CBJ DOCKS & HARBORS BOARD
FINANCE MEETING AGENDA
For Tuesday, February 26th, 2013

I. **Call to Order** (5:00 p.m. to 7:00 p.m.) in the **Room 224, City Hall.**

II. **Roll Call** (John Bush, Tom Donek, Kevin Jardell, Scott Spickler, Michael Williams, and Eric Kueffner).

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 January 29th, 2013 Finance Committee Meeting Minutes**.

VI. **Items for Action.**

1. Special Moorage Rate M/V Malaspina/50th Anniversary AMHS
   Presentation by the Port Director

   Committee Questions

   Public Comment

   Committee Discussion/Action

   MOTION: TO BE DEVELOPED AT THE MEETING

2. FY13/FY14 Budget Submission
   Presentation by the Port Director

   Committee Questions

   Public Comment

   Committee Discussion/Action

   MOTION: TO BE DEVELOPED AT MEETING

3. FY14 Moorage Rates
   Presentation by the Port Director

   Committee Questions

   Public Comment

   Committee Discussion/Action

   MOTION: TO BE DEVELOPED AT THE MEETING

VII. Items for Information/Discussion.

1. Adjustment of Rental Law 53.20.190
   Presented by the Port Director

2. Update of ADOT Property Activity
   Presented by the Port Director

VIII. Staff & Member Reports.

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting March 26th, 2013 at 5:00 p.m in CBJ Room 224.

X. Adjournment.

CBJ Docks and Harbors Committee
Finance Meeting Minutes
For Tuesday, January 29th, 2013

I. Call to Order

Mr. Kueffner called the Finance Committee Meeting to order at 5:13 p.m. in CBJ Room 224. The meeting started late due to technical difficulties.

II. Roll Call

The following members were present: John Bush, Tom Donek, Kevin Jardell, Scott Spickler, Michael Williams, and Eric Kueffner.

Also in attendance were the following: Carl Uchytil – Port Director, and Charles Horan – Horan and Company.

III. Approval of Agenda

MOTION By MR. JARDELL: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None

V. Approval of the December 18th, 2012 Finance Committee Meeting Minutes.

Hearing no objection, the December 18th, 2012 Finance Committee Meeting Minutes were approved as presented.

VI. Items for Action.

1. Funds Transfer for Aurora Harbor Rebuild

Mr. Uchytil said back in 2007 Docks and Harbors applied for marine passenger fees of $500,000 for cruise ship tug moorage rehab. The idea was this would be used on the Aurora Harbor project. Now that Docks and Harbors is moving forward with the Aurora Harbor rebuild, that $500,000 needs to be transferred to an account that is usable. This transfer will require Assembly consent. CBJ Law has determined using the $500,000 marine passenger fees for the cruise ship tug moorage in Aurora Harbor is appropriate use of these funds.

Committee Questions -

Mr. Kueffner asked if the tug moorage was part of Phase I.

Mr. Uchytil said yes. This $500,000 is part of the match for the $2 million Municipal Harbor grant program. The other $1.5 million is from the harbor fund balance.

Public Comment – None

Committee Discussion/Action

MOTION By MR. SPICKLER: TO APPROVE THE FUNDS TRANSFER FOR THE AURORA HARBOR REBUILD AND MOVE TO THE FULL BOARD FOR APPROVAL AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

2. Moorage Discount Promotion
Mr. Uchytil said Docks and Harbors sent two staff to the Seattle Boat show, and in the past we have offered discounts to people that came up to the booth. Last year's offer was if you stayed two days, you would get the third day free. There were three boaters that took advantage of last years special offer. The Harbormaster requested to offer a discount again this year. He is proposing to offer a 10% discount for the first night's stay for visiting boaters from the lower 48, be a non-resident of Alaska, and the vessel must be less than 60'. Mr. Uchytil said he is supporting the Harbormaster's request to offer a 10% discount, but he needs approval from the Board.

Committee Questions -

Mr. Spickler asked what the cost was for the staff to attend the Seattle Boat Show?

Mr. Uchytil said a rough estimate would be about $3,000.00. The attendance for the Seattle Boat show is promoted from the AAHPA. This year there will be five Southeast ports attending the Seattle Boat Show representing Alaska. This keeps Alaska in the forefront with boaters in the Pugent Sound area.

Mr. Kueffner said Docks and Harbors didn't send staff for a few years, but with all the other Southeast Harbor representatives attending, this is a good year to send staff to represent Juneau Harbors again.

Public Comment – None

Committee Discussion/Action

MOTION By MR. BUSH: TO SUPPORT THE 10% DISCOUNT AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

VII. Items for Information/Discussion.

1. Mt. Roberts Tram
   Mr. Uchytil said at the last Finance Committee meeting the Committee requested to have Mr. Charles Horan, with Horan and Company, to attend this meeting to explain how appraisals are completed, explain how he appraised the Mt. Roberts Tram and determined a rent value.

   Mr. Horan provided a power point presentation which he discussed in detail and is attached to these minutes.

