

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING AGENDA
For Thursday, November 29th, 2012

- I. Call to Order** (7:00 p.m. at the CBJ Assembly Chambers.)
- II. Roll** (Greg Busch, John Bush, Tom Donek, Eric Kueffner, David Logan, Budd Simpson, Scott Spickler, Michael Williams, and Kevin Jardell).
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED.
- IV. Approval of October 25th, 2012 Regular Board Meeting Minutes.**
- V. Public Participation on Non-Agenda Items** (not to exceed 5 minutes per person, or twenty minutes total time).
- VI. Items for Action.**

- 1. Launch Ramp Permits
Presentation by the Port Director & Harbormaster

Board Questions

Public Comment

Board Discussion/Action

MOTION: TO BE DEVELOPED AT THE MEETING

- 2. Statter Harbor Master Plan – revalidation.
Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/Action

MOTION: TO BE DEVELOPED AT THE MEETING

- 3. Gitkov Lease
Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/Action

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING AGENDA (CONTINUED)
For Thursday, November 29th, 2012

VI. Items for Action (continued)

MOTION: TO BE DEVELOPED AT THE MEETING

4. Harbor Enterprises, Inc. (dba Petro Marine) Fuel Dock Lease
Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/Action

MOTION: TO BE DEVELOPED AT THE MEETING

VII. Items for Information/Discussion.

1. 16B Appeal Results – Presentation by the Port Director
2. Douglas Harbor Update – Presentation by Port Engineer

VIII. Committee and Board Member Reports

1. Operations Committee Meeting – November 13th, 2012
2. CIP/Planning Committee Meeting – Cancelled
3. Finance Committee Meeting – November 27th, 2012
4. Member Reports

IX. PRAC Representative Report

X. Port Engineer's Report

XI. Harbormaster's Report

XII. Port Director's Report

XIII. Assembly Liaison Report

XIV. Committee Administrative Matters

- a. Operations Committee Meeting – December 11th, 2012
- b. CIP/Planning Committee Meeting – December 13th, 2012
- c. Finance Committee Meeting– December 18th, 2012

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING AGENDA (CONTINUED)
For Thursday, November 29th, 2012

d. Board Meeting – December 20th, 2012

XV. Adjournment

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MUNUTES
For Thursday, October 25th, 2012

I. Call to Order.

Greg Busch called the meeting to order at 7:00 p.m. in the Assembly Chambers.

II. Roll

The following members were present: Greg Busch, John Bush, Tom Donek, David Logan, Budd Simpson, Scott Spickler, Michael Williams and Kevin Jardell.

The following member was absent: Eric Kueffner.

III. Approval of Agenda.

MOTION by Mr. Williams: TO APPROVE THE AGENDA WITH ITMES MOVED DOWN SO THAT ITEM #1 (PUBLIC MEETING ON REGULAR BOARD START TIMES) IS AT THE END OF THE MEETING.

The motion passed without objection.

IV. Approval of September 27th, 2012 Regular Board Meeting Minutes.

Hearing no objection, the minutes from the September 27th, 2012 Regular Board Meeting were approved as presented.

V. Public Participation on Non-Agenda Items.

There were none.

VI. Items for Action.

1. Approval of the 2013 Board Calendar.

Mr. Busch presented the new Board Calendar for 2013 for approval.

Mr. Bush asked if changing the meeting times for the Regular Board Meetings would effect the Calendar.

Mr. Busch said we can make adjustments to the meeting times later. We can still approve the meeting dates only.

Mr. Donek said the only concern he had is if there was a conflict of meeting space with the change of time.

Mr. Gillette said Teena checked on 5:00, 5:30 and 6:00p.m. meeting times and on Thursdays that time was generally open. The Assembly does have the power to preempt that time for a special meeting.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action. (continued)

MOTION by Mr. Williams: TO APPROVE THE 2013 REGULAR BOARD MEETING CALENDAR DATES AND TIMES SUBJECT TO AN AMENMENT CHANGE FOR THE TIME LATER ON AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

2. CBJ/ADOT Avalanche Cameras.

Mr. Greg Patz said ADOT is requesting an easement in the area known as the little rock dump for a camera to view the avalanche paths. What they are asking for is an easement of 170 square feet at the little rock dump and egress for construction and periodic maintenance after construction. He gave a brief power point presentation about avalanche control.

He said they would like to place cameras at strategic locations where avalanches may occur. In the event that an avalanche does occur, they can rewind the camera and make sure that nobody is caught in the avalanche area. ADOT is planning on putting in two cameras in the snow slide creek area. One camera will go on AJT property and the second camera they would like to put at the little rock dump.

Mr. Jardell asked on the easement, if the city has use for the property in the future, could the camera be moved if necessary. He asked if the easement was permanent.

Mr. Patz said the camera could be moved if necessary.

Public Comment

Dixie Hood asked about the camera that was farther along on thane. She thought it looked like it was in an avalanche zone itself. She also asked how high the camera was up on the pole.

Mr. Patz said it could be in an avalanche zone and the camera is up about 20 ft.

Mr. Logan asked if the easement extended into the same area that Juneau Port Development LLC. is requesting a lease extension.

Mr. Jardell said it does extend into that area.

Mr. Williams said he thought the camera was a good idea for Thane resident's safety.

Mr. Busch asked if this item needed approval by the Assembly.

Mr. Gillette said this item may go to the Lands Committee before it goes to the Assembly for approval.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action. (Continued).

MOTION by Mr. Williams: TO APPROVE THE EASEMENT WITH ADOT TO INSTALL AN AVALANCHE CAMERA AT THE LITTLE ROCK DUMP AND ASK UNANIMOUS CONSENT.

The Motion passed without objection

VII. Items for Information/Discussion.

1. Snow storage update.

Mr. Rorie Watt, Engineering Director for CBJ said they also have an interest in using lands managed by Docks & Harbors on the southerly end of the rock dump lands that are currently leased to Juneau Port Development, LLC. They need a snow storage site that is in close proximity to where the snow is coming from in the downtown area. Down town the current practice is to push snow into the channel which we will not be able to continue in the future. There are not a lot of options in the downtown area. We are looking for a fairly big area, roughly 2/3 to ½ the size of a football field. This allows for large snow loads and requires less use of loaders to stack the snow.

Mr. Logan asked if an environmental assessment had been completed.

Mr. Watt said for the downtown area they have not completed an environmental assessment but they have obtained a corps for Engineers permit. That appears to be the only permit required for that site.

VI. Items for Action (Continued)

3. Juneau Port Development LLC – 2 year lease extension request.

Mr. Jardell said there is a letter in the packet from Mr. Lockwood detailing that there were discussions regarding the DOT cameras and the snow dump facility. Mr. Lockwood has agreed with the City that those were not going to be a problem if the Board does grant and extension to the lease.

Mr. Uchytel said the issue today is whether we should extend the Juneau Port Development Lease another two years. He has been working through Mr. Lockwood's attorney, Jim Clark. Mr. Clark does not believe the permits will be in place in the next two years. He does feel that in two years they will be in a determination point with the project as far as whether the project will proceed. Mr. Uchytel said he has the authority in the lease to extend it. There is no financial interest going forward yet. That will not come until the Mega Yacht Harbor is in place. Mr. Uchytel's recommendation was to approve the lease extension for two more years.

Mr. Simpson said in Mr. Uchytel's memo that if the project is determined non-feasible by the Docks & Harbors Board by the end of the two year period then the lease would not be renewed. Mr. Simpson was concerned about how that feasibility determination would be made.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action (Continued)

Mr. Uchytel clarified that Mr. Clark indicated that the project permits may not be in place in two years, but in that time we will know if the project is feasible. Mr. Clark felt that the lease will need to be modified or a new lease written after the two years expire. Mr. Clark has assured Mr. Uchytel that he will meet with the Board on a periodic basis and update them on the progress so we will know what it looks like as it unfolds.

Mr. Jardell said Mr. Uchytel, your letter is not a part of the lease so your explanation about whether or not the project is feasible is your interpretation of how Mr. Lockwood is going to have to make a go or no go decision on it. It is not a defining term in the contract as to whether the lease is extended automatically or not. He believed the lease says the permits have to be issued or demonstrate due diligence to secure the permits.

Mr. Uchytel said that was the discussion he had with Mr. Clark and those were his words.

Mr. Simpson said what he is hearing is that the term feasibility is basically shorthand for due diligence and substantial progress towards securing the permits. The financing concerned him more than the permits.

Mr. Logan asked if the CBJ had another use for that area what would happen to the lease.

Mr. Uchytel said there are clauses in the lease that allows the city to use the land as needed. The City's position is that that property is in play for other city needs.

Public comment

Mr. Howard Lockwood said he was available to answer questions.

Mr. Jardell asked Mr. Lockwood if he was in agreement that he would not object to the snow dumping or the sighting of the avalanche pole. The contract terms as they currently exist are still the contract terms and nothing in the letters changes how those terms are going to be implemented.

Mr. Lockwood said he did not have a problem with either of the other uses for the property.

Mr. Uchytel asked Mr. Lockwood to give a recap of what he hopes to accomplish in the next two years.

Mr. Lockwood said they have a solution for removing the contaminants from the soil. As soon as he gets the permits in place he will go to market. They will have a complete plan for the project and market what it will cost per slip.

Mr. Simpson asked if this item needed to go before the assembly.

Mr. Jardell said it does not need to go before the assembly, Mr. Uchytel can approve it. Our extension does not mean we are applying the current work done so far constitutes due diligence.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action (Continued)

Mr. Logan said it sounds like the terms of the lease are somewhat contentious between Mr. Lockwood, his attorney, the CBJ attorney and Mr. Uchytel. He was in favor of amending and redefining the lease before the Board approved a new one.

Mr. Jardell said the issue with that is if we do amend the terms then the lease goes before the Assembly and it is a different process.

Mr. Busch said he would like to give Mr. Lockwood the benefit of the doubt to him to get his project going.

Mr. Uchytel said he feels it is a step forward bringing Mr. Clark in to bring some perspective to the process. He has agreed to keep the Board informed of progress. He has never been comfortable with the lease it's self and he would not have approved a lease like this.

Mr. Williams agreed with Mr. Logan but he also thought Mr. Lockwood has worked with the Board to be fair.

MOTION by Mr. Spickler: TO APPROVE THE LEASE EXTENSION FOR TWO MORE YEARS TO 10/30/2014 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

4. Petro Marine Fuel Dock Lease Agreement.

Mr. Uchytel said this lease has been in progress over two years. At the Finance Committee Meeting in June 2012, we negotiated portions of the proposed lease with Petro Marine. They agreed to pay a 5 cent fee on each gallon of fuel sold subject to CPI adjustments every seven years. At that point Mr. Uchytel was given direction to go back to the CBJ Law department for redrafting of the lease.

He provided a new lease agreement for Board approval.

Mr. Simpson said this is the current fuel provider at the end of the Deharts Dock. He asked if this lease superseded the previous lease and if there was a competitive bidding requirement on this lease and if that had been waived.

Mr. Uchytel said the current lease with Harbor Enterprises runs for another couple years. This project was already in negotiation when he took the Port Director position. He was assuming that the correct procedure was followed.

Mr. Simpson was concerned that no competitive bids have been taken in this matter. The fuel float will be built at the public expense and we are just handing over a new 35 years lease in exchange for a 2 year lease.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action (Continued)

Mr. Uchytel said the fuel float that is at Deharts right now is owned by Petro Marine so they are responsible for demolishing that portion. They are investing 1.5 million dollars in the new fuel float so they are paying for that investment. They are on the hook for the float infrastructure.

Mr. Spickler asked about the insurance for potential oil spill.

Mr. Uchytel said Tim Allen with CBJ risk management has taken a look at the lease as well. Petro Marine is a large Company and he is presuming that they have insurance that will cover any spills that may occur.

Mr. Jardell asked to postpone this item for a month to bring it before the CBJ Attorney.

4. Public Meeting on Regular Board Start Times.

Mr. Jardell said there has been a discussion about having an earlier start time for the Regular Board Meeting so that more public can attend right after work. We are looking at 5:30 or maybe 6:00 as a new meeting time.

Mr. Spickler said he felt having the meeting earlier would be better for public participation and could conserve fuel so people are not making two trips to town.

Mr. Busch said the new time would be more of an inconvenience for him, but may be better for the public.

Public Comment

Ms. Dixie Hood said she attends P&R Advisory Meetings that start at 6:00pm. and that has worked well for the PRAC and they are well attended.

Mr. Dennis Watson said he is apposed to the idea. He attends a lot of the assembly meetings and they are also at 7:00pm. and they are well attended. He said the public that normally attends is here tonight and the current time seems to work well.

