CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING AGENDA
For Wednesday, March 17th, 2021

Zoom Meeting
https://bit.ly/3ay3PXw
or via Phone 1-253-215-8782
Meeting ID: 947 3913 8719
Passcode: 494632

I. Call to Order (5:00 p.m. via Zoom)

II. Roll Call (James Becker, Lacey Derr, Chris Dimond, Don Etheridge, James Houck, David Larkin, Annette Smith, Bob Wostmann and Mark Ridgway).

III. Approval of Agenda

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED

IV. Public Participation on Non-Agenda Items (not to exceed five minutes per person, or twenty minutes total)

V. Approval of Wednesday, February 17th, 2021 Operations/Planning Meetings Minutes

VI. Special Order of Business – Summary of March 11th Finance Sub-Committee Meeting
Presentation by the Finance Sub-Committee Chair

VII. Unfinished Business

1. Lease Deferment Policy
Presentation by the Port Director

Committee Discussion

Public Comment

Committee Discussion/Action

MOTION: TO ADOPT A RESOLUTION PROVIDING LEASE RENT RELIEF TO LESSEES WITH BUSINESS INTERESTS WITH DOCKS & HARBORS.

2. UAS Property Purchase Decision
Presentation by the Port Director

Committee Discussion

Public Comment

Committee Discussion/Action

MOTION: TO PURSUE (OR NOT) THE PURCHASE OF ALL (OR PORTION) OF THE UNIVERSITY OF ALASKA PROPERTY COMMONLY REFERRED TO AS THE JUNEAU FISHERIES TERMINAL.

VIII. New Business

1. Proposed Fee for Services Increases
   Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TBD

2. CY2021 Loading Zone and Passenger for Hire Fee Adjustment
   Presentation by the Harbormaster

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TBD

IX. Items for Information/Discussion

1. Downtown Harbors Wait List Update
   Presentation by the Port Director

Committee Discussion/Public Comment

2. Auke Bay Wave Attenuator – Letters of Support
   Presentation by the Port Director

Committee Discussion/Public Comment

3. Small Cruise Ship Infrastructure Master Plan – Update
Presentation by the Port Engineer

Committee Discussion/Public Comment

X. Staff & Member Reports

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting-**Wednesday, April 21st, 2021**

XII. Adjournment

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
Wednesday, February 17th, 2021

I. Call to Order Mr. Ridgway called the meeting to order at 5 p.m. in a Zoom meeting at the Port Director's Office.

II. Roll Call

The following members were present in person or on zoom meeting: Jim Becker-in person, Lacey Derr, Chris Dimond, Don Etheridge-in person, James Houck, David Larkin, Annette Smith, Bob Wostmann, and Mark Ridgway-in person.

Absent: None

Also present: Carl Uchytil – Port Director (via Zoom), Erich Schaal – Port Engineer (via Zoom), Matthew Creswell –Harbormaster, Teena Larson – Administrative Officer (via phone), and Ashley Bruce - Administrative Assistant II (via Zoom).

III. Approval of Agenda

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

Motion approved with no objection

IV. Public Participation on Non-Agenda Items – None.

V. Approval of Wednesday, January 20, 2021 Operations/Planning Meeting Minutes

Minutes of January 20, 2021 were approved as presented.

VI. Consent Agenda – None.

VII. Unfinished Business – None.

VIII. New Business – None.

IX. Items for Information/Discussion

1. Commercial Availability of Individual Vessel Security Camera Systems
   Presentation by Chris Ruschmann, SnowCloud

Mr. Ruschmann said SnowCloud has been testing out a limited connection on a vessel in Douglas Harbor for the last couple of months to determine what the bandwidth usage is for a camera on a vessel. He said the goal is to custom tailor a package for boat owners, not meant for browsing or streaming, but a high upload package allowing camera footage to be uploaded from the boat to the cloud. He said the package developed includes a 3Mb/s upload and a 1Mb/s download for a rate of about $30 per month for unlimited usage. He said there are some costs in the radio equipment and installation time which will be billed to the customer for about $100 and if a router is needed one can be sold to

them and allow them to not only stream but also have internet on the boat. He said if it is desired, services could be made available the next day.

Mr. Creswell said per many discussions with the Board and with customers, the focus our efforts of cameras has been made on the uplands, and this provides a way for boat owners to have security cameras for their vessels. Boat owners who do not live on their vessels could not budget $100 a month for full speed Wi-Fi on their boats, so SnowCloud worked with us. He said he purchased a Ring Camera that was placed on a vessel in Douglas and Mr. Ruschmann worked with the patron to develop a service around what the camera needs, and what they needed to provide as a package that could be offered to customers from SnowCloud.

Mr. Uchytil said we have no contractual arrangement but this was a beta test for the system. He said Docks & Harbors will not tell patrons they have to use SnowCloud to put a security camera on their vessel, we just know SnowCloud has put effort and resources into prototyping a camera system we think will work at all of our harbors. He said the facilitation we have done has been a customer service.

Committee Discussion –

Mr. Ridgway asked if there was a way to incentivize people to use this service.

Mr. Creswell said the incentive we are seeing is a super cheap service to compliment the camera of their choosing.

Mr. Schaal asked if there was a limit to the number of services they could provide?

Mr. Ruschmann said there would be a need for more equipment if there was a large influx of desired users, which can be done. He said they would scale to the demand.

Ms. Derr asked what hardware availability and install time would be required.

Mr. Ruschmann said Covid has made them busier than ever before. He said in this last month they have fully restocked and can start installs as soon as they receive requests. He said a boat install takes less time than a home installation making this an efficient processes.

Mr. Wostmann asked if coverage is complete or if there are dead spots.

Mr. Ruschmann said they have expanded their network and will be connected to the Shelter Island Tower soon, which will eliminate the dead spots, and they are confident they will provide full coverage within the next month.

Public Comment – None

2. Lease rent deferment – Rocovich Property (vicinity of Pier 49)
   Presentation by the Port Director

Mr. Uchytil said this is the first request for financial deferment received, but he anticipates other requests. He said this is an opportunity for the Board to discuss what steps will be taken and how individual requests will be addressed.

Mr. Uchytil introduced Ian Simpson, a partner with Rocovich LLC and leases the property seaward of Pier 49 for about $27,000 a year. He said 2020 was a poor year, and the 2021 is going to be bleak so Mr. Simpson has made a request for consideration to defer rent lease payments for the property. He said to be clear, Mr. Simpson will explain his situation but it is also the first opportunity for the Board to discuss how to go about listening and judicate deferment or relief of fees from our partners through contractual language.

Mr. Simpson said the handout the Port Director provided covers their simple request. He said as soon as we heard the news from Canada, we started to think about the future and thought this might be a good idea for us to push some of these expenses to 2022. We are expecting the same as 2020 and it makes sense.

Committee Questions --

Ms. Smith asked if this was for the Hangar on the Wharf and what businesses are in this group?

Mr. Simpson said the Hangar on the Wharf is considered a related company, but Rocovich is a separate real estate.

Mr. Ridgway asked Mr. Simpson to expand on separate but related companies.

Mr. Simpson said Rocovich is an LLC with three owners. Mr. Simpson said he, with Recia Wilson and Rob Sanford are owners, and they are owners of the Hangar as well as other restaurants including the Twisted Fish, Flight Deck, Pizzeria Roma, and Pier 49, which occupies this spot at 406 South Franklin Street. This is the one we are discussing right now. He said two of those restaurants were closed completely last year.

Mr. Dimond asked what the repayment plan for deferment is?

Mr. Simpson said we did not ask for a specific payment plan and ideally we would amortize it but the most important thing would be to get it out of 2021 and in a future year when we see more cruise tourist to support it.

Mr. Dimond asked if Rocovich was looking for a total deferment or payment plan that Rocovich LLC and the tenants would be able to adequately make.

Mr. Simpson said the way it was asked was to defer all the payments and remaining payments in 2021.

Mr. Wostmann asked based on the description would it be fair to characterize their position or role as being the landlord for the occupants of the space.

Mr. Simpson said this is correct.

Mr. Wostmann asked if this would be conceptually similar to asking a banker to provide forbearance on a loan.

Mr. Simpson said this is correct.

Mr. Houck asked if this forbearance was granted would it be passed on to current tenants or have most tenants abandoned the 2021 season and the space that goes with it?

Mr. Simpson said it would be more fair to say it would be passed on to the tenants. He said no tenants have bailed yet. He said the recent news was disheartening to them but they are expected to return for the 2022 season, possibly with some changes.

Mr. Ridgway asked if granted forbearance, how it would be reflected to the tenants.

Mr. Simpson said the tenants are already paying a sub rate of 50% as it is but the details have not been determined yet.

Public Comment --

Kirby Day, Juneau Alaska
Mr. Day said he wanted to comment because this company and Pier 49 are Tourism Best Management Practice (TBMP) members. He said they are not asking to not pay the rent, they are asking for a deferment and the Board could easily come up with terms for them to repay when there is business. He said it was not his plan to testify, but if he is not mistaken this is the water, the area between Pier 49 and the Seawalk. He said Docks & Harbors worked with other TBMP members last year in waiving fees for permitted operators and brokers completely which was in due course and the appropriate thing to do. He said this business on this property was closed in 2020 and again in 2021 completely. He said it would be appropriate to consider this. He said there is some precedent in waiving fees for other TBMP member. Mr. Day said he urges the Board to consider this request along with others from tenants.

Committee Discussion –

Mr. Wostmann said he is aware of similar circumstances of owners of properties and property owners who have lost tenants or have had to negotiate a much lower rental or lease payment. He said in his experience with property owners, if they have a bank loan the bank is willing to give up the principal portion of the payment and will require the interest portion, essentially the cost of money, and then to renegotiate the loan by increasing payments once business gets better, or by extending the loan for the number of months it was interest only. He said he thinks they could use a similar approach to reduce the fee for the duration of the non-season to a nominal amount, the equivalence of what and an interest payment might be. He said the board should discuss whether to have the payments spread out over the remainder of the lease or to extend the lease. He said it could be argued the leaseholder has lost two seasons and it would be fair to give them two years on the back end of the lease. He said this was just an idea for discussion.

Mr. Ridgway confirmed the location of the property in question and said it was there to protect the view plane. He said some of the deferments done in the past are not directly relevant to this issue but likes Mr. Wostmann's ideas. He said prior to moving forward, the financial impact should be reviewed.

Mr. Wostmann said he would be very happy to work with Mr. Uchytil to schedule a meeting of the Finance committee. He said it would be helpful for the Board to provide input and guidance to the committee.

Mr. Etheridge said it should go to the Finance committee to be looked at. He said he understands the plight and request but the financials need to be reviewed first because we do not know what might come up along the way. He said many of these funds go to harbors and this does not just represent an empty lot, it is going to affect the harbors budget.

Mr. Dimond said it is important to be cognizant and have a plan going forward. He added if we are able to keep tenants in buildings by granting a deferment on leases, the long-term effects would far outweigh the short-term effects.

Ms. Smith said she supported the 50% lease rate model. She asked Mr. Uchytil, what fees Docks & Harbors has with this property and managing the lease.

Mr. Uchytil said the time and effort for staff to manage the lease is minimal. He said every five years the property must be assessed through the appraisal term contractor. He said staff manages 43 leases efficiently.

Mr. Houck said he is aware of at least three cases where tenants have proposed to landlords to take their items and put it in storage, or pay twice what the storage locker would cost to the landlord just to hold the space. They are not allowed to use the space for business but it is being held until the next operable season. He said what Mr. Simpson is asking for is a deferment, which is no loss of income to us unless you count real dollars and loss of appreciation, which would be negligible, and hopes the Board takes this into consideration. He said in 2019 at the end of the season, three separate buildings came open and stayed vacant through the season. He does not feel there is a desire and need to fill retail space right now, as we consider business paying sales tax.

3. CY20 Anchorage Consumers Price Index (CPI)

Mr. Uchytil said several of our fees are linked to the Anchorage CPI, and are reviewed every year. He said there is a statewide CPI and an Anchorage CPI but not a Juneau CPI. He said last year the CPI in Anchorage was -1.1%. He said our regulations say our rates are automatic in nature unless the Board take's action not to change the rates affected by the CPI. He said the -1.1% CPI means come July 1, 2021 if the board does not take action the monthly moorage rate will reduce by $0.05.

Mr. Uchytil said a couple of years ago we would look at the Statter and Downtown harbor rates and would adjust the rates to the nearest $0.05 of the CPI. There were members of the public unhappy the Statter rates were increasing faster than downtown.

He said the Board elected to review the downtown harbor rate and if it adjusted then the Statter harbor rate adjusted at the same increase. He said the CPI from 2020 indicates the downtown rate would decrease to $4.40 per linear foot per month and Statter Harbor would decrease to $7.30 per linear foot per month.

Mr. Uchytil said there are some passenger for hire rates that would see a decrease due to the CPI. He said the passenger for hire rates were recently changed but was not sure if there was a caveat to elect not to accept CPI changes.

Mr. Uchytil said the question for the board to consider is do we accept the decreased CPI adjustment of -1.1% and reduce rates at our Statter and Downtown Harbor Facilities.

Committee Discussion –

Mr. Wostmann asked what the total reduction amount would be if rates were reduced. He asked if there is a sense of how much staff time would be required to update the rates.

Mr. Uchytil said 1.1% of the $3M for harbors revenue could equate to approximately $30,000. He said the staff impact is minimal and something can be easily done with some Board direction.

Ms. Smith asked if there are contracted increases for wage benefits, work to be done, which would automatically increase rates?

Mr. Uchytil said the majority of Docks & Harbors employees are represented by MEBA, and those are negotiated every three years with a likely 2% increase in salaries next fiscal year.

Mr. Etheridge said our rates went five years without increasing and then there was a small increase. This CPI will reduce the rates to the same amount again

Mr. Ridgway asked if there is no Board action, it is an automatic decrease, and the effort will be minimal for staff?

Mr. Uchytil said that is correct.

Public Comment – None

4. Capital Improvement Projects – Update and direction

Mr. Schaal said the purpose of this information item is to recap the Capital Improvement Projects and summarize the recent joint Assembly meeting on high priority topics between the Board and the Assembly. He said staff wanted to bring this forward to get feedback, answer questions, and discuss new projects.

Mr. Schaal said the first topic of the Small Cruiseship Infrastructure Master Plan study, the idea of expanding small cruise ship operations. There were questions from the Assembly including how staff came up with the 700' of linear moorage request, the best use of the top proposal of the Seadrome development, and other ideas and questions brought up by the Assembly members in attendance.

Mr. Schaal said the goal of the presentation is to create a working group to hear feedback from the Board on what they thought of the meetings based on their participation. He said the action item on the department's part is to return a memo answering their questions.

Mr. Schaal said the Assembly directed the Board to make this project and start planning the process in an effort to aid the small cruiseship industry.

Mr. Schaal said an update in regards to the projects submitted for consideration of the Governor's bond package. He said Docks & Harbors has always applied for State DOT $2M Harbor Matching Grant for a total of $4M dollars for a partial construction of the North end of Aurora Harbor. He said there may be full funding through this bond package for the Alaska Harbor Grants. He said it would hopefully mean we are successful in doubling our local funding from $2M to $4M.

Mr. Schaal said in addition we requested $8M for the Aurora Harbor Phase III, and the North Douglas Launch Ramp Expansion. He said it was reduced in the Director of Engineering's package to $250,000 per project for the initial permitting, scope, and planning phases.

Mr. Schaal said we are on the City's list of projects but are unsure of the avenue it will take. He said we are hopeful we see the bulk of funds through our harbor grant program and if we are successful, it will not be full funding, but seed money to start however the Board decides.

Mr. Schaal said the last item for information regards work with Engineering on projects interfacing on the Seawalk. He said Engineering has been managing two projects. He said the Marine Park Lightering Float Deck over, the Seawalk expansion nexus, funded through Marine Passenger Fees and the Managers office. He said it is a project to connect the concrete Marine Park Plaza to the upper wooden decking of the Alaska Steamship Dock. He said design documents are almost 100% complete. He said they have asked if we would be interested in assuming the project and we see it as a one we can take on and stay involved. He said our plan for this project is to get the documents to 100%, so they are ready if funding is ever allocated. He said the construction costs are about $2M if we were to find any grants.

Mr. Schaal said the second project with Engineering is the Taku Seawalk Re-decking. He said this area adjacent to the Fisherman's Memorial, Taku Smokeries and the Twisted Fish is one of the oldest sections of the Seawalk and perpetually moving, via the degrading woody material and hillside. He said the Seawalk is not pile supported and it settles. He said the goal is to make it safe and accessible and has about $161,000 left in the funding package but the construction estimate is just a little over. He said we received 65% drawings from PND Engineers and if we are able to make the match, we could be complete this summer to have available for passengers next year.

<u>Committee Discussion –</u>
Mr. Becker asked if the City's top priority is known.

Mr. Schaal said there are still requests for information on projects including Harbors, but the majority of the projects are planning based. The list is as follows,

1. Lemon Creek Bike path asking for $250,000.
2. Waterfront Juneau-Douglas City Museum asking for $1M,
3. North State Office Building Parking for $5M,
4. Telephone Hill Site work for $2M,
5. New City Hall partial funding for $5M,
6. Centennial Hall Expansion for $5M,
7. West Douglas Expansion and future development for $3M,
8. Auke Bay Baywalk, unknown if this is for the Auke Bay Steering Committee or the build grant we have applied for, but they are asking for $250,000 for design permitting and planning,
9. A Car Crusher including installation for $750,000,
10. Aurora Harbor Phase III design and permitting for $250,000
11. North Douglas Launch Ramp for $250,000.

Mr. Ridgway asked if the City projects are designed and paid for by the City. He asked if Docks & Harbors would be the Designer of Record (DOR) or Engineer in Charge (EIC) of the projects.