   Mr. Horan summarized his presentation by saying the Tram is an important part of the neighborhood and there would be a transition if it went away, but the ships are going to keep coming if the Tram is there or not. The space the Tram is on is very vibrant because of the location. Mr. Horan said he sees the economic outlook stable, and retail is improving.

   Mr. Kueffner asked where the Board was with negotiations with Mt. Roberts Tram representatives?

   Mr. Uchytil said the Board is still looking for common ground. There is not much movement on an agreement. The original appraisal from Reliant Advisor Services that states the site the Tram is on is an uneconomical parcel is still the appraisal that Goldbelt wants to use. The Board is still looking for a true comparison appraisal from Goldbelt. Goldbelt did hire Alaska Appraisal Associates for a comparison appraisal, but Docks and Harbors was only given a two page summary of the appraisal, and without the full appraisal it is unclear if this is a true comparison.

   Mr. Jardell said Mt. Roberts Tram representatives are working on something to present to the Board to try to move forward to reach an agreement.

2. Auke Bay Round About Permanent Easement
   Mr. Uchytil said Alaska Department of Transportation (ADOT) was trying to expedite a property deal with Docks and Harbors to be able to facilitate a driveway for Dick Deem's property needed in the design of the round-about. Mr. Uchytil said staff was going to use an appraisal that Horan and Company completed in 2009 for expedited purposes and valued the easement at $83,000. This was approved in the Planning Committee and the Lands Committee. Mr. Uchytil said when he was drafting his recommendation for the Assembly action, ADOT said they never agreed on a price and wanted to negotiate. They did not want this agenda item for the Assembly to move forward at the $83,000 property value. Mr. Uchytil said when Horan and Company did the appraisal in 2009 the land was appraised at $400,000 and the house was appraised at $250,000. There was a house on the property that Docks and Harbors had to remove for the Statter Harbor project. The entire cost for Docks and Harbors to buy this property was $650,000. Mr. Uchytil said his understanding going into the negotiation with ADOT was going to prorate the 2,300 sq/ft based on the $650,000. Mr. Preston, who is the right of way lawyer for ADOT, said it should be based on the $400,000. The price that ADOT is willing to pay would be $50,000. Mr. Uchytil said Mr. Preston was seeking action from CBJ Law to keep it on the agenda, but to have language for the Assembly to approve this at a fair market value that is yet to be determined. Mr. Uchytil said that Mr. Preston did find other times that the Assembly has approved something like this without a firm fixed number, but it was decided by the manager's office that because of not having a current appraisal this would not move forward to the Assembly. Mr. Uchytil said he was trying to move this forward quickly only because of the timing issue with ADOT. Mr. Uchytil said, with this easement, Docks and Harbors would lose at least one parking space, green space, and would need to build a retaining wall.

   Mr. Kueffner asked if Docks and Harbors would receive the funds for this land purchase.

   Mr. Uchytil said yes

   Mr. Spickler asked if it was out of Docks and Harbors hands at this time.

Mr. Uchytil said Mr. Horan called him and indicated that ADOT wanted to hire him to appraise the property. Mr. Horan wanted approval from Mr. Uchytil to appraise this because Docks and Harbors is Horan and Company's client. Mr. Uchytil gave Mr. Horan authorization. Mr. Uchytil said this will probably be appraised at $400,000, but does not think that the property should be priced from that number. The real cost to Docks and Harbors is the $650,000 and then the $20,000 to have the house demolished. Mr. Uchytil said Docks and Harbors should get the real cost plus the inconveniences.

Mr. Jardell said if the time is not of the essence anymore, the appraisal should go to the Finance Committee. Staff will be able to provide all the details on the value of the needed retaining wall, and the loss of a parking space. The Committee can then make a judgment call on what they want to do and send back to the Board for approval.

VIII. Staff & Member Reports – None

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting February 26th, 2013 at 5:00 p.m. in CBJ room 224.

X. Adjournment

The Finance Committee adjourned at 6:47 p.m.

Mt Roberts Tramway Land Lease Valuation

Charles Horan, MAI
Horan & Company, LLC
CBJ Dock and Harbors
January 29, 2013

Introduction – Horan & Co.

- Largest Commercial Appraisal firm in Southeast Alaska
- Over 100 years of cumulative experience
- Specialize in complex appraisal issues
- Seminars, presentations, and trend studies
- Over 20 appraisals on South Franklin Street and over 200 appraisals in the Juneau area in the past 10 years.

Properties Appraised on S. Franklin St.

Objective

- Appraisal 101- Land Valuation
- South Franklin Street
- Review Horan Appraisal
- Specific Appraisal Issues
- Q/A

Summary of Appraisal Problem

- CBJ entered into a lease with Mt. Roberts Development Corporation in 1995
- The lease provides for a base rent adjustment every third anniversary of the permit date (January 1, 1996) based on 10% of appraised market value.
- Section 5(d)(3) states:

  "The basis of appraisal shall be the fair market value of the unimproved land of the Leased premises including the Air Rights Easements, at its **highest and best use**. The appraisal shall not consider any buildings or structural improvements above or below ground, landscaping or paving. The appraisal shall consider the Leased Premises as unimproved land."
- Other rent includes royalty payment (Section 6)
- Lessees have other obligations

Market Value

- **Market Value-**
- The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- • Buyer and seller are typically motivated;
- • Both parties are well informed or well advised, and acting in what they consider their best interests;
- • A reasonable time is allowed for exposure in the open market;
- • Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- • The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Pages 123

What is Market Value?