Mr. Uchytel said he serves at the pleasure of the Board and he was flexible.

Mr. Donek said the only thing he didn't like about the 7:00 time is when there is a large agenda, meetings can go passed 9:00pm. He suggested if they were going to change the time to make it a big change and go to 5:30pm.

Mr. Williams agreed with Mr. Donek.

Mr. Simpson said the 5:30pm. suggestion might allow for more public to attend.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

VI. Items for Action (Continued)

MOTION by Mr. Spickler: TO MOVE THE REGULAR BOARD MEETING TIME TO 5:30PM STARTING WITH THE JANUARY 2013 MEETING AND ASK UNANIMOUS CONSENT.

The motion passed with 6 members in favor and 2 apposed.

VII. Items for Information/Discussion.

1. Snow Storage Update by Rorie Watt (Presented with items for action)
2. Ethics and Alaska Open Meeting Act. (Presented at the end of the meeting)
3. Goldbelt to present update on Mt. Roberts Tram Lease.

Mr. Jardell said the representatives from Goldbelt are not at the meeting tonight but he wanted to provide an update on lease negotiations. He and Mr. Uchytel met with Goldbelt and they are working diligently to come up with an idea to present to us for a different way of looking at the valuation of the property.

VIII. Committee and Board Member Reports

1. Operations Committee Meeting – October 16th, 2012

Mr. Busch said the OPS committee did meet and discussed multiple launch permit purchases as well as moving forward with an online purchasing program for L/R Permits. The Port staff is busy doing the end of season shut down of the Port office.

1. CIP/Planning Committee Meeting – Cancelled
2. Finance Committee Meeting – Cancelled
3. Member Reports

Mr. Simpson said a hearing was held in lieu of the CIP Meeting to discuss the Aurora Harbor rebuild project.

Mr. Jardell welcomed Mr. Jones as the new Assembly Liaison.

IX. PRAC Representative Report.

Ms. Hood said there was no meeting this month.

X. Port Engineer's Report.

Mr. Gillette's Report was in the packet.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

XI. Harbormaster's Report.

Mr. Tajon said he and Mr. Uchtyl just returned from the Pacific Harbormasters meeting in Sitka. Johanna Young has been selected as Employee of the Year. She was recognized for dedication, attitude and willingness to provide top notch professional service.

An individual decided to drive through the gate at the ABLF. We were able to find him through surveillance video and JPD was called.

XII. Port Director's Report.

Two Employees will be leaving the Department: Ronda Davis and Ben Merritt.

The USS Juneau memorial we are still on track to have that installed before the 13th of November and we will have some kind of dedication.

Gary will be attending an Assembly retreat and presenting some Docks & Harbor projects on Saturday.

The 16B Appeal process we owe a response to the opening brief to the City Clerk tomorrow.

We should be setting up a joint Assembly/Docks & Harbors Board Meeting in the near future so Committee Members should start thinking about what they would like to communicate to the Board.

We have received information from Mirad that they will not be funding the wash down facility at the ABLF.

XIII. Assembly Liaison Report

Mr. Jones said there is a retreat on Saturday from 8:30 to 4:30. Most of the day they will discuss the new Assembly's objectives for the next year. They gave out various committee assignments last week.

The DOT cameras lease is on the Agenda for the Lands Committee on Monday. The hearing on 16B is set for the 26th of November, 2012.

XIV. Committee Administrative Matters

- a. Operations Committee Meeting – November 13th, 2012
- b. CIP/Planning Committee Meeting – November 15th, 2012
- c. Finance Committee Meeting— November 27th, 2012
- d. Board Meeting – November 29th, 2012

- 1. Ethics and Alaska Open Meeting Act.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

Mr. Hartle, CBJ Attorney, gave a presentation on the conflict of interest code. He asked Board Members with questions about conflict of interest to call him anytime. He can be reached at work at 586-5340 or by cell phone 321-2889. Conflict of interest issues are dealt with on a case by case basis and we keep a log of advice that is given. He said he would go through it quickly and suggested members take it home and read it more carefully. Mr. Hartle recapped some of the more common situations.

The assembly can set the mill rate because it is a matter of public interest even though they may have a personal interest if they own a home.

If your spouse can not be involved in a financial situation you can not either. If you expect to receive compensation from the entity the issue affects it would be a conflict.

Mr. Hartle said they did set the limitation to 3 years for financial interests. There is nothing nefarious about having a conflict of interest; we all have them. Just don't take any gifts from patrons especially if they are intending to influence your decision. The value of the gift must be under \$50.

Under the Open Meetings Act you must give public notice of an event if the public can not attend.

Mr. Logan said we all belong to a number of organizations that we may attend at the same time.

Mr. Hartle said it could be a problem if more than three Board Members attend a gathering. He said just don't discuss Harbor Board matters.

Mr. Jardell said your attendance doesn't cause a problem, it's what you talk about while your there.

Mr. Hartle said if you're going to have a meeting, give the proper notice.

Mr. Busch said he understood that you also could not have a mass discussion through email either.

Mr. Hartle said avoid the reply all button when using email for Committee purposes. Those emails are public record no matter what computer they come from.

Mr. Jardell said it's more than 3 members or a majority of the Committee that makes a public meeting. He asked if texts are public record.

Mr. Hartle said it looks like texts will be public record. Through a subpoena, we could go to a provider and get a record of texts if we must. We have avoided having to do that so far.

Mr. Bush asked about Facebook.

Mr. Hartle said Facebook would be public record.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, October 25th, 2012

XIV. Adjournment

Motion by Mr. Busch: TO ADJOURN THE DOCKS & HARBORS BOARD AND ASK UNANIMOUS CONCENT.

The meeting adjourned at 8:50p.m.



Port of Juneau

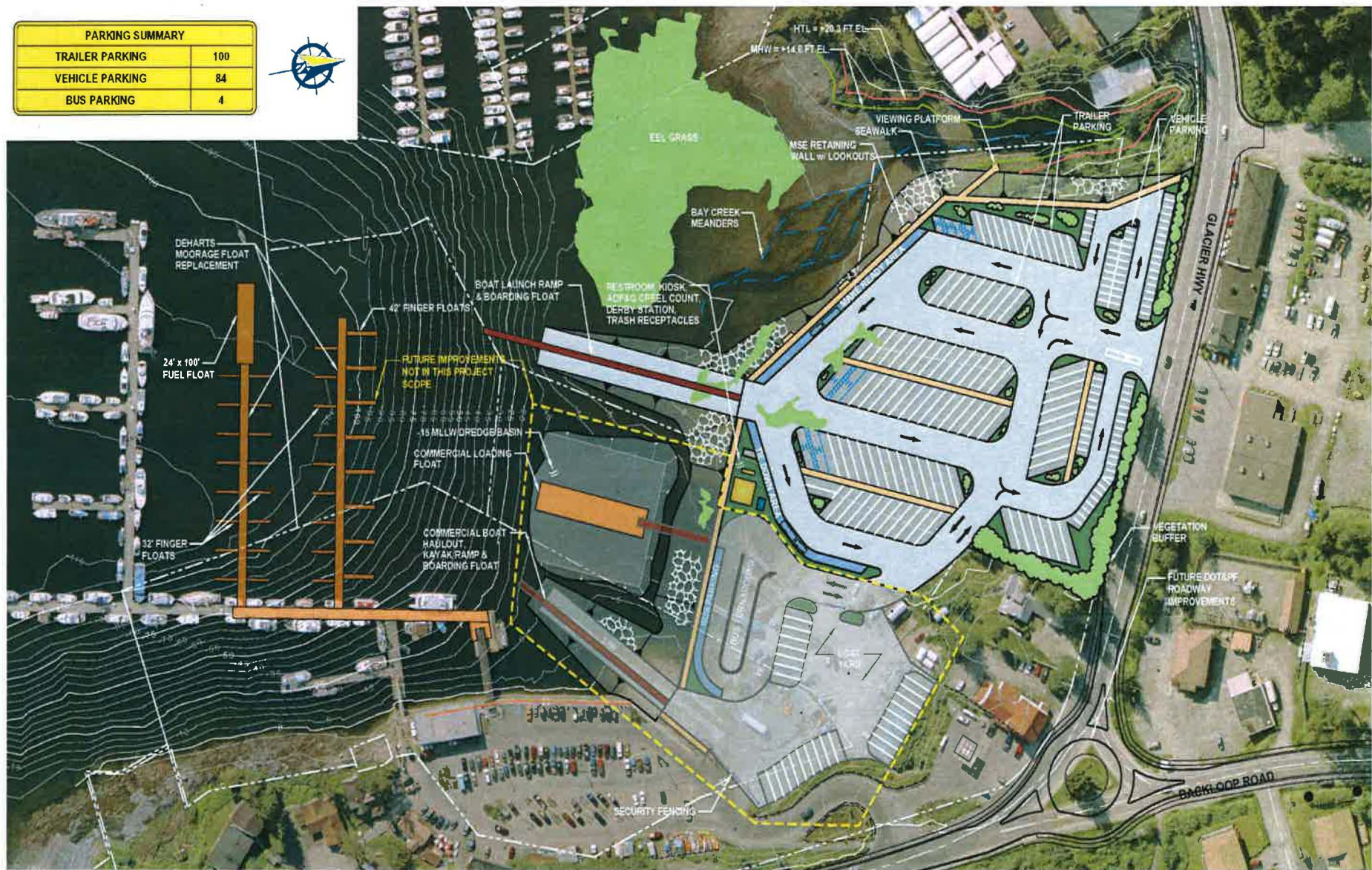
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl Uchytel, Port Director
To: Docks & Harbors Board
Date: November 28, 2012
Re: BOAT LAUNCH RAMP PERMITS

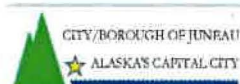
1. At the November 13th Docks & Harbors Operations Committee Meeting, a motion was brought forward to standardize the boat ramp issuance of permits. Policy has been inconsistently applied in the past with regards to how multiple trailer permits have been issued. In some cases, individuals have paid for each trailer owned or other cases multiple permits have been issued to individuals who pay the \$90 annual launch ramp permit. In 2012, there were 149 individuals who claimed up to two boat trailers. The number of individuals that claimed more than two trailers was 34; some of these people had around six to eight trailers after paying the annual fee for just one permit.
2. The ordinance regarding trailer permits is: 05 CBJAC 20.060 - Recreational boat launch fees.
 - (a) Definition. The fee assessed to an owner for using one or more of the Douglas Harbor Boat Launches, the Harris Harbor Boat Launch, the North Douglas Boat Launch, the Statter Harbor Boat Launch, the Tee Harbor Boat Launch, the Amalga Harbor Boat Launch, and the Echo Cove Boat Launch to launch and recover recreational vessels. Use of the Kayak Launch Ramp at Amalga Harbor is free.
 - (b) Launch ramp fee period. Launch ramp fees will be assessed on a calendar year or calendar day basis.
 - (c) Payment deadline. An owner may pay the annual launch ramp fee at anytime during the calendar year. The owner must pay the daily launch ramp fees in advance before the day of use. An owner that has not paid the annual fee will be assessed the daily fee.
 - (d) Recreational launch ramp fees. Recreational launch ramp fees will be assessed for each calendar year, calendar day, or portion thereof as follows: \$90 per year or \$14 per day.
3. The motion from the Operations Committee, which does not require regulation change, is to provide direction to Harbor Staff that the policy is “each individual boat launch permit requires payment of the established fee”.

