is in the process of applying for a lease renewal on the property. The lease was most recently reviewed in 2010 when an amendment was signed increasing the leased area by approximately a half acre. The annual lease payment at that time was set at \$12,428/year per city records.

The lease terms are summarized as followed below. Please see the addenda for a complete copy of the lease.

Synopsis of Lease

<i>Legal Description/Leased Premises:</i>	ATS 7, Lot 2 (1.607AC), ADL 2193, Plat 2010-08, and Lease Addition (0.51AC), Juneau Recording District, First Judicial District, State of Alaska, containing approximately a total 2.117 AC (92,193 SF) of property.
<i>Lessor:</i>	City and Borough of Juneau, as land manager
<i>Lessee:</i>	Channel Construction, Inc.
<i>Term of Lease:</i>	55 years
<i>Annual lease payment</i>	\$12,428.00 plus sales tax
<i>Lease Dates:</i>	Began April 25, 1961, expires April 24, 2016
<i>Last Lease Review Date:</i>	May 5, 2010 (Effective date of lease amendment)
<i>Rental Adjustment Period:</i>	Initial 25 year period with 10 year intervals afterward per 1978 lease amendment
<i>Use:</i>	Barge Landing.
<i>Property Rights Included:</i>	Normal rights conveyed by lease.
<i>Property Rights Excluded:</i>	No mineral or timber rights are conveyed by lease.
<i>Other Terms of Lease:</i>	Typical full net lease indemnifying lessee.
<i>Reversion of Improvements:</i>	Not specified but typically able to be retained by lessee or its successor if all obligations of lease have been fulfilled, and lease extended. Improvements must be removed if lease is terminated.
<i>Easements:</i>	None noted on Plat.
<i>Improvements Included:</i>	None. All improvements to be provided by lessee. This updated valuation is based on the site being undeveloped and in its pre-lease condition .

1.1 PURPOSE OF APPRAISAL, INTENDED USERS AND INTENDED USE

The purpose of this appraisal is to determine the annual market rent of the subject. The market rent estimate is for the property in fee simple interest less mineral rights in its **Pre-Lease (undeveloped) Condition**.

Intended use: This valuation is to be used to set market rent for a tidelands lease as administered by the City and Borough of Juneau.

Intended Users are the City and Borough of Juneau and Channel Construction, Inc. William R. Tonsgard, President, as Lessee

1.2 PARTIES TO THE TRANSACTION

Client and Ostensible Owner

City and Borough of Juneau (CBJ) is the client, and ostensible owner. The State of Alaska retains subsurface minerals rights with a reverter clause if CBJ is dissolved, and condition of title in that the CBJ cannot sell the tidelands, but may lease them; management is administered by the CBJ.

Lessee

Channel Construction, Inc., William R. Tonsgard, President.

1.3 LESSEE CONTACT, INSPECTION & EFFECTIVE DATE

We contacted the lessee's business via the phone number noted in the lease. Mr. Tonsgard was not available, however we were able to speak with Dave Payne, his accountant. We informed Mr. Payne of our assignment and our inspection date. He noted that Mr. Tonsgard or himself may be present at the time inspection if they had time, but that we were free to inspect the property without any Channel Construction representative present.

Charles and Joshua Horan inspected the property on Tuesday, September 29, 2015. Mr. Tonsgard and Mr. Payne were not present during the inspection. The effective date of this appraisal is May 1, 2015, a retrospective date which is the lease review date.

1.4 APPRAISAL METHODOLOGY

The most direct way to estimate market rent is by the **Rent Comparison Approach**. In this approach, the annual rent of similar properties is considered on a price per square foot basis. We identify comparable information through interviews with knowledgeable participants in the real estate markets such as local appraisers, other lessors and lessees, discussions with municipal property assessment personnel and others who are familiar with the real estate market in Southeast Alaska. A search was performed of similarly used properties in the communities throughout Juneau, Alaska. Information was collected from reliable sources as available, primarily from the Port of Juneau for land leases.

Our office maintains market data information on sales, transfers and on a geographic location basis for those rural properties not connected to a road system, and those connected. Within

each of these areas, the data is further segmented into commercial and residential properties. Within these divisions of separation are divisions for zoning and whether the properties are waterfront or upland parcels. Horan & Company, LLC maintains and continually updates this library of sale transactions throughout the Sitka and Southeast Alaska region and has done so for over 30 years.

1.5 TIDELANDS LEASE RENTS - RATIOS AND PERCENTAGES

Estimating market value or market rents for tidelands has always been a challenge in the State of Alaska. In terms of the overall real estate market, transactions for tidelands alone are very infrequent. Once Alaska became a state in 1959 they acquired ownership of most navigable water-tidelands. There had been a few patented tidelands sites and municipalities had some patented tidelands which they could lease or sell. The Constitution of the State of Alaska prohibits the sale of tidelands parcels. The state and most municipal governments view tidelands as a critical component for public access to the waterways and economic development. As a result, they are generally leased to ensure continual productive use and public access.

When tidelands do sell, they are usually associated with waterfront uplands forming a functional property unit between the water and public roadways. This would be the case, for instance, where there is a dock or barge landing facility requiring tidelands for marine improvements and an uplands staging area. Sometimes these facilities sell where the uplands are owned in fee simple interest and the tidelands are leased. In these instances the contributory value of the tidelands can be estimated as the residual of the allocated value of the uplands portion of the sales price. There are frequently more market transactions to indicate the value of the uplands than tidelands. It has then become a common practice over the years to value tidelands as a percentage of the unit value of their adjoining uplands.

Uplands to Tidelands Unit to Value Ratio

Over time we have isolated the value of tidelands which have sold, leased or otherwise been valued based on transactions whereby an allocation is made between uplands and tidelands components. The following Table 1.1 summarizes 11 observations of the ratio (%) of tidelands square foot values to the square foot value of the uplands. This allocation is based on the sales of similar uplands, allocations by the buyers or sellers or appraisal analysis. In some instances, such as observations 9 and 11, there is a range of value based on differing views by the participating parties or a range of comparable sales in that area compared to the value of the known component.

The tidelands to uplands unit value ratios range from 12% to 40% in these observations. In other instances the range can even be wider from 5% to more than 50%. The driving factors in this ratio are how effectively the tidelands are used as compared to the uplands value. For instance, if the tidelands serve as a good, compact dock site and the adjacent uplands are filled, have a contained shore line and efficiently complement the use of the tidelands, the ratio would be lower than if the uplands were unfilled, low value raw land needing to be developed. This

Table 1.1 - Range of Tideland Unit Value Ratio (%) of Upland Unit Value					
No.	Location	Date	Size in SF	SF Value	Ratio
			Upland Tideland	Upland Tideland	Tideland as % of Upland
1	4100 Tongass Ave., Ketchikan	2003	26,915	\$16.03	
			14,275	\$1.94	12%
2	1000/1010 Stedman, Ketchikan	2005	76,597	\$16.00	
			102,133	\$4.99	31%
3	1007 Water St., Ketchikan	2001	61,000	\$17.25	
			40,594	\$4.19	24%
4	Mile 4 Mitkof Hwy, Petersburg	2010	170,772	\$2.50	
			346,720	\$0.57	23%
5	4513 HPR, Sitka Sitka	2005	179,507	\$10.72	
			42,035	\$2.74	26%
6	111 JT Brown St., Craig	2009	62,340	\$8.00	
			50,890	\$2.00	25%
7	76 Egan Drive, Juneau	2013	8,692	\$51.50	
			12,918	\$20.55	40%
8	108 Egan Drive, Juneau	1995	NA	\$55.00	
			NA	\$16.00	29%
9A	Alaska Glacier Seafoods, Juno Range of Comp unit values	2000	NA	\$ 22.00	
			NA	\$ 3.04	14%
9B	Alaska Glacier Seafoods, Juno Range of Comp unit values	2000	NA	\$ 8.00	
			NA	\$ 3.04	38%
10	Jacobsen Dock, Juneau	2013	100,000	\$20.05	
			379,694	\$5.00	25%
11A	2691 Cahnnel Dr, Juneau Range of Comp unit values	2003	51,231	\$9.00	
			51,401	\$1.08	12%
11B	2691 Cahnnel Dr, Juneau Range of Comp unit values	2003	51,231	\$5.31	
			51,401	\$1.58	30%

latter situation would impact the ratio due to the relatively lower value of the uplands as compared to the utility of the tidelands. Conversely, if the tidelands are oversized and extend an excessive distance from the shore, diminishing their utility due to shallow run out or other site limitations, they may have a lower unit value and subsequently a lower tidelands to uplands ratio. This is due to the parcel being larger than would otherwise be necessary as compared to a more efficient, smaller site which would have a higher ratio of unit value.

If no comparable tidelands sales are available it makes sense to estimate the value of suitably complementary uplands and apply a ratio to the unit value of these uplands from 10% to 40% to indicate the value of the tidelands under appraisal.

Land Lease Percentage Rates

If the purpose of the appraisal is to estimate annual market rent the best method is to use directly comparable annual rents on a price per square foot or price per acre basis.

Sometimes there are no directly comparable rents available or it is desirable to have a check against the limited rent data that may be available for estimating rents. The commercial land rent market oftentimes sets rents by calculating a percentage of the estimated market value of the land being rented.

Land leases are most often granted by public or private institutions. Sometimes leases state the rates, other times the rents are informally calculated based on a rate. Land Lease rates range from about 4% to 12% of the market value of the land, on an annual basis. Over a long period of time these rates may fluctuate with the institutional land owners' anticipation of return on investment. However, they are more stable than short term changes in interest or bond rates for instance. We have kept track of these land lease percentage rates over a long period of time. The following summarizes our most recent discussions with various institutions who lease land.

The Alaska railroad, the University of Alaska and the Alaska Mental Health Trust all lease land at various rates depending on location. Urban lands have targeted rates of 10-12% per year, but are leasing at lower rates of 7-8% depending on negotiations. The Alaska Railroad leases urban, commercial, and industrial waterfront land from 7% to 10%, with the higher rates in Seward and Anchorage's Ship Creek areas. Their leases are typically 35 years in length and are adjusted every five years based on appraisals. The rents are capped at a 35% increase and a floor of minus 35%. Short term year to year rates are higher. Long term leases over 5 years would have lower rates. Generally these types of leases are adjusted every 3 to 5 years based on reappraisal or the Consumer Price Index.

Municipalities throughout the state lease tidelands based on a lease percentage rate. Over the last 20 years we have seen these lease rates range from as low as 4% to as high as 12%. In the last 10 years or so these rates have settled between the 7% to 9% range. Several municipalities, such as Craig and Skagway, have a legislated 8% per year rate. The City and Borough of Sitka has been leasing land at the Gary Paxton Industrial Park for 9%. Several municipalities, such as Ketchikan and Petersburg, have adopted lower rates for certain lands as an economic incentive for business development. In 2014 Ketchikan dropped its rate to 4%. Petersburg rates are as low as 6%.

For most private commercial leases these rates have not changed in the past several years and are best described as stable. A market rate of 8% is well supported.