Mr. Schaal said there are some head tax, and the designers are PND, so it is much like our harbor projects where we use consultants for the design process, and ensure a feasible project within budget. He said we would be taking over the DOR and EIC role.

Ms. Smith asked if the design includes the reinstallation of the lightering dock as she has entities such as the Tlingit Canoeing groups as well as others showing their interest in the dock being reinstalled.

Mr. Schaal said no, the current design does not include a lightering float as it is a sloped area and this design precludes the idea of a lightering ramp.

Mr. Uchytil said when the Board made the decision to remove the float, Wings Airways reached out to One Canoe Peoples Society to let them know they are always welcome at the Wings float for Celebration so we know that relationships exist.

Ms. Smith asked when the reinstallation of the lightering float will be considered?

Mr. Ridgway said this deck over project is a City Manager project and not a Docks & Harbors Project.

Mr. Etheridge said the entire Seawalk is the City Manager's project and this is the first time we have interacted with the Seawalk's design. He said if the Board sees a need, the Board can decide to write a letter to the manager and ask them to include a lightering float in their design. He said it is not funded by Harbors or Docks.

<u>Public Comment – None</u>

5. Tideland Request – ADNR Preliminary Decision

Mr. Uchytil said about 13 months ago, Mr. Reed Stoop's owner of Franklin Dock LLC approached staff regarding adding a floating berth and it would require additional tidelands owned by the State. He said some of their property is on CBJ, some on the State, and some on their own tidelands. He said Mr. Stoops would like to work with the City in acquiring the additional tidelands needed for his expansion. He said last year, pre COVID, staff requested DNR to convey tidelands to the City to facilitate the expansion of the Franklin Street Dock. He said the application went forward, the Board was involved in the decision to apply for the tidelands, and a resolution by the City to go forward with the request. He said the plan was to start work in October 2020, but since Covid, we are unsure when those plans are going forward. He said we have received a preliminary decision from the DNR and turned the presentation over to Mr. Schaal.

Mr. Schaal showed the diagrams starting on page 39 of the agenda packet and said these designs are based on the original ask, the red area plus the yellow area. He said DNR responded only considering the hatched area as the conveyance. He said the department requested help from DNR to understand the hashed area's geographic layout, and said the best he can figure, they did not want to include the tidelands in front of Crowley's Fuel Dock or the tidelands north of the AJ dock lease. He said we are waiting to hear back on specifics.

Committee Discussion –

Mr. Ridgway asked if this was a full conveyance.

Mr. Schaal said it would not include things like mineral or oil rights. It is not something we would be able to sell.

Mr. Wostmann asked why it was important to get the additional area marked in red.

Mr. Schaal said we knew the AJ dock was planning an expansion and those dolphins would fall outside their leased area, and because it kept it geometrically clean.

Mr. Wostmann asked if there is any likely hood of them reconsidering our ask and how will this proceed.

Mr. Schaal said it is hard to know. Staff has had to check in a few times to ensure someone has been assigned to our application and the process is in motion. We really do not know how long it will take and it has been slow hearing back from them.

Mr. Uchytil said we believe the area DNR will convey will meet the needs for the Franklin Dock expansion.

Mr. Wostmann asked if we addressed the reasons why we wanted the additional area or is this something we need to add to our request.

Mr. Uchytil said we made it very clear and had encouragement from the City Manager's level to ask for more.

Mr. Ridgway asked if this tideland lease would provide income.

Mr. Schaal said yes, and Mr. Uchytil said we expedited the appraisal process. He says based on the proposed expansion there would be a $125,000 increase of lease rent for the dock. He said it was significant.

Public Comment – None

6. CY2021 Cruise Ship Prospects

Kirby Day, TBMP, Princess Cruise

Mr. Day said Cruise Line International Association (CLIA) is working with the cruise lines and our delegation are working with the administration, Canada, and Transport Canada. He said one of the things being worked on is trying to find a way forward, whether this is a waiver for the Passenger Vessel Services Act, which is part of the Jones act, or whether its relief from the Canadian side in terms of their ports being closed. He said delegation is currently working on those things.

Mr. Uchytil said the season is looking poor and the cruise lines are struggling to get the guidance they need for the conditional sailing order. He said there are four levels of startup. He said the good news is the Alaska Delegation is engaged in trying to ascertain a work around to Canada's position of extending their no sail order until March of 2022.

Mr. Uchytil said the small cruise ships unaffected by these orders with under 100 passengers are able to still cruise. He said Uncruise is starting their first cruise in April and their first Juneau Port of Call will be in May. He said he can report the Canadian No Sail order expires February 28th and there is still some hope even though they intend to extend it until next year.

Mr. Uchytil said the Juneau staff has reached out to all points of contact to let various people know Juneau is open in a hope to host vessels such as Navy in the absence of Cruise Ships, and any of our long time and regular users

Committee Discussion –

Ms. Smith asked if there was any notice of increase of small cruise ship arrivals.

Mr. Uchytil said staff has been working with Travel Juneau to develop a pamphlet for outreach and to advertise in the lower 48, Juneau is open for business and have created some hashtags to express Juneau is open.

Mr. Creswell said he and Mary Wolf met with Liz Perry of Travel Juneau to discuss our needs and wants of marketing Juneau a little more aggressively to a crowd we already serve and to get the word out, Juneau and Alaska are open. He said he wrote up a synopsis of each reservation facility and what the docks have to offer with pictures. He said Ms. Perry is working on a single page marketing material, while Mary is working on a list of contacts to figure out the best way to hand information out to yacht clubs down south and our current yacht customers.

Mr. Larkin said we should have a discussion regarding long range ideas in the event we do not have cruise ships this year and next. He said topics should be discussed such as maintenance plans so the docks are ready to open when it is time.

Mr. Ridgway asked if this advertising was endorsed and supported by the City.

Mr. Creswell said anyone who travels in or out of Alaska still has to follow the direction passed by the Assembly, which is still in effect regardless of who else relaxed their requirements.

Public Comment – None

7. Downtown Parking Availability

Mr. Uchytil said the topic of downtown parking was brought forward by the Board at the last meeting. Mr. Uchytil said the topic of local only parking was a concern so staff compiled a list of the public parking available. He said the Marine Parking garage has 288 stalls available and is 300 feet from the Alaska Steamship Dock. He said the Taku Lot, has 70 spots, where approximately half are managed through the Docks with a parking meter, and the other half are managed by the Taku Smokeries and Twisted fish for their patrons leaving about 35 spaces close to the Cruise Terminal Dock, 430 feet away.

Mr. Uchytil said the newest downtown parking garage has 207 parking spaces and is a distance of 1060 feet to the Alaska Steamship Dock, and 2080 feet to the Cruise Terminal.

Mr. Uchytil said this information was compiled for the Board to decide if nearly 550 parking spaces within nearly 1000 feet are adequate or where does the Board see other opportunities to have parking spaces along the dock.

Committee Discussion –

Ms. Smith said she does not know the needs of others but she knows her needs are to get in, pick up people close as possible, and to get out.

Mr. Wostmann said his vision is not a parking place, but a loading space as close as possible to the docks.

Mr. Houck said staff of Docks & Harbors are not overzealous in their enforcement of the parking regulations except when civilians come into lots and cause problems to which they respond quickly and apply leverage as needed. He said they are very reasonable and generally only approach cars in the lot seeking the goal of the visit and resources to guide them. He said he has never seen a ticket actually written but he is sure it is done when needed.

Mr. Creswell said our staff is there to assist people with needs. He said there are two paid handicap spaces and if a person parks and loads without leaving their vehicle they

will not be ticketed or approached. He said our staff works to assist people to access the waterfront and not block them out.

Public Comment – None

X. Staff and Member Reports.

Mr. Creswell said after the interview process the Deputy Harbormaster position has been offered to Jeremy Norbryhn. He said Mr. Norbryhn comes to us from the Alaska State Troopers and spent time working on the Enforcer and we are looking forward to his arrival on March 1st.

Mr. Schaal said the dredging in Harris Harbor is done and Western Marine Construction will come through to wash the mud off the docks. He said Statter Harbor piling installation for the Passenger for Hire Docks has been slowed by the cold temperatures and machinery breakages.

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting – Wednesday, March 17th, 2021

XII. Adjournment at 8:03 p.m.

Respectfully Submitted by: Ashley Bruce

Account	Budget	Expenditures	Balance
Salaries	$ 652,500.00	$ 190,411.58	$ 462,088.42
Overtime	$ 20,000.00	$ 7,372.24	$ 12,627.76
Accured Leave	$ -	$ 26,179.24	$ (26,179.24)
Benefits	$ 385,100.00	$ 106,051.68	$ 279,048.32
Workers Comp	$ 16,000.00	$ 16,000.00	$ -
Business Travel	$ 4,000.00	$ -	$ 4,000.00
Mileage	$ 400.00	$ 128.68	$ 271.32
Travel & Training	$ 15,300.00	$ 967.98	$ 14,332.02
Contractual Training	$ 4,000.00	$ -	$ 4,000.00
Telephone	$ 1,500.00	$ 221.60	$ 1,278.40
Printing	$ 5,000.00	$ 664.54	$ 4,335.46
Advertising	$ 2,000.00	$ 284.60	$ 1,715.40
Rents	$ 65,000.00	$ 43,338.06	$ 21,661.94
Electricity	$ 35,000.00	$ 9,415.72	$ 25,584.28
Fuel Oil & propane	$ 100.00	$ -	$ 100.00
Refuse disposal	$ 20,000.00	$ 9,479.34	$ 10,520.66
Water Service	$ 150,000.00	$ 880.06	$ 149,119.94
Waste Water Service	$ 4,000.00	$ 1,398.06	$ 2,601.94
Repairs	$ 50,000.00	$ 947.22	$ 49,052.78
Electronic Repair	$ 1,500.00	$ -	$ 1,500.00
Building Maintenance	$ 32,600.00	$ 32,600.00	$ -
Maintenance - Software	$ 3,500.00	$ -	$ 3,500.00
Landscape Division	$ 45,000.00	$ 45,000.00	$ -
Equipment Rental	$ 6,500.00	$ 455.00	$ 6,045.00
Fleet replacement	$ 10,000.00	$ 10,000.00	$ -
Equipment maintenance	$ 1,000.00	$ -	$ 1,000.00
Speciality & Property Insurance	$ 129,200.00	$ 129,200.00	$ -
General Liability, Auto & EE	$ 7,900.00	$ 7,900.00	$ -
Dues & Subscriptions	$ 2,500.00	$ 11,390.50	$ (8,890.50)
Contractual services	$ 94,800.00	$ 42,477.43	$ 52,322.57
Indepartmental	$ 215,400.00	$ 215,400.00	$ -
Bank Card fee	$ 1,600.00	$ 153.05	$ 1,446.95
Office Supplies	$ 2,000.00	$ 589.20	$ 1,410.80
Postage and parcel post	$ 2,500.00	$ 12.50	$ 2,487.50
Uniforms & Safety Equipment	$ 20,000.00	$ 1,558.29	$ 18,441.71
Materials & Commodities	$ 25,000.00	$ 8,323.13	$ 16,676.87
Safety programs & equipment	$ 5,000.00	$ 304.17	$ 4,695.83
Gasoline & oil	$ 500.00	$ -	$ 500.00
Total	**$ 2,036,400.00**	**$ 919,103.87**	**$ 1,117,296.13**

Docks & Harbors Board

RESOLUTION

Lease Rent Deferment

Whereas, the Docks & Harbors Board believes in forming strong economic partnerships with businesses who depend on or whose establishments requirement contractual lease arrangements; and,

Whereas, the Docks & Harbors Board recognizes that the global COVID-19 pandemic has severely impacted the pursuit of economic fortunes of numerous Juneauite proprietors; and,

Whereas, Docks & Harbors wishes to extend fiscal relief to businesses with demonstrative losses and commensurate with the fiduciary responsibilities of the Board.

Therefore, the policy of the Docks & Harbors Board shall be:

> In that, any business with a contractual relationship with Docks & Harbors may petition the Port Director for a deferment of future calendar year 2021 invoices; and,
>
> In that, after a means tested determination of significant revenue losses as the result of COVID 19 pandemic , that Docks & Harbors shall offer a deferment of all or a portion thereof the calendar year lease rent payment to be repaid over the course of the lease period at a rate determined annually by the [LIBOR, commercial prime, etc](rate currently at x%).

Signed _____

Don Etheridge
Docks & Harbor Board Chair

Appraisal Report
Market Value and Annual Market Rent Appraisal
City & Borough of Juneau, Real Property Lease
at the UAS Marine Tech Center
1425 Harbor Way, Juneau, Alaska

View of subject from southeast corner across subject waterfront

Prepared For:	Tina Thomas, Senior Property Manager UAS Facilities and Land Management 1815 Bragaw Street, Suite 101 Anchorage, Alaska
Prepared By:	Joshua Horan, Appraiser Charles Horan, MAI Horan & Company, LLC 403 Lincoln Street, Suite 210 Sitka, Alaska 99835
Effective Date:	December 31, 2020
Report Date:	February 16, 2021
Our File:	20-042 Lease Property

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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

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

February 16, 2021

Tina Thomas
Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska 99508 Sent via email: TMThomas9@alaska.edu

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

Dear Ms. Thomas,

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

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

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

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

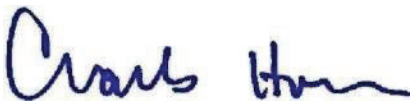
The rental situation envisioned here would be based on the estimated value of the real estate. We made a brief walkthrough inspection of the subject property and considered information provided by the University of Alaska, lessor, and the CBJ, lessee, about the character of the property and its condition.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

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

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

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

Sincerely,



Joshua Horan
APGR 123317
Horan & Company LLC

Charles Horan, MAI
APGR 41

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Subject Photos
Comparable Sales
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CERTIFICATE OF APPRAISER

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.

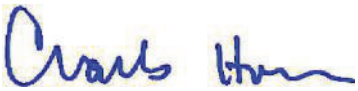
- We have made a personal inspection of the property that is the subject of this report.

- No one provided significant real property appraisal assistance to the persons signing this certification.

- We have not performed any other services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.

- As of the date of this report, Charles Horan has completed the continuing education program for Designated Members of the Appraisal Institute.

Josh Horan
APRG 123317
Horan & Company, LLC



Charles Horan, MAI
APRG 41

December 31, 2020
Effective Date of Appraisal

February 16, 2021
Date of Report

1 INTRODUCTION

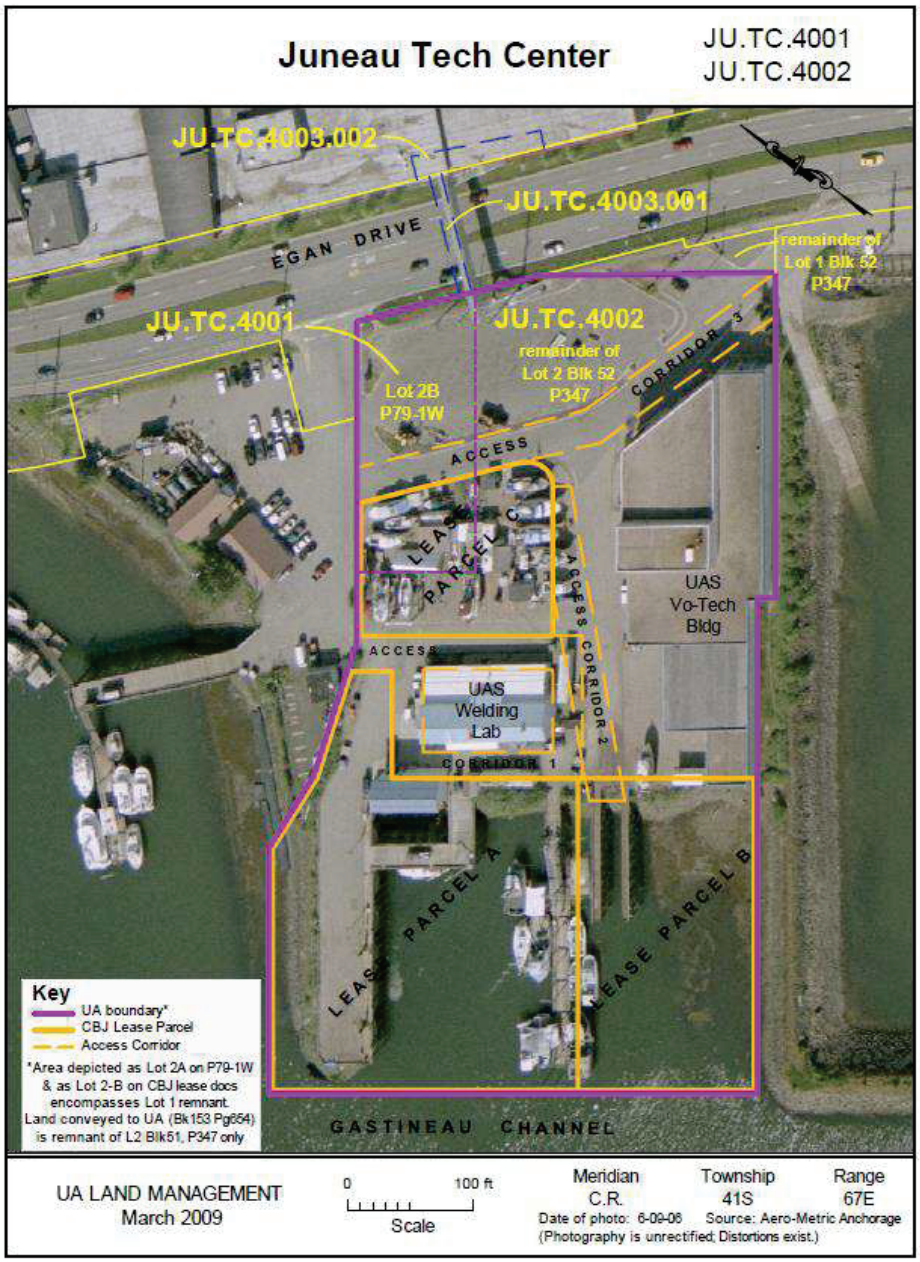


Figure 1.1 - Outline of a larger tract highlighting the subject lease parcels and shared access corridors.