- What is a market -the meeting of the minds
- Predicting Human Behavior
- Market evidence for real estate value
- Sales – What people pay
- Income – What people pay for an income stream
  - Value ÷ Income = Rate
  - Income ÷ Rate = Value
  - Value x Rate = Income
- Rates are risk sensitive
- Commercial Rents dictate commercial land values, especially in the absence of data to the contrary

Methods for Land Valuation

From Table 16.1: Applicability and Limitations of Land Valuation Techniques, The Appraisal of Real Estate, 13th Edition, The Appraisal Institute, pg 363

- Sales Comparison
  - Sales of similar, vacant parcels
- Market Extraction
  - The depreciated cost of the improvements is deducted from the total sale price
- Allocation
  - A ratio of site value to property value is extracted from comparable sales

Methods for Land Valuation, Cont.

- Direct Capitalization – Land Residual Technique
  - Net operating income attributable to the land is capitalized;
  - Applicable in testing the feasibility of alternative uses or when land sales are not available
  - Limitations: The following conditions must be met:
    - Building value is known or can be accurately estimated
    - Net operating income to the property is known or can be estimated
    - Both building and land capitalization rates are available from the market
- Direct Capitalization: Ground Rent Capitalization
  - A market derived capitalization rate is applied to the ground rent

Look for Market Experience

- For unusual or unique properties
- For markets with little data
- Look at what is knowable
- Two broad types of market evidence
- Sales
- Income
- Best to bracket

- Lets look at some examples of how the market would look at this situation.....

Mount Roberts Tramway Historic & Projected Expense & Net Operating Income Exhibit