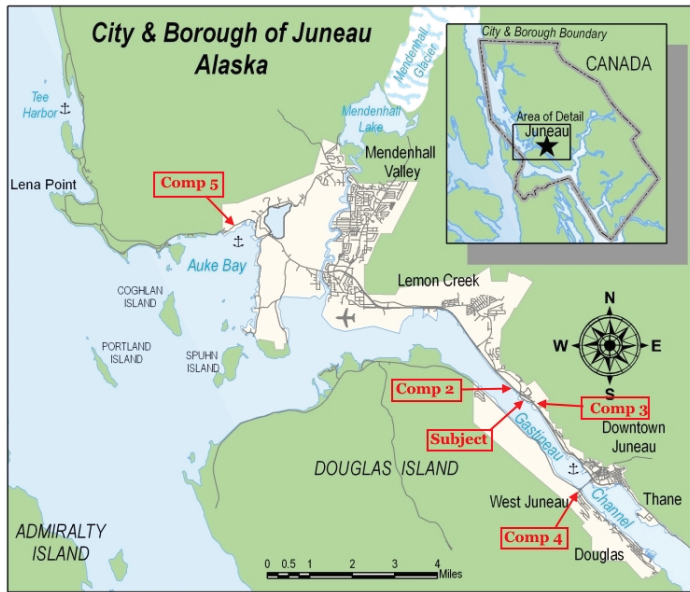


FIGURE 2.1 – JUNEAU AREA MAP

compounded annual growth of 0.5% is less than the state growth of 1.3%. The overall region has rebounded a little stronger as well. This confirms what has been observed in the Juneau economy, things are stable with growth in certain market segments.

The October 2013 JEDC Economic Indicators Report confirms that the housing market is stable with some upward movement in the price of single-family detached dwellings. Figure

2.3, Median Price of Single-Family Homes in Juneau 2009 to 2013 shows a 14% increase from a low of 2009 to August of 2013.

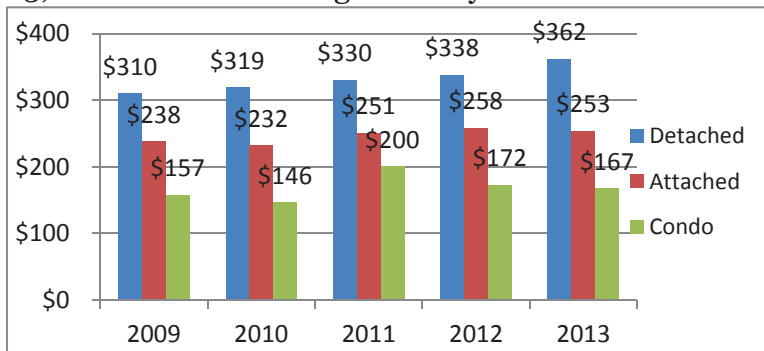


FIGURE 2.3 - MEDIAN PRICE OF SINGLE-FAMILY HOMES IN JUNEAU 2009-2013, JEDC-2013, PG. 30

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. 40% of all jobs and 50% of all wages in Juneau are Federal, State or Tribal Government. Being the state capital, State of Alaska employment makes up about a quarter of this payroll.

Juneau's population has risen each of the last five years from a low in 2007 of 30,350 to 33,064 in 2013, see Figure 2.2. This

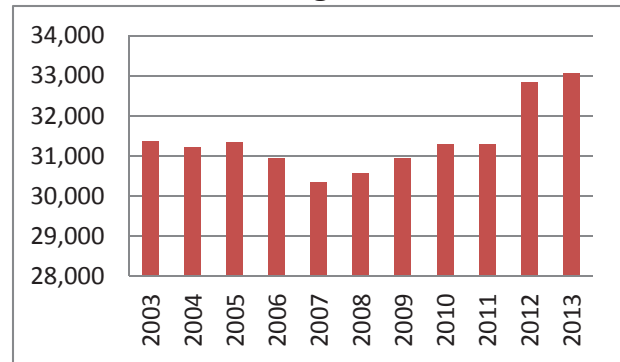


FIGURE 2.2 – JUNEAU, ALASKA POPULATION TRENDS (2003-2013)

Attached dwellings and condominiums show a more modest growth over this time. This trend is typical of the region and confirms the Juneau market has continued to remain firm over the last several years after recovering from its lows from the middle of the last decade.

2.2 CHANNEL DRIVE / LEMON CREEK NEIGHBORHOOD



FIGURE 2.4 - SUBJECT NEIGHBORHOOD MAP

The subject property is near the mid portion of Channel Drive adjacent to Egan Drive, a four-lane, divided state highway. Access to the area is via the controlled traffic exchange at Salmon Creek nearby. The subject is a barge landing site. The adjacent waterfront character is primarily industrial or commercial uses.

Other developments in the neighborhood include the Department of Transportation offices as well as the Juneau Empire's offices on the upland side of the road. The waterfront side of Channel Drive has improvements for World Wide Movers, a radio station and contractor storage sites, a barge landing site, a park area along with industrial uses and a fish hatchery building and associated structures. Near the south-end of Channel Drive is a small industrial

building that had been used for float plane operation, but is now a warehouse for a wholesale business. Across the Highway is the Bartlett Hospital medical campus, SEARHC campus and medical clinics, offices and associated uses.

There are no waterfront sales for commercial land in this area over the last 10 years. There are very few sales since the recession of 2009 the following table shows sales of various finished commercial lots and their square foot values over this time period.

TABLE 2.1 – COMMERCIAL LOT SALES					
Record #	Address	Sale Date	Sale Price	Size SF	Price/ SF
Salmon Creek Area (Subject)					
7898	3408 Glacier Highway	11/24/2004	\$200,000	23,855	\$8.38
4451	3406 Glacier Highway	6/5/2003	\$400,000	42,911	\$9.32
4431	1601 Salmon Creek Ln	5/6/2005	\$348,000	37,274	\$9.34
7901	1501 Salmon Creek Ln	5/14/2003	\$250,000	21,852	\$11.44
3890	1801 Salmon Creek Ln	9/24/2005	\$625,086	54,450	\$11.48
7897	1701 Salmon Creek Ln	12/1/2012	\$261,360	21,780	\$12.00

There was one unfinished lot approximately one acre that was rezoned commercial and sold for \$4.00/SF requiring another \$4.00/SF for site prep for about \$8.00/SF in the up land area of this neighborhood. As can be seen there was significant activity in 2003 to 2005 ranging from \$8.00 to \$11.50/SF. The one sale in 2012 sold \$12.00/SF, not significantly different than the prior sales. This demonstrates non waterfront commercial land values in this area have been flat.

The existing tidelands allows the use of areas deep enough to moor medium draft vessels. Areas have been dredged in the past, creating a few basins to allow barge traffic and moorage along the shoreline. The tidelands start to shallow up in this area due to the combined impacts of glacial rebounding and siltation, with reduced water depths the norm. The waterfront to the south and west is zoned Waterfront Industrial (WI), with an upland portion zoned General Commercial (GC).

The growth in this area is static. The waterfront parcels are near fully developed. Some of the uses such as the wholesale business no longer use their waterfront at all. The isolated location and difficulty of getting to these tidelands dampens the demand for these waterfront uses. The most consistent demand for use of these tidelands have been fishery related and private construction such as the DIPAC and Channel Construction sites. Since Northland Barge Company was acquired by AML last year its business has moved away from the subject neighborhood to the AJ Rock Dump area. This has further diminished the demand for waterfront site uses in the area.

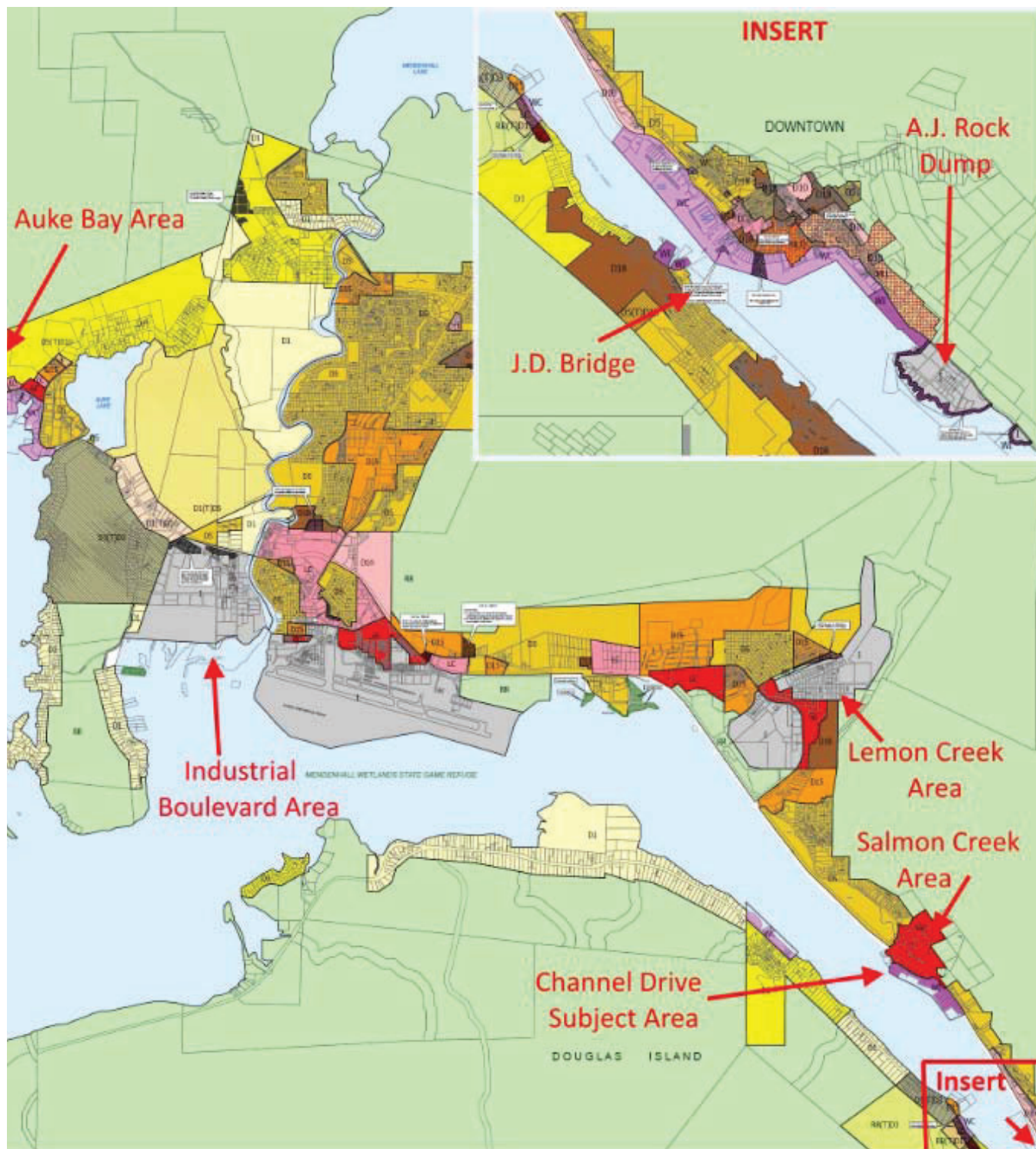


FIGURE 2.5 – COMPETING NEIGHBORHOOD LANDS

2.3 COMPETING NEIGHBORHOODS

The subject is identified as tidelands in its legal description but can go dry on many low tides. The uses for land in this area would compete with other industrial neighborhoods. The most similar neighborhoods to the Salmon Creek/Channel Drive area include the Industrial Boulevard and Lemon Creek areas. Demand for non-waterfront commercial/industrial land in these areas has been relatively persistent. The most competitive waterfront areas include the AJ Rock Dump area, the Trucano complex across the Juneau Douglas (JD) Bridge and Auke Bay which is split into two areas, one by the Statter Harbor Marina complex and the other by the ferry terminal.

Land along the subject's **Channel Drive** includes uplands and water frontage. It is zoned WI, Waterfront Industrial. The access road is paved and all utilities are present. All but two parcels are developed. Developed uses include a moving company, barge landing site, contractor yards, fish hatchery and fish processor, and a park. There are less than 12 sites along the waterfront.