1.1 PURPOSE, INTENDED USE & INTENDED USERS OF APPRAISAL

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

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

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

Concession 3, share in sublet rents

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

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

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

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

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

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

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

1.2 SYNOPSIS OF SUBJECT LEASE

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

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

Lessor: University of Alaska

Lessee: City and Borough of Juneau

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3 SCOPE OF WORK

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

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

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

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

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

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

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

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

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

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

The subject as a marina property is essentially an owner user property. The market rent for the subject is based on the value of the property to an owner for its personal or institutional use at a lease percentage rate. Typically, a percentage of the value will be negotiated to express a net commercial for this type of property. We will discuss the range of rental percentage rates[4] and how they would be applicable in the subject instance. The annual market rent then will be based on a percentage of the market value of the property.

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

1.4 INSPECTION & EFFECTIVE DATE

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

1.5 RECENT OWNERSHIP & PROPERTY HISTORY

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

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

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

1.6 ASSUMPTIONS & LIMITING CONDITIONS

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

Hypothetical Condition (HC)

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

Extraordinary Assumptions (EA)

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

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

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

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

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

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

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

4. The property described herein has been examined exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the Highest and Best Use of the subject property and make meaningful comparisons in the valuation of the property. The appraisers' observations and reporting of the subject land or improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes that the subject is structurally sound and all components are in working condition.

5. This appraisal report may note any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because We are not experts in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. We obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that we believe to be true and correct. It is assumed that no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.

6. The client is the party or parties who engage an appraiser in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained

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

7. The appraisal report may not be properly understood without access to the entire report. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.

8. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.

9. One (or more) of the signatories of this appraisal report is a member or associate member of the Appraisal Institute. The bylaws and regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of signatories of this appraisal report.

10. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.7 DEFINITIONS

Market Value

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

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

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

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

The estimated market exposure time is 18 to 24 months.

Market Rent

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

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

Highest and Best Use

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

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

Hypothetical Condition

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

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

Extraordinary Assumption

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

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

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

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

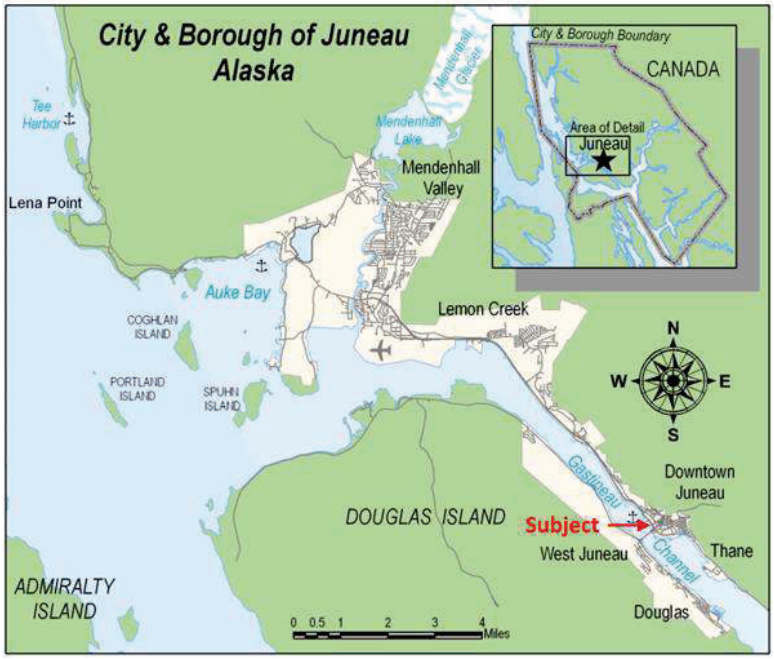


FIGURE 2.1 – Juneau Area

According to the Alaska Department of Labor and Workforce Development, estimates, included in the Juneau Economic Development Council's (JEDC's) 2020 report on the 2019 data, for the the first time in eight years Juneau experienced a small net gain in the government sector. While state and federal government decreased, local and tribal government increased for a 0.2% net increase in government employment. Juneau's state government sector is still the largest contributor, making up 24% of all wages. The three top contributors to Juneau's economy are government, travel and hospitality, combined making for nearly half (48%) of all earnings. Figure 2.2 below shows that in the past several years, the private sector has continued to grow while the government sector declined. Government employment is now about 60% of the private sector's rate (6,719 jobs compared to 11,232).

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

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

FIGURE 2.2 – Juneau's per Capita Income Compares to State and National Data. Source: JEDC's 2020 Annual Report.

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

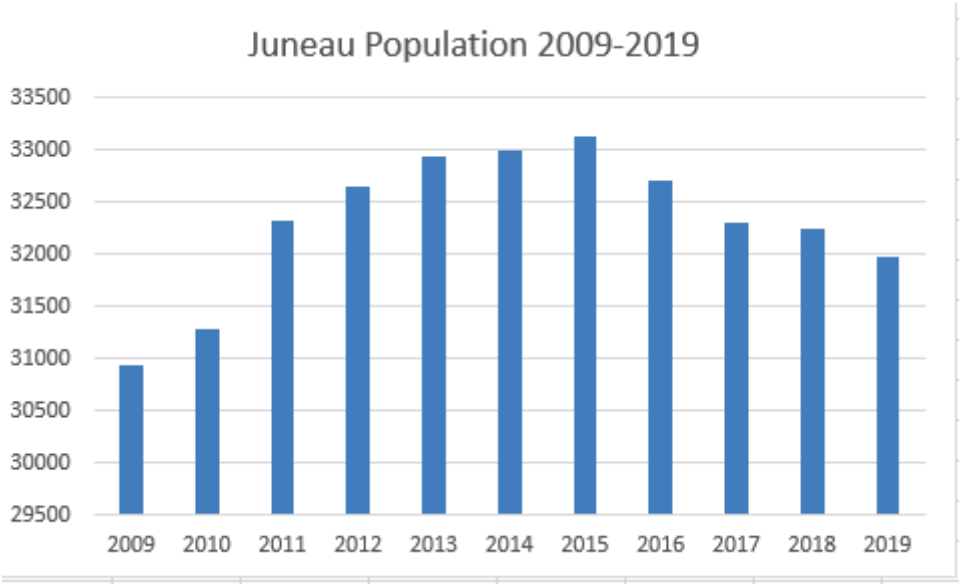


FIGURE 2.3 – Juneau, Alaska, Population Trends (2009-2019). Source: JEDC's 2020 Annual Report

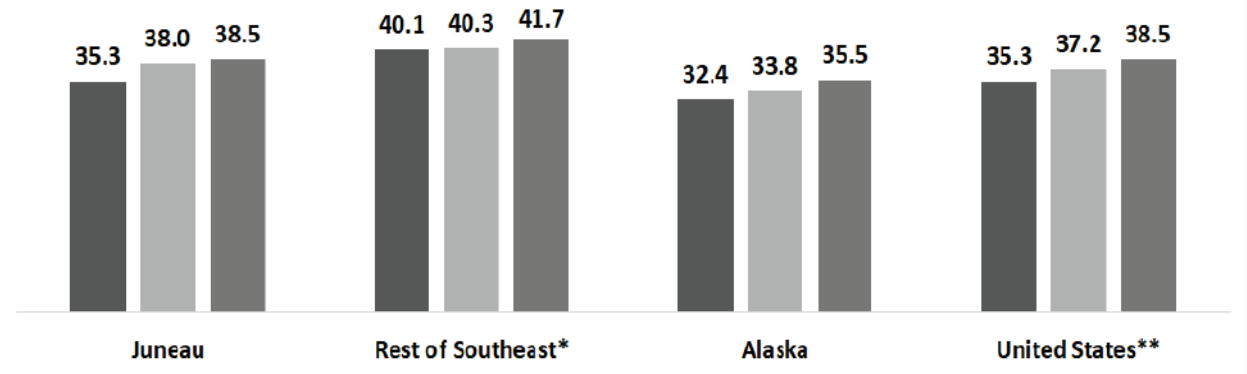


FIGURE 2.4 – Median Age, 2000, 2010, and 2019. Published in JEDC's 2020 Annual Report

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

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

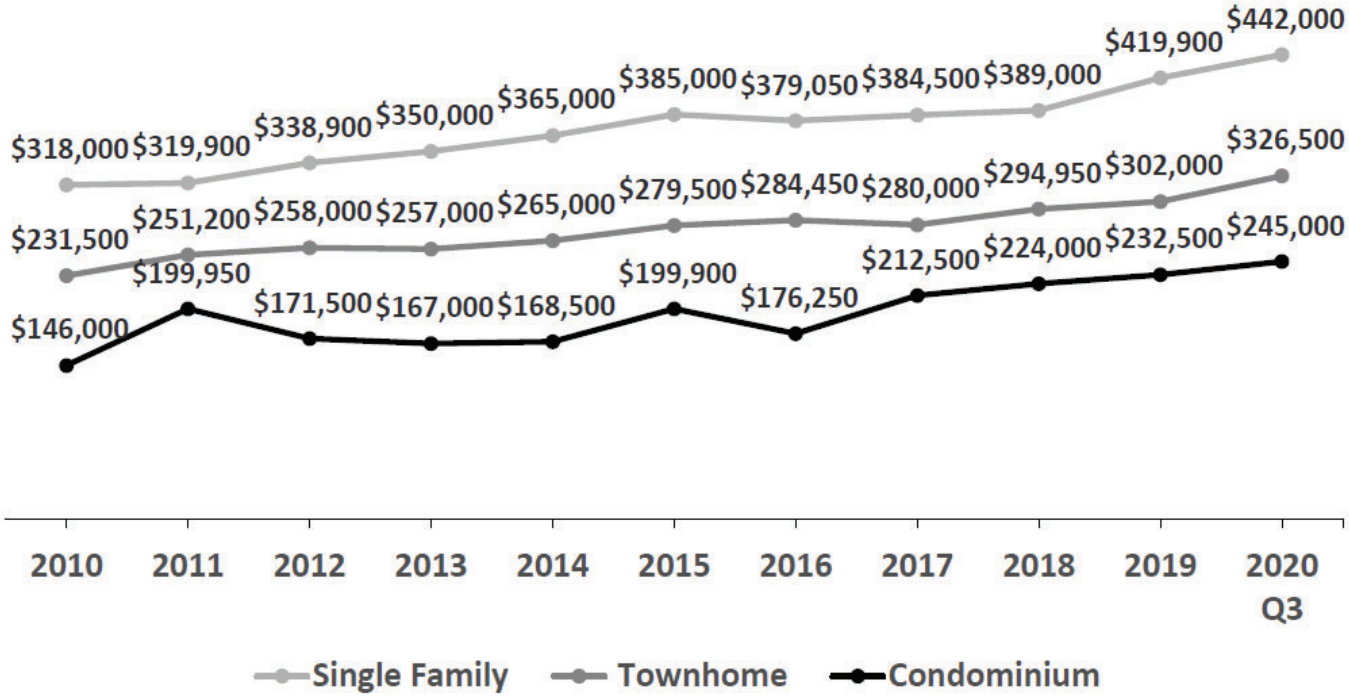


FIGURE 2.5 – Median Price of Single Family, Attached Homes and Condominiums from 2012-2020, Q3. Published in JEDC's 2020 Annual Report.

2.2 NEIGHBORHOOD ANALYSIS

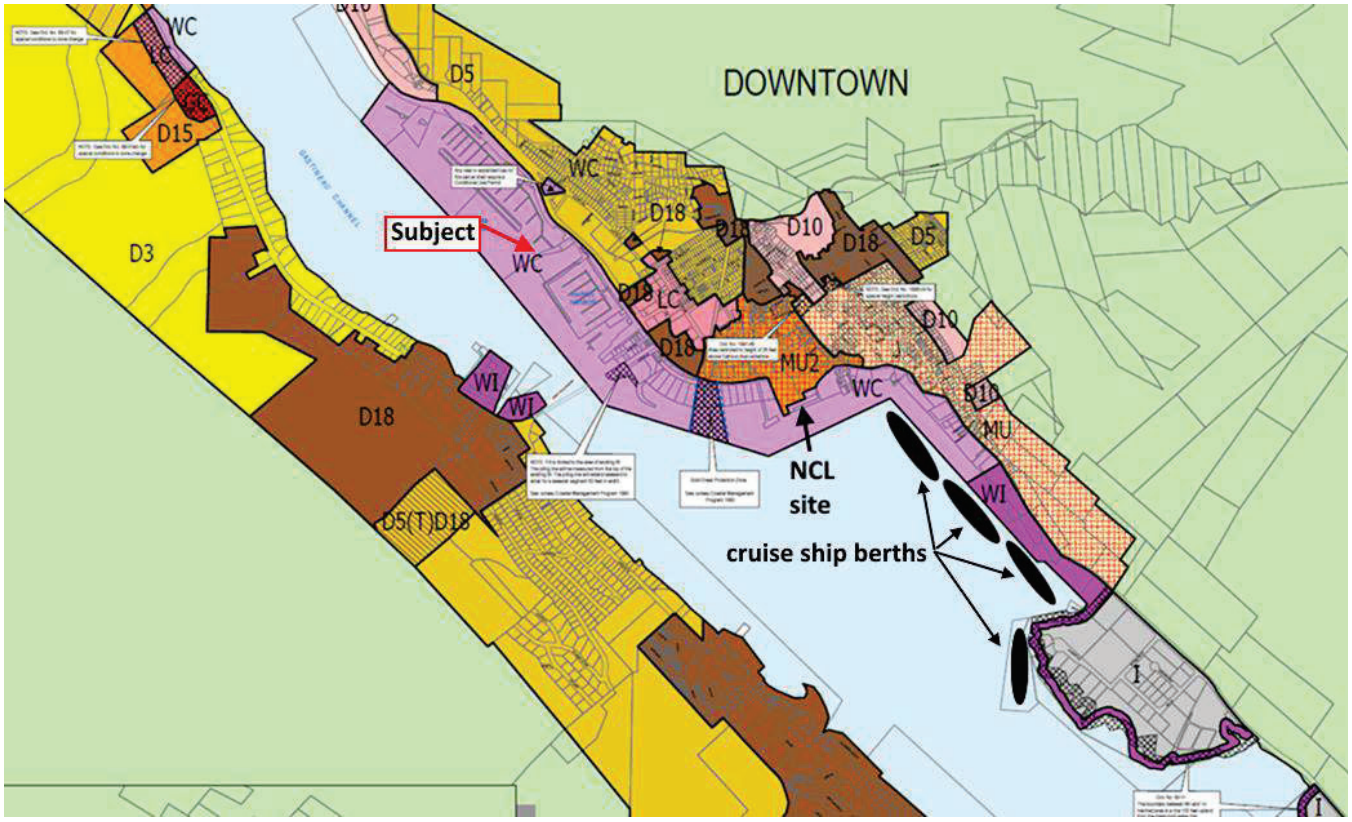


FIGURE 2.6 - Zoning Map. Source: CBJ Downtown Juneau & Douglas Zoning Map as of September 29, 2015 annotated by Horan & Company.