EXPENSES

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	All Yrs.	5 Yrs.	3 Yrs.	Appraiser FY 2012
Ticketing	101,557	98,304	93,459	98,166	101,924	107,660	108,873	134,243	80,539	73,373	-3.84%	-13.13%	-37.15%	104,835
% of Revenue	3.9%	2.7%	2.5%	2.3%	2.2%	2.2%	2.1%	2.3%	1.6%	1.3%	2.1%	1.8%	1.6%	2.9%
Food	95,279	134,255	130,873	132,709	114,289	170,953	177,576	138,691	138,214	198,871	8.32%	3.83%	20.09%	162,364
% of Revenue	3.6%	3.2%	3.1%	3.4%	2.5%	3.2%	3.5%	3.4%	2.8%	4.1%	3.1%	3.7%	3.1%	4.5%
Beverage	17,824	11,637	31,340	23,420	23,711	30,467	24,671	25,528	26,350	30,970	1.82%	-5.23%	-9.49%	29,324
% of Revenue	0.3%	0.3%	0.7%	0.5%	0.5%	0.6%	0.5%	0.6%	0.5%	0.6%	0.5%	0.3%	0.3%	0.8%
Retail	458,105	296,790	315,510	323,379	406,321	435,940	499,389	479,830	481,635	482,543	0.13%	0.98%	-1.4%	474,798
% of Revenue	17.3%	8.1%	7.4%	7.3%	8.0%	8.7%	9.8%	8.2%	9.0%	10.0%	8.9%	9.3%	8.6%	9.2%
Total Costs of Sales	672,765	522,987	533,183	608,631	646,245	745,022	760,396	773,693	726,144	753,795	1.27%	-0.28%	-1.3%	764,881
% of Revenue	25.4%	14.3%	12.5%	13.6%	14.2%	14.5%	14.9%	13.4%	14.0%	15.7%	14.6%	14.7%	13.4%	14.7%
Guest Services	129,301	148,175	160,833	174,015	193,827	215,728	239,446	250,779	239,675	229,191	6.58%	-1.48%	-4.4%	233,286
% of Revenue	4.9%	4.0%	3.9%	3.9%	4.3%	4.2%	4.7%	4.3%	4.6%	4.8%	4.3%	4.2%	4.5%	4.5%
Food & Beverage	214,797	277,241	281,996	256,122	267,811	263,876	324,496	268,132	251,241	281,889	3.07%	-4.54%	2.5%	283,489
% of Revenue	8.1%	6.8%	6.5%	5.8%	5.9%	5.0%	6.4%	4.6%	4.8%	5.9%	5.0%	5.3%	5.6%	5.4%
Retail	121,017	194,526	192,204	190,171	144,031	164,434	197,622	207,464	207,896	193,286	5.14%	-0.75%	-3.5%	189,751
% of Revenue	4.6%	4.7%	4.4%	4.3%	3.2%	3.1%	3.9%	3.9%	4.1%	4.0%	3.9%	4.0%	4.2%	3.6%
Tramway Operations	519,204	595,942	588,879	591,836	583,730	669,871	670,122	693,648	668,713	680,143	2.63%	-4.53%	-8.09%	653,047
% of Revenue	6.8%	8.2%	7.3%	7.9%	6.3%	8.7%	9.2%	8.4%	8.2%	8.7%	8.2%	8.8%	9.6%	8.7%
Total Operating Expenses	790,305	798,443	793,634	881,913	989,458	1,107,725	1,231,692	1,219,984	1,158,224	1,113,339	3.88%	-3.31%	-4.5%	1,158,494
% of Revenue	31.6%	21.6%	18.9%	21.0%	21.6%	20.9%	24.2%	21.1%	23.2%	24.0%	21.7%	22.8%	21.6%	22.2%
Administrative	448,923	523,248	471,338	468,442	463,767	468,971	481,709	439,731	406,209	423,761	-0.42%	1.79%	0.5%	518,905
% of Revenue	17.9%	14.2%	11.2%	10.2%	10.2%	9.2%	9.5%	7.5%	8.1%	9.1%	10.0%	8.2%	6.6%	10.0%
Real Estate Taxes	135,172	144,188	124,413	96,940	108,269	132,143	132,117	137,224	114,480	102,877	-3.07%	-8.24%	-13.8%	129,373
% of Revenue	5.7%	3.9%	2.9%	2.2%	2.3%	2.5%	2.6%	2.3%	2.2%	2.2%	2.7%	2.3%	2.2%	2.5%
Insurance	111,772	131,105	154,096	152,523	179,671	192,680	200,519	178,636	148,539	170,309	4.80%	-5.36%	-2.3%	175,699
% of Revenue	3.1%	3.6%	3.6%	3.4%	4.0%	3.6%	3.9%	3.1%	2.9%	3.7%	3.7%	3.2%	3.3%	3.4%
Ground Lease Payments														
AJT Lease	13,375	53,882	55,722	57,649	61,130	78,187	88,139	78,101	67,814	64,157	19.83%	-1.99%	-9.6%	63,310
AK DNR Air Space	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	0.00%	0.00%	0.0%	8,000
CBJ Ground Lease Rent	94,955	91,866	91,508	83,625	100,356	109,200	109,380	109,380	109,300	109,200	1.57%	0.09%	0.0%	Excluded
Professional Fees	7,386	19,884	36,364	37,241	51,875	62,130	43,986	64,827	42,364	16,142	9.08%	-20.38%	-40.9%	36,254
% of Revenue	0.3%	0.8%	0.4%	0.8%	1.1%	1.1%	0.9%	0.8%	0.6%	0.3%	0.7%	0.7%	0.6%	0.7%
Marketing / Public Relations	88,346	83,998	88,533	102,175	143,409	137,571	155,639	179,583	171,893	181,679	8.34%	5.28%	1.7%	188,259
% of Revenue	2.4%	2.3%	2.1%	2.3%	3.2%	2.6%	3.1%	3.6%	3.4%	3.9%	3.3%	3.3%	3.7%	3.5%
Building Maintenance	102,970	241,118	223,613	231,040	291,641	347,679	410,151	366,061	373,126	377,020	8.64%	-2.77%	1.3%	343,166
% of Revenue	3.7%	6.4%	5.3%	5.6%	6.4%	6.6%	8.1%	7.2%	8.1%	8.1%	6.6%	7.3%	7.9%	6.4%
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	234,410
Total Indirect Expenses	1,386,999	1,296,512	1,213,999	1,249,836	1,367,336	1,567,882	1,529,460	1,317,367	1,443,511	1,452,336	3.27%	-1.71%	-1.2%	1,087,754
% of Revenue	28.7%	23.2%	20.5%	28.1%	30.0%	29.5%	30.0%	26.3%	28.9%	31.4%	29.0%	28.6%	28.2%	32.4%
Total Expenses	2,559,160	2,410,041	2,580,254	2,738,408	3,071,677	3,460,829	3,521,548	3,511,076	3,327,880	3,319,470	2.97%	-1.93%	-0.79%	3,411,139
% of Revenue	65.9%	71.4%	68.7%	61.6%	66.8%	64.9%	69.1%	70.1%	66.6%	71.7%	66.2%	66.4%	71.7%	68.9%
% Change	-	7.2%	4.1%	6.1%	12.1%	3.6%	4.3%	3.3%	4.2%	3.1%	-1.9%	4.2%	3.9%	
GOING CONCERN NOI	1,111,742	1,046,349	1,073,318	1,710,666	1,503,646	1,888,614	1,575,833	1,297,843	1,673,626	1,211,781	11.38%	5.87%	25.60%	1,597,373
% of Revenue	34.4%	28.6%	39.3%	38.4%	33.1%	35.1%	30.9%	29.1%	33.5%	28.3%	33.7%	33.6%	28.3%	31.1%
% Change	-	-5.9%	39.9%	2.2%	12.1%	15.6%	16.6%	43.4%	-23.9%	-31.6%	5.6%	-1.4%	-21.6%	31.8%