The last market sale of land along the waterfront was the sale of the subject in June 2003 for just under \$300,000 (record #1745). This site included tidelands and filled uplands that were variously allocated tidelands at \$1.08/SF and \$9.00/SF, respectively. This indicates the tidelands are about 12% of the uplands unit value. The sales also allocated with a 30% upland to tide land ratio which would suggest \$1.58/SF for the tidelands and \$5.31/SF for the filled lands. Using an 8% land capitalization rate the implied square foot rent value of this range would be \$0.09/SF (\$1.08/SF x 8%) to \$0.13/SF (\$1.58/SF x 8%).

The water frontage is generally leased tidelands which range from an annual lease amount of \$0.10/SF to \$0.16/SF implying \$1.25/SF to \$2.00/SF fee simple at a rate of 8%¹, in their natural condition before fill.

Land values in the **Industrial Boulevard** area do not have water frontage and are zoned Industrial. Most of the neighborhood has been or is being developed with warehouses, mechanic shops, boat repair shops, wholesalers, boat condominiums, open contractor storage, and specialty services requiring that zoning. Most of the land is filled and leveled at street grade. All utilities are present. There are several dozen individual lots with the total neighborhood bounded by the Mendenhall River to the north, Gastineau Channel and Mendenhall Wetlands to the west and south and the Airport boundary to the southeast. On the north boundary is the Glacier Highway. Land in this neighborhood ranges from \$6/SF to a high of \$14/SF.

Lemon Creek commercial and industrial area is located between downtown and the Mendenhall Valley and has been steadily developing with owner-occupied service type structures. Mini warehouse units, storage buildings, some modified retail buildings,

¹ \$0.10/SF / 8% = \$1.25, \$0.16/SF / 8% = \$2.00

apartments, and larger tracts with large retail structures, and in the GC zone more retail type buildings, car lot, banks etc. From Anka St on the NW portion of the neighborhood to Commercial Blvd. is zoned Industrial and land sales are in the \$10/SF to \$12.50/SF range for smaller fully prepared lots. That land is zoned Industrial and includes Concrete Way, location of the Police Station, and several small commercial buildings. Further to the west is the landfill, and associated uses, but also commercial uses. It has similar land values.

The A.J. Rock Dump neighborhood is located about 1/2 mile east of downtown, along the water frontage. Many lots are inside the subdivision without water frontage. Many of those developed lots are used for commercial and industrial activity. The Litho business relocated here several years ago from downtown. AML barge lines moved here from a site closer to downtown. Now they have a large barge landing site, offices, and yard space. It may take up 1/3 of the area neighborhood. Bulk tank farms and storage structures fill the remaining lots. Most of this area is developed and land values for the upland portion are in the \$10 to \$16/SF range. Tidelands are developed with a cruise ship dock, moorage for private work boats, and marine improvements since the water depth offshore is sufficient for that use. A waterfront upland parcel leased in 2013 based on a \$20/SF value or \$1.60/year. The adjacent tidelands for a dock leased based on a value of \$5.00/SF or indicating a rent of \$0.40/SF per year.

The Auke Bay neighborhood is quite small with four major developed sites, including the Glacier Seafoods dock and processing plant, the Alaska Marine Highway terminal, the Gitkoff dock and the Allen Marine transfer site. These uses require deeper water offshore for deep draft vessels. They share good access and all utilities. The waterfront sites are fully developed. Any expansion now will be seaward on leased tidelands.

The Trucano waterfront complex on the Douglas side of the **J.D. Bridge** is a small, somewhat competitive area. Again there are very few transactions. Tidelands have been leased in this area ranging from \$.05/SF to \$0.20/SF depending on accessibility, land character and title encumbrance.

The competing neighborhoods are filling in with occupied land in the 75%-90% range. The vacant land is either overpriced at this time, or has challenging soils, but will likely be developed with similar uses.

3 PROPERTY DESCRIPTION

3.1 OVERALL DESCRIPTION

The subject tidelands lease is an irregular shaped 92,193 SF parcel which fronts seaward of Channel Construction's upland lot at 2691 Channel Drive. As shown by the plat, the subject has



no road frontage, but is attached to ATS 217 and ATS 7, Lot 1, which are owned by Channel Construction, Inc. and have access from Channel Drive. The size of the site is 2.116 acres or 92,193 SF. The north lot line is 295.69' wide. The north south length of the east lot line is 350'. The southern property fronts the channel and has a jog which yields an approximate frontage of 333'. The west lot line is 354.89' and borders the DIPAC fish hatchery. Water depth is deep enough to moor barges for loading and unloading of materials, although it goes dry at low tides.

Access

The site, as presently developed, has vehicular access via Channel Drive via common ownership/control. Access via saltwater is the Gastineau Channel.

Utilities

City sewer, water and private utilities including power, trash collection, phone, cable and fuel are available to the parcel.

3.2 ZONING

The property is zoned Waterfront Industrial (WI). The WI district, is intended for industrial and port uses, which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the Waterfront Commercial (WC) district, are also allowed in the WI district. The WC district allows for both land and water space for commercial 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. It appears the subject's current use as a barge landing complies with the zoning.

3.3 ASSESSED VALUATION AND TAXES

The subject, ATS 7 and addition, is owned by the City and Borough of Juneau and State of Alaska, and is therefore not subject to real estate taxes in its fee simple interest. The possessory interest in the site and the improvements, however, are taxable. The CBJ assessor has assigned the subject a parcel number, 7B0901010061, and maintains an assessed value. The current (2015) assessed value is \$142,900 which reflects the possessory interest of the lease as though five years were remaining, although the lease is in its final year. This is typical practice for municipalities in Alaska, as most of these leases are renewed. The possessory interest value of the land is \$142,900 and is based on a fee simple value for the land of \$377,000 which includes the filled and unfilled portions of the original leased area of 70,000 SF of Lot 2, ATS but not the 22,192 SF addition from 2010. The assessor estimates 25,900 SF of the site is filled and allocates it at \$12/SF yielding a value of \$310,000 for the filled portion with the remaining unfilled 44,100 assessed at \$1.50/SF or \$66,200. The current mil rate in Juneau is 10.56 mils for fiscal year 2014/15. The indicated real estate taxes based on an assessed value of \$142,900 are \$1,509.02.

3.4 EASEMENTS AND OTHER RESTRICTIONS

There is no 50' pedestrian easement on the lease area, according to the plat of ATS 7 or on the site plan for the lease addition. The appraiser is unaware of any other easements or restrictions. The plat notes for ATS are included below per client request. Please see Figure 3.2.

NOTE:

Bearings obtained by deflection from existing monuments in U. S. Survey No. 1798.
(W.C. C. 4, M.C. B C. 3)

Lot 2 shown for lease purposes.

**FIGURE 3.2 – PLAT NOTES FROM RECORDED PLAT OF ATS 7, PLAT 2001-8,
JUNEAU RECORDING DISTRICT.**

3.5 FUNCTIONAL UTILITY OF SITE

These tidelands function well for the intended use as a barge landing and marine construction staging area. The water depth is adequate for this use.

4.1 HIGHEST AND BEST USE

Highest and best use is defined as "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

Marine-related industrial uses are the defining use for the subject parcel and are the highest and best use. The subject's current use as a barge landing site and staging area meets all four tests of highest & best use.

4.2 TIDELANDS LEASE VALUATION

The most direct way to value the subject's lease is by the price per square foot basis. There are no directly comparable recent waterfront sales, however, there are several renegotiated rental renewals in the past several years. The subject site is 92,193 square feet, or 2.116 acres. Leases of other similar sites on an annual lease amount per square foot are analyzed. The range indicated by this method would consider location, date of lease start, and the use of the site.

Tidelands sites are generally leased, and managed by the City and Borough of Juneau. The Constitution of the State of Alaska prohibits the sale of tidelands parcels. Most state leases were 35-55 years and contain a 50' pedestrian access easement. In that regard no adjustments are needed from lease to lease. In the case of the subject, it is totally submerged or washed with tidal change and there are no easements noted on the Plat or lease addition site map.

The following are similar tidelands lease rents that are used to develop the annual rent of the subject.

TABLE 4.1 – COMPARABLE TIDELAND LEASE RENT TABLE						
Comp/ Rec #		Transaction Description and Location	Date	Size (SF)	Indicated Annual Lease Payment	Annual Rent/SF
1	1637	13391 Glacier Highway-Auke Bay ATS 1533, ADL 106233 –Transfer Facility	07/12	187,352	\$28,100	\$0.15
2	4187	2697 Channel Drive – DIPAC Hatchery Tracts A&B and extension, ATS 1356, ADL 104320	10/14	274,236	\$41,134.45	\$0.15
3	4175, 4176	2591 Channel Drive –ATS 1670, Grant- Wick lease	06/14	40,076	\$6,011.40	\$0.15
4	1744	3560 N Douglas Hwy-Barge & Fuel Tracts A&B, ATS 842, ADL 51488	05/10	43,865	\$8,773.00	\$0.20
5	2444	11957 Glacier Highway, ATS 1324, Fishermen's Bend Marina	01/14	311,454	\$34,260	\$0.11
Subject – 2691 Channel Drive, ATS 7			05/15	92,193 SF	Solve	Solve

The above most recently adjusted tidelands leases nearly bracket the subject size and utility. There does not appear to be adjustments for some variation in size, however the extremely large comps tend to indicate a lower unit value due to economies of scale. The dates noted in the date column represent the last lease review date per the city's records. The market conditions have not changed over this time.

Qualitative Ranking

Attributes of the sales that would influence value are not readily quantifiable in the market and discrete adjustments cannot be made. A qualitative rating has been developed to weigh market differences between the subject and the comparables whereby, if a comparable attribute is superior to the subject, a minus rating of -1, -2, or -3 is given, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating of +1, +2, or +3 is given, depending on its severity, to weight this with other attributes towards the subject. The gradation of weighting 1 to 3 is used since all qualitative attributes are not, in the appraisers' opinion, equally weighted within the market.

Table 4.2 summarizes the salient characteristics of the subject and the five sales and provides for a weighted rating of comparable to the sales to the subject.

TABLE 4.2 - ACRE PRICE QUALITATIVE RATING GRID FOR UPLAND PORTIONS TRACTS 1 & 2						
Comparable Elements	Subject-2691 Channel Dr	Comp 1 – 13391 Glacier Hwy (1637)	Comp 2 – 2697 Channel Drive (4187)	Comp 3 – 2591 Channel Drive (4175, 4176)	Comp 4 – 3560 North Douglas Hwy (1744)	Comp 5 - 11957 Glacier Highway (2444)
Annual Rent		\$28,100	\$41,134.45	\$6,011.40	\$8,773	\$34,260
Annual Rent/SF		\$0.15/SF	\$0.15/SF	\$0.15/SF	\$0.20/SF	\$0.11/SF
Titled Interest	Leasehold	Similar	Similar	Similar	Similar	Similar
Conditions of Sale	Cash	Similar	Similar	Similar	Similar	Similar
Market Conditions	05/15	07/12	10/14	06/14	02/10	06/14
Location	Channel DR	Auke Bay	Similar	Similar	J.D. Bridge	Similar
Zone	WI	WI	Similar	Similar	Similar	WC
Size	92,193 SF	187,352 SF	274,236 SF	40,076 SF	43,865 SF	311,454 SF
Waterfront Access Quality	Typical draft, dry at some tides	Deep draft, submerged	Similar	Similar	Deeper draft	Deep draft, submerged
Street Access & Utilities	Paved, All	Similar	Similar	Similar	Similar	Inferior tertiary location
Pre-lease condition	Unfilled	Similar	Similar	Similar	Partial fill	Similar
Overall Rating		Superior	Similar	Similar	Superior	Inferior

If a comparison is **Superior**, a Minus rating of -1, -2, or -3 is given depending on severity.