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

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

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

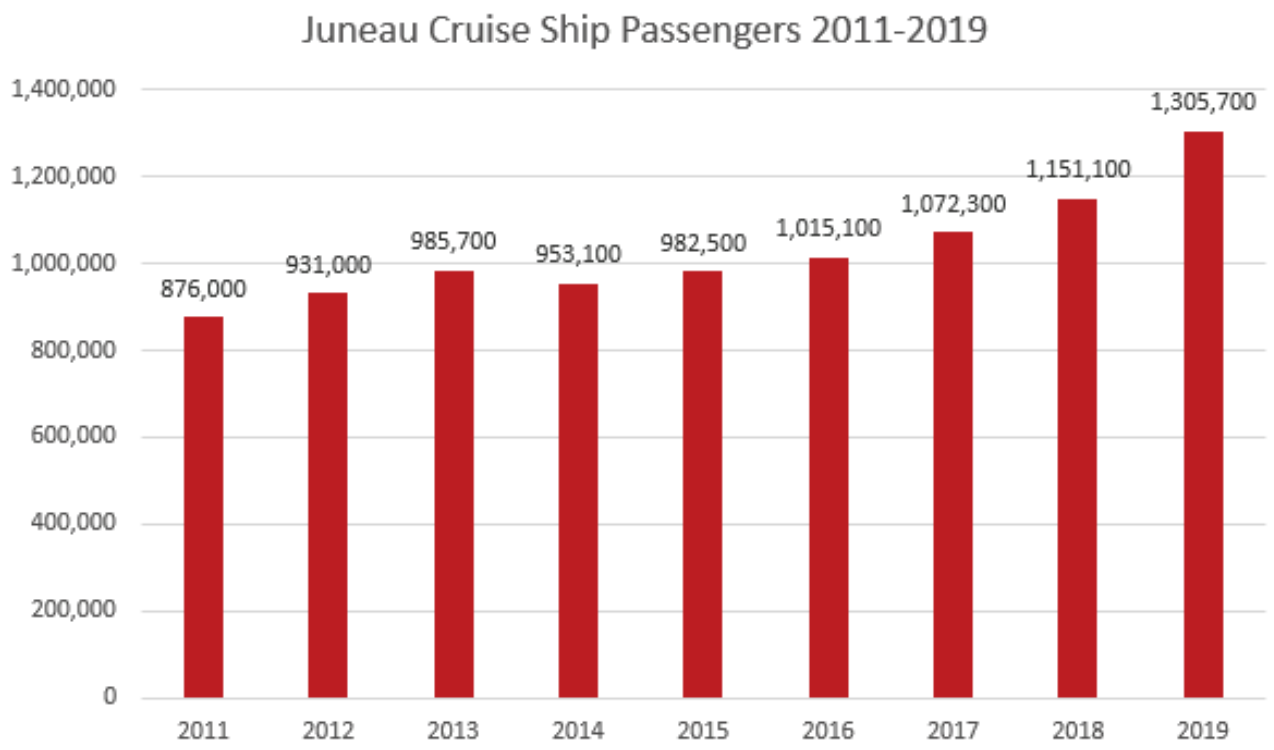


FIGURE 2.7 – Juneau Cruise Ship Passenger Counts. Source: JEDC's 2020 Annual Report

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

The Bridge to Norway Point

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

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

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

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

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

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

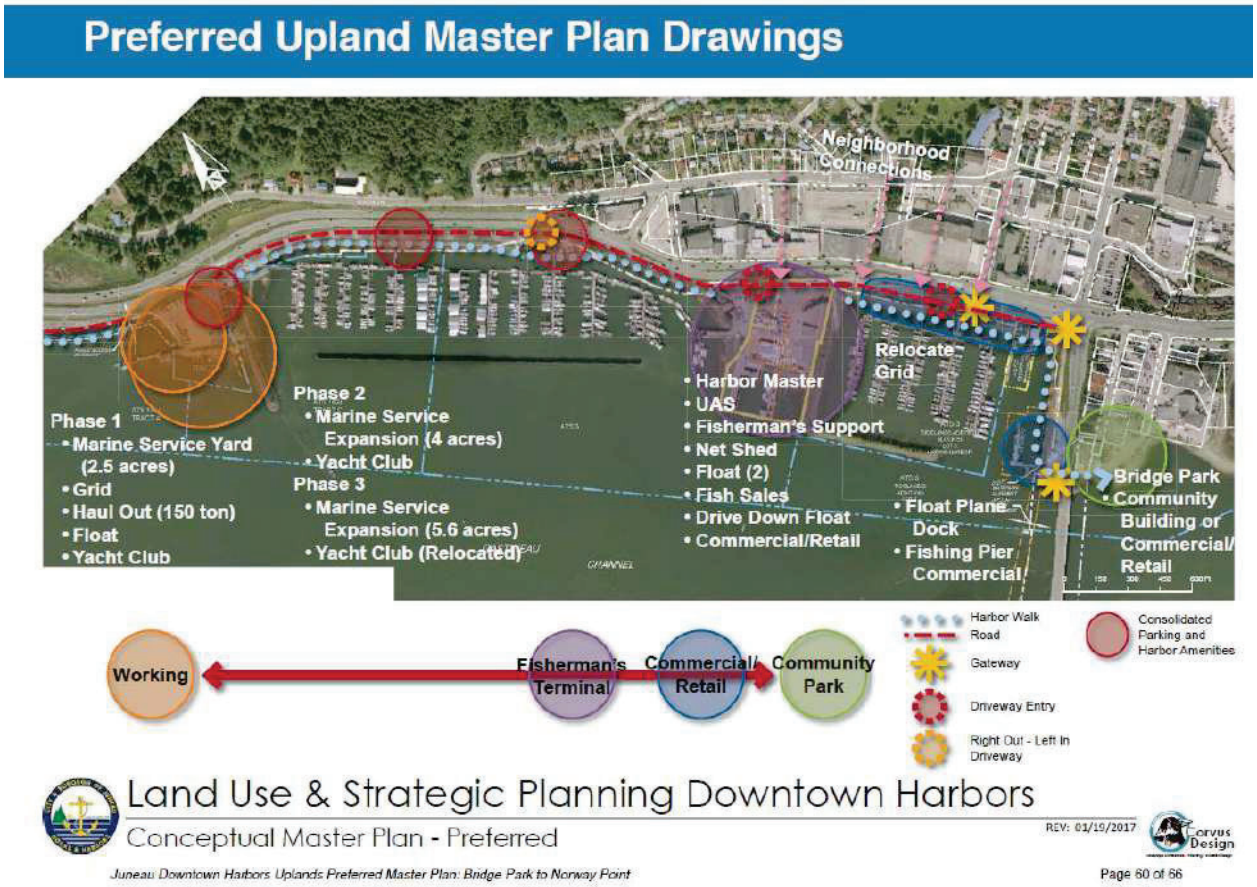


FIGURE 2.9 - Preferred opportunity from the Juneau Downtown Harbor Uplands Preferred Master Plan: Bridge Park to Norway Point.

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

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

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

3 SITE DESCRIPTION

3.1 LARGER PARCEL

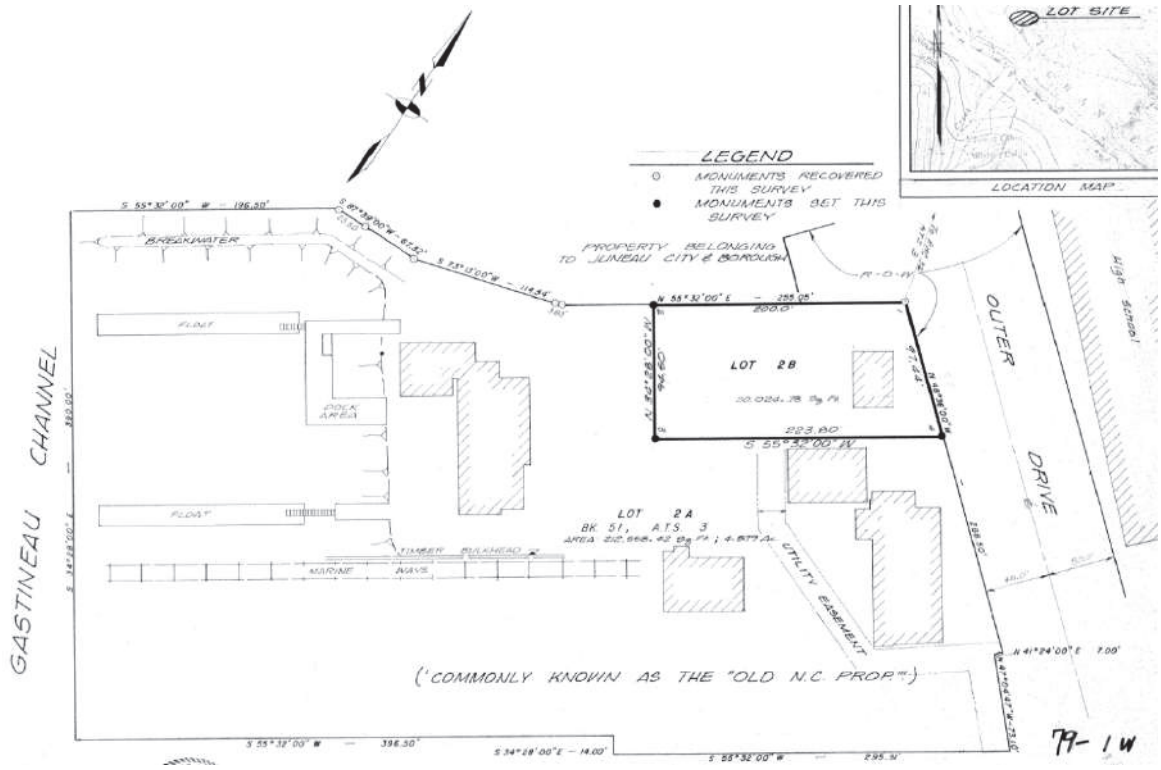


FIGURE 3.1 - Excerpt of Plat 79-1W showing the larger parcel

Size, Shape, and Adjacent Uses

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

Soils and Topography

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

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

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

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

Access and Utilities

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

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

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

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

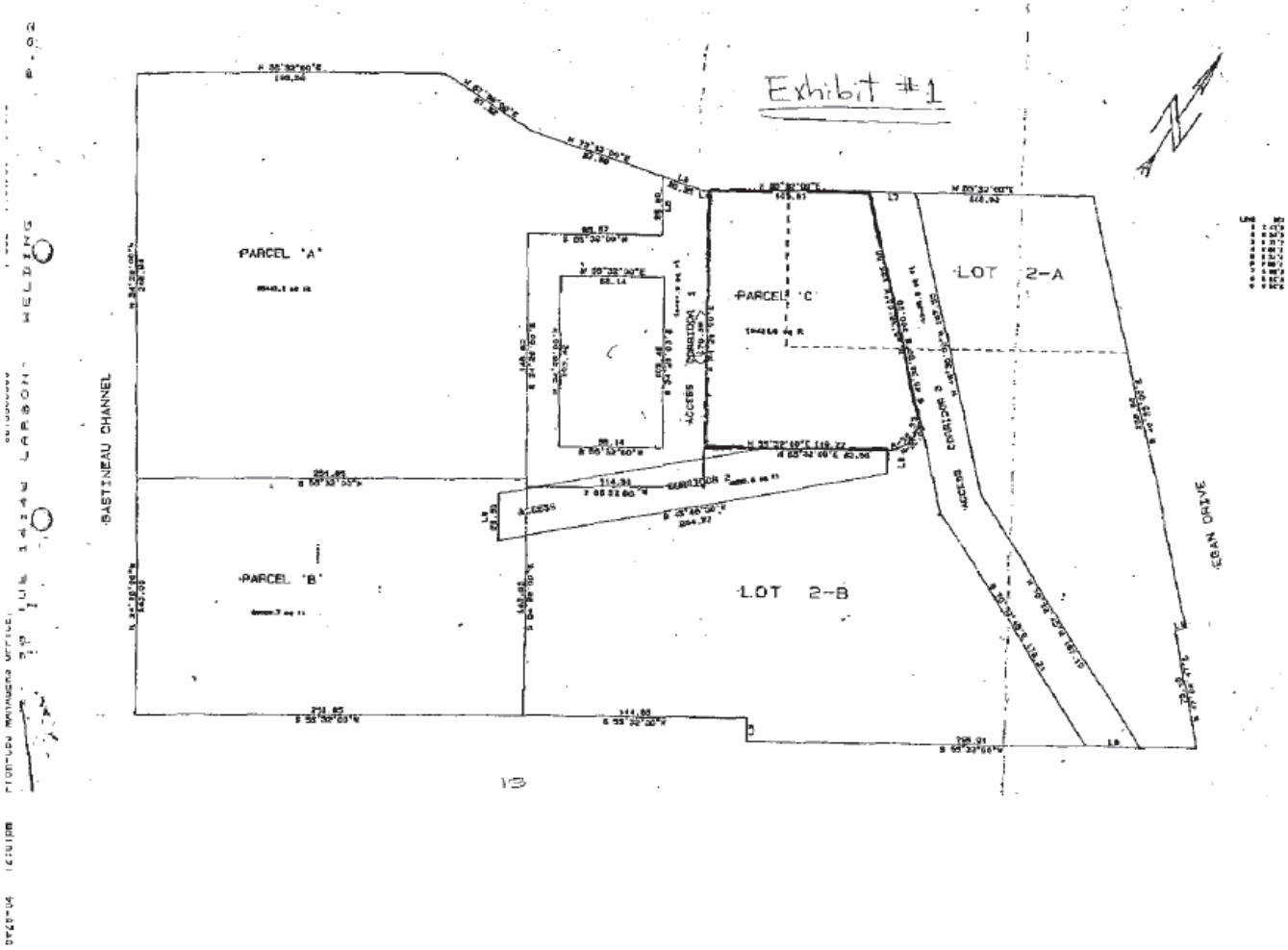
Environmental Hazards
There are no obvious environmental hazards, however, I am not an environmental inspector or engineer.

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

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

3.2 LEASE PARCEL WITH ACCESSES

The subject's lease area is imposed on the larger parcel as three separate sub parcels connected by access corridors. The layout is shown in Figure 3.5.



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

Parcel B, adjacent and to the south of Lease Parcel A, occupies the southern end of the basin from just south of main float all the way to the breakwater of Harris Harbor. It is **36,030 SF** and encompasses the travel lift piers and ramp. It is rectangular in shape, with 143.06 feet of width along the Channel and a 251.86-foot depth back to the larger parcel uplands. The tidelands around the main float and north and seaward of the travel piers are dredged and usable whereas the tidelands south of the travel lift are

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

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

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

The area breakout for these lease spaces is as follows:

TABLE 3.2 - Summary Allocation of Subject Lease Areas

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

3.3 DESCRIPTION OF MARINE IMPROVEMENTS

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

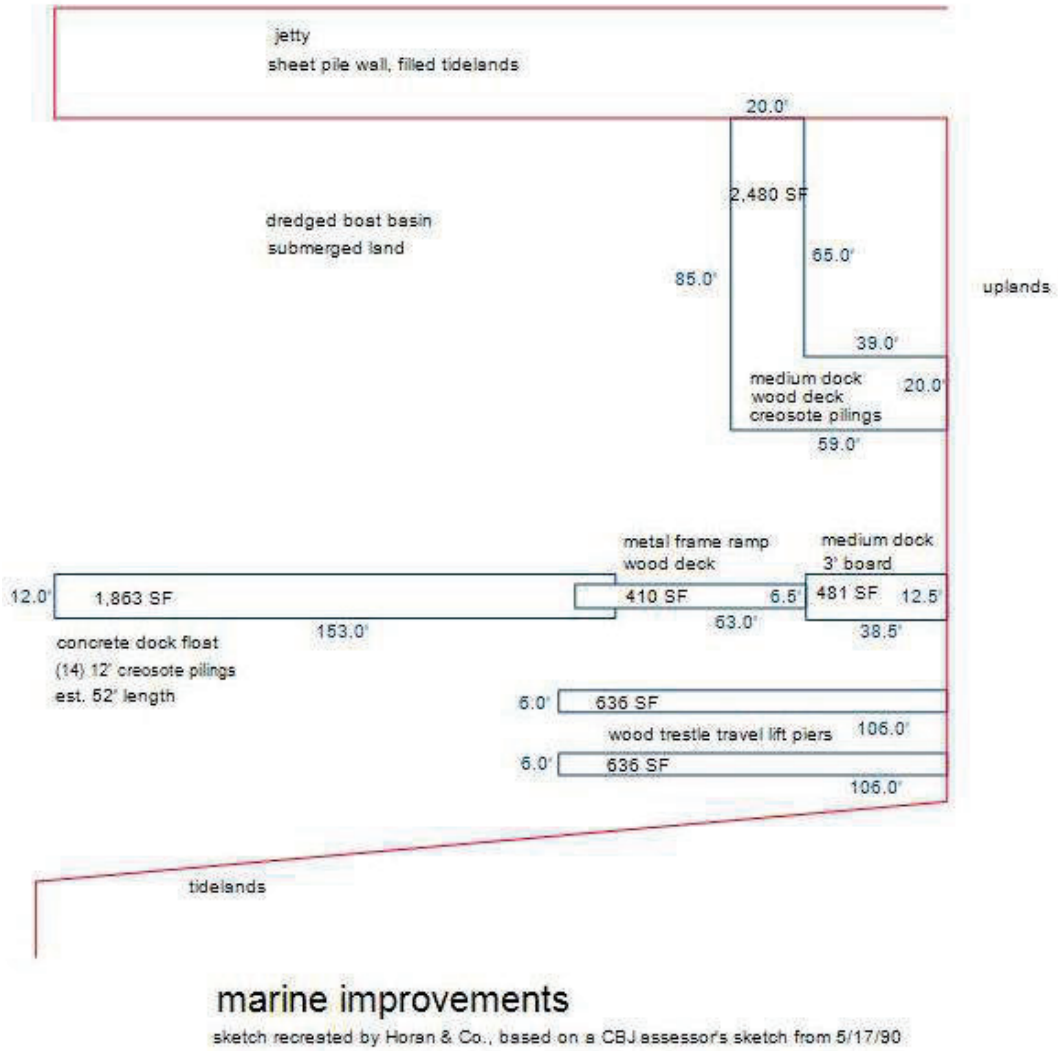


FIGURE 3.4 - Sketch showing layout and approximate size of marine improvements. It is not a survey

Travel Lift Pier

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

Main Float

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

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

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

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

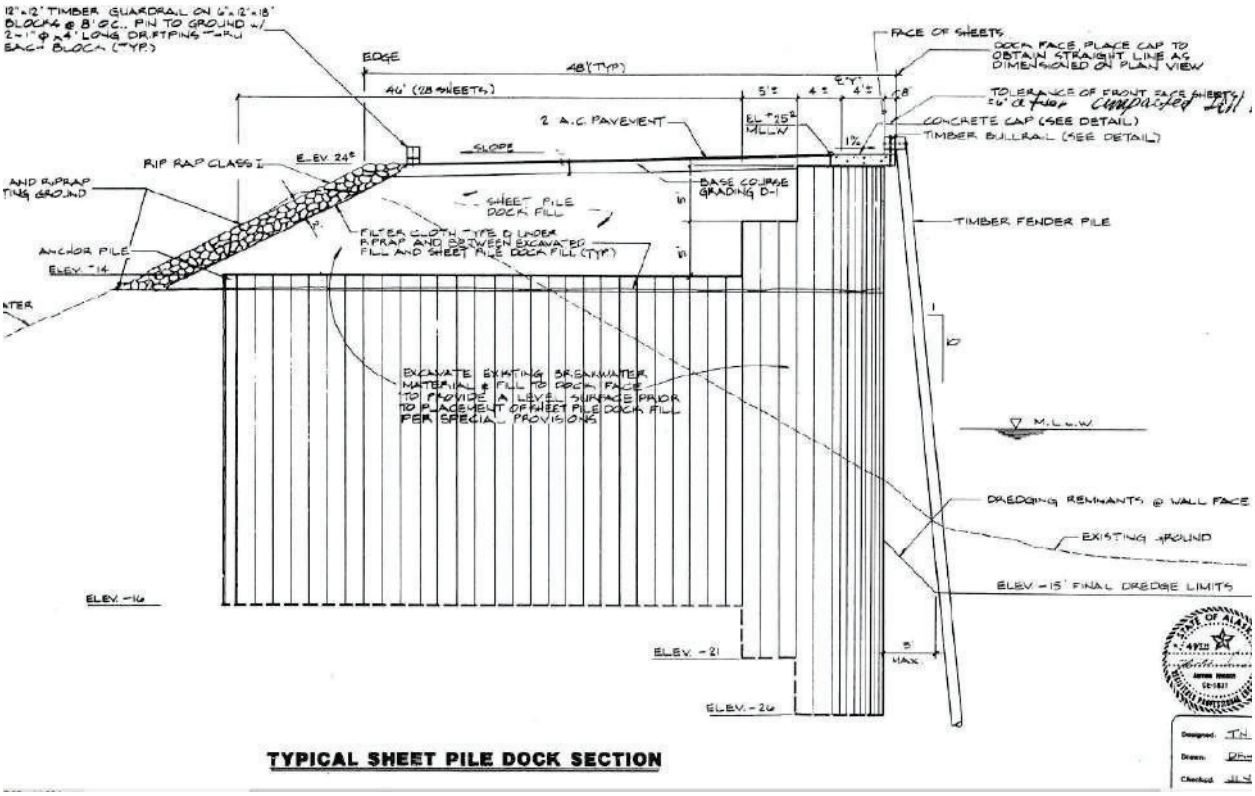


FIGURE 3.5 – Excerpt from1988 fishermen's terminal upgrade showing jetty expansion project depth of steel sheet piling and repose of slope on backside.