From Reliant Appraisal, Page 70

Calculation of Building NOI Exhibit

Valuation Component		Franklin Street Juneau Terminal (CBJ Parcel) Aerial Tramway
Gross Building Area		29,505
REPLACEMENT COST		
Escalated Original Cost		
Original Cost (Real & Personal Property)		$17,500,000
MVS Current Cost Multiplier		1.70
Total Replacement Cost		$29,674,834
Reconciled Replacement Cost Excluding Profit		$29,674,834
Plus: Developers Margin	20.0%	$5,934,967
Replacement Cost Including Profit		$35,609,800
Per Sq Ft		$1206.91 /SF
LESS: DEPRECIATION		
Effective Age / Economic Life Method		
Year Built		1996
Actual Age		16 Yrs.
Effective Age / Actual Age Ratio		100.0%
Effective Age		16 Yrs.
Economic Life		40 Yrs.
Percent Depreciated (Eff. Age / Actual Age)		40.0%
MVS Depreciation Tables		-
Reconciled Physical & Functional Depreciation		40.0%
Property Specific Depreciation		0.0%
External Depreciation		0.0%
Total Percent Depreciation		40.0%
Total Depreciation		($14,243,920)
DEPRECIATED IMPROVED GOING CONCERN VALUE		$21,365,880
IMPROVED GOING CONCERN OVERALL ANNUAL RATE		10.0%
IMPROVED GOING CONCERN NET OPERATING INCOME		$2,136,588

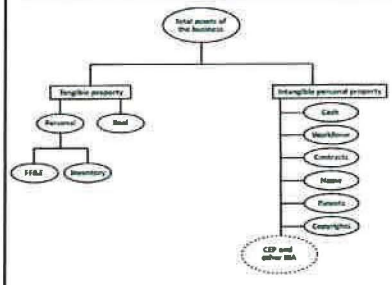
Reliant Going Concern Implications

- If the going concern NOI is capitalized at building value rate, the going concern value is demonstrated:

  $1,597,972÷10% = $16,000,000 (rounded)

  This is not a concluded value indicator but a demonstration.
- The real question would be: How much of the total value would be allocated to land?
- **Conclusion: If a going concern value is indicated, something should be allocated to land.**

Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets; the Appraisal Institute



Ground Rent Capitalization

From Reliant Table, Page 70:

Ground Lease Payments					
AJT Lease	64,157	19.03%	-1.99%	-9.4%	63,189
AK DNR Air Space	8,000	0.00%	0.00%	0.0%	8,000
CBJ Ground Lease Rent	109,200	1.57%	0.00%	0.0%	*Excluded*

For instance, if land capitalization rate is 8%, this indicates values of:

AJT Lease $63,189/Year ÷ 8% = $789,863; $790,000 (rounded)

AK DNR Air Space $8,000/year ÷ 8% = $100,000

These are not concluded value indicators, but presented for demonstration.

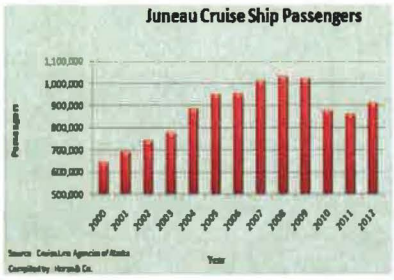
Conclusion: Land for tram use has value.

Horan Appraisal
South Franklin Street

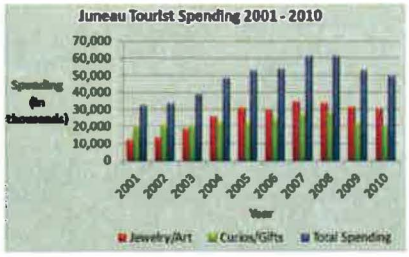
Horan Appraisal:

S. Franklin St Market

- Cruise Ship passenger volume peaks in 2008
- Passenger count improves in 2012



- Tram volumes steady in same time period



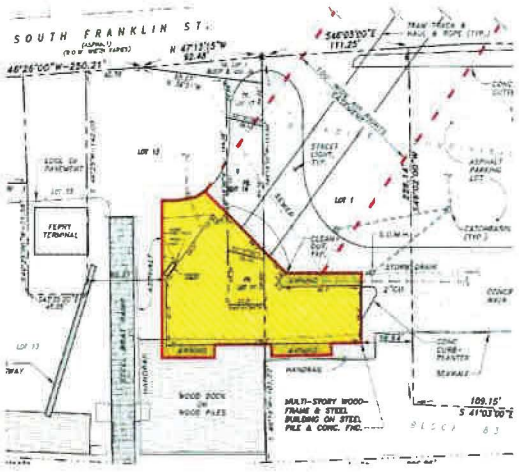
- Retail spending follows cruise ship trends

Highest & Best Use

- Neighborhood rents $6-$8 / SF
- Subject located in 400 Block S. Franklin
- Most profitable use: tourist oriented retail

Subject Site

- 10,000 SF lower tram site
- 21,815 SF air rights
- Mostly filled lands with decks on pilings
- Site is close to all municipal utilities