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PARKING SUMMARY	
TRAILER PARKING	100
VEHICLE PARKING	84
BUS PARKING	4



ENGINEERS, INC



DOCKS & HARBOR DEPARTMENT



DRAWN BY: PND
CHECKED: CRS
APPROVED: CRS

SCALE: SCALE IN FEET
0 60 120 FT



CITY & BOROUGH OF JUNEAU
STATTER HARBOR IMPROVEMENTS

PROPOSED ACTION ALTERNATIVE
CONCEPT & MASTER PLAN

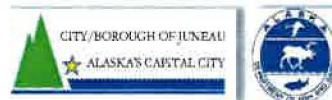
PROJ. NO. 082016

3
3 OF 3

PARKING SUMMARY	
TRAILER PARKING	100
VEHICLE PARKING	84



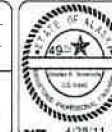
ENGINEERS, INC



DOCKS & HARBOR DEPARTMENT

DRAWN BY PND
CHECKED BY OCS
APPROVED BY OCS

SCALE: SCALE IN FEET
1" = 170 FT



CITY & BOROUGH OF JUNEAU
STATTER HARBOR IMPROVEMENTS

SHEET TITLE:
PROPOSED ACTION ALTERNATIVE
CONCEPT 9

PROJECT NO. 082016 DATE: 4/28/11

2
OF 3



Port of Juneau

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

From: Carl Uchytel, Port Director
To: Docks & Harbors Finance Committee
Date: November 21, 2012
Re: GITKOV TIDELANDS LEASE ATS 1170

1. At the September 25th, 2012 Finance Committee Meeting, Gitkov lease renewal for ATS 1170 was presented for action. An April 2012 appraisal for a new lease was prepared by Horan & Company resulting in a recommended lease rent of \$0.15/sq foot. From 1982 to 2008 the lease rent was set at \$0.06/sq foot; from 2008 to 2012 the lease rent has been set at \$0.11/sq foot.
2. At the above mentioned meeting, Lessees, John Gitkov and Jane Hawkins, petitioned the Committee for consideration of the recommended lease rent based, in part, by suggesting incomplete information/assumptions by the appraiser. The Lessees also pointed out errors in the appraisal report and followed up with a letter dated September 26th, 2012. Horan & Company responded to the September 26th letter by correcting errors in the report and in a letter of October 17th stating "clarification of these issues do not warrant a change in the estimated annual market rent."
3. In 2008 the lease was adjusted for the first time since 1982. Enclosures 4 through 7 discuss the deliberative process Docks & Harbors followed determining a new lease rent. It appears Docks & Harbors Staff recommended a lease rent of \$0.15/sq foot based on available comparable before the Board agreed to \$0.11/sq foot, citing "potential direct competition of Auke Bay Loading Facility, extreme westerly winds and lessee improvements." Correspondence in enclosure 6 reads "The lease expires in 2012, and the rent may be reevaluated at that time", perhaps suggesting a formal appraisal should be completed to determine a fair and reasonable lease rent.
4. I recommend the Committee approve the recommended appraised lease rent of \$0.15/sq foot and that it be forwarded to the full Board for their action.

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Encl: (1) Exert from September 25th, 2012 Finance Committee Meeting
(2) Gitkov/Hawkins letter of September 26th, 2012
(3) Horan & Company letter of October 17th, 2012
(4) Exert from Regular Board Meeting dated March 27th, 2008
(5) Exert from Finance Committee Meeting dated April 17th, 2008
(6) Docks & Harbors memo of April 21st, 2008
(7) Docks & Harbors memo of March 21st, 2008

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, September 25th, 2012

I. Call to Order.

Eric Kueffner called the Finance Committee Meeting to order at 5:00 p.m. in room 224 of the Assembly building.

II. Roll Call.

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

III. Approval of Agenda.

MOTION BY Mr. Donek: TO APPROVE THE AGENDA AS PRESENTED.

The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

There was none.

V. Approval of August 28th, 2012 Finance Committee Meeting Minutes.

Minutes to the August 28th, 2012 Finance Meeting will be approved at the October 23rd, 2012 Finance Meeting with corrections.

VI. Items for Action.

1. Gitkov Lease Renewal for ATS 1170.

Mr. Uchytel said this was originally a 25 year State Tideland Lease expiring today. The Lessee would like to renew the lease. We have had the property appraised by Horan and Company and the recommended lease rent is 15 cent per square foot which is an increase from 11 cents per square foot that they have been paying since 2008. Based on the appraisal, the estimated annual market rent value would be \$11,030.00. The property is located next to the Auke Bay ferry terminal and includes tidelands as well as uplands parking area.

Public comment

John Gitkov, Lessee: Mr. Gitkov wanted to point out a couple things that were not brought up in the Horan report. The parking was tidelands that we filled to become uplands and we paid for that work to be done. We have a State lease for the highway right of way. The Commercial Loading Facility is mentioned as one of the improvements to the area. He mentioned that facility has impacted his operations adversely.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, September 25th, 2012

VI. Items for Action. (Continued)

Off loading of fish is way down. The Fuel loading is almost zero. The crane work and fish loading does very much effect the revenue coming in at his facility. He laid off one employee due to the loss in business.

Mr. Kueffner asked if Horan did not account for the uplands improvements that Mr. Gitkov added the fill to.

Mr. Gitkov just wanted to point out the lease is for non-improved tidelands. He also pointed out that there is no sewer out there which is a big deal for a commercial facility.

Jane Hawkins, Lessee: She said it is her understanding that they pay for the appraisal to continue the lease with the city. She was a bit disappointed that the appraisal had her husband's name spelled incorrectly and the wrong address. She has found a lot of other mistakes in the appraisal and it made her question it's accuracy. Allen Marine and Glacier Seafoods have a 55 year lease and we have never been able to have one. To her there would be more value in a 55 year lease and she didn't understand why they don't do them any more. Originally their lease was for 30 years.

Mr. Uchtyl asked Ms. Hawkins to let Teena know about the errors in the appraisal. He said the City has an ordinance now that set's lease terms at a maximum of 35 years.

Mr. Kueffner said as far as he knows we inherited some leases from the State and they could have been 55 year leases.

Mr. Jardell said he still does not understand how the fill affects the lease. He did not think the sewer makes a big difference. He suggests the Lessees put something in writing stating their concerns that we can take to Mr. Horan and make sure we have things correct.

The Committee asked to have the Port director get in touch with Mr. Riley, who prepared the appraisal, with the two items in questions about the sewer and fill and also fix address and name misspellings.

2. Mt. Roberts Tram Lease Rent Update.

Mr. Uchtyl said we had a special lease sub-committee meeting last Tuesday, September 18, 2012, which included Mr. Kueffner, Mr. Jardell, Mr. Donek and myself. He gave a recap of what happened in that meeting. Goldbelt has followed up that meeting with a letter indicating that they are not willing to negotiate using the Horan methodology and asking the city to instead proceed to negotiate a rent compromise. We have asked Amy Mead from the CBJ Law Department to join us today to help us form a strategy to come to a fair and equitable agreement.

CBJ DOCKS & HARBORS BOARD
REGULAR MEETING MINUTES

March 27, 2008

Page 3

VI. Items for Action (cont'd).

MOTION by Mr. Preston: ASK UNANIMOUS CONSENT TO AWARD A TERM CONTRACT TO TYLER RENTAL IN THE AMOUNT OF \$32,950.80 FOR THE PORTABLE SANITATION UNITS AND RELATED SERVICE.

The motion passed without objection with a date correction on the paperwork.

4. Gitkov Tidelands ATS #1170 Tideland Lease Rent Adjustment.

Mr. Preston gave a short presentation on this topic.

Public Comment:

1. John Gitkov – 22745 Glacier Highway, Juneau, Alaska 99801

Mr. Gitkov said that he was upset that his lease amount would increase so much especially with the falling economy in our area.

He said that there has been many unexpected things that have happened that will decrease his income at this time so he is asking for consideration on this increased amount.

Discussion followed with Mr. Simpson and Mr. Kueffner.

Chair Mr. Etheridge recommended sending this item back to the next Finance Committee Meeting that will be held on April 17, 2008 for further discussion.

5. Klein ADL #2798 Tideland Lease Rent Adjustment.

Mr. Preston gave a short presentation on this topic.

MOTION by Mr. Preston: MOVE TO ADJUST THE RENT FOR THE KLEIN ADL #2798 TIDELAND LEASE PARCEL TO 4 CENTS PER SQUARE FOOT PER YEAR.

Mr. Fisk seconded the motion.

Discussion followed with Ms. Jebe, Mr. Simpson, Mr. Mehrkens, Mr. Preston, Mr. Stone, Mr. Fisk, and Mr. Williams.

The motion passed with 5 yes votes and 3 no votes. Ms. Jebe, Mr. Mehrkens, and Mr. Williams voted no.

6. Contract Award for Engineering Services During Construction of the Auke Bay Loading Facility.

Mr. Fisk gave a short presentation on this topic.

VI. Items for Action (continued).

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO RECOMMEND TO THE ASSEMBLY TO TRANSFER FUNDS AS PRESENTED IN T-875. The motion passed without objection.

2. Gitkov Tidelands ATS #1170 Lease Rent Adjustment.

Ms. Johansen said this is a 25-year lease with a 10-year renewal period. The lease was reviewed by the Finance Committee and sent to the Board. The Board asked for additional information. We looked at comparable rents in the area and recommended a rate of \$0.15 per square foot. The lease expires in 2012 so we will look at the lease again in three years.

Mr. Gitkov said, unlike Glacier Seafoods, they rent. It was a big expense to put in the fill for parking. Having deep water is not good if you have to pay to fill it in. He pays property tax on the improvements. They conduct the same type of business that will be done at the new loading facility. He does not agree with the evaluation. His solution would be to hold off five years and not increase the rate. The City gets revenue from his operation. They paid \$30,000 for the lease.

Ms. Hawkins said that Glacier Seafoods and Allen Marine are exempt from property tax and have sales tax reductions.

Mr. Gitkov said they are affected by the westerly. They have to watch the boats or move them. They get 4 to 5 foot waves.

The Committee members discussed Mr. Gitkov's concerns regarding his lease and the competition from the new commercial loading facility.

MOTION by Mr. Fisk: TO RECOMMEND TO THE FULL BOARD THAT THE LEASE RATE FOR THIS PARCEL FOR THE REMAINDER OF THE LEASE PERIOD (TO 2012) BE SET AT \$0.11 PER SQUARE FOOT. Mr. Etheridge seconded the motion.

The motion passed 5 to 1 with Mr. Kueffner voting against the motion.

3. Electricity Emergency.

Mr. Stone said the City Manager is declaring a local disaster emergency. Our power access charge was designed when it was \$0.09 per kilowatt. He recommended the Board meet within a week to address the electricity situation. An emergency regulation can be in effect for 120 days. We will need to send out a letter to the patrons.

CBJ DOCKS & HARBORS BOARD
REGULAR MEETING MINUTES

May 1, 2008

Page 3

VI. Items for Action (cont'd).

MOTION by Mr. Williams: ASK UNANIMOUS CONSENT TO PROPOSE AMENDMENTS TO THE SPEED LIMIT REGULATIONS AS PRESENTED BY THE PORT DIRECTOR, TO HOLD PUBLIC HEARINGS AT THE MAY 14, 2008 OPERATIONS COMMITTEE MEETING AND THE MAY 29, 2008 REGULAR BOARD MEETING AND TO TAKE FINAL ACTION ON THE REGULATIONS AT THE MAY 29, 2008 REGULAR BOARD MEETING.

MR. KNAPP added a friendly amendment to the motion—"TO ENFORCE THE REGULATION TO THE NEW ZONE LINE IMMEDIATELY".

The friendly amendment was accepted by Mr. Williams and the rest of the Board Members.

The amended motion passed without objection.

3. Gitkov Tidelands ATS #1170 Lease Rent Adjustment.

Mr. Preston gave a short presentation on this topic.

Public Comment:

1. John Gitkov – 22745 Glacier Highway, Juneau, Alaska 99801

Mr. Gitkov said he understood that the amount should be \$.11 cents per square foot.

After further checking of his meeting notes Mr. Preston said that Mr. Gitkov was correct and that the amount should be \$.11 cents per square foot.

MOTION by Mr. Preston: ASK UNANIMOUS CONSENT TO ADJUST THE ANNUAL RENT FOR ADL #101598, ATS #1170, LESSEES, JOHN GITKOV AND JANE HAWKINS, FROM \$4,400.00 TO \$8,097.98 (\$.11 CENTS PER SQUARE FOOT) PER YEAR BEGINNING WITH SEPTEMBER 24, 2008 AND CONTINUING YEARLY THEREAFTER.

The motion passed without objection.

4. Port Condition Assessment Update.

Mr. Stone gave a short presentation on this topic.

Discussion followed with Ms. Jebe, Mr. Stone, Mr. Fisk, Mr. Etheridge, Mr. Williams, Mr. Preston, and Mr. Simpson.

No action was taken at this time. This topic was referred to the next CIP/Planning Committee Meeting to be held on May 27, 2008 for further discussion.



Port of Juneau

Date April 21, 2008
To Docks & Harbors Board
From Pam Johansen, Administrative Officer II
Cc John Stone, Port Director
Lou McCall, Harbor Master
Re Rent Adjustment – ADL 101598, ATS 1170 – John Gitkov

The Docks and Harbors Finance Committee reviewed the above noted pending tidewater lease adjustment at its April 17th meeting.

The original lease, issued by the state on 1982, was written to adjust after 25 years, and every 10 years thereafter. The original and current lease amount is \$4,400 or \$0.06 per square foot.