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

4 VALUATION

4.1 HIGHEST & BEST USE

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

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

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

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

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

4.2 LAND VALUE OF THE LARGER PARCEL

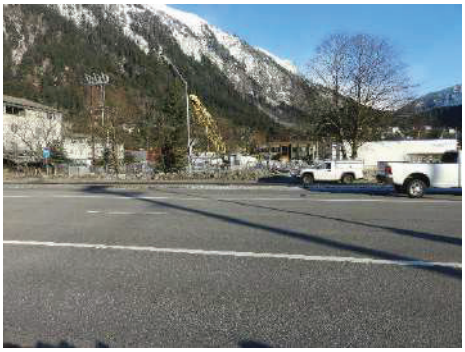
Commercial land sales and rents in the immediate area were considered for estimating the value of the subject. There are a limited number of actual land transactions in the Juneau Harbor waterfront area. The following transactions were found to be most helpful in our analysis. Details of these comps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

Comparable Sales Location Maps

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

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

Contributory Value of Uplands



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

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

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

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

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

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

TABLE 4.2 - Summary Comparable Unit Value Ranking Uplands

The comps indicated the upland value is:		Price/SF
Comp 1	More than	$18.00/SF
Comp 2	More than	$22.00/SF
Comp 3	Similar to	$31.77/SF
Comp 4	Less than	$52.60/SF

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

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

Contributory Value of Dredged/Submerged Tidelands & Sloping Tidelands
The next land types to be examined are the subject's dredged tidelands, which allow for moorage, and the sloping tidelands which have more limited utility. The following comps were analyzed:

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

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

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

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

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

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

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

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

Value of the Larger Parcel

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

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

4.3 VALUE OF THE CBJ LEASE AREA

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

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

4.4 COST APPROACH, MARINE IMPROVEMENTS

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

TABLE 4.6 - Summary of Marine Improvements Effective Age and Net Good Condition

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

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

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

times $10,000) in the subject instance. We've made an adjustment for depreciation of this amount based on the age in remaining life (32 years at a 45-year life). We adjusted the contributory value of the land behind the wall which left a net value of the contribution of the wall at $410,000[6] or about $1640 per lineal foot.

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

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

TABLE 4.7 - Summary of Estimated Contributory Value of the Improvements

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

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

Indicated land value	$2,230,000
Marine Improvements	$650,000
Indicated Value by the Cost Approach	$2,880,000

[6] Cost of the sheep of wall $2,500,000 within that remaining value 29% (45-year life 32-year age) = $722,222. The land behind the walls, 10,080 SF and $31.00/SF equals $312,4803 leaving a residual value to the structure of $409,742 ($722,222 - $312,480), rounded $410,000.

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

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

4.5 VALUE CONCLUSION

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

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

4.6 RENTAL VALUE

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

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

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

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

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

Prepared For:	Tina Thomas, Senior Property Manager UAS Facilities and Land Management 1815 Bragaw Street, Suite 101 Anchorage, Alaska
Prepared By:	Joshua Horan, Appraiser Charles Horan, MAI Horan & Company, LLC 403 Lincoln Street, Suite 210 Sitka, Alaska 99835
Effective Date:	December 31, 2020
Report Date:	February 16, 2021
Our File:	20-042 UAS Whole Property

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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February 16, 2021

Tina Thomas
Senior Property Manager
UAS Facilities and Land Management
1815 Bragaw Street, Suite 101
Anchorage, Alaska 99508 Sent via email: TMThomas9@alaska.edu

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

Dear Ms. Thomas,

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

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

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

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

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

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

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

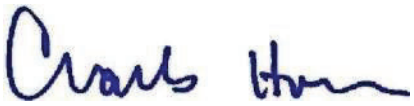
We made a brief walkthrough inspection of the subject property and considered information provided by the University of Alaska, owner, and the CBJ, the tenant of the leased area, about the character of the property and its condition. We are not engineers and cannot certify the condition of the property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

Market value $8,570,000

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

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

Sincerely,



Joshua Horan
APGR 123317
Horan & Company LLC

Charles Horan, MAI
APGR 41

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Site and Marine Improvements Photos
Comparable Sales
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CERTIFICATE OF APPRAISER

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.

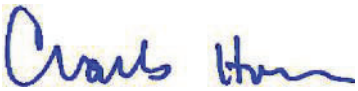
- We have made a personal inspection of the property that is the subject of this report.

- No one provided significant real property appraisal assistance to the persons signing this certification.

- We have not performed any other services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.

- As of the date of this report, Charles Horan has completed the continuing education program for Designated Members of the Appraisal Institute.

Josh Horan
APRG 123317
Horan & Company, LLC



Charles Horan, MAI
APRG 41

December 31, 2020
Effective Date of Appraisal

February 16, 2021
Date of Report

1 INTRODUCTION

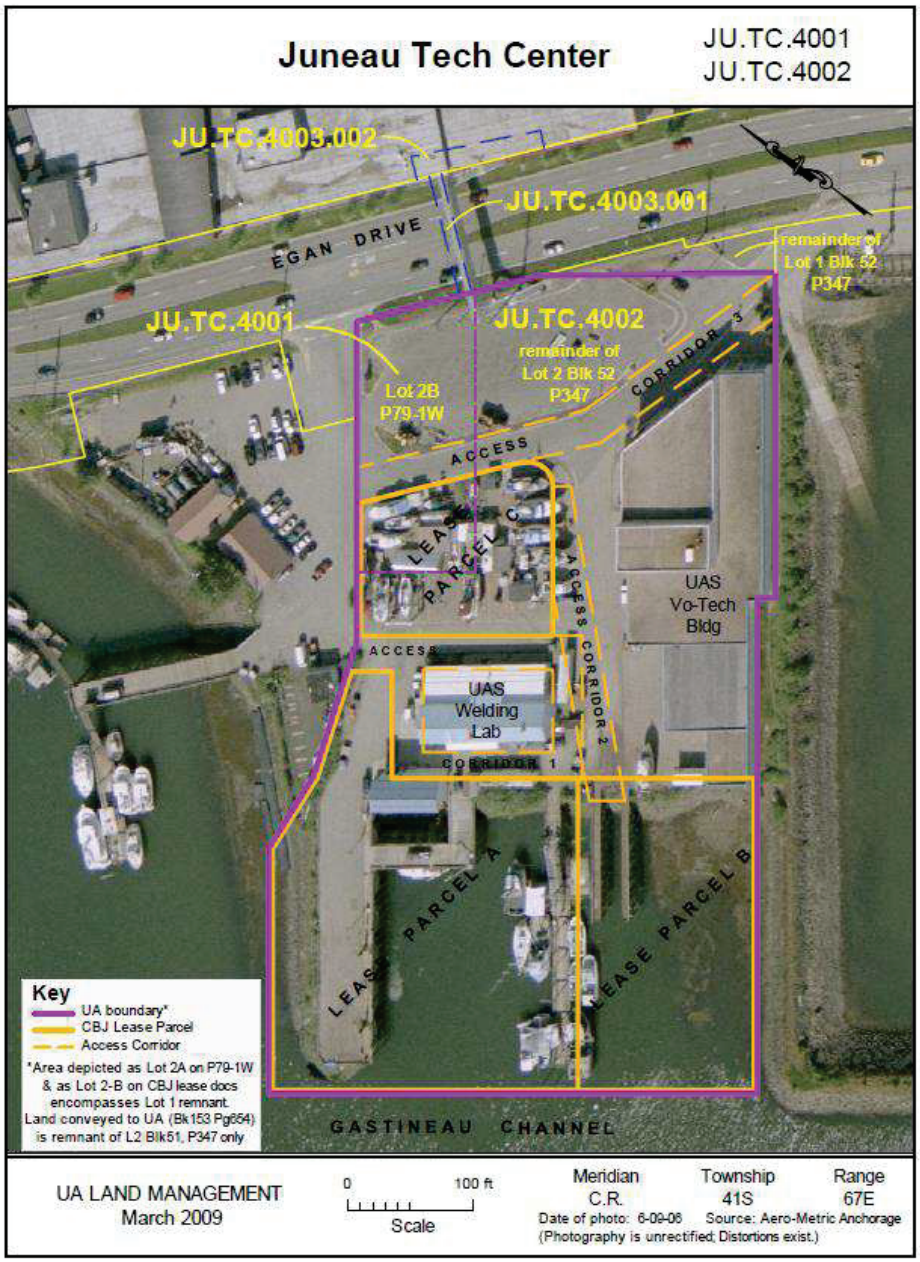


Figure 1.1 - Outline of the larger tract appraised herein. This exhibit also notes the lease parcels which are disregarded for the purpose of this appraisal.

1.1 PURPOSE, INTENDED USE & INTENDED USERS OF APPRAISAL

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

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

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

1.2 SCOPE OF WORK

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3 INSPECTION & EFFECTIVE DATE

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

1.4 RECENT OWNERSHIP & PROPERTY HISTORY

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

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

1.5 ASSUMPTIONS & LIMITING CONDITIONS

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

Hypothetical Condition (HC)

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

Extraordinary Assumptions (EA)

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

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

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

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

1. It is assumed the data, maps and descriptive data furnished by the client or its representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.

2. The valuations are based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.

3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.

4. The property described herein has been examined exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the Highest and Best Use of the subject property and make meaningful comparisons in the valuation of the property. The appraisers' observations and reporting of the subject land or improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes that the subject is structurally sound and all components are in working condition.

5. This appraisal report may note any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. We obtained the information, estimates, and opinions furnished by other parties

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

6. The client is the party or parties who engage an appraiser in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.

7. The appraisal report may not be properly understood without access to the entire report. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.

8. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.

9. One (or more) of the signatories of this appraisal report is a member or associate member of the Appraisal Institute. The bylaws and regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of signatories of this appraisal report.

10. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.6 DEFINITIONS

Market Value

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

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

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

The estimated market exposure time is 18 to 24 months.

Market Rent

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

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

Highest and Best Use

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

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

Hypothetical Condition

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

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

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

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

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

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

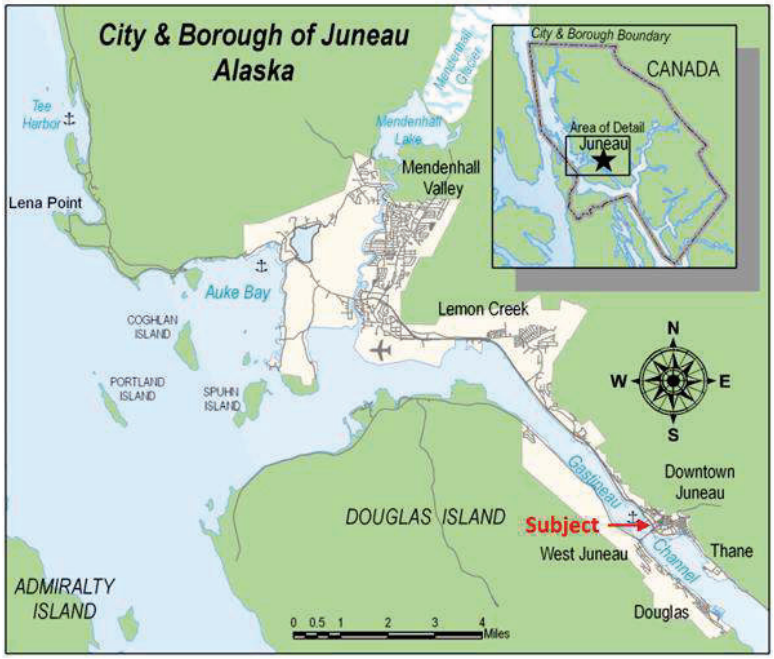


FIGURE 2.1 – Juneau Area

According to the Alaska Department of Labor and Workforce Development, estimates, included in the Juneau Economic Development Council's (JEDC's) 2020 report on the 2019 data, for the the first time in eight years Juneau experienced a small net gain in the government sector. While state and federal government decreased, local and tribal government increased for a 0.2% net increase in government employment. Juneau's state government sector is still the largest contributor, making up 24% of all wages. The three top contributors to Juneau's economy are government, travel and hospitality, combined making for nearly half (48%) of all earnings. Figure 2.2 below shows that in the past several years, the private sector has continued to grow while the government sector declined. Government employment is now about 60% of the private sector's rate (6,719 jobs compared to 11,232).

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

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

FIGURE 2.2 – Juneau's per Capita Income Compares to State and National Data. Source: JEDC's 2020 Annual Report.

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

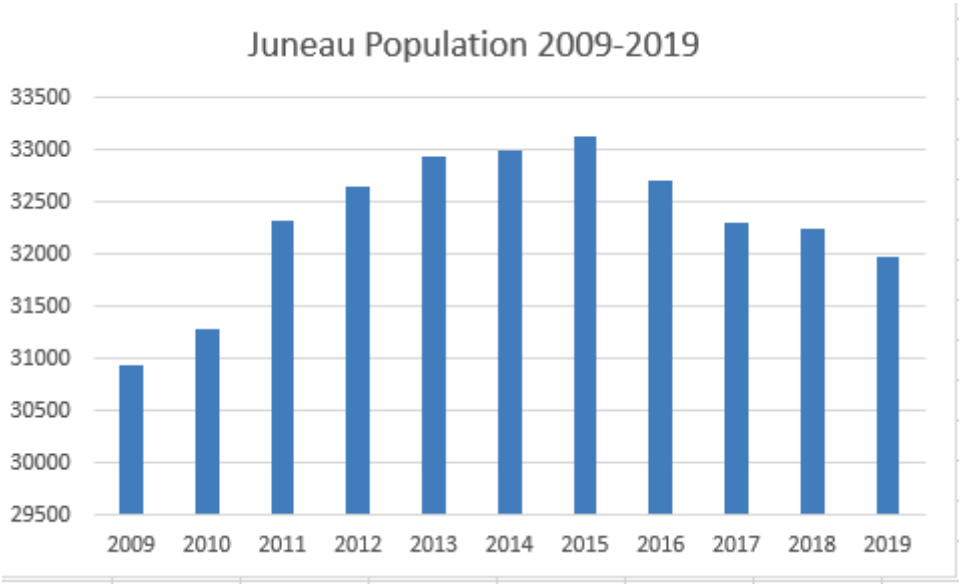


FIGURE 2.3 – Juneau, Alaska, Population Trends (2009-2019). Source: JEDC's 2020 Annual Report

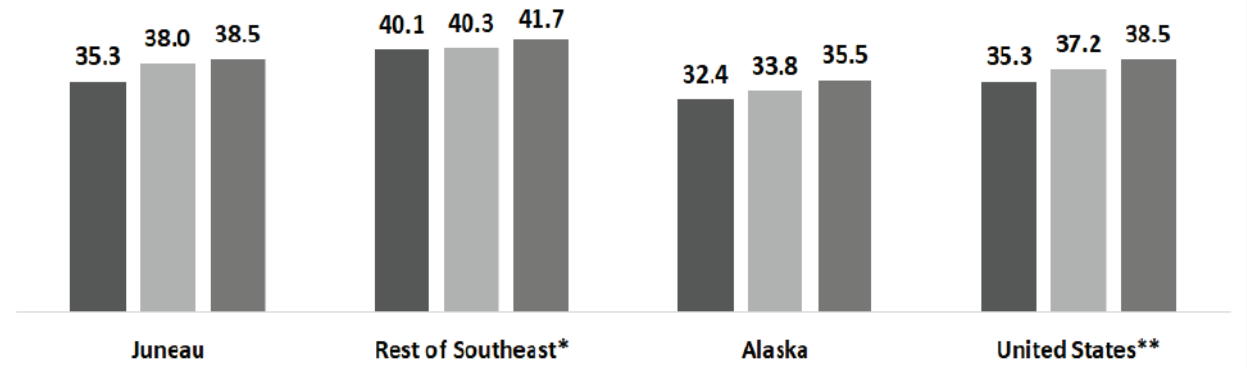


FIGURE 2.4 – Median Age, 2000, 2010, and 2019. Published in JEDC's 2020 Annual Report