Land Value by Extraction Method

- Relies on actual competitive market sales

TABLE 1 - SALES LAND ALLOCATION SUMMARY					
Comparable Property Sales	1 - #2587, 455 S Franklin St	2 - #2782, 431 S Franklin St	3 - #2793, 373 S Franklin St	4 - #4814, 439 S Franklin St	5 - #4161, 489 S Franklin St
Date	01/2004	02/2004	02/2005	01/2006	12/2007
Price	$1,360,000	$1,000,000	$1,000,000	$1,900,000	$6,400,000
Building Area	5,876 SF	1,987 SF	5,416 SF	2,245 SF	16,930 SF
SF Bldg Price	$85.09/SF	$151/SF	$50.78/SF	$150/SF	$150/SF
Building Price	$500,000	$300,000	$275,000	$336,750	$2,539,500
Land Price	$860,000	$700,000	$725,000	$1,563,250	$3,860,500
SF Land	2,633 SF	$1,610 SF	3,000 SF	3,625 SF	15,420 SF
Land Price/SF	$327/SF	$435/SF	$241/SF	$431.25/SF	$250.36/SF

Qualitative Adjustment to Comparables

Comp 1
- Small superior size -1
- Steep rear, inferior +1

Comp 2
- Small superior size -2

Qualitative Adjustment to Comparables

Comp 3
- Location inferior +1
- Steep rear, inferior +1
- Superior size, -1

Comp 4
- Small superior size -1

Qualitative Adjustment to Comparables

Comp 5

- Large size, inferior +1
- Steep rear, inferior +2

Qualitative Adjustment Grid

TABLE 2 - QUALITATIVE ADJUSTMENT GRID

Characteristic	Subject - 490 S. Franklin	Comp # 1 - 455 S. Franklin		Comp # 2 - 431 S. Franklin		Comp # 3 - 373 S. Franklin		Comp # 4 - 439 S. Franklin		Comp # 5 - 489 S. Franklin	
Price/SF	Solve	$337/SF		$435/SF		$241/SF		$431/SF		$250/SF	
Market Conditions (Time of Sale)	Appraisal Date: 07/2011	01/04	0	02/04	0	02/05	0	01/06	0	12/07	0
Location	Tram	Similar	0	Similar	0	Inferior	+1	Similar	0	Similar	0
Size (SF)	10,000 SF	2,633	-1	1,610	-2	3,000	-1	3,625	-1	15,420	+1
Site Characteristics	100% usable	Inferior	+1	Similar	0	Inferior	+1	Similar	0	Inferior	+2
Overall Net Rating	Subject = 0	Similar	0	Superior	-2	Inferior	+1	Superior	-1	Inferior	+3

If comparable is **Superior**, minus rating of -1, -2, or -3 depending on severity.
If comparable is Inferior, plus rating of +1, +2, or +3 depending on severity.

TABLE 3 - SUMMARY RANKING GRID			
Comparable	Rating	Rank	SF Price
Comparable 2	Superior	-2	$435
Comparable 4	Superior	-1	$431
Comparable 1	Similar	0	$337
Subject	Similar	0	Solve
Comparable 3	Inferior	+1	$241
Comparable 5	Inferior	+3	$250

Tram value conclusion, as of January 2011:
10,000 SF @ $300/SF = $3,000,000

Check for Reasonableness

How much would an investor pay?

Estimated Income 9,000 SF @ $6.50/SF/Mo x 12	$ 702,000
Less Allowance for Vacancy Credit Loss, Tax, Insurance, Maintenance, and Management 25%	$ 175,500
Indicated Net Operating Income	$ 526,500
Capitalized at 9%	÷ 9%
Indicated Value of Development	$5,850,000
Less 10% Entrepreneurial Profits	$ 585,000
Less Building Costs 9,000 SF @ $250	$2,250,000
Land Budget	**$3,015,000**

Value by comparison approach appears reasonable: $3,000,000

Total Land Value

Air Rights Easement estimated at 5% of fee value
21,815 SF @ $15/SF = $330,000 Rounded

Total Land Value	
Lower Tram Site Terminal 10,000 SF	$3,000,000
Air Rights Easement 21,815 SF	$ 330,000
Total Indicated Value	$3,330,000

Other Issues

Assessed Value vs Appraisal Value

Assessed Value

- Mass appraisal techniques used
- Equalize values for taxation purposes
- Market value is their goal but tends to be less precise

Appraisal Value

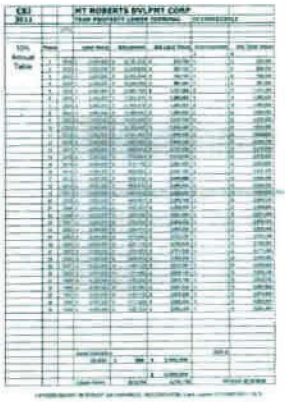
- Specific study of one property
- Usually done by a certified appraiser
- Based on specific market data

Subject Assessed Value

Fee Simple Land Value History

2005	$130/SF
2006	$130/SF
2007	$500/SF
2008	$500/SF
2009	$500/SF
2010	$350/SF
2011	$350/SF
2011 *appealed*	$300/SF