Staff recommended a new rent amount of \$11,043, or \$0.15 per square foot, based on a review of adjacent tideland leases, one sale and two 2004 appraisals. The Finance Committee concurred at its March meeting and forwarded the matter to the Docks and Harbors Board. The Docks and Harbors Board, after hearing testimony from the lessee, requested additional information from staff.

Staff provided the following information:

1. Copies of the original lease documents
2. 2004 Horan and Company Rent Appraisal
3. 2004 Alaska Glacier Seafoods Facility Appraisal (including a speculative land sale at \$0.24/sf)
4. The original DNR appraisal of the subject tidelands

At its April 17th meeting, the Committee moved to recommend to the board a lease amount of \$8,800, or .12 cents per square foot. The reasoning was the potential direct competition of Auke Bay Loading Facility, extreme westerly winds and lessee improvements. The lease expires in 2012, and the rent amount may be reevaluated at that time.

Additional information is available. Contact Pam Johansen at 586-0397.



Port of Juneau

March 21, 2008

John Gitkov
22745 Glacier Highway
Juneau, AK 99801

Dear Mr. Gitkov:

Per our previous correspondence dated February 21, 2008, your rent of ADL 101598, ATS 1170 is subject to adjustment after the expiration of the initial 25-year period, and at each 10-year period thereafter.

Your rent amount is due for adjustment. Your current rent on ATS 1170 is \$4,400, or \$0.06 per square foot and has not been adjusted since the lease was initiated in 1982.

Regarding your new lease amount, typically, rents are determined by using 8% of the appraised value of the land. Alternative methods include using 8% of the assessed value or comparable rents and appraisals.

According to the CBJ Assessors Office, the assessed value of the tidelands is \$611,423 (\$20/sf for 22,975 filled tidelands and \$3/sf for 50,641 unfilled tidelands). Using the 8% of assessed value, your rent would be \$48,914.

Following are some comparable rents:

Transaction Description	Date	Rent	Size (SF)	Annual Rent/SF
Gitkov - ATS 1525, Tracks A & B	Feb 2000	\$7,200	50,094	\$0.14
Allen Marine	Aug 2004	\$28,100	187,352	\$0.15
Alaska Glacier Seafoods	Aug 2004	\$2,530	16,888	\$0.15

Both Allen Marine and Alaska Glacier Seafoods rents were determined using a certified appraiser in 2004.

Last night I recommended to the Docks and Harbors Finance committee that your rent be adjusted to the same level as Allen Marine and Alaska Glacier Seafoods, which is \$0.15 per square foot, \$11,043 per year. The Committee concurred and passed the item along to the Docks & Harbors Board of Directors.

This item will go before the Docks & Harbors Board of Directors on Thursday, March 27th, 2008, 7pm in Assembly Chambers. Please let me know how you would like to proceed. My number is 586-0397.

Sincerely,

Pam Johansen
Docks & Harbors Administrative Officer

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

RECEIVED
JAN 04 2012

BY:

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 12/31/11 ADL# 101598

Applicant's Name: Jane H Hawkins John D Gitkov

Group, Association, or Corporation Name _____

Mailing Address: 22745 Glacier Highway

City/State/Zip Juneau, Alaska 99801

Message Phone 789-4210 Work Phone 723-4210

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?

continue tideland

(uplands lease, tidelands lease, easement)

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

Date 12/31/11

Title

Application Received _____ \$10.00 Filing Fee Received _____
 BY: _____ BY: _____
 Date approved by Operations Committee 1/17/12
 Date approved by Finance Committee _____
 Approved by Regular Board _____
 Law Department Ordinance _____
 Assembly Action _____
 Lands _____
 Public Notice _____
 Ad Option _____
 Final Lease Signed Date _____

John D Gitkov Jane H Hawkins
22745 Glacier Highway, Juneau, AK 99801
907.789.4210 office/ms
907.723.4210 mobile
907.789.7325 FAX

September 26, 2012

Mr. Carl Uchytel
Port Director
City and Borough Docks and Harbors
155 South Seward Street
Juneau, Alaska 99801

RE: Tideland Lease ATS 1170 Renewal, ADL 101598

Mr. Uchytel:

Thank you for the opportunity to express our concerns with the April, 2012 appraisal of our tideland, ATS 1170. These are small concerns, but tend to wear away at the credibility of the report.

Starting from the top; the misspelling of John's name is corrected later in the appraisal.

We have always been under the impression that the address for the ATS 1170 is 13401 Glacier Highway. When the City Assessor split the adjacent leases from the original lease and named them as separate parcels, new addresses were generated. We thought that ATS 1525 Tract A was 13395 Glacier Highway.

Mr. Riley states that Allen Marine is 13395 Glacier Highway in his table of comparables.

There is no public sewer in the area of 13395 Glacier Highway.

There are no uplands in the CBJ tideland area of this leasehold.

ATS 1525 has an annual rental fee of \$0.14/sf. It is adjacent ATS 1170.

We have an Encroachment Permit with the State of Alaska, Department of Transportation, for use of the Right of Way from Glacier Highway adjacent our tideland lease area. There is an annual fee.

There is no asbestos in our building. There is no urea based formaldehyde insulation in the building.

We appreciate the effort put forth by Mr. Riley, Horan and Associates, on our tideland appraisal. His use of the wording from the 1982 appraisal is noteworthy: "The subject property lies below the line of mean high water, while approximately 1/3 of the tideland lies above the line of mean low water. The exposed area of the tideland indicate a rock and mud bottom with a moderate run out." That is a correct description of the area of ATS 1170.

If you have any questions, please don't hesitate to call. We look forward to working with you toward the completion of our lease renewal.

Thank you for your time and effort on our behalf.

Best Regards,

John D. Gitkov

Jane H. Hawkins

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN MAI / WILLIAM G. FERGUSON, TIMOTHY W. RILEY, JOSHUA C. HORAN,
JAMES A. CORAK, AND SARAH ADAY

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

Phone: (907)747-6666

Fax: (907)747-7417

commercial@horanappraisals.com

October 17, 2012

Carl Uchtyl
Port Director
City and Borough of Juneau
155 South Seward Street
Juneau, AK 99801

RE: Response to Comments by John Gitkov Relative to Tidelands Market Rental Appraisal ATS 1170;
Our File #12-011

Dear Mr. Uchtyl,

This letter responds to questions raised by John Gitkov and Jane Hawkins in their September 26, 2012 letter to you with follow-up questions, after their review of our appraisal completed by Timothy Riley, report date June 29, 2012, effective date April 6, 2012. This letter is a supplement to that appraisal and addresses the following corrections and comments raised in the letter.

1. Gitkov was spelled incorrect on the title page and has been corrected.
2. The addresses of the properties in the area have changed over time. Mr. Riley noted that in his report, some of the addresses carried by the assessor's office were inconsistent. The 2005 Street Atlas indicates the following addresses relative to the material explained in the report:

Subject Property – 13395 Glacier Hwy.

Comparable 3 AK Glacier Seafoods – 13555 Glacier Hwy.

Comparable 4 Allen Marine – 13391 Glacier Hwy.

We have checked with the community development department to confirm that these addresses are correct under the current regime. We have corrected the sales table on page 12 of the report.

3. I have noted there is no public sewer in the area and have corrected this descriptive element in the report on page 9. This has no bearing on the market rental analysis as the main comparables are similarly situated

HORAN & COMPANY, LLC

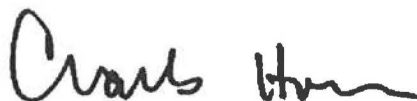
4. I am aware that there are no uplands in the appraised tidelands. This also goes to the letter's comments in the closing second to last paragraph which confirms we were aware of the physical elements of the tidelands as they were proposed to be rented in their predevelopment state. The lands were thus appropriately appraised.
5. I am aware that the adjacent properties leased by Gitkov are renting for just over \$0.14 per square foot. This is an older lease grant and likely has a similar \$0.15 per square foot market value in the current market.
6. I appreciate the property enjoys an Encroachment Permit from the State of Alaska DOT. This was not considered as an amenity to the site and therefore not reflected in the rent. DOT fee structure is dependent on circumstances that we have not analyzed for the purpose of this review.
7. As to the comment about asbestos and formaldehyde: the author of the letter was referring to the limiting contingent conditions where the appraiser indicates we have no expertise in this matter and if there is any hazardous material affecting the value of the property, it has not been considered.

After reviewing these items relative to Mr. Riley's appraisal, I see no basis for changing the indicated rent. For clarification I have included an exhibit which shows in a greater detail the subject property and Comparable tidelands rentals 3 and 4 in the immediate area. Essentially, at \$0.15 per square foot it puts the Gitkov site on even footing with the most recent tidelands leases in the area.

Mr. Riley concurs that the clarifications of these issues do not warrant a change in the estimated the annual market rent. The report has been corrected and a corrected appraisal will be sent to you with a report date of October 17, 2012.

I hope this addresses all the relevant issues. If you have any additional questions or comments please don't hesitate to let me know.

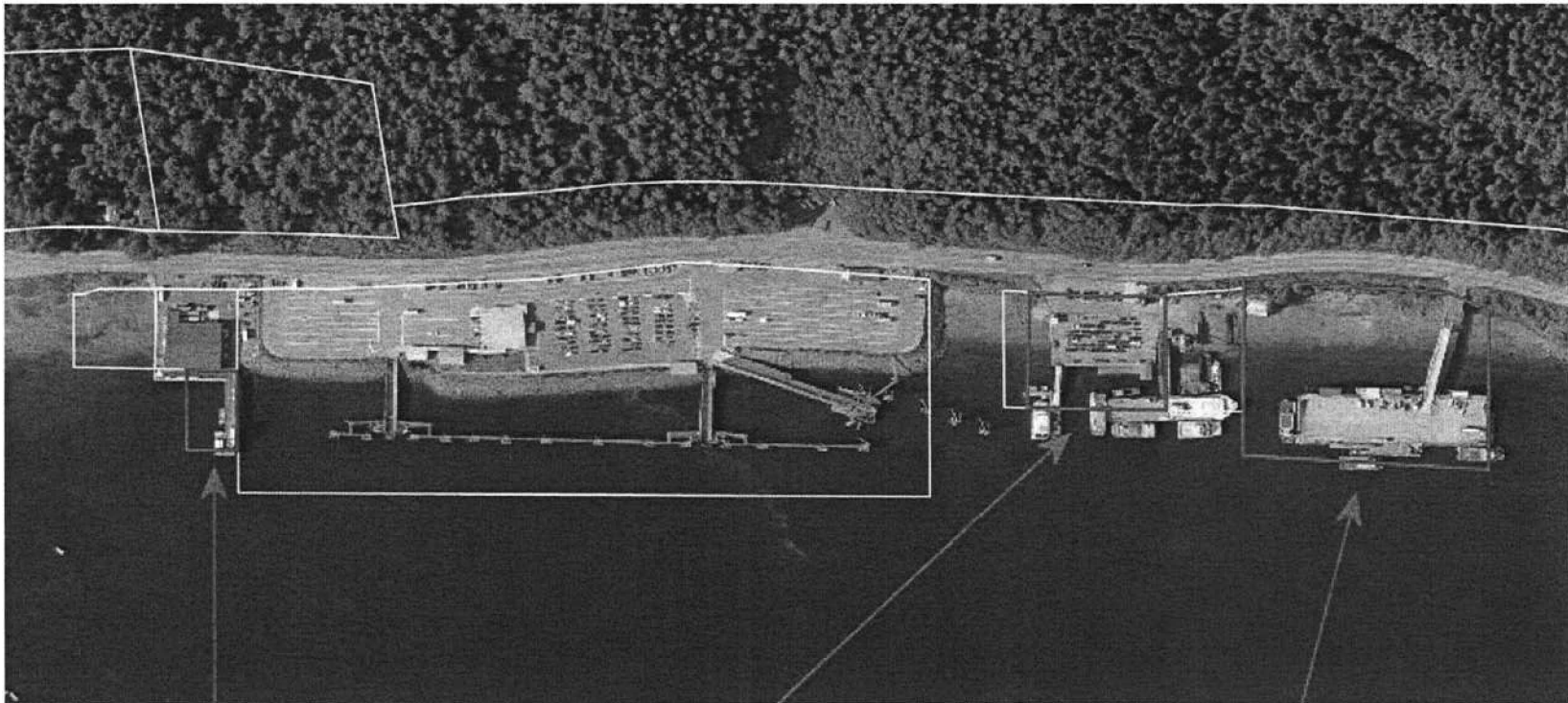
Respectfully submitted,



Charles E. Horan, MAI
Horan & Company, LLC

CEH/sa

Attached: Auke Bay Rent Comparable Graphic



Comp 3
13555 Glacier Hwy
Market Rent: \$0.15/SF

Subject
13395 Glacier Hwy
Estimated Rent \$0.15/SF

Comp 4
13391 Glacier Hwy
Market Rent: \$0.15/SF

APPRAISAL REPORT

ANNUAL MARKET RENTS
GITKOV TIDELANDS LEASE ATS 1170
13395 GLACIER HWY, JUNEAU, ALASKA



Prepared For: Carl J. Uchytel, PE, Port Director
City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