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

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

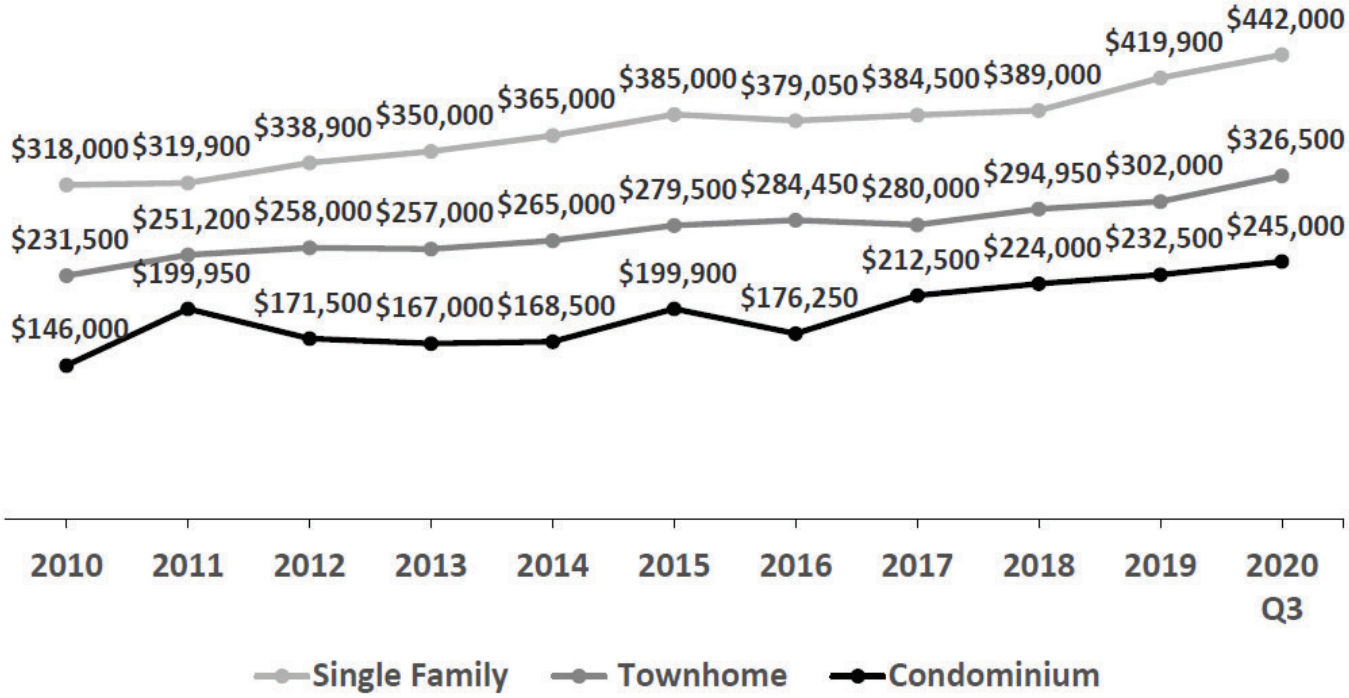


FIGURE 2.5 – Median Price of Single Family, Attached Homes and Condominiums from 2012-2020, Q3. Published in JEDC's 2020 Annual Report.

2.2 NEIGHBORHOOD ANALYSIS

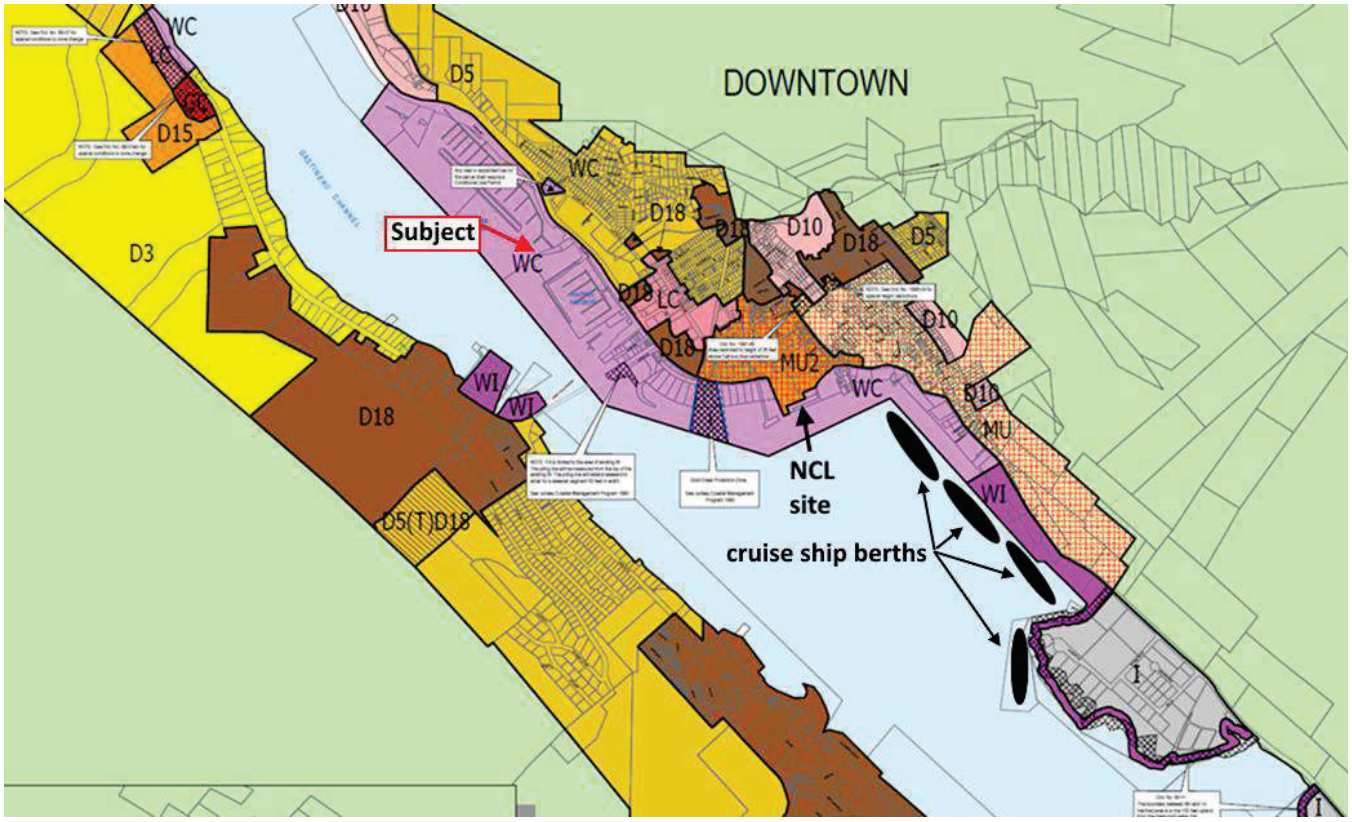


FIGURE 2.6 - Zoning Map. Source: CBJ Downtown Juneau & Douglas Zoning Map as of September 29, 2015 annotated by Horan & Company.

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

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

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

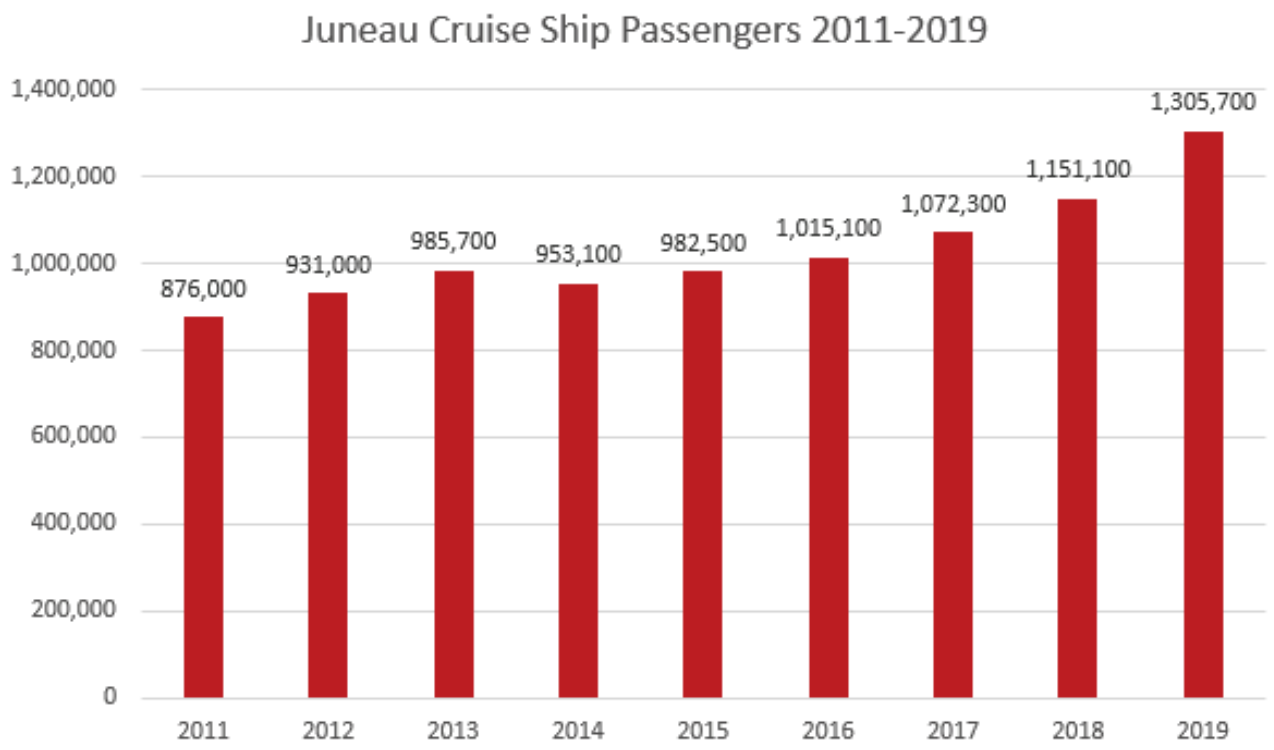


FIGURE 2.7 – Juneau Cruise Ship Passenger Counts. Source: JEDC's 2020 Annual Report

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

The Bridge to Norway Point

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

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

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

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

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

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

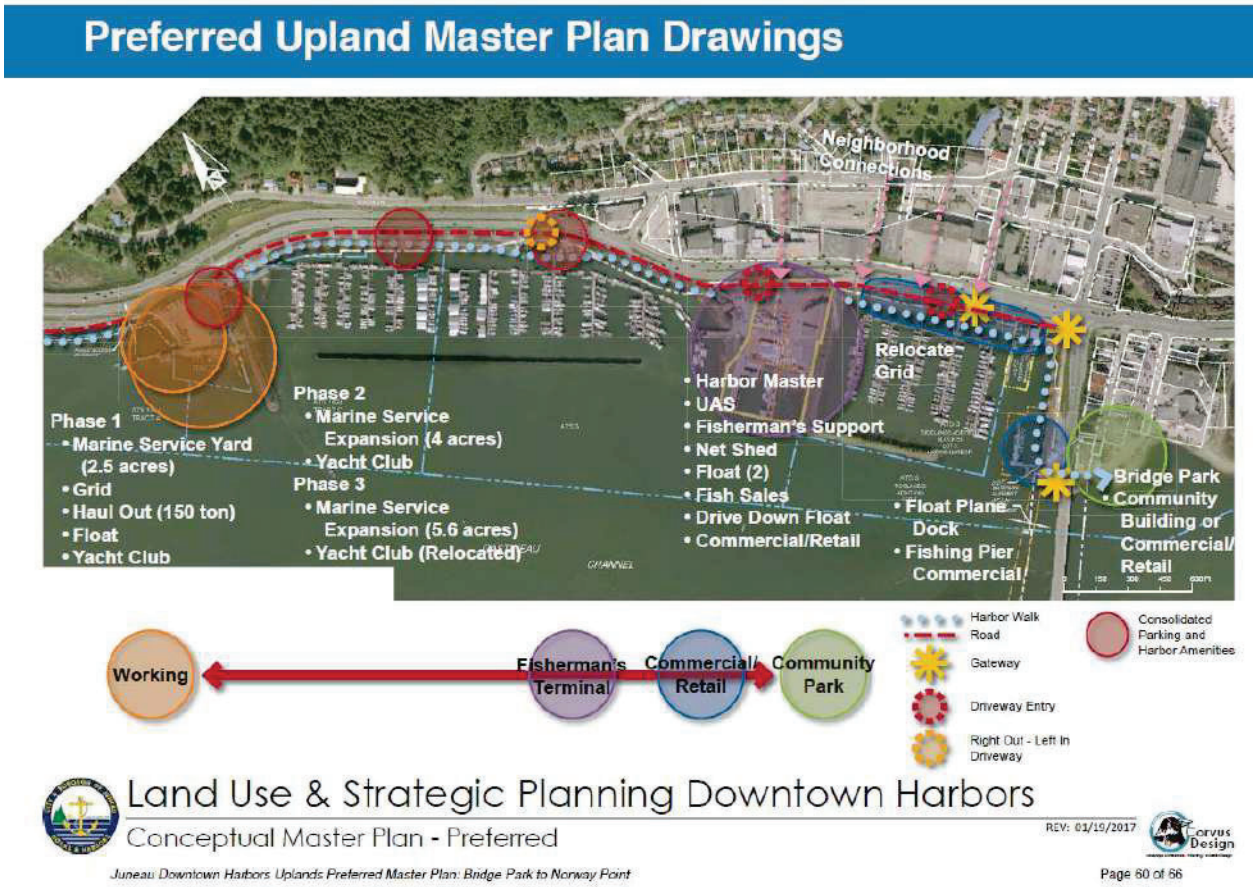


FIGURE 2.9 - Preferred opportunity from the Juneau Downtown Harbor Uplands Preferred Master Plan: Bridge Park to Norway Point.

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

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

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

3 PROPERTY DESCRIPTION

3.1 LAND DESCRIPTION

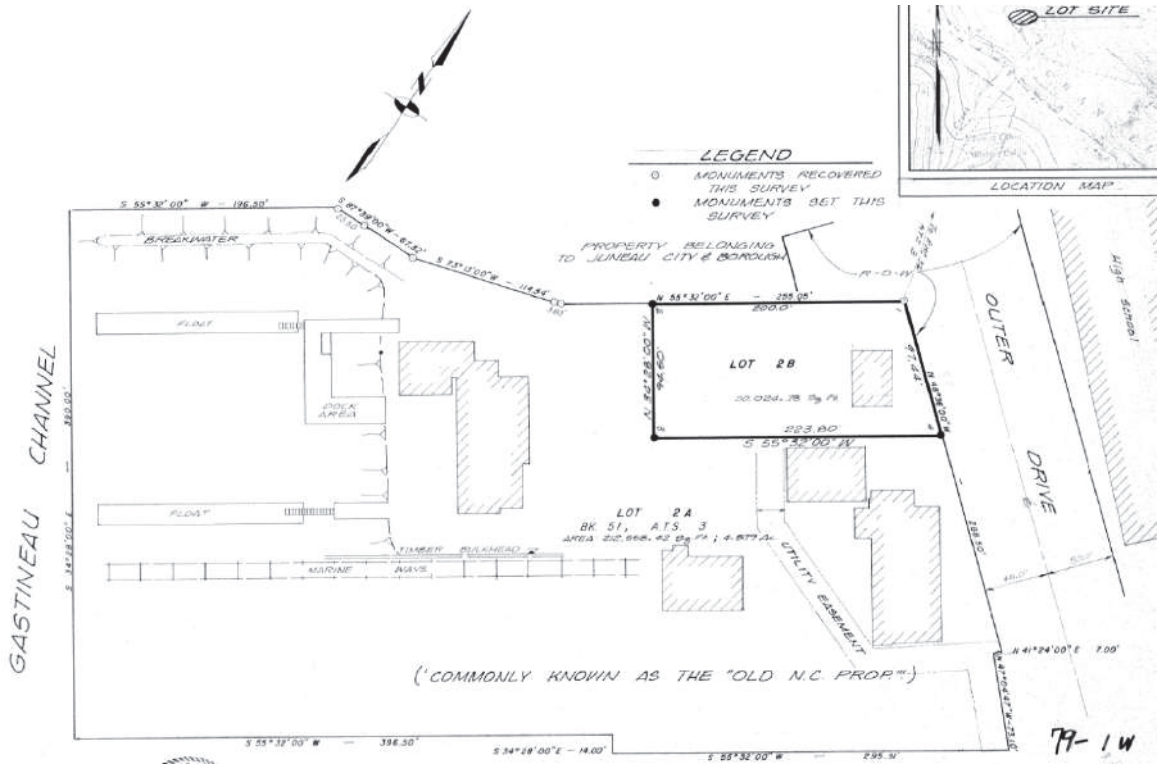


FIGURE 3.1 - Excerpt of Plat 79-1W showing the larger parcel

Size, Shape, and Adjacent Uses

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

Soils and Topography

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

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

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

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

Access and Utilities

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

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

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

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

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

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

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

3.2 TECHNICAL EDUCATION CENTER (TEC) DESCRIPTION

The UAS Technical Education Center or TEC is a two-story, metal frame building on a concrete slab foundation. It has a flat, composition tile roof and metal siding. It was built in 1984 with additions in 1985 and again in 1992. The first floor is a mix of large, high ceiling shop/educational labs and classrooms while the second, penthouse level houses offices, a nursing lab, a testing center, a student lounge and a large mechanical room. A two-story atrium style foyer connects both these levels with an interior stair and elevator. The exterior includes ten rollup doors to access the various labs. The overall gross building area, based on UAS personnel's calculations, is **37,120 SF**. Heat is provided by an oil-fired boiler hydronic system. The building is sprinklered.