If a comparison is **Inferior**, a Plus rating of +1, +2, or +3 is given depending on severity.

The **titled interest** is rated similar between the subject and comparables.

All comparables were found to be similar in the **conditions of sale**, all being supported by reasonable market evidence, having been rationally negotiated.

The comparables range in transaction time from 2010 to 2015. **Market Conditions** for Juneau's commercial waterfront/tidelands have been fairly static over this time period. No adjustments are warranted in this category as a result.

The remaining categories and how they compare to the subject are discussed below on a comp by comp basis.

Comparable 1 is the tidelands lease for a facility used for transferring passengers to a small cruise ship from busses. It is larger than the subject at 4.3 acres. The tidelands are located in Auke Bay about 10 miles north of the subject also in WI zoning. No adjustments are warranted in the location, zone or size categories. This property benefits from superior access via deeper waters than are seaward of the subject. It is considered superior to the subject by -1 as a result. This property is similar to the subject in street access off of Glacier Highway, which like the subject's Channel Drive, is a paved thoroughfare with access to all public utilities. This comp's pre-lease condition is similar to the subject's in that both are unfilled. Based off these considerations, this comparable is considered superior to the subject by -1.

Comparable 2 is the tidelands lease for the Douglas Island Pink and Chum hatchery on Channel Drive. It is similar with the subject in terms of location and water depth issues. Although larger, it is ranked similar to the subject. Its tidelands are used for rearing pens and other features of a fish hatchery. Although it has had significant fill placed on the lease area, it was originally unfilled in its pre lease condition making it similar to the subject in this category. Overall, this sale is considered similar to the subject.

Comparable 3 are two parcels just to the south of the subject property. They are leased by the same owner and have the same lease terms and are considered jointly as one comp in this analysis. They are currently not being used. These parcels are considered similar to the subject in nearly every regard save size which does not warrant an adjustment. Although one of the parcels had fill placed on the lease area, it was originally unfilled and similar to the subject in its pre lease condition. These leases are considered similar to the subject, overall.

Comparable 4 is a tidelands lease currently developed as a barge landing operation just north of the Juneau Douglas Bridge on the Douglas side of the Channel. This area is a smaller industrial development which includes a tank farm, barge landing, and a marine construction company. It is considered similar in the location category to the Channel Drive Area. This area is also zoned WI like the subject. No adjustment is warranted for size. While this comp has some water depth concerns, it is still superior in waterfront access to the subject by -1. Street access is via the paved North Douglas Highway which includes all public utilities, similar to

Channel Drive. This comp differs from the subject in its pre-lease condition which was approximately 1/3 filled at the time of lease. It is considered superior to the subject's unfilled pre-lease condition by -1. Overall, this site is ranked superior by -2.

Comparable 5 is a lease which is at the outermost portion of the Fisherman's Bend Marina located in Auke Bay. This lease has street access via adjacent tidelands and Glacier Highway. It is considered inferior in street access given its tertiary location removed from the street and uplands development by +1. Its Waterfront Commercial zoning and location in Auke Bay are considered similar to the subject. This site has a much larger size, being nearly three times as large as the subject. It is considered inferior by +1 in the size category due to the economies of scale associated with its larger size. As noted above, this parcel is at the outside of the marina development, and has access to deeper waters than the subject. It is considered superior by -1 in the waterfront access category. The prelease condition of this is considered similar to the subject. Overall, this property is ranked inferior to the subject by +1.

Based on the preceding analysis the Comps are ranked in the grid below in relation to the subject:

TABLE 4.3 - QUALITATIVE ADJUSTMENT GRID			
COMP #	RATING	RENT/SF/YR	RANKING
#4	Superior	\$0.20	Superior (-2)
#1	Superior	\$0.15	Superior (-1)
Subject	Solve	Solve	Solve
#2	Similar	\$0.15	Similar
#3	Similar	\$0.15	Similar
#5	Inferior	\$0.11	Inferior (+1)

Rankings are based on adjustments from 1 to 3, with very superior comparables ranked as -3; and very inferior ranked as +3. Variations are from 1-3 depending on severity of inferior or superiority.

The comps indicate a relatively tight range of value between \$0.11/SF and \$0.20/SF rounded. The most significant variable is water depth and marine access. Comps 1, 4 and 5 are all superior in this category. In addition, Comp 4 is superior in its pre-lease state which was approximately 1/3 filled. It represents the upper end of the range as a result. Bracketing the lower end of the range is Comp 5, located in Auke Bay, has its superior water depth offset by its inferior tertiary location further away from street access and uplands as well as its much larger size which yields an inferior size per square foot due to economies of scale. Comp 1 is considered superior in its deeper, waterfront access, however, it is weighed less than the other sales due to its much larger size. Comp 2, the DIPAC lease, and Comp 5 are both located on Channel Drive near the subject and both yield similar rents per square foot. They are considered very comparable and heavily weighted.

Based on the foregoing direct comparison of existing tidelands leases, and the indicated range on an annual basis of \$0.11/SF to \$0.20/SF, the subject's annual per square foot rent is placed at \$0.15/SF near the middle of the range. The Market Rental Value Conclusion is as follows:

92,193 SF @ \$0.15/SF = \$13,828.95/Year

ADDENDA

CERTIFICATION OF APPRAISAL

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.
- No one provided significant real property appraisal assistance to the persons signing this certification
- The appraisers personally inspected the subject property on September 29, 2015. The effective date is May 1, 2015 based on the lease review date.
- We have not performed any services regarding the subject property within the three years prior to the appraisal report date, as appraisers or in any other capacity.
- As of the date of this report, Charles Horan has completed the continuing education program of the Appraisal Institute.



Charles E. Horan, MAI

Horan & Company, LLC



Joshua Horan, Real Estate Appraiser

Report Date: December 2, 2015

TERMINOLOGY

Market Value

Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

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, Pages 123

Market Exposure is estimated at 12-24 months.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 73

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

Tidelands

All areas which are at or below mean high tide and coastal wetlands, mudflats, and similar areas that are contiguous or adjacent to coastal waters and are an integral part of the estuarine systems involved. Coastal wetlands include marshes, mudflats, and shallows and means those areas periodically inundated by saline water.

http://law.sc.edu/pathfinder/coastal_development/reference/definitions.shtml

ASSUMPTIONS AND LIMITING CONDITIONS

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

1. It is assumed that the data, maps and descriptive data furnished by the client or his 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 valuation is 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.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
5. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.
6. No responsibility is assumed for matters of law or legal interpretation.
7. 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 appraiser.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.

10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
11. 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.
12. 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.
13. The appraiser 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.

Extraordinary Assumptions

EA 1 This is a retrospective appraisal and is completed under the extraordinary assumption that the subject was in a similar condition on the effective date as it was on the inspection date.



Port of Juneau

City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Scope of Work Project Agreement

Project Name: Appraisal for Channel Construction ATS 7
Contract Name and Number: Appraisal Professional Services DH14-010
Project Agreement Number: 16-002
Term Contractor: Horan & Company
Date: 08/27/15
Project Manager: Teena Larson
Term Contractor Representative: Charles Horan

Project Overview

Project Description

Provide an Appraisal for Channel Construction Lease ATS 7. Effective date 05/01/15.

Scope of Work

Prepare an appraisal as outlined in 05 CBJAC 50.050 and all applicable standards in the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. The Appraiser must make an onsite inspection of this property and comparables. Reports must contain onsite photographs of all appraised properties and comparables that are inspected.

Comparable land data sheets are required for all reports, and must include a complete legal description, recording information, and a photograph of the comparable that meets the required standard for photographs.

A comparable land location map is required, showing the location of the comparable in relation to the appraised properties and other comparables.

Whenever possible, all transactions should be verified with a knowledgeable party (grantor, grantee, broker, lessor or lessee), either by the appraiser conducting the subject appraisal or by an appraiser who verified the information in another report. Failed efforts to reach knowledgeable parties shall be stated on the comparable

land form.

The appraisal report shall include an annual land rent comparisons chart, stating location, date, rent, size in square feet and rent per square foot. When relating comparable transactions to the subject property, adjustments must be fully discussed and presented in an adjustment table. Such adjustments need to be defined in qualitative or quantitative terms, clearly stating which method is most reliable.

The appraiser should provide one hard copy of the report for review by the port director. The appraiser should then provide to the port director one hard copy and a PDF copy of the final, reviewed report.

Project Issues

Project Schedule

Please have the appraisal completed on or before October 31st, 2015.

Project Cost Estimate

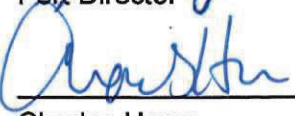
The Contractor will be paid based on Time and Materials for this project in accordance with the Contractor's estimate.

APPROVALS

**CITY AND BOROUGH OF JUNEAU
DOCKS AND HARBORS**

 8/27/2015
Carl Uchytel, P.E. date
Port Director

TERM CONTRACTOR

 9/18/2015
Charles Horan date
Horan and Company

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FOREST, LAND AND WATER MANAGEMENT

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT to that certain 55-year lease issued on April 25, 1961
and serialized ADL 02193 is executed and made effective as follows:

* * * * *

The above referenced lease agreement is amended in accordance with Chapter 138 of the Session Laws of 1977, as amended by Chapter 182 of the Session Laws of 1978. The lessee has filed with the Lessor a Request for Conversion of Lease on October 20, 1978. Under the provisions of these Acts the annual lease rental will be \$ 2,158.68, effective October 25, 1978 for a 25-year period starting with the effective date of this amendment. This rental is subject to adjustment at the expiration of the initial 25-year period, and at intervals of 10 years thereafter, in accordance with the procedures and limitations prescribed by statute.

~~Quarterly~~ annual rental payment of \$ 2,158.68 is due on or before April 25 of each lease year until reappraised in accordance with law.

All other terms and conditions of the above-referenced lease agreement are not affected by this amendment, and remain in full force and effect.

This amendment is hereby incorporated into and made a part of the above-referenced lease agreement as of the effective date of this amendment.

LESSEE:

JUNEAU REED MIX INC
By [Signature]
Mgr.

Date: 1-9-79

LESSOR:

[Signature]
Chief, Land Management Section
Division of Forest, Land and Water
Management
Alaska Division of Lands

Date: JAN 30 1979

APPROVED AS TO FORM:

Shelley J. Higgins
Assistant Attorney General
Sept 14, 1978
Date

CC

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K
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2010-007778-0

Recording Dist: 101 - Juneau

12/27/2010 2:37 PM Pages: 1 of 4



Recorder return to: City and Borough of Juneau
Attn: John M. Stone, Port Director
155 S. Seward Street
Juneau, AK 99801

**AMENDMENT TO
CBJ – CHANNEL CONSTRUCTION TIDELANDS LEASE
LEASE NO. ADL 2193**

AMENDMENT TO LEASE RECORDED ON 6/25/2013 2013-006484-0

PART I: PARTIES

This Lease Amendment is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter “City,” and Channel Construction, Inc. (Channel Construction), hereafter “Lessee.”

PART II: LEASE BEING AMENDED AND AUTHORITY

This is an Amendment to Lease No. ADL 2193, which lease was originally entered into between the Alaska Department of Natural Resources and Construction Services, Inc., on April 25, 1961, for the lease of a parcel of tidelands generally described as Lot2, Alaska Tidelands Survey No. 7, containing 1.607 acres, more or less. Lease No. ADL 2193 was assigned by the original lessee and ultimately the lease was assigned to Channel Construction, which is the current lessee. Effective February 8, 2001, the Department of Natural Resources conveyed the tidelands on which Lease No. ADL 2193 is located to the City and transferred administration of the lease to the City. Lease No. ADL 2193 has continued under the administration and management of the City Docks and Harbors Department.