Prepared By: Timothy W. Riley, Real Estate Appraiser
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, AK 99835

Effective Date: April 6, 2012

Report Date: October 17, 2012

Our File Number: 12-011A

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN MAI / WILLIAM G. FERGUSON, TIMOTHY W. RILEY, JOSHUA C. HORAN,
JAMES A. CORAK, AND SARAH ADAY

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

PHONE NUMBER: (907)747-6666

FAX NUMBER (907)747-7417

commercial@horanappraisals.com

October 17, 2012

Carl J. Uchytel, PE, Port Director
City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801
VIA Email: teena_scovill@ci.juneau.ak.us

Re: Estimated Market Rents of ATS 1170, Plat 82-43; 13395 Glacier Highway, Juneau, Alaska, ADL 101598; Our File 12-011A

Dear Mr. Uchytel,

I have analyzed the applicable real estate market for sales information as well as any applicable tidelands and waterfront leases. Based on this analysis, the estimated annual market rent value, as of the valuation date of April 6, 2012, is as follows:

ATS 1170, 73,529 SF

\$11,030/year

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

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

Respectively submitted,



Timothy W. Riley, AA 685
HORAN & COMPANY

TABLE OF CONTENTS

Certification of Appraisal	ii
1 Introduction	2
1.1 Scope of Appraisal	2
1.2 Identification of Property	2
1.3 Purpose of Appraisal, Intended Use and Users	2
1.4 Property Rights Appraised	3
1.5 Parties to the Transaction	3
1.6 Inspection and Effective Date	3
1.7 Property History	3
1.8 Exposure Time	3
1.9 Assumptions and Limiting Conditions	4
1.10 Terminology	4
2 Area Analysis	7
2.1 Introduction	7
2.2 Juneau Area Analysis	7
3 Property Description	9
3.1 Overall Description	9
3.2 Functional Utility of Site	10
3.3 Synopsis of Lease	10
4 Fee Simple Valuation	12
4.1 Highest and Best Use	12
4.2 Tideland Rental Value	12
Addenda	
Subject Photographs	
Qualifications of Timothy Riley	

CERTIFICATION OF APPRAISAL

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My 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.
- Timothy W. Riley made a personal inspection of the property that is the subject of this report on April 6, 2012.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Our office previously evaluated the subject lease to determine the need for adjustment based on current market trends. No other appraisal services were performed on the subject lease in the past three years.



Timothy W. Riley, Real Estate Appraiser
AA 685

April 6, 2012

Effective Date

October 17, 2012

Report Date

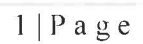


FIGURE 1 – BLOWN UP PORTION OF PLAT99-59, HIGHLIGHTING THE SUBJECT

1 INTRODUCTION

1.1 SCOPE OF APPRAISAL

This appraisal is intended as an update of the rent for a tidelands lease associated with a portion of the site of the Gitkov Dock facility in Auke Bay. The subject is a tidelands lease originally let in 1982 and due to expire in September, 2012. The lessor intends to enter into a new tidelands lease with the City and Borough of Juneau for an additional typical 35 year term.

The entire site is made up of two ATS surveys. ATS 1170 is 73,529 SF and the adjacent, bracketing Tracts A & B, ATS 1525 is 50,391 SF, which together comprise 123,920 SF, or nearly 2.5 acres. While the leases are separate in terms of legal descriptions and have varying term lengths, they function as a complete economic unit and are not easily separated. The subject of this appraisal is the original, center ATS 1170.

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 Southeast Alaska. Information was collected from reliable sources as available.

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. 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 25 years.

1.2 IDENTIFICATION OF PROPERTY

The subject of this report is ATS 1170, Plat 82-43, Juneau Recording District, First Judicial District, State of Alaska. This survey details the center portion of the site of the Gitkov Dock facility adjacent to Auke Bay in Juneau, Alaska.

1.3 PURPOSE OF APPRAISAL, INTENDED USE AND USERS

The purpose of this summary appraisal is to determine the annual market rent based on the market rental rate for the land.

Intended use: This valuation is to be used to set market rent for a lease with five year rental adjustments based on a tidelands lease with the City and Borough of Juneau.

HORAN & COMPANY

Intended users are the City and Borough of Juneau and John Gitkov and Jane Hawkins dba Gitkov Dock, et al, Lessee.

1.4 PROPERTY RIGHTS APPRAISED

The market rent estimate is for the property in fee simple interest less mineral rights¹ in its pre-development condition.

1.5 PARTIES TO THE TRANSACTION

Client and Ostensible Owner

City and Borough of Juneau

Lease Applicant

John Gitkov and Jane Hawkins dba Gitkov Dock, et al, Lessee

1.6 INSPECTION AND EFFECTIVE DATE

Timothy Riley made a personal inspection of the property that is the subject of this report on April 6, 2012.

The effective date of this appraisal is the inspection date. This has been confirmed by the office of the Director for the Port of Juneau.

1.7 PROPERTY HISTORY

The subject property was owned by the State of Alaska for many years. On September 24, 1982, the original applicant was issued a 30 year tidelands lease for a proposed fish processing plant. The lease was transferred to the present lessees in July of 1986 and the lease amended in June of 1987 for a proposed use of a commercial vessel staging, launching and loading area. The subject was extensively filled and developed for its intended use soon thereafter. The site was expanded in the 1995-99 time period with an additional tidelands lease composed of two tracts, one to each side of the subject, issued for the expansion area. The administration of the lease was transferred to the City of Juneau on February 8, 2001, under the condition only to lease and not to sell or transfer this type of property. The land was recorded as patented on July 10, 2002.

1.8 EXPOSURE TIME

The exposure time is estimated at 12 months on the subject property. This is based on observations of commercial sales throughout the region for a variety of commercial uses. The exposure time precedes an appraisal and is the exposure of the subject property to the general market, whereas marketing time is defined as the amount of time required to sell the subject property at the appraised value utilizing professional marketers and Realtors and is after the appraisal date. Other considerations in estimating this time includes the depth of supply, the availability of funds for purchase, depth of demand, and functional utility of the site and buildings. These are all essential in estimating these exposure and marketing times.

¹ Reserved by the State under AS 38.05.125(a)

HORAN & COMPANY

1.9 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 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 valuations are based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraisers' estimate of the highest and best use.
5. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraisers.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.
8. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers are 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 estimates are 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. 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.
12. The market rent is estimated for the tract with no value for improvements to the land or improvements on the land which are owned or leased by the lessee.

1.10 TERMINOLOGY

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

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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 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 waters.

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

Excess Land-

The land not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. See also surplus land.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 71

Surplus Land-

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also excess land.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 191.

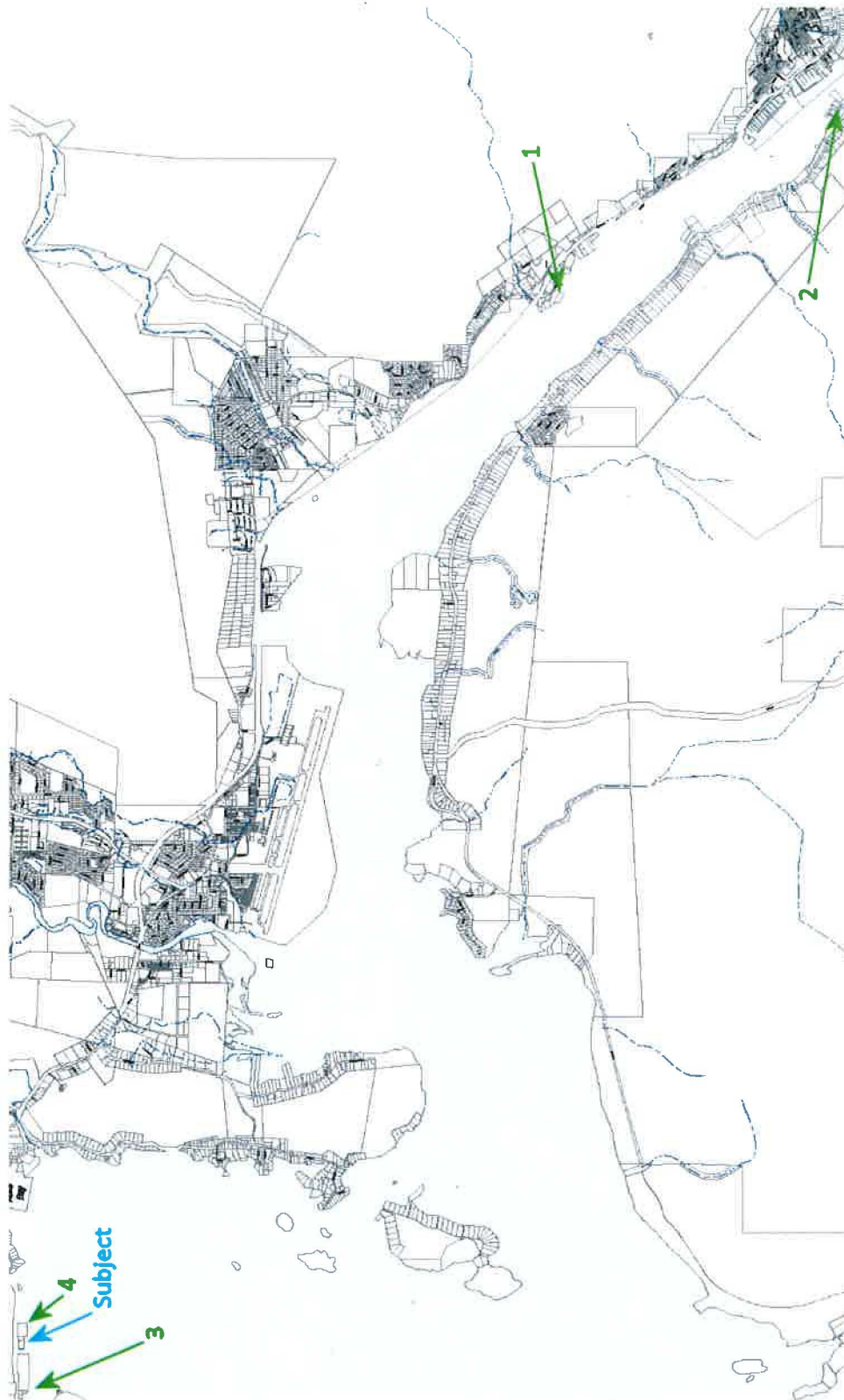


FIGURE 2 – JUNEAU ROAD MAP WITH SUBJECT AND COMPS

2 AREA ANALYSIS

2.1 INTRODUCTION

The subject property is at the east end of the waterfront industrial improvements along Glacier Highway, a two-lane highway along the northern shore of Auke Bay. As noted, the subject is a commercial dock, taking advantage of the good location with direct access to the highway link to downtown and the valley. The adjacent waterfront character is primarily industrial or commercial uses, with the Alaska Marine Highway facility, Allen Marine Dock and Alaska Glacier Seafoods all in the immediate neighborhood on the waterfront. Upland development consists primarily of the Stabler's Point municipal rock quarry.

This area has importance to Juneau due to its easy access to the marine attractions of Stephens Passage, Lynn Canal, Chatham and Icy Straits as well as the developed transportation infrastructure with the subject and the nearby ferry terminal. Other examples of the area's importance and desirable location are the subject commuter dock for the Greens Creek mine shuttle as well as a SEAL oil response barge, various on-site marine services, Allen Marine's tour dock, the Glacier Seafoods plant and the new CBJ fisherman's float as well as the ongoing development of the CBJ Statter Harbor in the east corner of the bay.

The existing tidelands lease allows the use of areas deep enough to moor medium draft vessels. Due to the limited land available for development, it is unlikely there will be any further intense industrial development in the area. The waterfront in this area is zoned Waterfront Industrial or Waterfront Commercial, with the upland portion zoned either residential or rural reserve.

2.2 JUNEAU AREA ANALYSIS

Demand for real estate is generally driven by population, and population is sustained by employment. The Juneau economy is driven by the major basic industry, state government. There had been a tendency to move state government, or significant portions, closer to Anchorage. This results in downsizing in the Juneau area. The office market has also expanded out of downtown Juneau into the Mendenhall Valley where less expensive space is available.