Possessory Interest Table



CBJ 2011			MT ROBERTS DVLPMT CORP TRAM PROPERTY LOWER TERMINAL			1C100K830011	
		10%					
10% Annual Table	Years		Land Value	Adjustment	Adj Land Value	Improvement	Adj Total Value
						$ -	$ -
	1	2029	$ 3,000,000	$ (2,727,273)	$ 272,700	$ -	$ 272,700
	2	2028	$ 3,000,000	$ (2,479,339)	$ 520,700	$ -	$ 520,700
	3	2027	$ 3,000,000	$ (2,253,944)	$ 746,100	$ -	$ 746,100
	4	2026	$ 3,000,000	$ (2,049,040)	$ 951,000	$ -	$ 951,000
	5	2025	$ 3,000,000	$ (1,862,764)	$ 1,137,200	$ -	$ 1,137,200
	6	2024	$ 3,000,000	$ (1,693,422)	$ 1,306,600	$ -	$ 1,306,600
	7	2023	$ 3,000,000	$ (1,539,474)	$ 1,460,500	$ -	$ 1,460,500
	8	2022	$ 3,000,000	$ (1,399,522)	$ 1,600,500	$ -	$ 1,600,500
	9	2021	$ 3,000,000	$ (1,272,293)	$ 1,727,700	$ -	$ 1,727,700
	10	2020	$ 3,000,000	$ (1,156,630)	$ 1,843,400	$ -	$ 1,843,400
	11	2019	$ 3,000,000	$ (1,051,482)	$ 1,948,500	$ -	$ 1,948,500
	12	2018	$ 3,000,000	$ (955,892)	$ 2,044,100	$ -	$ 2,044,100
	13	2017	$ 3,000,000	$ (868,993)	$ 2,131,000	$ -	$ 2,131,000
	14	2016	$ 3,000,000	$ (789,994)	$ 2,210,000	$ -	$ 2,210,000
	15	2015	$ 3,000,000	$ (718,176)	$ 2,281,800	$ -	$ 2,281,800
	16	2014	$ 3,000,000	$ (652,887)	$ 2,347,100	$ -	$ 2,347,100
	17	2013	$ 3,000,000	$ (593,534)	$ 2,406,500	$ -	$ 2,406,500
	18	2012	$ 3,000,000	$ (539,576)	$ 2,460,400	$ -	$ 2,460,400
	19	2011	$ 3,000,000	$ (490,524)	$ 2,509,500	$ -	$ 2,509,500
	20	2010	$ 3,000,000	$ (445,951)	$ 2,554,100	$ -	$ 2,554,100

Miner's Hall Tideland Lease Rental Appraisal Comparison

Alaska Appraisal Associates

- Effective Date 10/2005
- Proposed 2,989.03 SF
- Base Land Value without sea walk access $125/SF
- Base Land Value with sea walk access $225/SF

Horan & Company

- Effective Date 5/2011
- Actual 1,954.7 SF
- Base Land Value $99.03/SF

Taku Smokeries

- Sale: $10,000,000
- March 2008
- 123,535 SF
- Allocation
  - Uplands $101.50/SF
  - Tidelands $25.18/SF
  - Leasehold $11.82/SF
- Alternate Allocation
  - $7,000,000 Plant & Land
  - $3,000,000 Excess Lot
  - 54,296 SF = $55.25/SF

Board Chair Questions

- 1. Is the Tram itself a Draw? Without would the neighborhood would suffer?
- Tram is an important neighborhood feature- adds to synergy
- Stable ridership 190,000 to 210,000 annually
- Tram is a land mark- notable meeting place
- More important –
  - Ships unload right there
  - Bus drop off/pick up for other tours bring traffic
  - Open public space promotes congregation

- **Conclusion-**
- **Neighborhood**
- **would do well.**
- **Consider**
- **Ketchikan &**
- **Skagway.**

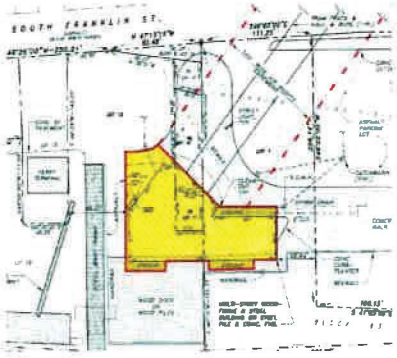
- 2.Unimproved land would not have frontage on S Franklin St. Would that make it less valuable?

- No
  - People's Warf building
  - reconstructed to
  - oriented to parking lot.
  - Kiosk selling tours
  - boat traffic
  - bus traffic unloading
  - All in front of the site
  - make it very desirable.

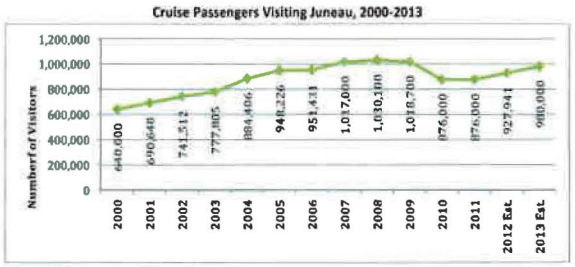
- 3. What about extending the utilities and the condition of the site prior to tram development?