FIGURE 3.3 – Technical Education Center (111720-377)

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

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

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

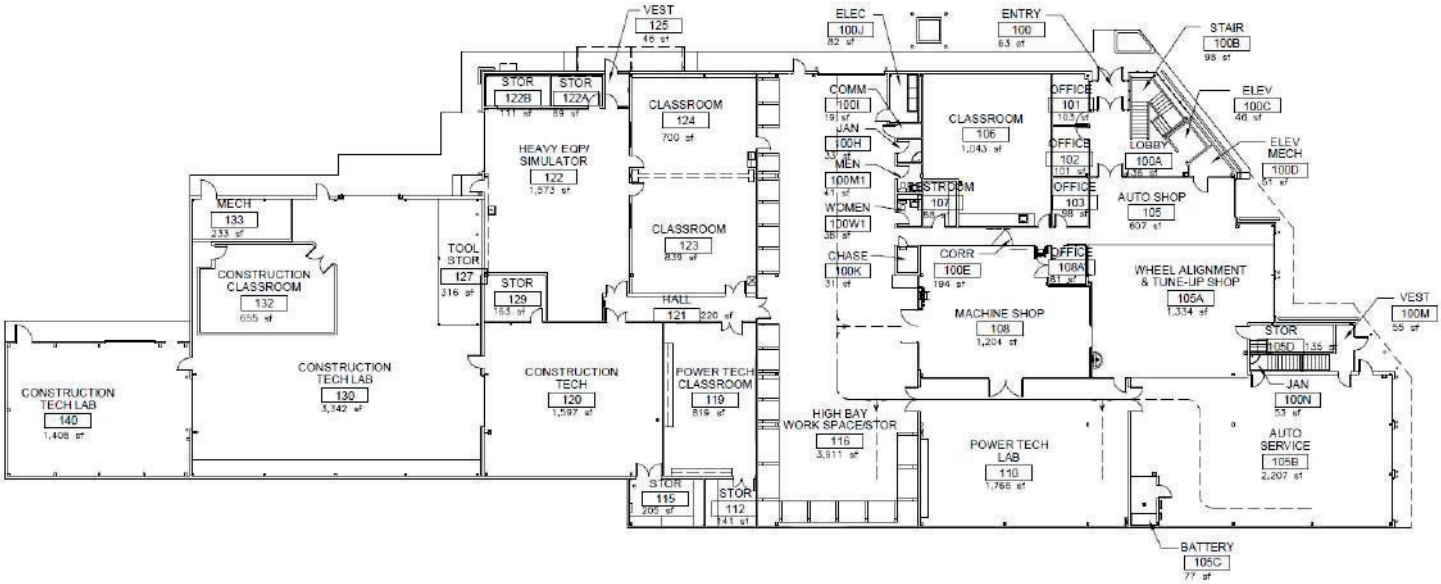


FIGURE 3.4 – TEC building layout as shown by excerpts from drawings, first floor layout

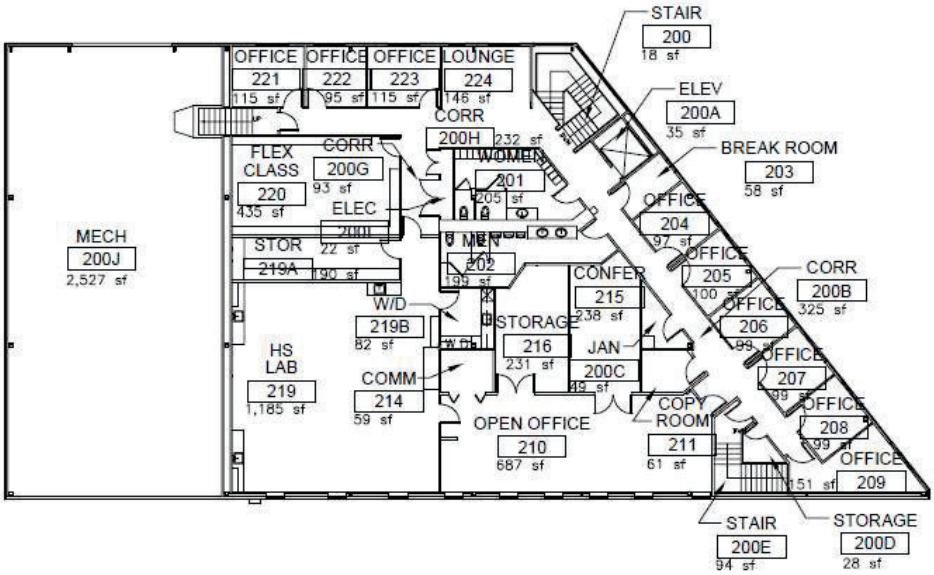


FIGURE 3.5 – TEC building layout as shown by excerpts from drawings, second floor layout

3.3 WELDING SHOP DESCRIPTION

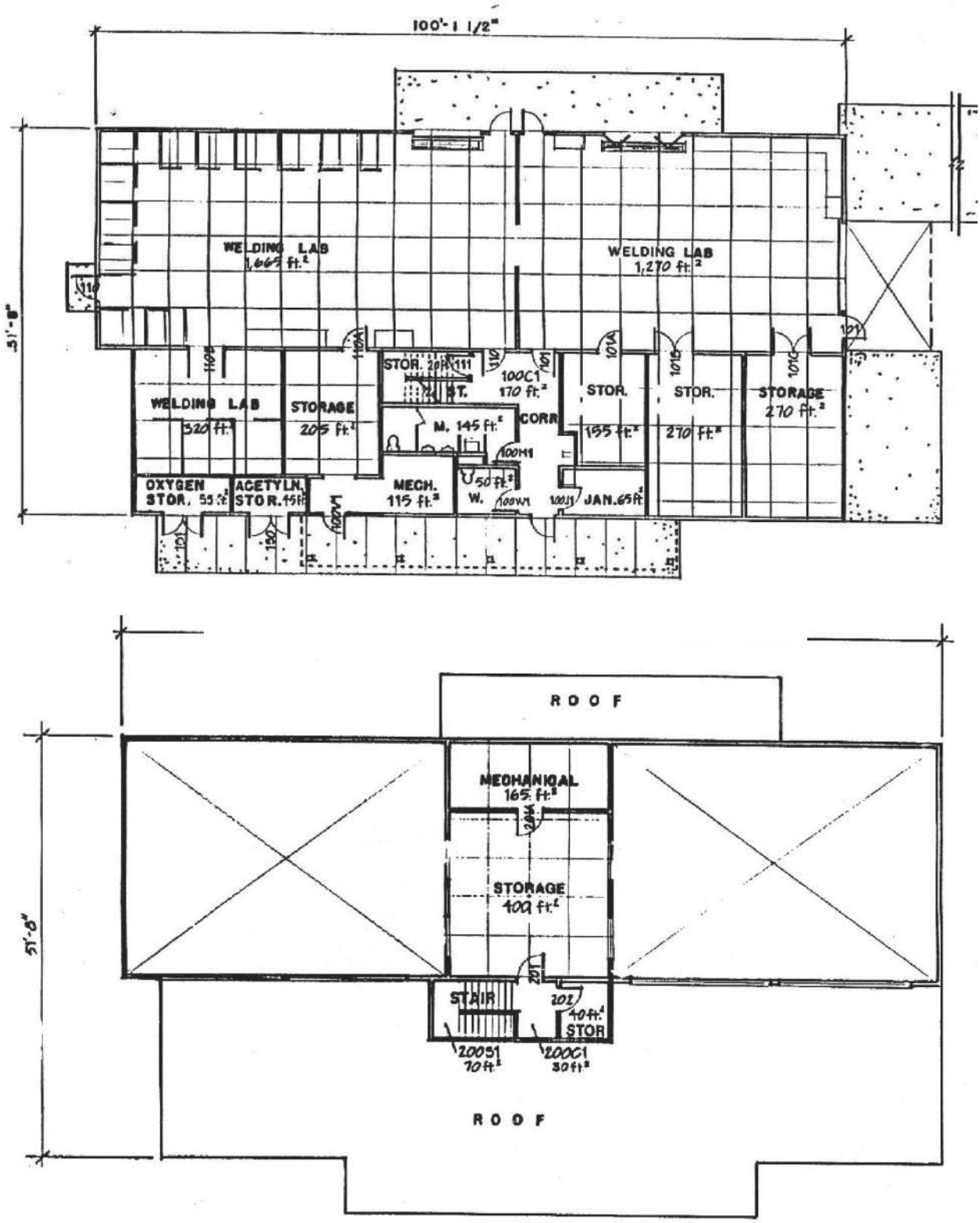


FIGURE 3.7 – Second floor layout of the Welding Lab

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

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

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

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

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

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

3.4 DESCRIPTION OF MARINE IMPROVEMENTS

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

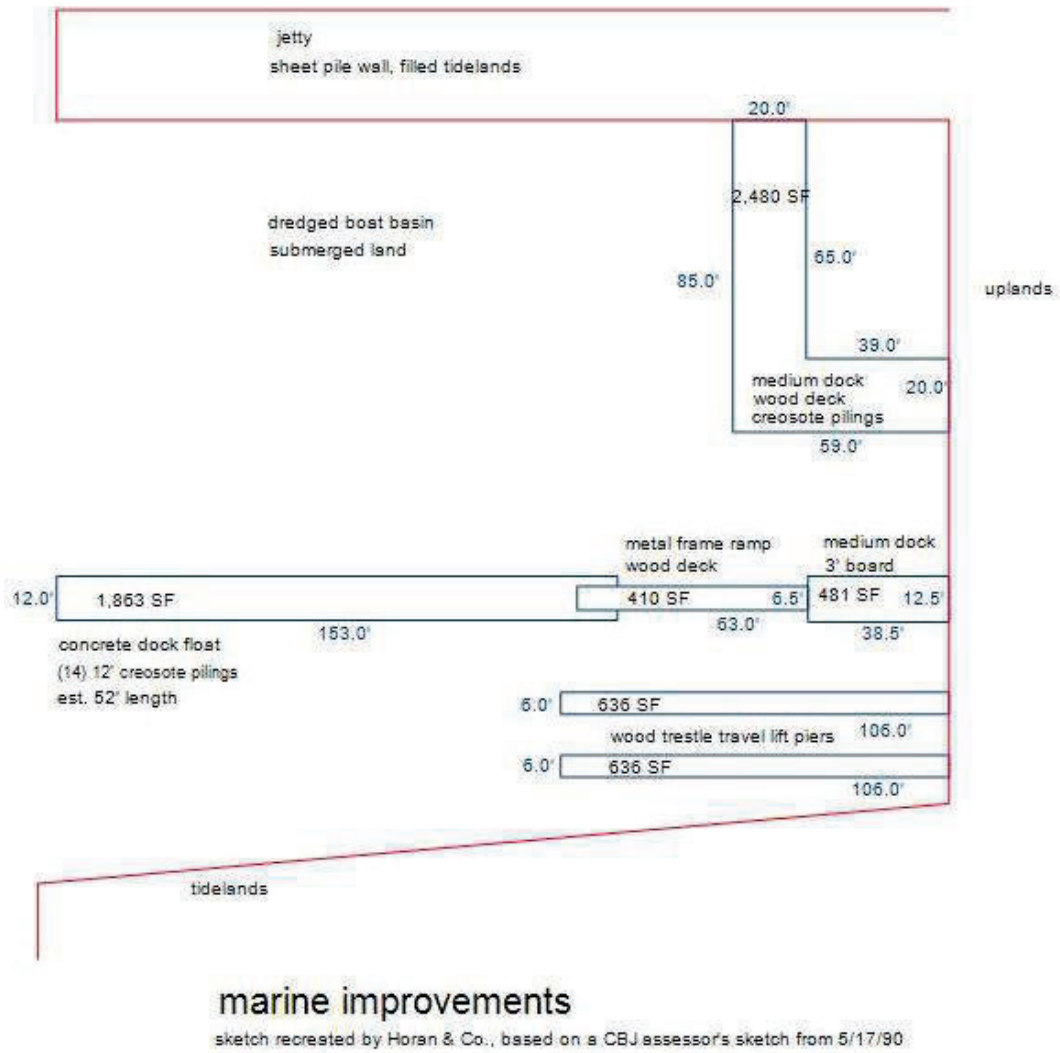


FIGURE 3.9 - Sketch showing layout and approximate size of marine improvements. It is not a survey

Travel Lift Pier

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

Main Float

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

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

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

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

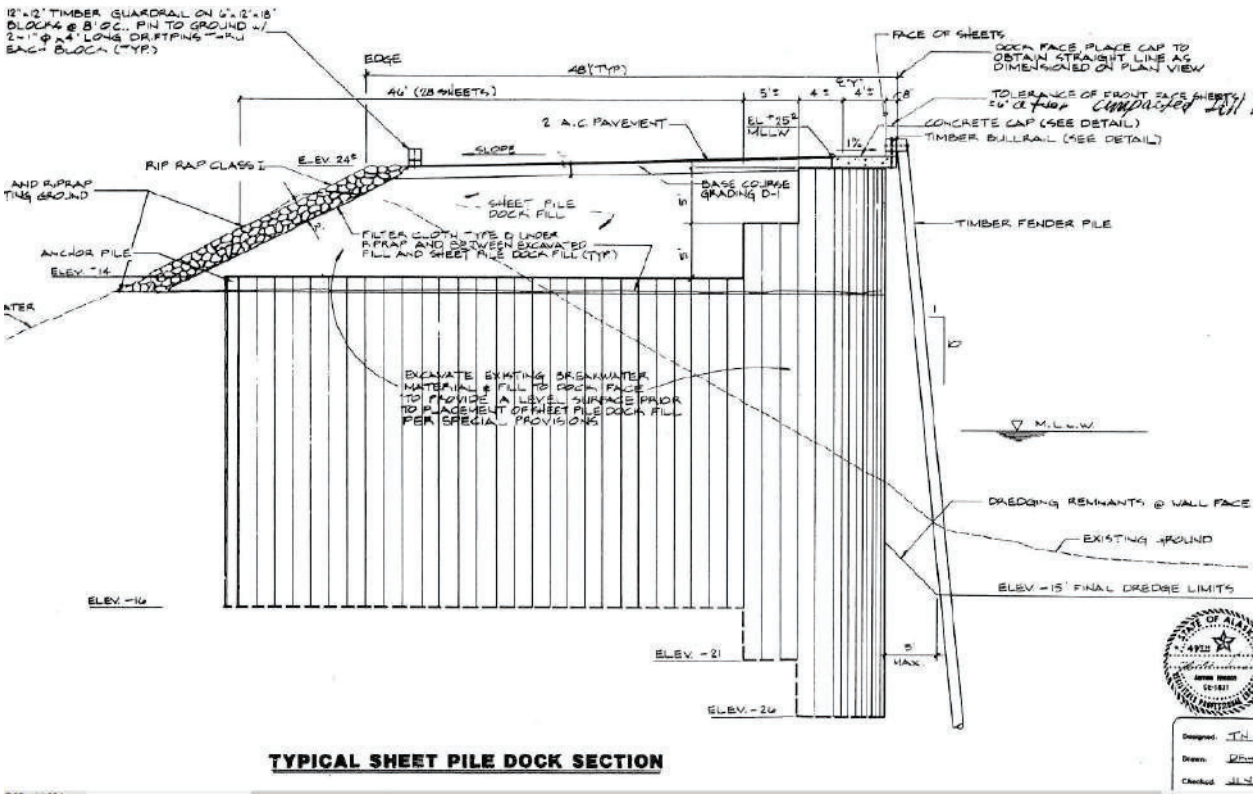


FIGURE 3.10 – Excerpt from 1988 Fishermen's Terminal upgrade showing jetty expansion project depth of steel sheet piling and repose of slope on backside.