The tourism sector of the market has begun to stabilize after growth in the 1990-2008 time period. Much of this growth was aided by Juneau's intensive capital improvements for dock space downtown. As a regional hub, Juneau takes the lion's share of the tourism market acting as a starting point for Glacier Bay and other nearby scenic wilderness stops. Juneau's downtown waterfront area was developed, taking advantage of the tourists, which discharge into or near the downtown area. Annual visitation for cruise ship passengers was less than 400,000 in 1995 but increased steadily to over a million in 2008. This market has seen some softening due to economic factors, with estimates for the 2012 season of 925,000 passengers or 8% less than the 2008 peak. The softening of the tourism market in 2010 and 2011 and a change in passenger spending has led to a consolidation of providers and facilities in the industry as a whole.

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There is significant growth occurring in the mining industry with the successful permitting, development and opening of the Kensington Mine, north of Juneau, which is supplementing the employment at the existing Greens Creek Mine on Admiralty Island. Both of these mines use Juneau as a base of housing for their remote operations, which are extensive.

Juneau's economy has been growing steadily since a mild downturn in the late 1980s. The housing market appears to be stable. The outlook for future development depends upon the economic sectors that the general real estate developments would serve. The forecast would be for stability overall as shown by the chart above.

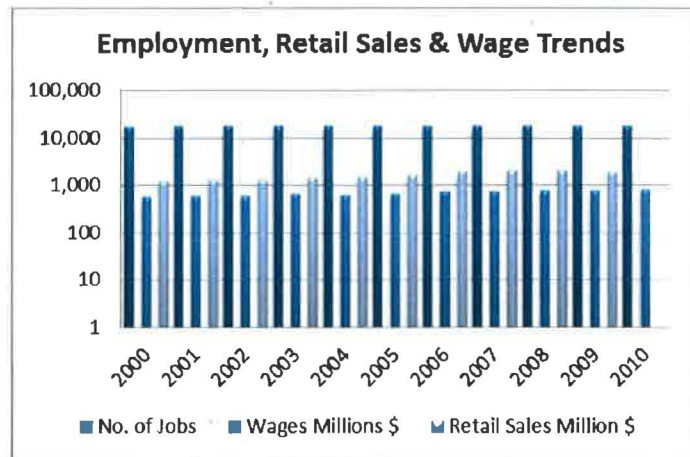


FIGURE 3 – JUNEAU ECONOMIC INDICATORS BY THE JUNEAU ECONOMIC DEVELOPMENT COUNCIL (JEDC AND OTHER SOURCES COMPILED BY HORAN & COMPANY

3 PROPERTY DESCRIPTION

3.1 OVERALL DESCRIPTION

As noted, the subject tideland lease is comprised of an older ATS bracketed by a newer ATS composed of a pair of tracts. ATS 1170 is reported as 1.69 acres “more or less”. An examination of the original appraisal notes a 73,529 SF parcel, or 1.6880 acres. The more exact square foot figure will be utilized for the purposes of this report. This slightly irregular tract is 300’ across the face on Auke Bay and extends south between approximately 244’ and 250’ from the shoreline. The mean low water tide line area occupies approximately 75’ to 80’ of the site, with the remainder of the area submerged tidelands, extending into deep water. Note was made of a State of Alaska DOT encroachment permit for the extensive parking adjacent the highway. The lessee anticipates continuing their present use as a marine services and boat commuter related facility.

The appraiser was not provided with a current as-built survey of the subject site. There are significant improvements on the site, with concrete bulwarks and extensive parking as well as transfer bridges, temporary buildings and storage containers. The appraiser has referred to old appraisal reports as well as adjacent undeveloped shoreline to determine the characteristics of the original undeveloped site that the lease is based on.

Access

The site, as presently developed, has vehicular access by a driveway off site leading onto the subject tidelands from Glacier Highway as well as good marine access from the waters of Auke Bay.

Utilities

Public water and private power, trash collection, phone, cable and fuel, are available.

Zoning

The property is zoned Waterfront Industrial (WI). The WI, waterfront industrial 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 WC, Waterfront Commercial District, are also allowed in the WI, Waterfront Industrial 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.

Assessed Valuation and Taxes

ATS 1170 is assessed by the City and Borough of Juneau and identified as 13395 Glacier Highway or assessment number is 4B3001020040. The current assessed possessory interest for the land is \$136,200. The estimated total value of the site by the assessor is \$359,300; with approximately 32% estimated as filled and valued at \$12/SF and 68% estimated as submerged and valued at \$1.50/SF. Significant improvements for the entire site were noted on this parcel. The typical mil rate in Juneau has been between 10.17 and 12 mils over the past few years and is 10.55 mils for fiscal year 2012.

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Easements and Other Restrictions

There is no 50' pedestrian access easement, as is typical of tidelands leases seaward of the mean high water line. The adjacent ATS 1170 does not have one either. The pedestrian access was routed through the DOT right-of-way north of the subject tidelands due to safety and hazard concerns. This is viewed as a positive attribute of the subject leases. As noted, there is an encroachment permit allowing the parking, storage containers and concrete retaining walls in the in the highway ROW. The appraiser is unaware of any other easements or restrictions.

Topography

The following site details are from the 1982 appraisal. As noted, the site has since been improved and the original site characteristics have long since been covered. "The subject property lies below the line of mean high water, while approximately 1/3 of the tideland lies above the line of mean low water. The exposed area of the tideland(s) indicate(s) a rock and mud bottom with a moderate run out."

3.2 FUNCTIONAL UTILITY OF SITE

The tidelands are located in an ideal location for the support of the marine services function. The location close to the major marine access routes for points north, south and west highlights their appeal to the user. These tidelands function well for the intended use.

During lease rate negotiations over the subject ATS 1170 with the Docks and Harbors board in 2008, one of the characteristics of the site noted as a detriment was the westerly winds component.

Discussions with the lessees and mariners who utilize the area note that this is a factor to all operations in the area. Part of the rationale for obtaining the lease for the adjacent ATS 1525 tracts was to provide maneuvering room, additional moorage space and protect the approaches to the existing dock on ATS 1170. While the weather component cannot be discounted, extensive adjacent development including a seafood plant, the marine highway terminal and the Allen Marine tourist dock as well as the new construction of the fisherman's float indicate the overall market appears to recognize the excellent location and moorage offset the detriments of the wind and weather exposure.

The subject also exhibits high functional utility to the user due to the lack of any other suitable protected moorages with deep water access in Juneau, especially on the northwest edge of town. The development of this parcel in any other area would be unlikely, or much more costly, due to zoning, the lack of suitable deep water access or competition from alternative waterfront uses such as residential or public recreation. Recognition of the difficulty of development or even availability of comparable sites must be recognized in the analysis of the available data.

All the lease documents have been provided. The lease closely follows a typical net lease similar to other state and city tidelands leases in the area. These leases are essentially total net leases.

3.3 SYNOPSIS OF LEASE

As noted, the subject is currently a state tideland lease from 1982. Reportedly, management was transferred to the borough in 2001. The last adjustment to the lease occurred in 2008 according to borough documents. The subject was appraised at that time for a lease adjustment, however the lessee

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appealed the adjustment and the lease rate on the subject was adjusted. The existing terms are as follows:

<i>Legal Description/Leased Premises:</i>	ATS 1170, Juneau Recording District, First Judicial District, State of Alaska
<i>Lessor:</i>	Dock and Harbor Board of City and Borough of Juneau as land manager
<i>Lessee:</i>	John Gitkov and Jane Hawkins dba Gitkov Dock, et al
<i>Proposed Use:</i>	Commercial-Industrial
<i>Term of Lease:</i>	30 years
<i>Other Terms of Lease:</i>	Typical full net lease indemnifying lessee.
<i>Original Lease Date:</i>	September 24, 1982 (with State of Alaska)
<i>Rental Adjustment Period:</i>	Every ten years thereafter, or as may be amended, based on estimated market value per AS 38.05
<i>Original Use:</i>	Proposed Fish Processing Plant
<i>Amended Use:</i>	Marine Services Dock
<i>Expiry:</i>	September 23, 2012 (with CBJ)
<i>Initial Lease Period:</i>	25 Years
<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>Lease Area:</i>	1.69 Acres "more or less"; 73,529 SF
<i>Original Lease Rate:</i>	\$4,400; \$0.0598/SF
<i>Existing Lease Rate:</i>	\$8,097.98; \$0.1101/SF
<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.
<i>Building/Site Improvements Included:</i>	None. All improvements to be provided by lessee.

No current CBJ lease documents have been finalized. Based on interviews with Docks and Harbors personnel, it is expected that any new lease would closely follow similar tidelands leases in the area. These leases are essentially total net leases. The significant changes to the existing terms are presumed as follows:

<i>Proposed Effective Date:</i>	September 24, 2012
<i>Proposed term:</i>	35 Years
<i>Rental Adjustment Period:</i>	Every five years, based on estimated market value
<i>Proposed Option to Renew:</i>	Typical; additional 35 years
<i>Easements:</i>	None Noted.
<i>Insurance:</i>	Commercial General Liability and Property Insurance sufficient to meet the standard requirements of the Municipality.

4 FEE SIMPLE VALUATION

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 and commercial uses are the defining use for the subject tracts based on its zoning. The original site has been utilized as a marine servicing, commuter and tourist dock for the past 20 years or more and this facility is likely to continue to handle freight, passengers and generate revenues sufficient to service the existing lease payments. The subject site was enhanced through the addition of ATS 1525, and have expanded and somewhat modified their development plan to fully utilize the site since then. The site extends into deep water and appears sufficient for the needs of the lessee. The highest and best use of the site is for its continued use as a marine service center and commuter dock facility.

4.2 TIDELANDS RENTAL VALUE

I have inventoried dozens of sales and leases, and considered the most comparable on an overall annual rental basis to the subject proposed leased premises. The following table contains the most helpful data that shows what the area might lease for on a per square foot basis. The subject is one of the largest tidelands leases in the municipality, and while quite large, is not out of line with the other large operating sites, many of which are composed of fee owned uplands or tidelands in addition to the properties leased.

#/Comp	Transaction Description	Date	Size (SF)	Indicated Annual Rent	Annual Rent/SF
1	#4177 #7049 2691 Channel Drive (Channel Construction) Lot 2, ATS 7; ADL 2193 & ATS 1682 Tr B	05/10	83,069	\$12,460.35	\$0.15
2	#1744 3560 North Douglas Highway (Trucano) Tr A & B, ATS 842	05/10	43,865	\$8,773.00	\$0.20
3	#7309 13555 Glacier Highway (Ak. Glacier Seafoods Dock) ATS 1644	07/04	16,988	\$2,530.00	\$0.15
4	#1637 13391 Glacier Highway (Allen Dock) ATS 1533	08/09	187,352	\$28,100.00	\$0.15
Subject – ATS 1170		06/11	73,529	Solve	Solve



COMP 1

040712_0959

Comparable 1 is a recent rent of a portion of a larger economic unit close to town at 3 mile on Gastineau Channel. This large site is composed of fee owned lands as well as four leases, two of which are relatively current and examined here. The deeded filled tidelands adjacent to the leased sites are 21,401 SF and when viewed together the entire leased area is an additional $\pm 132,000$ SF. While access is shallow and inferior to the subject's good deep marine location, this site is well located close to town and is a well-protected anchorage. This

observation would be ranked similar overall to the subject site, with the relatively shallow tidelands offset by the superior location. The level of utilization of this site is similar to the subject, with the entire site well developed and fully exploited as an industrial waterfront barge landing and construction yard.



COMP 2

041304_0784

Comparable 2 is a lease in Gastineau Channel adjacent to the Juneau Douglas Bridge. This current lease was originally let as filled uplands and the value of the lease reflects this superior attribute as compared to the subject. This ATS is part of an assemblage of a barge landing site and fuel tank farm with a superior waterfront location adjacent deep water in the center of town. This site, well protected and close to the town core next to the Bridge, is regarded as superior to the subject's more removed and exposed site and is given less weight. While the

lease examined here is smaller than the subject site, when considered together with the site's adjoining leases as well as the fee owned portion, the overall area of the site exceeds 190,000 SF. There are a variety of commercial uses and subleases on this site, with a fuel depot, floating fuel dock, marina, construction yard and barge landing all intermixed. As can be seen from the higher rent of this portion of the site, the fill and superior town location could appear to play a part, however discussions with the lessee also attributes the higher rent to the complexity of the site's various property components and varying levels of improvements at the time of lease. Despite its intensive industrial use, similar to the subject, the nature of the leased property as filled makes this lease less comparable.