This Lease Amendment is executed by the parties pursuant to the authority granted by the Assembly in Ordinance 2010-08 adopted on April 5, 2010 and effective on May 5, 2010. Except for the amendments to the lease set forth herein, Lease No. ADL 2193 remains unchanged and in full force and effect.

PART III: LEASE AMENDMENT

ADDITION TO LEASED PROPERTY. The property leased to Channel Construction under Lease No. ADL 2193 is amended to add to the leased property a parcel of tidelands consisting of approximately 0.51 acres (22,192 square feet) located adjacent to the existing leased property, as generally depicted on Exhibit A to Ordinance 2010-08, which exhibit is attached hereto and incorporated by this reference. The tidelands parcel added to the leased property is hereafter referred to as “the lease addition.” The final legal description of the lease addition will be established and incorporated by reference to this Lease Amendment when the City has completed a survey approved by the Department of Natural Resources of the additional tidelands conveyed to the City.

ADDITIONAL TERMS OF LEASE AMENDMENT. In addition to the terms and conditions of existing Lease No. ADL 2193, this Lease Amendment shall be subject to the following terms and conditions:

Amendment to CBJ – Channel Construction Tidelands Lease No. ADL 2193

Page 1 of 3

- (A) The lease addition shall be used by Lessee for expansion of Lessee's port staging area.
- (B) The annual lease payment for the lease addition shall be \$0.15 per square foot per year, plus sales tax, which is the current per square foot lease rate for the leased property as established by the Docks and Harbors Board effective August 24, 2006. The Port Director will re-evaluate and adjust the annual lease payment for the full leased property (including the lease addition) in accordance with the regular schedule for such adjustments provided for under CBJ 53.20.190(2). The new annual lease payment for the full leased property shall be paid retroactively to the beginning of that lease payment adjustment period. Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.
- (C) Lessee shall be responsible for obtaining all necessary permits and approvals for any development of the lease addition and any improvements on the lease addition. Lessee is required to obtain approval of its development plans and any improvements from the Docks and Harbors Board prior to development of the lease addition.
- (D) Lessee shall indemnify, defend, and hold harmless the City and its officers and employees from any claims related to or arising out of Lessee's development, use, operation, or maintenance of the lease addition and any improvements on the lease addition.

PART IV: EXECUTION

The City and Lessee DIPAC agree and sign below. This Lease Amendment is effective immediately upon signature by both parties.

CITY:

Date:

By:

Authorized Representative
John M. Stone
Port Director

LESSEE:

Date:

By:

Authorized Representative
NAME
POSITION

Approved as to form: John M. Stone, CBJ Law Department

CITY ACKNOWLEDGMENT

STATE OF ALASKA)

) ss:

FIRST JUDICIAL DISTRICT)

This is to certify that on the 27th day of December, 2010, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, John M. Stone personally appeared, to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above and foregoing instrument, who on oath stated

Amendment to CBJ – Channel Construction Tidelands Lease No. ADL 2193

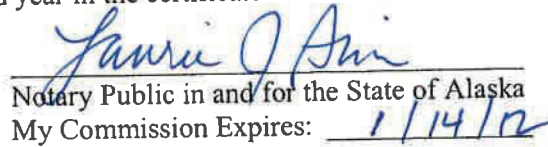
Page 2 of 3



2 of 4

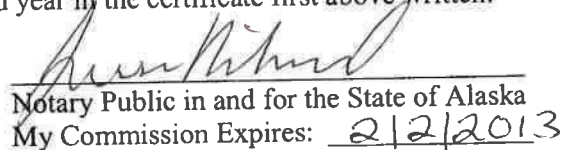
2010-007778-0

WITNESS my hand and official seal the day and year in the certificate first above written.



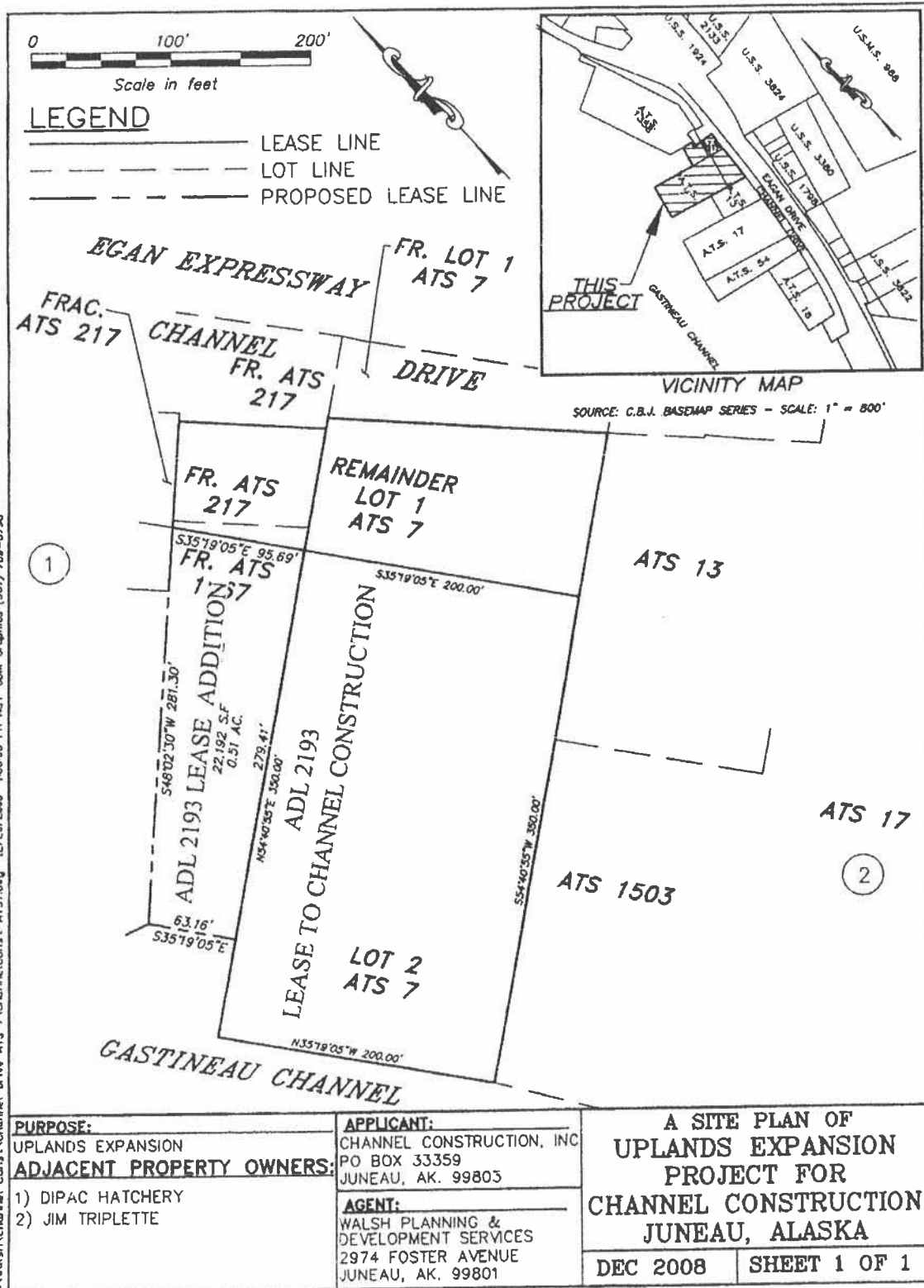
STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

WITNESS my hand and official seal the day and year in the certificate first above written.



Amendment to CBJ – Channel Construction Tidelands Lease No. ADL 2193

EXHIBIT A. LEASE ADDITION CHANNEL CONSTRUCTION ADL 2193



Ord. 2010-08 - Exhibit A



4 of 4

2010-007778-0

Subject Photographs



PHOTO 1 - LOOKING EAST FROM NORTHERN PROPERTY LINE AT THE UNFILLED PORTION OF THE SITE FROM TOE OF THE SUBJECT'S FILL. (092915_12621)



PHOTO 2 - LOOKING SW OVER FILLED PORTION OF SUBJECT WITH UNFILLED PORTION PHOTO FAR LEFT. THE DIPAC WAREHOUSE IS VISIBLE IN THE BACKGROUND. (092915_12643)

Subject Photographs



PHOTO 3 – LOOKING NORTH OVER LEASE ADDITION FROM DIPAC LEASE. THE CONCRETE BARRIERS APPROXIMATE THE PROPERTY LINE. (092915_12648)



PHOTO 4 - LOOKING WEST ALONG CHANNEL DR. ENTRANCE TO CHANNEL CONSTRUCTION IS PHOTO LEFT (092915_12654)

HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 1**

Community: 03 CBJ - Auke Bay
Address: 13391 Glacier Highway
Location: Auke Bay, Allen Marine Barge Dock
Legal: ATS 1533, Plat 97-65, Juneau Recording District, First Judicial District, Alaska; ADL No. 106233
 Assessor Parcel #4B3001020050;

Recording District: Juneau
City: Juneau
State: AK
Zip: 99801

Instrument: Lease
Trans.Type: Land Lease
Rights: Leasehold
Terms: Annual Lease

Annual Rent: \$28,100
Trans. Date: July 19, 2012
Grantor: City and Borough of Juneau
Grantee: Allen Marine Tours, Inc.

Size (SF): 187,351.56
Frontage: 500'
Zone: WI

Utilities: Water, Telephone, Electric
Access: Road, paved
Improvements: None
Land Class: Waterfront, Commercial, Tidelands

Topography: Submerged, Sloping
Vegetation: None
Soil: Tidelands

Present Use: Independent docking facility as a passenger transfer facility for tours or ferry service.
Intended Use: Floating Dock
Highest and Best Use: Waterfront industrial

Comments

Vacant as leased. This site has since been developed as a commercial dock. Original tidelands lease established December 1, 1997, and transferred to the City and Borough of Juneau in 2001. The lease term is for 30 years with five year rental adjustments at the option of lessor. The plat does NOT note a 50' shoreline public access on this site. The site is mostly submerged land dropping off steeply. See Our File 03-102.

Analysis:

\$28,100/year ÷ 4.30 acres = \$6,535/AC/year or \$.15/sf

Marketing Info: Non-competitive lease based on appraisal. Capitalized lease; the original rent annual payment was \$21,075 per December 1, 1997. Adjusted August 26, 2004 to \$28,100/year. The lease was due to be reappraised in 2009, however an appraisal was not performed until 2012. That appraisal recommended the lease rate remain at \$28,100/year. Typical lease percentage rate at that time was 8%. Reappraisal anniversary date is 07/01/2017. The transaction date noted above is the effective date of the Lease Rental Review letter sent to the lessee. from the city.

Confirmed with: Teena Scovill, CBJ John Stone, Lessor
 Confirmed date: 1/8/2015 1/21/2010
 Confirmed by: J.Horan T.Riley
 Book/Tab: 84 Auke Bay
 Revision Date: 12/1/2015
 Record Number: 1637



041304_0837

Looking at the subject from Glacier Highway in a westerly direction.