- Highest and best use would be for light wood structure. It would not require the extraordinary earth work required to anchor the tram.

- Extension of utilities
- 100 feet or so would not be
- and extraordinary
- development requirement
- consideration the
- City infrastructure in place



4. Should the value be discounted because of the port economic outlook? (See following figure from JEDC Trends)



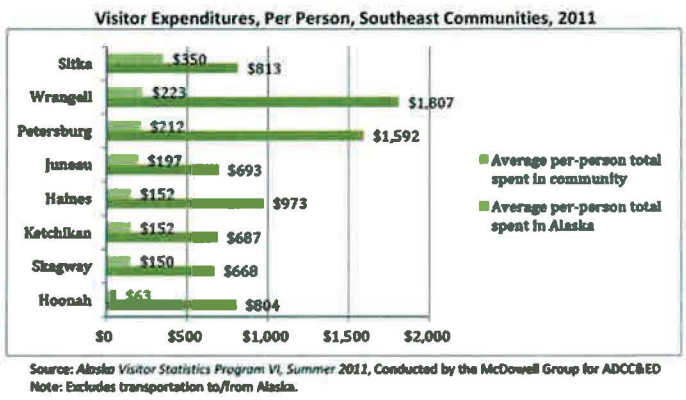
Sources: Cruise Line Agencies of Alaska and McDowell Group

- Cruise visitation likely to improve – so may retail sales
- Market mature – marginal businesses have moved
- Rents appear to be stabilizing
- Anecdotal comments from retails saw increases in 2011 & 2012.

Questions…

Mt Roberts Tramway Land Lease Valuation

Charles Horan, MAI
Horan & Company, LLC
CBJ Dock and Harbors
January 29, 2013



Tram itself draws and influences values/Does not have frontage on Street

Aerial Photo of Tram, Cruise ships and Waterfront

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

Moorage Rates

DOUGLAS, HARRIS AND AURORA HARBORS		
	Effective thru June 30, 2013	Effective July 1, 2013
Skiff	$568 per year	$581 per year
Daily	52¢ per foot	53¢ per foot
Monthly	$4.08 per foot	$4.17 per foot
Annual (July 1 – June 30)	5% discount on 12-month advanced payment	5% discount on 12-month advanced payment

STATTER HARBOR		
	Effective thru June 30, 2013	Effective July 1, 2013
Skiff	$568 per year	$581 per year
Daily Moorage	52¢ per foot	53¢ per foot
Monthly	$6.81 per foot	$6.96 per foot
Annual (July 1 – June 30)	5% discount on 12-month advanced payment	5% discount on 12-month advanced payment
Reservations (May 1 – Sept 30)	Fishing Vessels Other Vessels <65' Other Vessels ≥ 65' Other Vessels ≥200'	0.77¢ per foot $1.53 per foot per day $2.56 per foot per day $3.07 per foot per day

INTERMEDIATE VESSEL FLOAT (IVF)		
	Effective thru June 30, 2013	Effective July 1, 2013
Daily (Oct. 1 – Apr. 30)	52¢ per foot	53¢ per foot
Monthly (Oct. 1 – Apr. 30)	$4.08 per foot	$4.17 per foot
Reservations (May 1 – Sept 30)	Fishing Vessels Other Vessels <65' Other Vessels ≥ 65' Other Vessels ≥200'	0.77¢ per foot $1.53 per foot per day $2.56 per foot per day $3.07per foot per day

Residence Surcharge

Per Month	$69 +$23/person above four persons

- A 5% City & Borough of Juneau sales tax may apply to all fees
- Disclaimer – The above rates do not take the place of the published fee regulations. For additional information, see the Harbormaster.

Launch Ramp Rates

Recreational – Year (includes Kayaks)	$90
Recreational – Day	$14
Commercial – Year	$225
Freight Use – Personal	Up to ¼ hour – no charge Over ¼ hour: $15 per ½ hour of use beyond ¼ hour with $15 min. charge
Freight Use – Commercial	Up to ½ hour $30 Over ½ hour $30 + $1.50 for each minute beyond ½ hour

Parking Rates

Douglas, Harris, Aurora Harbors	Free w/ permit (permits available at Aurora Harbormaster's office)
Statter Harbor – Summer (May, June, July, August, September)	$1 per hour/$5 per calendar day / $75 per calendar month
Statter Harbor – Winter (October through April)	Free w/ permit (permits available at Statter Harbormaster's office)

Shorepower

Connection Type	Daily Fee
20 amp	$4.80
30 amp	$7.20
50 amp	$24.00
100 amp/208 volt	$48.00

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

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

Services Provided

Power
Potable water (Year round downtown and Statter A&B Floats)
Restrooms (Auke Bay & Aurora)
Showers (Statter Harbor, Harbor Washboard, Augustus Brown Pool)
Free Sewage pump-out (Douglas, Harris, and Statter)