COMP 3

052709_6087

Comparable 3 is a relatively current dock lease for a nearby seafood processing plant. This lease is inferior in size and lack of access to the highway except through the adjacent upland owner, but similar in its extension into deeper water. It is superior in that it is all one parcel, rather than the discontinuous tracts of the subject. This recent observation helps to clearly show the level of rents and values in the neighborhood and is given weight in the analysis.



COMP 4

050108_3280

Comparable 4 is the rent of a large lease adjacent the subject's Tract B. This waterfront site is fully utilized for its tour business, with the access dock from the road permitted for encroachment, similar to the subject's permitted areas. This large site's lease rate shows the value of its location in Auke Bay, with the business model unlikely to succeed in any other location. Due to size and adjacent location, significant weight is given this indicator in the analysis.

Comparable 4 is adjacent to the subject. While larger, it has many similar characteristics and is given most weight.

Comparable 3 is nearly adjacent on the other side of the ferry terminal and is also given significant weight. Comparable 1 and 2 comprise some of the most current lease data available and are also considered. Comparable 1, albeit in a less similar, superior location with inferior waterfront characteristics is given more weight than Comparable 2, leased as filled and a significantly higher indicator. When considered as a group, all the rental indicators examined suggest a fair value at \$0.15/SF.

Based on the foregoing, the Market Rental Value Conclusion is as follows:

$$73,529 \text{ SF @ } \$0.15/\text{SF} = \$11,029.35/\text{year}$$

\$11,030, rounded

ADDENDA

SUBJECT PHOTOGRAPHS



SUBJECT LOOKING SEAWARD. ALASKA MARINE
HIGHWAY MARINE SERVICE USE UNDERWAY.
040612 0905



LOOKING ALONG DEVELOPED WATERFRONT ON TOP
OF CONCRETE BULKHEAD 040612_0913



SUBJECT LEASE WITH DOCUMENTED VESSEL USED AS
MARINE SERVICE BASE. 040612_0936



ON SITE PARKING BELOW HIGHWAY 040612_0896



DRIVEWAY SERVING LOWER PORTION OF FILLED
ATS AREA 040612_0897



ENCROACHING PARKING AND GLACIER HIGHWAY
FRONTAGE 040612_0891

SUBJECT PHOTOGRAPHS



NOTE ATS 1170 BULWARK DEVELOPMENT
040612_0916



TRANSFER BRIDGE TRANSITIONING FROM FILLED
AREAS TO MARINE SERVICE AREAS. 040612_0920



Port of Juneau

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

From: Carl Uchytel, Port Director
To: Docks & Harbors Board
Cc: CBJ Law
Date: November 21, 2012
Re: Harbor Enterprises, Inc. (dba Petro Marine) Fuel Dock Lease

1. At the October 25th, 2012 Board Meeting, I was directed to confirm the appropriateness of Docks & Harbors negotiating directly with Harbor Enterprises (dba Petro Marine) in the execution of a new fuel float lease at Don Statter Harbor Facility. Working with CBJ Law, I was provided with the a timeline provide in enclosure (1) and the following summation:

Petro Marine entered into a lease agreement with Deharts in 2001. The lease terminated in 2006 and allowed for two optional five year extensions.

In 2004, the lease was amended to extend the termination date to 2014, and to add another five year optional extension (for a total of three 5-year optional extensions.)

In 2005, the CBJ entered into a tri-party agreement with Petro Marine and Deharts as part of the CBJ's purchase of the marina. The Tri-Party agreement provided that Petro Marine would waive its right of first refusal to purchase the marina in exchange for the CBJ accepting assignment of Petro Marine's lease with Deharts, modified by a contemporaneously executed addendum.

The July 1, 2005, contemporaneously executed addendum (titled "Addendum No. 2") was signed by the CBJ and Petro Marine. It again extended the termination date of the lease to 2/28/14 and amended the option to extend lease provision to allow for three 5-year terms, subject to renegotiation of the lease rate. As to any "renewal projects" affecting the leased premises that began prior to 2014, Addendum 2 provides for two different scenario: Either the Landlord [CBJ] terminates the lease and buys out the remainder in an amount representing the unamortized capital investment made by Petro Marine in 2004, or Petro Marine is allowed to participate in the renewal project and negotiate a new lease with us covering PM's use of the new fueling facility with consideration given for PM's unamortized capital investment.

2. CBJ Law has confirmed the process followed by Docks & Harbors to enter into sole source negotiations with Petro Marine was done so appropriately. Petro Marine was essentially provided the right to participate in the "renewal project" in exchange for waiving it's right of first refusal to purchase DeHarts Marina.
3. At the June 26th, 2012 Finance Committee a conceptual draft was approved regarding the new Statter Harbor fuel float lease with the following motion passing without objection:

TO RECOMMEND THE PORT DIRECTOR TAKE THE LEASE AGREEMENT WITH PETRO MARINE FOR THE AUKE BAY FUEL DOCK TO AMY MEAD WITH THE CBJ LAW DEPARMENT FOR REVIEW BEFORE IT MOVES ON TO THE FULL BOARD AND ASK UNANIMOUS CONSENT.

Since that time final language negotiation has been ongoing between Harbor Enterprise and CBJ Risk Management and CBJ Law Department. Enclosure (2) has been reviewed and approved by Harbor Enterprises.

4. I recommend the Board approve the draft lease and that it be forwarded to the Assembly for their action.

#

Encl: (1) Fuel Dock Lease Timeline (2001 to Present)
(2) Fuel Dock Lease Agreement
(3) Exert from Finance Committee Meeting dated June 26th, 2012

3/1/2001	<u>Lease Agreement between Deharts and Petro Marine (PM).</u> Termination date 3/14/2006. Includes option to extend: two additional 5 year terms. (2016). Includes Option to Purchase (right of first refusal).
6/4/2004	<u>Lease Addendum.</u> Term extended to 2/28/2014. Option to extend increased to three 5 year terms (2029).
6/3/2005	<u>Correspondence</u> between Stone and PM: CBJ will accept assignment of Lease and is agreeable to proposed addendum but requests modification of it to include a provision that allows for "renegotiation of lease term and rate should a replacement of the fuel dock take place prior to the end of the lease term 2/28/14."
6/8/2005	<u>Correspondence</u> PM and Stone. PM reconfirming that PM will waive right of first refusal to purchase the Marina if CBJ accepts assignment of lease and addendum; requests option to extend lease; Asks for new section stating PM has exclusive right to participate in development of new facility as part of the renewal project, which would require renegotiating new lease/term/rate with CBJ
6/17/2005	<u>Correspondence</u> PM to Stone. Discussion of "option to extend lease" language. Term language: "Tenant may participate in the renewal project and negotiate a new lease with LL covering Tenant's use of fueling facility, with consideration given for Tenant's unamortized capital investment. Tri-Party agreement between CBJ, DeHarts and PM discussed.
7/1/2005	<u>Tri-Party Agreement between Deharts CBJ and PM.</u> Recognizing that PM waived its right of first refusal in exchange for the CBJ assuming the 3/1/01 lease under the same terms and conditions, and incorporating the addendum of the same date.
7/1/2005	Addendum to Lease between CBJ and PM: Reconfirms Initial term extended to end 2/28/14, and amending option to extend to 3 five year terms, subject to renegotiation of lease rate. Option to Purchase/Right of First Refusal deleted. Adds language recognizing Tenant's right to participate in the "renewal project" and negotiate new lease with LL covering Tenant's use of new fueling facility, with consideration given for any unamortized capital investment.
4/13/11	<u>Correspondence</u> Stone to PM: Reference discussions for "moving forward with a revised fuel dock lease. My thought is to incorporate the existing agreement into a new lease and extend the expiration date for 25 years."
4/14/11	<u>Correspondence</u> Stone to AGM: "I would like to put together a draft lease incorporating relevant provisions of the Bill of Sale (Deharts), with a 35 year term at the new facility. (Drafts back and forth from 4/19 through 5/24, where it was left with Stone and PM discussing points.)
11/11	Carl begins discussions with PM re: lease. MANY drafts between CBJ and PM; final lease acceptable to parties finalized 10/1/12.

AFTER RECORDING RETURN TO: Carl Uchtyl, Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

FUEL DOCK LEASE AGREEMENT

PART I. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "City" or "Lessor," and Harbor Enterprises, Inc. dba Petro Marine Services, hereafter "Petro" or "Lessee", a corporation organized under the laws of the State of Alaska.

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party's own risk.

City: Carl Uchtyl, PE
Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0292
Fax: (907) 586-0295

Lessee: James Beckham
Vice-President, Operations
Harbor Enterprises, Inc
d/b/a Petro Marine
P.O. Box 389
Seward, AK 99664
Phone: (907) 224-6222
Fax: (907) 224-6225

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Fuel Dock Lease Agreement. The following appendices, as well as anything incorporated by reference or attached to those appendices, are attached hereto and are considered to be part of this lease agreement.

Appendix A: Property Description & Additional Lease Provisions
Appendix B: Lease Provisions Required by CBJ Chapter 53.20
Appendix C: Standard Provisions

PART V. LEASE EXECUTION. City and Lessee agree and sign below. This contract is not effective until signed by the City.

Lessee: Harbor Enterprises, Inc.

Date: _____

Date: 10/10/12

By: Carl Uchytel, Port Director

By: Carol A. Lindsey
Carol A. Lindsey, CEO

CITY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the ____ day of _____, 2012, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carl Uchytel to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

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

Notary Public in and for the State of Alaska
My Commission Expires:

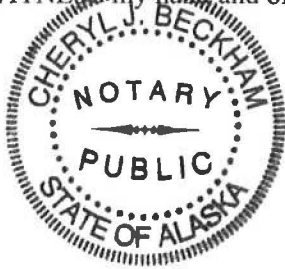
LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the 10 day of October, 2012, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carol A. Lindsey, to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Harbor Enterprises, Inc., as Lessee, which executed Fuel Dock Lease

the above and foregoing instrument; who on oath stated that she was duly authorized to execute said instrument; who acknowledged to me that she signed the same freely and voluntarily for the uses and purposes therein mentioned.

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



Cheryl Beckham
Notary Public in and for the State of Alaska
My Commission Expires: 4/1/2013

Risk Management Review:	_____	, Risk Manager
Approved as to Form:	_____	, Law Department
Approved as to Content:	_____	, Docks & Harbors
Fuel Dock Lease		Page 3 of 13

**APPENDIX A:
PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS**

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as "the Leased Premises" or "the Property." The Leased Premises are described as follows (as depicted in Exhibit 1):

- a. The uplands area where the Lessee has its fuel storage tanks and associated equipment;
- b. An easement extending from the fuel storage tank uplands area to the Lessee's fuel float in the harbor allowing the Lessee to install, maintain, and operate fuel lines, electrical lines, and communication lines;
- c. Submerged lands where the Lessee's fuel dock is located, including the adjacent area surrounding the fuel dock that is used by marine vessels to access the fuel dock, provided such use does not interfere with the operation of the City's facilities that are adjacent to the fuel dock; and
- d. The end of the City's main float where the Lessee's fuel dock is attached.

A copy of Exhibit 1 is attached to and made a part of this lease by this reference.

Lessee shall submit to the City an as-built legal description and plat within 1 year of executing the Lease.

2. AUTHORITY

This lease is entered into pursuant to the authority of CBJ Code Section 85.02.060(a)(5) and CBJ Chapter 53.20.

3. TERM AND RENEWAL OPTION

The effective date of this lease shall be the date this lease agreement is signed by the City. The term of the lease is 35 years, commencing on the effective date of this lease agreement, unless sooner terminated. City grants Lessee an option to renew this lease for one, successive period of 35 years. Lessee shall exercise this option, if at all, by written notice given to City during the first six months of the last year of the underlying lease term.

4. LEASE PAYMENTS AND ADJUSTMENTS

From the effective date through the initial seven years of this Lease, Lessee shall pay rent in the amount of \$0.05 for each gallon of fuel sold at the facility, plus CBJ sales tax if applicable. On the first seven year anniversary and every seven year interval thereafter, the rent shall be reviewed and may be adjusted as $(1 + \text{The Anchorage CPI for the cumulative 5 year period})$

immediately preceding the renewal as reported by the Alaska Department of Labor) multiplied by the rent currently in effect.

Lessee shall determine fuel sales from daily meter readings and keep records of these readings for a period of no less than one year from the date of the reading. The City may inspect, in the manner and at reasonable times it considers appropriate, Lessee's daily meter reading records.