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 2**

Community: 12 CBJ - Salmon Creek
Address: 2697 Channel Drive
Location: DIPAC Hatchery
Legal: ATS 1356, Tracts A and B; Juneau Recording District, First Judicial District, Alaska ADL 104320; Amendment Lease Addition 61,663 SF
Parcel Number: 7R0901010070

Recording District: Juneau
City: Juneau
State: AK
Zip: 99801

Instrument: Lease
Serial:
Trans.Type: Land Lease
Rights: Lease
Terms: Annual Rent

Annual Rent: \$41,135.4
Trans. Date: October 17, 2014
Grantor: City and Borough of Juneau
Grantee: DIPAC

Size (SF): 274,236
Frontage: Gastineau Channel
Zone: WI
Utilities: All
Access: Road, paved
Improvements: None in lease
Land Class: Commercial, Tidelands, Waterfront
Topography: Drops from road to muddy tidal flats awash at most tides; no submerged land.
Vegetation: None
Soil: See Comments

Present Use: Gastineau Hatchery
Intended Use: Gastineau Hatchery
Highest and Best Use: Commercial

Comments

Tract B is designated as public access for urban fishing and satisfies the state requirement for pedestrian access across the front of the entire parcel. This site is used as a large hatchery operation with ponds, buildings, aquarium, and parking. This site functions well as a hatchery location. See Our File 03-102. An additional 61,663 SF was added in 2010.

Analysis:

$\$41,134.45 / 274,236 \text{ SF} = \$0.15/\text{SF}$

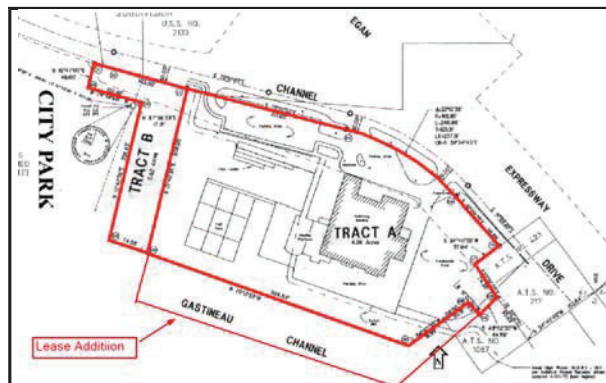
Marketing Info: Original lease negotiated in 1992 assigned Tract B to offset 50' public easement. Expansion requested by DIPAC and Channel Construction in 2008 required CBJ to obtain land from State. Process complete in 2010 with additional lease area ATS 1682 Tract A rented at same rate as adjoining lease parcels. This additional land totaled 61,663 SF was added per amendment dated 11/29/2010 which used as the effective lease adjustment date. Rate set in October 2009 adjustment was also \$41,135.40

Confirmed with: City and Borough of
 Confirmed date: 04/24/2015
 Confirmed by: J.Horan
 Book/Tab: 84 Salmon Creek - WI
 Revision Date: 12/1/2015
 Record Number: 4187



012015_208

Looking SE from Channel DR toward comp.



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 3A****Community:** 12 CBJ - Salmon Creek**Address:** 2591 Channel Drive**Location:** South end of Channel Drive**Legal:** Tract B, ATS 1670, Plat 2015-1, Juneau Recording District, First Judicial District, Alaska

Formerly Lot 3, ATS 18, ADL 1891 ; Parcel Number: 7B0901010020

Recording District: Juneau**City:** Juneau**State:** AK**Zip:** 99801**Instrument:** Lease **Serial:** 2009-003200-0**Trans.Type:** Land Lease**Rights:** Lease**Terms:** Annual rent**Annual Rent:** \$3,005.7**Trans. Date:** June 1, 2014**Grantor:** City and Borough of Juneau**Grantee:** DJG Development, LLC, Prop/Wick Grant Liv Trust**Size (SF):** 20,038**Frontage:** 100'**Zone:** WI**Utilities:** All**Access:** Road, paved**Improvements:** None in lease**Land Class:** Tidelands**Topography:** Gently sloping tidal flats**Vegetation:****Soil:****Present Use:** Vacant**Intended Use:** Speculation**Highest and Best Use:** Commercial**Comments**

The site was replatted in January 2015 changing the lot dimensions slightly and reducing the size from 0.461 acres (20,081 SF) to 0.46 acres (20,038 SF). The site's former legal description was Lot 3, Plat 2001-7.

It is leased by the same lessee in conjunction with the adjacent ADL 2090 (our record #4176). The site is composed of unfilled gradually sloping tidelands. The land near the road is suitable for fill, but access to water is limited due to tide changes and mud flats seaward of the subject at lowest tides. The average site depth is 210'. Due to rebounding, additional land may be required for deep water access. The 50' pedestrian easement typical for tidelands leases is not noted on the plat for this property. See Our File 03-102 and our files 14-134.

Analysis:

$$\$3,005.70 / 20,038 \text{ SF} = \$0.15/\text{SF}$$

Marketing Info: The original lease began on April 25, 1961 and was set to expire April 24, 2016. A new lease was signed June 1, 2009 at an annual rate of \$3012.15 or \$0.15/SF based on appraisal. The lease rate is to be reviewed by the harbor board every five years.

The size was reduced slightly in January 2015 from 0.461 acres to 0.46 acres. The current lease rate is effective 06/01/2014 and is based on this reduced square footage.

Prior to the new lease in 2009, the last adjustment date was 6/1/07. with the lease set at \$3,012.15 or \$0.15/SF for the 20,081 SF.

Confirmed with: Teena Scovill CBJ Ports

Confirmed date: 04/27/2015

Confirmed by: J.Horan

Book/Tab: 84

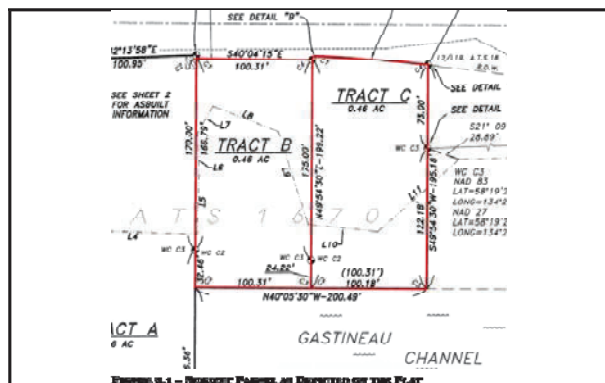
Salmon Creek - WI

Revision Date: 12/1/2015

Record Number: 4175



012015_0045



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 3B****Community:** 12 CBJ - Salmon Creek**Address:** 2591 Channel Drive**Location:** South end of Channel Drive**Legal:** Tract C, ATS 1670, Plat 2015-1, Juneau Recording District, First Judicial District, Alaska

Formerly Lot 2, ATS 18, ADL 2090

: Parcel Number: 7R0901010020

Recording District: Juneau**City:** Juneau**State:** AK**Zip:** 99801**Instrument:** Lease **Serial:** 2009-003201-0**Sale Price:** \$3,005.7**Trans.Type:** Sale**Trans. Date:** June 1, 2014**Rights:** Lease**Grantor:** City and Borough of Juneau**Terms:** Annual rent**Grantee:** DJG Development, LLC, Prop/Wick Grant Liv Trust**Size (SF):** 20,038**Frontage:** 100'**Zone:** WI**Utilities:** All**Access:** Road, paved**Improvements:** Fill not included in lease**Land Class:** Tidelands**Topography:** Gently sloping tidal flats**Vegetation:****Soil:****Present Use:** Vacant**Intended Use:** Speculation**Highest and Best Use:** Commercial**Comments**

The site was replatted in January 2015 changing the lot dimensions slightly but the size remained unchanged at 0.46 acres (20,038 SF). The site's former legal description was Lot 2, Plat 2001-7.

It is leased by the same lessor in conjunction with the adjacent ADL 1891 (our record #4175). This parcel is currently partially filled, however, it is leased in its unfilled pre-lease condition. In its pre-lease condition the subject is gradually sloping tidelands. Access to water is limited due to tide changes and mud flats seaward of the subject at lowest tides. The average site depth is 210'. Due to rebounding, additional land may be required for deep water access. This site is a "shallow" parcel. The 50' pedestrian easement typical for tidelands leases is not noted on the plat for this property. See Our Files 03-102 and our files 14-134.

Analysis:

$$\$3,005.70 / 20,038 \text{ SF} = \$0.15/\text{SF}$$

Marketing Info: The original lease began on April 25, 1961 and was set to expire April 24, 2016. A new lease was signed June 1, 2009 at an annual rate of \$3012.15 or \$0.15/SF based on appraisal. The lease rate is to be reviewed by the harbor board every five years.

The site was replatted in January 2015 but the size remained at 0.46 acres. The current lease rate is effective 06/01/2014.

Prior to the new lease in 2009, the last adjustment date was 6/1/07, with the lease set at \$3,012.15 or \$0.15/SF.

Confirmed with: Teena Scovill CBJ Ports

Confirmed date: 04/27/2015

Confirmed by: J.Horan

Book/Tab: 84

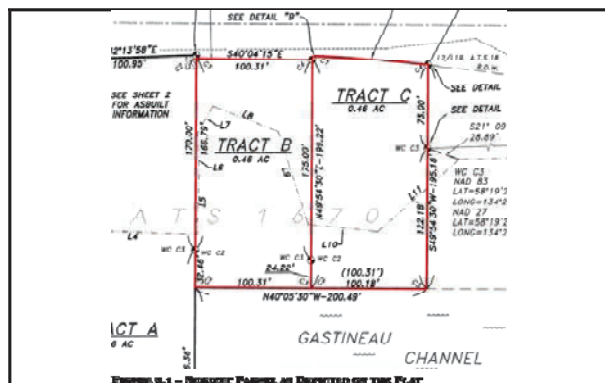
Salmon Creek - WI

Revision Date: 12/1/2015

Record Number: 4176



012015_0045



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 4**

Community: 20 CBJ - North Douglas
Address: 3564 North Douglas Highway
Location: Near the Juneau-Douglas Bridge
Legal: Tracts A&B, ATS 842, Juneau Recording District, First Judicial District, Alaska ADL 51488
 ; Parcel Number: 6D0601020010

Recording District: Juneau
City: Juneau
State: AK
Zip: 99801

Instrument: Tidelands **Serial:**
Trans.Type: Land Lease
Rights: Lease
Terms: Annual Rent

Annual Rent: \$8,773
Trans. Date: May 27, 2010
Grantor: City and Borough of Juneau
Grantee: Trucano Family Partnership

Size (SF): 43,865
Frontage: 215'
Zone: WI

Utilities: All
Access: Water and road via adjacent land
Improvements: None
Land Class: Tidelands, Waterfront, Commercial

Topography: Sloping beach
Vegetation: None
Soil: Gravel

Present Use: Vacant at time of lease
Intended Use: Fill and develop barge landing site
Highest and Best Use: Waterfront industrial

Comments

The site was approximately 1/3 filled and 2/3 unfilled tidelands at the time it was leased. It is this pre-leased condition that is reflective of the rental renewal. See Our File 03-102. The lease terms are typical state lease, total net, no option to purchase. The lease can be sublet with consent not unreasonably withheld. Building and site improvements remain the property of the lessee, which can be transferred at renewal.

Analysis:

$\$8,773/\text{year} \div 43,865 \text{ SF} = \$0.20/\text{SF}/\text{year}$

Marketing Info: This was a non-competitive lease based on appraisal,

This is a 55-year lease, beginning on August 19, 1971 and expiring on August 18, 2026. On August 1994, a prior rental adjustment date, the fee value of the land was estimated at \$120,200. An 8% lease percentage rate was applied to determine the \$9,600 annual rent. Rental adjustment to \$8,773/year on July 28, 2005. The transaction date 05/27/2010 is the lease date reviewed by the city with no change. Next reappraisal anniversary date is 2/22/15.