5. AUTHORIZED USE OF PREMISES

Lessee may use the leased premises only for fuel sales and the sale of other products customarily sold the by the Lessee. The leased premises may be used for other purposes only with the written consent of the City, which consent shall not be unreasonably withheld. The Lessee shall notify the City of any seasonal or other closure of the facility no later than ten (10) days prior to closure.

6. INSURANCE REQUIREMENTS

The Lessee shall provide a certification of proper insurance coverage to the City and Borough of Juneau. All insurance shall require that the insurance company give prior written notice consistent with the terms of the policy, to the CBJ's Risk Management Officer prior to any cancellation, non-renewal, or reduction in the amount of coverage. The Lessee's insurance shall be primary and any insurance maintained by the CBJ shall be non-contributory. If the Lessee maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Lessee.

Lessee agrees to maintain insurance as follows at all times while this contract is in effect, including during any periods of renewal.

Commercial General Liability Insurance. The Lessee must maintain Commercial General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Lessee. This amount must be at least one million dollars (\$1,000,000.00) per occurrence, and two million dollars (\$2,000,000.00) aggregate. **The CBJ will be named as additional insured on this policy.**

Marine General Liability. The Lessee must maintain Marine General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Lessee. This amount must be at least one million dollars (\$1,000,000.00) per occurrence, and two million dollars (\$2,000,000.00) aggregate. **The CBJ will be named as additional insured on this policy.**

Comprehensive Automobile Liability Insurance. The coverage shall include all owned, hired, and non-owned vehicles to a one million dollar (\$1,000,000.00) combined single limit coverage. The policy shall contain a MCS 90 Endorsement. **The CBJ will be named as additional insured on this policy.**

Workers Compensation Insurance. As required by Alaska Statute (AS 23.30), the Lessee must maintain Workers Compensation Insurance to protect the Lessee from any claims or damages for any personal injury or death which may arise from services performed on the Leased Premises. This requirement applies to the Lessee's firm, any subcontractors or assignees, and anyone directly or indirectly employed to perform work by the Lessee on the Leased Premises. The Lessee must notify the CBJ as well as the State Division of Workers Compensation immediately when changes in the Lessee's business operation affect the Lessee's insurance status. Statutory limits apply to Workers Compensation Insurance. The policy must include employer's liability coverage of one hundred thousand dollars (\$100,000.00) per injury and illness, and five hundred thousand dollars (\$500,000.00) policy limits. Lessee also agrees to provide evidence of Longshore and Harbor Worker's Insurance and Jones Act coverage if applicable to the Lessee's use of the Leased Premises. **The policy shall be endorsed to waive subrogation rights against the CBJ.**

Pollution Legal Liability. The Lessee must maintain Pollution Legal Liability coverage, applicable to the Lessee's use of the Leased Premises, with a limit no less than two million (\$2,000,000) per occurrence and two million (\$2,000,000) aggregate per annual policy period. **CBJ will be named as additional insured on this policy.**

Deductibles and Self-Insured Retentions. Any deductibles and self-insured retentions must be declared to the CBJ. The CBJ may require the Lessee to provide proof of ability to pay losses and related investigations, claim administration and defense expenses within the retention.

Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be declared and must be before the effective date of the Lease.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least one (1) year after expiration or termination of the Lease.***
3. If coverage is canceled or non-renewed, and not replaced with another claims – made policy form with the Retroactive Date prior to the Lease's effective date, the Lessee must purchase **“extended reporting”** coverage for a minimum of one (1) year after termination of the Lease.

7. SPECIAL CANCELLATION PROVISION.

This provision applies only during the initial lease term, and only if CBJ terminates the lease because CBJ, due to its own actions, is unable to provide the Lessee with either the leased premises listed in this lease or alternate leased premises acceptable to the Lessee. If the lease is terminated due to these factors, CBJ will compensate the Lessee in an amount equal to the initial capital investment made by the Lessee minus depreciation (calculated by a 35 year straight line method) and any residual salvage value at the time of termination. If this provision is exercised, Lessee will provide CBJ with documentation, satisfactory to the City establishing Lessee's initial capital investment. This documentation will form the basis for the depreciation calculation.

8. REQUIRED HOURS OF OPERATION

Lessee intends to provide fuel dock service on a year-round basis. During the boating season (April 1 to September 30), Lessee intends to operate seven days per week. Hours of operation shall be prominently posted at the fuel dock office and made available to the Statter Harbor Office. During the off-season (October 1 to March 31), Lessee intends to operate the fuel dock service on a periodically scheduled and/or appointment basis with hours of operation and contact number prominently posted at the fuel dock office.

9. LEASEHOLD IMPROVEMENTS

The Lessee shall obtain the prior approval of the City before installing any improvements to the leased premises. Improvements made to Lessee's equipment or facilities do not need prior approval. The City shall not unreasonably withhold approval.

10. MAINTENANCE

Lessee shall be responsible for maintaining all improvements made to the leased premises in good working order. The City shall be responsible for maintaining all areas adjacent to the leased premises in good working order.

11. UTILITIES AND SERVICES

The Lessee shall be responsible for electricity, communications, and janitorial services at their facilities. The Lessee may use the Lessor's solid waste dumpster. The Lessor will provide seasonal water service to the fuel float.

12. PARKING

The City will designate one (1) parking space for use by the Lessee's employees.

13. FUEL DELIVERY

The Lessee shall, to the extent possible, schedule fuel deliveries to replenish the upland tanks so as not to conflict with peak use of the City's facilities. During peak activity periods, it may be necessary to make multiple deliveries per day and assistance from the Statter Harbor staff may be necessary to accomplish this. Lessee shall, where possible, notify Lessor 24 hours in advance if such conditions are expected to occur.

**APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ CHAPTER 53.20 and CBJ
CHAPTER 50**

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Leased Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by City of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by City or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease. Modifications of the provisions of this Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(1) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of City code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every seventh year of the lease term beginning after completion of the initial term.

(3) **Subleasing.** Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to City for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(4) **Assignment.** Lessee may assign its rights and obligations under this lease; provided, that the proposed assignment shall be approved by City prior to any assignment. Approval of assignment will not unreasonably be withheld. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(5) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture.**

(a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and City.

(b) City may cancel the lease if it is used for any unlawful purpose.

(c) City shall provide written notice if Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, without remedy by Lessee of the conditions warranting default within 30 days of receipt of notice. City may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of City with approval of the Assembly constitute grounds for default.

(7) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(9) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, City or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by City shall be deemed an acceptance of a surrender of the lease.

(10) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, City may offer the lands for lease or other appropriate disposal pursuant to the provisions of City code.

(11) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by City as partial or total damages for the breach.

(12) **Written Waiver.** The receipt of rent by City with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by City unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of City to enforce the same in the event of any subsequent breach or default. The receipt, by City, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by City of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by City to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by City.

(13) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the City all of the leased land on the last day of the term of the lease.

(14) **Renewal Preference.** Any renewal preference granted Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that City may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of City, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the City pro rata lease rentals for the period.

(a) If any improvements and/or chattels not owned by City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for City rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in City.

(b) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, City.

(16) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle City to charge Lessee a reasonable rent therefor.

(17) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition.

(19) **Inspection.** Lessee shall allow an authorized representative of City to enter the lease land for inspection at any reasonable time and upon reasonable notice.

(20) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the City.

(21) **Rights-of-Way.** City expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the City to do so. If City grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements destroyed or damaged. Damages shall be limited to improvements only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(22) **Warranty.** City does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit.** When authorized in writing by City prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in City and shall not be removed by Lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

(1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

(2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

(3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

(4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

(5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.

(6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.

(7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, City shall have the right to terminate the lease.

(8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

(9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment or verdict, and includes the Fuel Dock Lease

award of any attorneys fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to City of any action, claim, or lawsuit. City shall notify Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the City.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and City.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, June 26th, 2012

VI. Items for Action. (Continued)

Mr. Donek said we need to find out if the lot needs to be plowed during the winter if the vehicles are just going to sit in the lot.

Mr. Uchytel said it sounds like you would like the spaces available to the public during the summer months.

Mr. Williams said maybe we should just give Carl the approval to negotiate a fair deal for the additional parking.

MOTION by Mr. Jardell: TO DIRECT THE PORT DIRECTORE TO NEGOTIATE A FAIR DEAL WITHIN THE PERAMETERS OF \$4,000.00 TO \$7,500.00 PER YEAR WITH FISH & GAME FOR ADDITIONAL PARKING IN DOUGLAS CONSIDERING THE CONCERNS RAISED BY THE COMMITTEE AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

2. Auke Bay Fuel Dock lease.

Mr. Uchytel said at the last Finance Committee Meeting we had a teleconference with Jim Beckham and we have agreed to include a CPI type adjustment in the Lease Agreement with Petro Marine. On the seventh year we will re-adjust the lease rent based on the Anchorage CPI going back 5 years.

Public Comment

Dennis Watson said he thought part of the lease should require Petro Marine to maintain the exterior of their building and make the fuel dock a non smoking area.

Mr. Uchytel said there is a provision in the lease that addresses the exterior of the building.

Committee Discussion/Action

Mr. Jardell said he thought Mr. Uchytel did a good job of revising the lease agreement to make it acceptable to both parties.

Mr. Donek said the lease agreement should come before the regular board when it is complete and ready to be signed by both parties.

MOTION by Mr. Williams: TO RECOMMEND THE PORT DIRECTOR TAKE THE LEASE AGREEMENT WITH PETRO MARINE FOR THE AUKE BAY FUEL DOCK TO AMY MEAD WITH THE CBJ LAW DEPARMENT FOR REVIEW BEFORE IT MOVES ON TO THE FULL BOARD AND ASK UNANIMOUS CONSENT.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, June 26th, 2012

VI. Items for Action. (Continued)

The motion passed without objection.

3. Regulatory Change – Assigned Moorage Credit.

Mr. Uchytel said this item relates to hot berthing of vessels. The regulation allows one dollar per day credit back to the stall holder for use of their personal shore power. This is a very old regulation. If a transient plugged into power for the day using 10 volt, 30 amp. service at \$.11 per kilowatt hour, they could incur \$8.70 per day if they were using the power to maximum capacity. He asked the board what the appropriate credit amount should be.

Committee Questions

Mr. Jardell said he is assuming the law department would like a dollar figure in the regulation and not just leave it to the discretion of the Harbor office to credit back customers as needed.

Mr. Uchytel said we currently charge \$7.20 per day for 20/30amp. transient power.

Mr. Wilson said why not just credit back the same amount we charge and make it straight across the board.

Public Comment

Dennis Watson said he wouldn't mind making his shore power available to the public when he is gone if the committee can work out a rate that is a fair reimbursement. He said he would be agreeable to even \$5 per day reimbursement for power.

Committee Discussion/Action

Mr. Uchytel said the way the regulation reads is that the credit is given once a year.

Mr. Donek said he felt we should reimburse the stall holder the \$7.20 per day that we are charging the transient vessel.

Mr. Jardell said patrons can lock up their power if they do not want transients using it.

MOTION by Mr. Williams: TO FORWARD MOORAGE CREDIT REGULATORY CHANGE TO THE FULL BOARD WITH ADDITIONAL INFORMATION AND ASK UNANIMOUS CONSENT.

The motion passed without objection.



Port of Juneau

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

MEMORANDUM

To: Docks and Harbors CIP/Planning Committee
From: Gary Gillette, Port Engineer
Date: November 5, 2012
Re: Update on Douglas Harbor Rebuild

The Douglas Harbor Rebuild project remains in the permitting stage. We are receiving assistance from the Civil Works and Environmental branches of the Alaska Army Corps of Engineers in Anchorage. The Civil Works branch is working with HDR Alaska with PND Engineers to provide dredging and capping design documents which will be used for bidding the project. The Environmental branch is developing the required documents for the 404b Corps of Engineers permit and the 401 clean water certification required by Alaska Department of Environmental Conservation. It is anticipated that the permits would be issued by the end of the year and that bidding would occur such that construction would begin in the fall of 2013.

PND Engineers has prepared an updated cost estimate for the project which includes the concept of disposing the dredge spoils in Gastineau Channel and covering with a sand cap. The harbor floor of the dredged area would also be capped with sand. This estimate assumes the Corps permit will allow channel disposal with a 6" cap and that the sand cap material would be essentially the cost whether it came from the airport or the Northland site. The cost estimate and funding is contained in the following table.

	Cost Estimate	Funding	Source	Timing
Base Bid	\$8.5M	\$3.6M	Deferred Maint.	In-hand
Alternate #1	\$0.3M	\$2.0M	DOT Harbor Grant	At Construction
Total	\$8.8M	\$5.6M		

Attached: PNDs Cost Estimate