Confirmed with: CBJ spreadsheet CBJ Docks and Harbors/Teena
 Confirmed date: 01/13/2015 12/14/2014
 Confirmed by: J.Horan J.Corak
 Book/Tab: 84 North Douglas
 Revision Date: 12/1/2015
 Record Number: 1744



041304_0784

ATS 842 in its filled condition after lease



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 5**

Community: 03 CBJ - Auke Bay
Address: 11957 Glacier Highway
Location: Fisherman's Bend Marina, Auke Bay
Legal: ATS 1324, ADL 103170; Parcel Number: 4B2801020140

Recording District: Juneau
City: Juneau
State: AK
Zip: 99801

Instrument: Lease
Serial: 2008-011152-0

Trans.Type: Land Lease

Rights: Lease, Leasehold less Minerals,
 Subsurface

Terms: Annual Rent

Annual Rent: \$34,260

Trans. Date: January 2, 2014

Grantor: City and Borough of Juneau

Grantee: Andrews Marina Inc.

Size (SF): 311,454

Frontage:

Zone: WC

Utilities: Electric

Access: Adjacent tidelands

Improvements: None in lease

Land Class: Waterfront, Tidelands, Commercial

Topography: Submerged

Vegetation: N/A

Soil: Tidelands

Present Use: Marina

Intended Use: Marina, Retain for possible expansion

Highest and Best Use: Marina

Comments

This leased site is the extension of the upland marina. The site is totally submerged ranging from -30' to -90' below mean low water. The southern portions of the site are relatively deep and completely submerged. Located in the inner core of Auke Bay, the subject is well protected but does experience wind and wave action at times. Given these physical characteristics, it is well suited for its use as a marina, but its distance from the shoreline and depth makes it more expensive to develop. The distance from shore restricts their utility to an extent. It is currently improved with two fingers, a portion of the main float and the fuel dock. There is reportedly a minor encroachment of a private float to the west.

Analysis:

2014

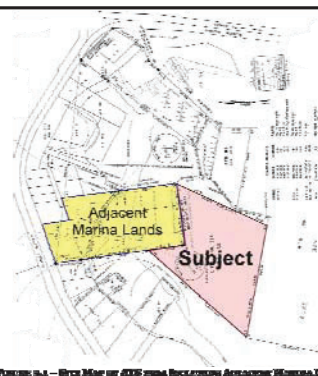
$34,260/\text{year} \div 7.15 \text{ acres} = \$4,791.61/\text{AC}/\text{year}$ or
 $\$34,260/\text{year} / 311,454 \text{ SF} = \$0.11/\text{SF}/\text{year}$

$\$24,250/\text{year} \div 7.15 \text{ acres} = \$3,392/\text{AC}/\text{year}$ or
 $\$24,250/\text{year} / 311,454 \text{ SF} = \$0.08/\text{SF}/\text{year}$

Marketing Info: The subject is part of the Fisherman's Bend Marina located at 11957 Glacier Highway in Auke Bay, Juneau, Alaska (ATS 1324). The tidelands were originally part of a 20 year lease, ADL 103170, which began 01/02/87 at a rate of \$13,600/ year(\$0.04/SF). It expired on January 1, 2007. According to city

Confirmed with: DNR records
 Confirmed date: 1/1/1988
 Confirmed by: C.Horan
 Book/Tab: 84
 Revision Date: 12/1/2015
 Record Number: 2444

CBJ - Teena Larson
 Auke Bay



QUALIFICATIONS OF CHARLES E. HORAN, MAI

Professional Designation	MAI, Member Appraisal Institute, No. 6534
State Certification	State of Alaska General Appraiser Certification, No. AA41
Bachelor of Science Degree	University of San Francisco, B.S., Business Administration, 1973

Employment History:

8/04 – now	Owner, HORAN & COMPANY, LLC
3/87 – 7/04	Partner, HORAN, CORAK AND COMPANY
1980 – 2/87	Partner, The PD Appraisal Group, managing partner since November 1984 (formerly POMTIER, DUVERNAY & HORAN)
1976 – 80	Partner/Appraiser, POMTIER, DUVERNAY & COMPANY, INC., Juneau and Sitka, Alaska
1975 – 76	Real Estate Appraiser, H. Pomtier & Associates, Ketchikan, AK
1973 – 75	Jr. Appraiser, Ketchikan Gateway Borough, Ketchikan, AK

Lectures and Educational Presentations:

2007, "Conservation Easements" Presentation - Alaska Association of Assessing Officers, Fairbanks, AK
 1998, "Easement Valuation Seminar," Alaska Chapter Appraisal Institute, Anchorage, AK
 1998, "Easement Valuation Seminar," Seal Trust, Juneau, Alaska
 1997, "Sitka Housing Market," Sitka Chamber of Commerce
 1997, developed and taught commercial real estate investment seminar for Shee Atika, Inc.
 1994, developed and taught seminar "Introduction to Real Estate Appraising," UAS, Sitka Campus
 1985, Speaker at Sitka Chamber of Commerce, "What is an Appraisal? How to Read the Appraisal"
 1984, Southeast Alaska Realtor's Mini Convention, Juneau, Alaska
 Day 1: Introduction of Appraising, Cost and Market Data Approaches
 Day 2: Income Approach, Types of Appraisals, AIREA Accredited Course
 1983, "The State of Southeast Alaska's Real Estate Market"
 1982, "What is an Appraisal?"

Types of Property Appraised:

Commercial - Retail shops, enclosed mall, shopping centers, medical buildings, restaurants, service stations, office buildings, auto body shops, schools, remote retail stores, liquor stores, supermarkets, funeral home, mobile home parks, camper courts. Appraised various businesses with real estate for value as a going concern with or without fixtures such as hotels, motels, bowling alleys, marinas, restaurants, lounges.

Industrial - Warehouse, mini-warehouse, hangars, docks barge loading facilities, industrial acreage, industrial sites, bulk plant sites, and fish processing facility. Appraised tank farms, bulk terminal sites, and a variety of waterfront port sites.

Special Land - Partial Interest and Leasehold Valuation - Remote acreage, tidelands with estimates of annual market rent. Large acreage land exchanges for federal, state, municipal governments and Alaska Native Corporations; retail lot valuations and absorption studies of large subdivisions; gravel and rock royalty value estimates; easements, partial interests, conservation easements; title limitations, permit fee evaluations. Appraised various properties under lease to determine leasehold and leased fee interests. Value easements and complex partial interests.

Special Projects - Special consultation for Federal land exchanges. Developed Land Evaluation Module (LEM) to describe and evaluate 290,000 acres of remote lands. Renovation feasibilities, residential lot absorption studies, commercial, and office building absorption studies. Contract review appraiser for private individuals, municipalities, and lenders. Restaurant feasibility studies, Housing demand studies and overall market projections. Estimated impact of nuisances on property values. Historic appreciation / market change studies. Historic barren material royalty valuations, subsurface mineral and timber valuation in conjunction with resource experts. Mass appraisal valuations for

Municipality of Skagway, City of Craig, Ketchikan Gateway Borough and other Alaska communities. Developed electronic/digital assessment record system for municipalities. Developed extensive state-wide market data record system which identified sales in all geographic areas.

Expert Witness Experience and Testimony:

2009 Expert at mediation - Talbot s Inc vs State of Alaska, et al. IKE-07-168CI
 2008 Albright vs Albright, IKE-07-265CI, settled
 2006 State of Alaska vs Homestead Alaska, et al, 1JU-06-572, settled
 2006 State of Alaska vs Heaton, et al, 1JU-06-570CI, settled
 2006 State of Alaska vs Jean Gain Estate, 1JU-06-571, settled
 2004 Assessment Appeal, Board of Equalization, Franklin Dock vs City and Borough of Juneau
 2000 Alaska Pulp Corporation vs National Surety - Deposition
 U.S. Senate, Natural Resources Committee
 U.S. House of Representatives, Resource Committee
 Superior Court, State of Alaska, Trial Court and Bankruptcy Courts
 Board of Equalization Hearings testified on behalf of these municipalities: Ketchikan Gateway Borough, City of Skagway, City of Pelican, City and Borough of Haines, Alaska
 Witness at binding arbitration hearings, appointed Master for property partitionment by superior state court, selected expert as final appraiser in multi parties suit with settlements of real estate land value issues

Partial List of Clients:

Federal Agencies

Bureau of Indian Affairs
 Bureau of Land Mngmnt
 Coast Guard
 Dept. Of Agriculture
 Dept. Of Interior
 Dept. Of Transportation
 Federal Deposit Ins Corp
 Federal Highway Admin.
 Fish & Wildlife Service
 Forest Service
 General Service Agency
 National Park Service
 USDA Rural Develop.
 Veterans Administration

Lending Institutions

Alaska Growth Capital
 Alaska Pacific Bank
 Alaska Ind. Dev. Auth.
 ALPS FCU
 First Bank
 First National Bank AK
 Key Bank
 Met Life Capital Corp.
 National Bank of AK
 Rainier National Bank
 SeaFirst Bank
 True North Credit Union
 Wells Fargo
 Wells Fargo RETECHS

ANCSA Corporations

Cape Fox, Inc.
 Doyon Corporation
 Eyak Corporation
 Goldbelt
 Haida Corporation
 Huna Totem
 Kake Tribal Corporation
 Klawock-Heenya Corp.
 Klukwan, Inc.
 Kootznoowoo, Inc.
 Sealaska Corporation
 Shaan Seet, Inc.
 Shee Atika Corporation
 TDX Corporation
 The Tatitlek Corporation
 Yak-Tat Kwan

Companies

AK Electric Light & Power
 AK Lumber & Pulp Co.
 AK Power & Telephone
 Allen Marine
 Arrowhead Transfer
 AT&T Alscm
 Coeur Alaska
 Delta Western
 Gulf Oil of Canada
 Hames Corporation
 HDR Alaska, Inc.
 Holland America
 Home Depot
 Kennecott Greens Creek
 Kennedy & Associates
 Madsen Construction, Inc.
 Service Transfer
 Standard Oil of CA
 The Conservation Fund
 Union Oil
 Ward Cove Packing
 White Pass & Yukon RR
 Yutana Barge Lines

Municipalities

City & Borough of Haines
 City & Borough of Juneau
 City & Borough of Sitka
 City of Akutan
 City of Coffman Cove
 City of Craig
 City of Hoonah
 City of Ketchikan
 City of Klawock
 City of Pelican
 City of Petersburg
 City of Thorne Bay
 City of Wrangell
 Ketchikan Gateway Borg.
 Municipality of Skagway

Other Organizations

BIHA
 Central Council for Tlingit & Haida Indian Tribes of Alaska (CCTHITA)
 Diocese of Juneau
 Elks Lodge
 Hoonah Indian Assoc.
 LDS Church
 Moose Lodge
 SE AK Land Trust (SEAL)
 SEARHC
 Sitka Tribe of Alaska
 The Nature Conservancy

State of Alaska Agencies

Alaska State Building Authority (formerly ASHA)
 Attorney General
 Dept. of Fish & Game
 Dept. of Natural Service, Div. of Lands
 Dept. of Public Safety
 DOT&PF
 Mental Health Land Trust
 Superior Court
 University of Alaska

Education

7-Hour National USPAP Update Course, Mount Vernon, WA, April 2013
Fall Real Estate Conference 2012, Seattle, WA November, 2012
Appraising the Appraisal: Appraisal Review-General, Rockville, MD, May 2012
Information Security Awareness for Appraisal Professionals Webinar, December, 2012
Fall Real Estate Conference 2011 Seattle, WA October, 2011
Appraisal Curriculum Overview (2-day General) Milwaukee, WI, August 2011
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Rockville, MD, Oct 2010
Business Practices and Ethics, Seattle, WA, Apr 2010
Fall Real Estate Conference, Seattle, WA, Dec 2009
7-hour National USPAP Update Course, Seattle, WA, May 2009
Fall Real Estate Conference, Seattle, WA, Nov 2008
Attacking and Defending an Appraisal in Litigation, Kent, WA, Sep 2008
Sustainable Mixed-Use N.I.M., Seattle, WA, Feb 2008
Appraising 2-4 Unit Properties, Bellevue, WA, Sep 2007
Business Practices and Ethics, Seattle, WA, Jun 2007
7-hour National USPAP Update Course, Seattle, WA, Jun 2007
Residential Market Analysis and Highest and Best Use, Seattle, WA, Apr 2007
Basic Appraisal Procedures, Seattle, WA, Feb 2007
USPAP Update Course, Anchorage, AK, Feb 2005
Rates & Ratios: Making Sense of GIMs, OARs, and DCF, Anchorage, AK, Feb 2005
Best Practices for Residential Appraisal Report Writing, Juneau, AK, Apr 2005
Scope of Work - Expanding Your Range of Services, Anchorage, AK May 2003
Litigation Appraising - Specialized Topics and Applications, Dublin, CA, Oct 2002
UASFLA: Practical Applications for Fee Appraisers, Jim Eaton, Washington, D.C., May 2002
USPAP, Part A, Burr Ridge, IL, Jun 2001
Partial Interest Valuation - Undivided, Anchorage, AK, May 2001
Partial Interest Valuation - Divided, Anchorage, AK, May 2001
Easement Valuation, San Diego, CA, Dec 1997
USPAP, Seattle, WA, Apr 1997
The Appraiser as Expert Witness, Anchorage, AK, May 1995
Appraisal Practices for Litigation, Anchorage, AK, May 1995
Forestry Appraisal Practices, Atterbury Consultants, Beaverton, OR, Apr 1995
Advanced Sales Comparison & Cost Approaches, Univ. of Colorado, Boulder, CO, Jun 1993
Computer Assisted Investment Analysis, University of Maryland, MD, Jul 1991
USPAP, Anchorage, AK, Apr 1991
General State Certification Review Seminar, Anchorage, AK, Apr 1991
State Certification Review Seminar, Dean Potter, Anchorage, AK, Apr 1991
Highest and Best Use and Market Analysis, Baltimore, MA, Mar 1991
Financial Institution Reform, Recovery & Enforcement Act of 1989, Doreen Fair Westfall, Appraisal Analyst, OTS, Juneau, AK, Jul 1990
Real Estate Appraisal Reform, Gregory Hoefer, MAI, OTS, Juneau, AK, Jul 1990
Standards of Professional Practice, Anchorage, AK, Oct 1987
Federal Home Loan Bank Board Memorandum R41C Seminar, Catherine Gearhearth, MAI, FHLBB District Appraiser, Juneau, AK, Mar 1987
Market Analysis, Boulder, CO, Jun 1986
Federal Home Loan Bank Board Regulation 41b, Instructor Bob Foreman, MAI, Seattle, WA, Sep 1985
Litigation Valuation, Chapel Hill, North CA, Aug 1984
Standards of Professional Practices, Bloomington, IN, Jan 1982
Course 2B, Valuation Analysis & Report Writing, Stanford, CA, Aug 1980
Course 6, Introduction to Real Estate Investment Analysis, Aug 1980
Course 1B, Capitalization Techniques, San Francisco, CA, Aug 1976
Course 2A, Case Studies in Real Estate Valuation, Aug 1976
Course 1A, Real Estate Principles and Valuation, San Francisco, CA, Aug 1974

Rev 07/13

QUALIFICATIONS OF JOSHUA C. HORAN

Education:

Graduated from Sitka High School, Sitka, Alaska

Graduated with a BS in Foreign Service from Georgetown University, Washington, DC

Employment:

Nov 2006 to Present - Real Estate Appraiser Trainee - Horan & Company, LLC

Dec 2003 to Jul 2004 - Intern for Shee Atika Incorporated, Sitka, Alaska

Summers, 1997 to 2002 - Park Ranger, National Park Service, Sitka, Alaska

Certification & Approvals:

Residential Real Estate Appraiser, State of Alaska License #617

Appraisal Education:

Appraisal Principles; Appraisal Institute, Long Beach, CA, October 2004

Appraisal Procedures, Appraisal Institute, Long Beach CA, October 2004

Residential Case Study, Tacoma, WA, March 2006

15-Hour USPAP, Anchorage, AK, June 2006

REO Appraisal: Appraisal of Residential Property Foreclosure, 7 Hr, Tigard, OR March 2009

Introduction to FHA Appraising, 7 Hr, Tigard, OR March 2009

Uniform Standards of Professional Appraisal Practice - 2009 Update 7 Hr, Juneau, AK June 2009

Home Valuation Code of Conduct & 1004 Market Conditions Form Seminar, June 2009, Juneau, AK

Uniform Standards of Professional Appraisal Practice - 2011 Update, Juneau, AK; June 2011

Current Issues & Regulatory Updates Affecting Appraisers #10066; William King & Associates, Inc.;
Juneau, AK; June 2011

Loss Prevention Program for Real Estate Appraisers; LIA Administrators & Insurance Services; Juneau,
AK; June 2011

Narrative Residential Report Writing Using Microsoft Word & Excel, 14 Hr., Anchorage, AK, February
2013

7 Hour USPAP, Anchorage, AK February 2013

Mortgage Fraud - Protect Yourself, 7 Hr, Mckissock.com, April 2013

General Appraiser Sales Comparison Approach, 30 Hr, Chicago, IL, October 2014

Types of Property Assessed for Taxation:

City of Craig real property assessment roll; single-family, multi-family and mobile homes.

City of Skagway real property assessment roll, single-family, multi-family and mobile homes.

Types of Property Appraised:

Residential - Single-family, multi-family, vacant lands, mobile homes and island property.

Commercial - Warehouses and vacant lands.

Boards & Committees

Shee Atika Benefits Trust Scholarship Committee Board Member, July 2005 to July 2008

Rev. 11/14

Harbor Fee Review

Special Annual Moorage Fee for Skiffs

REGULATION: 05 CBJAC 20.020

An owner with an open-hulled vessel 21 feet or less in length, excluding engines, may apply to the Harbormaster for moorage in the limited access areas of the small boat harbors. The Harbormaster will assign moorage in these areas on a first-come, first-serve basis. If assigned moorage by the Harbormaster, all requirements pertaining to annual moorage apply, except the annual moorage fee that the owner shall pay, which shall be as follows:

- (1) \$580.00 from July 1, 2013 through June 30, 2014; and
- (2) Each moorage year after June 30, 2014, 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 \$5.00, 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 10-24-2005, eff. 11-1-2005; Amended 12-11-2006, eff. 7-1-2007; Amended 7-15-2013, eff. 7-23-2013)

CURRENT RATES:

DOUGLAS, HARRIS AND AURORA HARBORS		
	<i>Effective thru June 30, 2015</i>	<i>Effective July 1, 2015</i>
Skiff	\$590 per year	\$ 600 per year
Daily	54¢ per foot	55¢ per foot
Monthly	\$4.20 per foot	\$4.25 per foot
Annual (July 1 – June 30)	5% discount on 12-month advanced payment	5% discount on 12-month advanced payment

STATTER HARBOR		
	<i>Effective thru June 30, 2015</i>	<i>Effective July 1, 2015</i>
Skiff	\$590 per year	\$600 per year
Daily Moorage	54¢ per foot	55¢ per foot
Monthly	\$7.05 per foot	\$7.15 per foot
Annual (July 1 – June 30)	5% discount on 12-month advanced payment	5% discount on 12-month advanced payment

ANNUAL REVENUE:

During FY15, there were two customers downtown and no customers at Statter Harbor who chose to pay the special annual moorage rate for skiffs, resulting in an annual revenue of \$1,200.00.

STAFF RECOMMENDATION:

Delete the regulations for an annual skiff fee. It is not widely used and the monthly rate typically is more advantageous.

ADOT Municipal Harbor Grant FY17 Scoring

FY17 Applicants (for SLA 16)	Project Name	Tier	Score	Amount Requested
Kodiak, City of	City Float	I	148.6	\$ 1,365,792
Wrangell, City and Borough of	Shoemaker Bay Harbor	I	139.8	\$ 5,000,000
Sitka, City and Borough of	Crescent Harbor	I	138.0	\$ 5,000,000
Aleknagik, City of	City Dock	I	117.0	\$ 94,000
Whittier, City of	Whittier Small Boat Harbor	II	113.0	\$ 500,000
Anchorage, Municipality of	Ship Creek Boat Ramp	II	102.8	\$ 688,722
Juneau, City and Borough of	Aurora Harbor	II	98.0	\$ 2,000,000
Valdez, City of	Valdez New Small Boat Harbor	II	93.4	\$ 5,000,000
Skagway, Municipality of	Skagway Harbor	II	65.0	\$ 1,000,000
Total				\$ 20,648,514

City & Borough of Juneau



RESOLUTION NO.

A RESOLUTION OF THE CITY & BOROUGH OF JUNEAU IN SUPPORT OF FULL FUNDING FOR THE STATE OF ALASKA MUNICIPAL HARBOR FACILITY GRANT PROGRAM IN THE FY 2017 STATE CAPITAL BUDGET.

Whereas, the City & Borough of Juneau recognizes the majority of the public boat harbors in Alaska where constructed by the State during the 1960s and 1970s; and

Whereas, these harbor facilities represent critical transportation links and are the transportation hubs for waterfront commerce and economic development in Alaskan coastal communities; and

Whereas, these harbor facilities are ports of refuge and areas for protection for ocean-going vessels and fishermen throughout the State of Alaska, especially in coastal Alaskan communities; and

Whereas, the State of Alaska over the past nearly 30 years has transferred ownership of most of these State owned harbors, many of which were at or near the end of their service life at the time of transfer, to local municipalities; and

Whereas, the municipalities took over this important responsibility even though they knew that these same harbor facilities were in poor condition at the time of transfer due to the state's failure to keep up with deferred maintenance; and

Whereas, consequently, when local municipal harbormasters formulated their annual harbor facility budgets, they inherited a major financial burden that their local municipal governments could not afford; and

Whereas, in response to this financial burden, the Governor and the Alaska Legislature passed legislation in 2006, supported by the Alaska Association of Harbormasters and Port Administrators, to create the Municipal Harbor Facility Grant program, AS 29.60.800; and

Whereas, the City & Borough of Juneau, is pleased with the Department of Transportation and Public Facilities administrative process to review, score and rank applicants to the Municipal Harbor Facility Grant Program, since state funds may be limited; and

Whereas, for each harbor facility grant application, these municipalities have committed to invest 100% of the design and permitting costs and 50% of the construction cost; and

Whereas, the municipalities of the City of Aleknagik, the Municipality of Anchorage, the City and Borough of Juneau, the City of Kodiak, the City and Borough of Sitka, the Municipality of Skagway, the City of Valdez, the City and Borough of Wrangell, and the City of Whittier have offered to contribute \$20,648,514 in local match funding for FY2017 towards nine harbor projects of significant importance locally as required in the Harbor Facility Grant Program; and

Whereas, completion of these harbor facility projects is all dependent on the 50% match from the State of Alaska's Municipal Harbor Facility Grant Program; and

Whereas, during the last ten years the Municipal Harbor Facility Grant Program has only been fully funded twice; and

Whereas, during the last ten years the backlog of projects necessary to repair and replace these former State owned harbors has increased to over \$100,000,000.

Now therefore be it resolved that the Membership of the Alaska Association of Harbormasters and Port Administrators urges full funding in the amount of \$20,648,514 by the Governor and the Alaska Legislature for the State of Alaska's Municipal Harbor Facility Grant Program in the FY 2017 State Capital Budget in order to ensure enhanced safety and economic prosperity among Alaskan coastal communities.

Passed and approved by a duly constituted quorum of the Assembly of the City & Borough of Juneau on this 6th day of January, 2016.

Mayor, City & Borough of Juneau

ATTEST:

Laurie Sica, City Clerk