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

4 VALUATION

Highest & Best Use

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

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

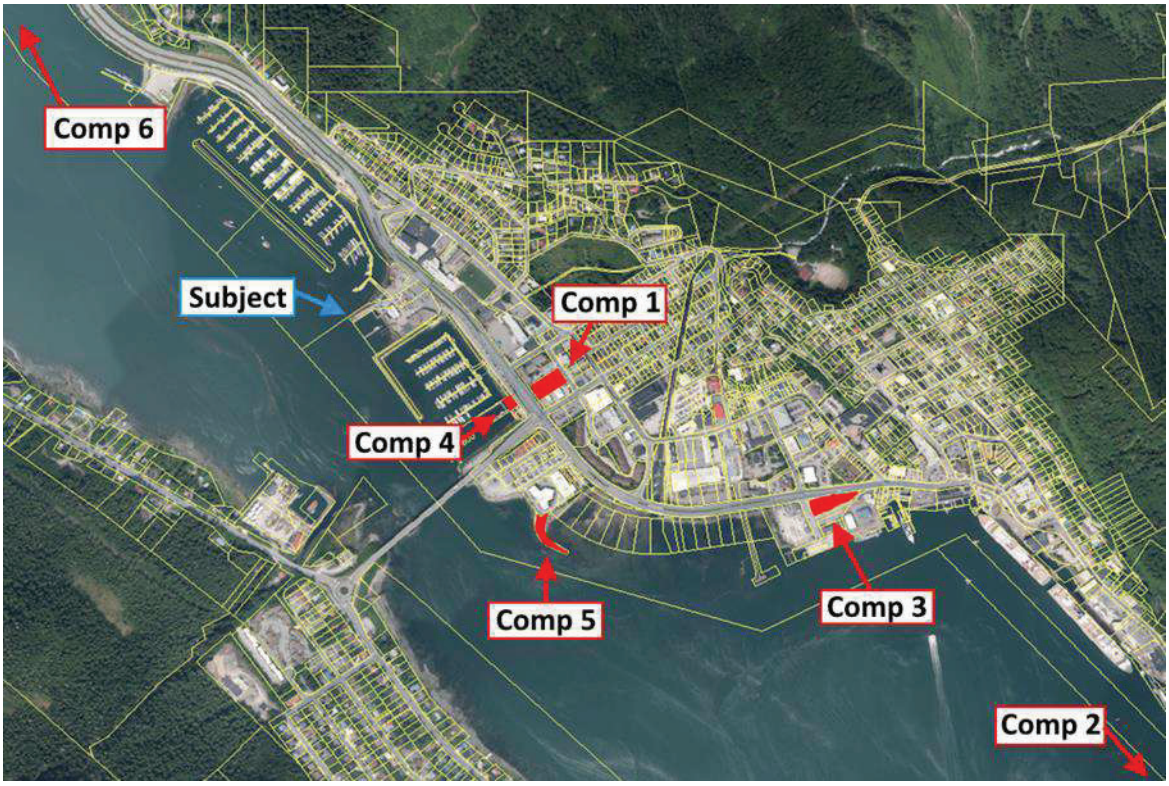
The subject is well situated in the commercial center of downtown Juneau. It has good site prominence along Egan Drive and good access from Harbor Way. The level developable area would be available for a wide variety of feasible uses similar to what is found in the neighborhood including hotels, offices,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

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

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

4.1 LAND VALUATION

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

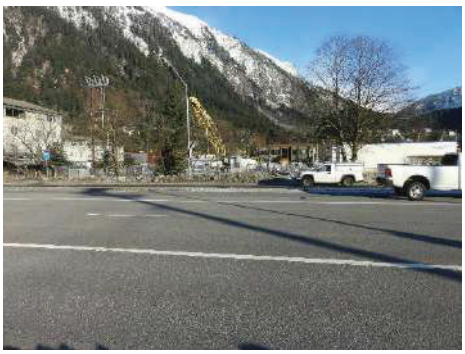


Comparable Sales Maps

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

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

Contributory Value of Uplands



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

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

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

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

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

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

TABLE 4.2 - Summary Comparable Unit Value Ranking Uplands

The comps indicated the upland value is:		Price/SF
Comp 1	More than	$18.00/SF
Comp 2	More than	$22.00/SF
Comp 3	Similar to	$31.77/SF
Comp 4	Less than	$52.60/SF

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

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

Contributory Value of Dredged/Submerged Tidelands & Sloping Tidelands
The next land types to be examined are the subject's dredged tidelands, which allow for moorage, and the sloping tidelands which have more limited utility. The following comps were analyzed:

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

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

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

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

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

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

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

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

Value of the Overall Site

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

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

4.2 COST APPROACH

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

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

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

4.3 BUILDINGS

Replacement Cost New

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

Depreciation

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

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

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

RCN TEC Building (37,120 SF @ $180.45/SF) =	$6,698,196	
Less depreciation (25 years @2.1%/year = 52.5%)	($3,516,553)	
Depreciated Cost of TEC Building	**$3,181,643**	
Depreciated Cost of TEC Building Rounded		**$3,180,000**
RCN Welding Lab (5,970 SF @ $181.29 /SF) =	$1,082,329	
Less depreciation (40 years @2.1%/year = 84%)	($909,156)	
Depreciated Cost of Welding Lab	**$173,173**	
Depreciated Cost of Welding Lab (Rounded)		**$170.000**
Total Depreciated Cost of Buildings (Rounded)		**$3,350,000**

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

4.4 MARINE IMPROVEMENTS

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

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

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

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

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

[2] Cost of the sheet pile wall $2,500,000 within that remaining value 29% (45-year life 32-year age) = $722,222. The land behind the walls, 10,080 SF and $31.00/SF equals $312,4803 leaving a residual value to the structure of $409,742 ($722,222 - $312,480), rounded $410,000.

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

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

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

SUMMARY COST APPROACH

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

4.5 OTHER APPROACHES TO VALUE

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

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

Technical Education Center (TEC)

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

TABLE 4.7 – TEC Comparable Sales Grid

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

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

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

Comp B3 is the sale of an industrial building located on the Gastineau Channel, like the subject. It has a much larger site which is why its land to building ratio of 6.33 is so high. Approximately 62% of this site, however is submerged tidelands. When excluding these and just considering the uplands, the ratio lowers to 2:4:1. These tidelands also contribute to the higher price per GBA of $158.79 for this comp, which should be higher than the TEC and the hypothetical 111,360 SF parcel we are analyzing it with, which does not include tidelands. The building itself is considered similar in quality and condition to the subject. This comp is rated **superior** to the subject, overall.

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

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

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

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

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

37,120 SF of GBA @ $150/SF = $5,581,500

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

111,360 SF @ $31/SF = $3,348,900.

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

Residual market value of TEC = $5,581,500- $3,348,900 = **$2,232,600**

Reconciliation of TEC Building Value

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

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

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

Value of the TEC Building only = $2,500,000

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

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

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

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

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

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

Value of the Welding Lab only = $170,000

Marina Income Considerations.
The Income Approach was briefly considered based on potential income of the property as operated. There are three subleases on the site which have consistently generated $36,435 per year for the last six years. These users also have some use of the dock space but mostly are charged in addition for it. We considered there could be a maximum of 600 feet of dock space. Using the long-term moorage rate of $4.00 per foot per month this might generate another $28,800 (600 lineal feet at $48/ft/yr). Finally, the CBJ operates three cranes on the site which have had a highly variable income stream. Over the last six years it was as low as $7,200 in 2015 and over $14,000 in 2019. Its costs of operating usually exceed the gross revenue. On average in the last six years, it has lost $300. If the crane income is discounted as a zero net gain the subleases and potential moorage add up to about $65,200 ($28,800 plus about $36,400). This would barely cover maintenance. But for sake of discussion, even if 50% of this could be net attributable to capital real estate investment capitalized at a rate of 9%, the indicated real estate value would be about $360,000[3]. This would obviously not be the Highest and Best Use of the property as it can be purchased for owner occupied related uses for a larger amount as indicated by the land value and depreciated contributory cost of the improvements. It should be clarified that the appraiser has not done a complete marina development income analysis which would require feasibility work outside the scope of this assignment. This would require additional upland development. It does suffice to say that as the property is developed and there is no meaningful income approach that would reflect the Highest and Best Use value. Therefore, while the income approach was considered it was not used for the purpose of our analysis.

4.5 Value Conclusion

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

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

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

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

Port of Juneau

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

From: Carl J Uchytil
Port Director

To: Docks & Harbors Board

Via: Docks & Harbors Operations-Planning Committee

Date: March 17th, 2021

Re: USER FEES FOR SERVICES

---

1. The Docks & Harbors Enterprises provides services and facilities directly commensurate with available fees in carrying out this charge from the Assembly. The operational annual budget receives zero subsidies from local sales tax or property tax. To meet the community demand for more services and better infrastructure, the Docks & Harbor Enterprise must wisely leverage all available funding opportunities. This includes appropriate and sensible use of tide land lease revenue, fisheries and head taxes, permits charges and all user fees which are collected to maintain a positive cash flow. Generally speaking, the Harbor Enterprise has been running $300K-$500K ahead of expenditure the over the past five years. With waning fiscal support from the State and rare opportunities for CBJ grants, it is imperative that any new fiscal commitment be countered balanced with fees to support that new endeavor.
2. At the February Board meeting, the Board voted to allow an automatic CPI adjustment to reduce moorage rates. Docks & Harbors staff interprets this action as the Board would prefer not to raise rates broadly across the harbor patrons to meet new fiscal requirements.
3. The Port Director was asked to propose funding ideas which could increase revenues, outside of increases to moorage rates. Regulations which could be amended include:
    - 05 CBJAC 15.035 - Reservation charge policy - $143K collected per year ($2.50/linear ft/day)
    - 05 CBJAC 20.050 - Residence surcharge - $115K collected per year ($69/live-aboard/month)
    - 05 CBJAC 40.010(g) - Vessel salvage and disposal - $16K collected per year ($0.25/linear ft/month)
4. The residence surcharge of $69/month is low when the following is taken as consideration:
    - Residential homes are charged $140 per month for sewer & water;
    - All four harbors have water & sewer connections primarily for live aboard users;
    - Residential home are charged ~$45 per month for trash & recycling;
    - Harbors have trash provided and Aurora/Statter Harbor have oil recycling at no cost to users;
    - Harbor winter resources are heavily used for snow removal at each harbor;
    - Harbors have heated shower/restroom facilities at Harris/Statter Harbors;
    - Harbors have recently invested in security cameras at approach docks.
5. The vessel salvage and disposal fee is inadequate to address the Harbors Enterprise costs relating to removal of vessels without a responsible party which exceeds $50K per year.
6. I recommend doubling the reservation charge policy and the residence surcharge. I recommend quadrupling the vessel salvage and disposal charge.

#

05 CBJAC 15.030 - Dockage charges.

(a) *Definition.* The charge assessed to vessels for berthing at the Steamship Wharf, the Cruise Ship Terminal, the Intermediate Vessel Float (IVF), the Port Field Office Float (PFO), and the Inside of the Cruise Ship Terminal (ICT).

(b) *Basis for computing charges.* Dockage charges are assessed upon length-over-all (LOA) of the vessel. Length-over-all is defined as the linear distance, in feet, from the forward most part at the stem to the aftermost part of the stern of the vessel, measured parallel to the base line of the vessel.

Length-over-all of the vessel, as published in "Lloyd's Register of Shipping" will be used and, when not published, the Port reserves the right to measure the vessel or obtain the length-over-all from the vessel's register.

(c) *Dockage period; how calculated.* The period of time which dockage will be assessed shall commence when the vessel is made fast to an allocated berth or moored, or comes within a slip and shall continue until such vessel casts off and has vacated the position allocated. All time is counted and no deductions shall be allowed because of weather or other conditions, except when the Port Director provides for such allowance for good cause shown.

(d) *Charges when a vessel shifts to different berth.* When a vessel is shifted directly from one position to another berth or slip, the total time at such berths or slips will be considered together when computing the dockage or charge.

(e) *From May 1 to September 30, dockage for all vessels, except those vessels paying dockage fees set out in 05 CBJAC 15.030(f) and (h), will be assessed for each 24-hour period or portion thereof as follows:*

(1) $1.50 per foot for vessels less than 65 feet in length overall;

(2) $2.50 per foot for vessels with a length overall from 65 feet up to 200 feet; and

(3) $3.00 per foot for vessels greater than or equal to 200 feet in length overall.

(f) From May 1 to September 30, fishing vessels will be assessed dockage at $0.75 per foot of length overall for each 24-hour period or portion thereof, except there will be no charge to vessels staging to offload at Taku Dock, provided the duration of staging is less than four hours.

(g) From October 1 to April 30, dockage will be assessed as set out in 05 CBJAC 20.030 and 05 CBJAC 20.040.

(h) From May 1 to September 30, vessels loading passengers as part of a for-hire tour or experience with a duration less than 24 hours shall comply with the requirements set out in 05 CBJAC 20.080(c) and shall pay passenger-for-hire fees as set out in 05 CBJAC 20.080(d).

(i) *Dockage specials.* The Docks and Harbors Board may after public hearing establish special and promotional rates of a temporary nature in order to encourage use of facilities, to respond to unusual economic circumstances, or to promote revenue development.

(Eff. 5-1-2005; Amended 12-11-2006, eff. 5-1-2007; Amended 5-18-2009, eff. 5-27-2009; Amended 3-15-2010, eff. 3-22-2010; Amended 5-15-2017, eff. 5-23-2017)

05 CBJAC 15.035 - Reservation charge policy.

(a) *Purpose.* This reservation charge policy applies to vessels for reserved moorage at the Intermediate Vessel Float, the Port Field Office Float (PFO), the Inside of the Cruise Ship Terminal (ICT), and Statter Harbor Breakwater from May 1 to September 30.

(b) *Basis for computing charges.* Charges will be assessed as set out in 05 CBJAC 15.030.

(c) *Reservation requests.* Reservations are required to dock at these facilities, with the exception of designated active loading zones. Requests for moorage reservations can be submitted at any time by email. Requests for reservations more than 365 days into the future will only be processed between May 1 and September 30. All requests and reservations must have arrival and departure times. Requested positions on the dock are not guaranteed. Docks and Harbors staff will review all requests and position vessels to optimize use of the IVF, PFO, and ICT Docks.

(d) *Reservation confirmation and changes.* Payment is required for the first day of moorage for each visit at the time of reservation confirmation and is non-refundable. Cancelling a reservation will result in forfeiture of the reservation fee. Reservation dates can be adjusted until May 1 in the year of requested moorage at no additional charge if space is available. Starting May 1, reservation payments cannot be transferred to other dates; any change in dates will require forfeiture of the original reservation payment, and payment of an additional non-refundable reservation fee for the amended first day(s) of moorage. Failure to arrive within 24 hours after a reservation begins will result in cancellation of the remainder of the reservation and forfeiture of the reservation fee. Reservation payments are not transferrable between Downtown and Statter Harbor. The director may impose moorage terms and conditions that are reasonable and necessary to effectuate the purposes of CBJ Code of Ordinances Title 85 and CBJ Administrative Code Title 5.

(e) *Other fees.*

(1) Any associated tenders/dinghies will also be charged moorage when stored in the water on the dock or alongside the vessel (space permitting) as set out in 05 CBJAC 15.030.

(2) Rafting is only authorized by Docks and Harbors staff and charges will be assessed as set out in 05 CBJAC 15.030.

(3) Power is available on a first come first serve basis and is not guaranteed. Charges will be assessed as set out in 05 CBJAC 30.010(e).

(f) *Loading zones.* Designated active loading zones are intended primarily for vessels which are lightering, fishing vessels staging to offload at Taku Dock, and vessels engaged in passenger-for-hire activity. Vessels wishing to dock in a loading zone for longer than four hours must obtain approval from the Harbormaster and will be charged accordingly.

(Eff. 5-23-2017)

05 CBJAC 20.050 - Residence surcharge.

(a) *Definition.* A fee assessed to the owner of a vessel when the vessel is used by any person as a residence, dwelling, or abode for three or more calendar days in any calendar month, unless

(1) The owner pays daily moorage in accordance with 05 CBJAC 20.030 for all days in the calendar month during which the vessel is used for three or more days as a residence, dwelling, or abode; or

(2) The Harbormaster in writing authorizes the owner to use the vessel as a residence, dwelling, or abode for more than three calendar days in any calendar month, provided such authorization may be given only for short term, temporary use of the vessel as a residence, dwelling, or abode of not more than seven days in the calendar month for which the authorization is given.

(b) *Residence surcharge period and duty to report.* The residence surcharge will be assessed on a calendar month basis. The owner of the vessel is responsible for paying the residence surcharge. The owner of the vessel is responsible for immediately notifying the Harbormaster when their vessel is being occupied and used, rented, or leased as a place of residence. Once a vessel is used as a residence, the Docks and Harbors Department will continue to assess the residence surcharge until the owner of the vessel gives written notice to the Harbormaster that the vessel is no longer used for a residence.

(c) *Payment deadline.* The owner must pay the residence surcharge in advance before the first day of the calendar month for which the owner is planning to use the vessel as a residence. An owner that does not or cannot pay the residence will be assessed a daily moorage fee in accordance with Section [05 CBJAC 20.030] 30 of this regulation in addition to any annual or monthly moorage that may have been paid.

(d) *Residence surcharge.* The owner shall pay a residence surcharge of $69.00 per calendar month, or portion thereof, for each vessel used as a residence. For a vessel with more than four residents, the owner shall pay an additional surcharge of $23.00 per calendar month, or portion thereof, for each additional resident.

(Amended 4-11-2005, eff. 4-19-2005; Amended 4-7-2008, eff. 4-15-2008; Amended 3-15-2010, eff. 3-22-2010)

05 CBJAC 20.042 - Monthly pre-paid discounts.

An owner that pays moorage in advance will receive the following discount moorage fee.

1. For the period of July 1 to June 30: Ten-percent discount.
2. For the period of July 1 to December 31: Five-percent discount.
3. For the period of January 1 to June 30: Five-percent discount.

(Added 12-11-2006, eff. 7-1-2007; Amended 6-13-2016, eff. 6-21-2016)

05 CBJAC 40.010 - General moorage management policy.

(a) *Policy.* It is the policy of the City and Borough to favor the use of the small boat harbors by commercial fishermen, government vessels in trade and commerce, and pleasure craft, and by the general public at large. It is further the policy of the City and Borough to prevent and discourage the use of the small boat harbors by boats that have been abandoned by the owners to the point of becoming derelicts as defined in CBJ 85.05 or becoming a charge and nuisance to the City and Borough, the Port Director, and the general public, or boats that are unsafe, or not used, or not fit to be used, regularly for transportation on the water.

(b) *Applicability and other regulations.* CBJ Administrative Code Title 05, Chapter 40 applies to the small boat harbors under the jurisdiction of the City and Borough of Juneau Docks and Harbors Board. These include the Douglas Small Boat Harbor, the National Guard Dock, Harris Boat Harbor, the Fisheries Terminal Float, Aurora Boat Basin, Statter Boat Harbor, and moorage facilities appurtenant thereto. Where the requirements of 05 CBJAC 40 differ from other small boat harbor regulations in CBJ Administrative Code Title 05, the regulation that is more specific or restrictive shall take precedence.

(c) *Duty to comply with harbor ordinances and regulations.* As a condition of use, each harbor user shall comply with all applicable requirements of Title 85 of the City and Borough Code and CBJ Administrative Code Title 05.

(d) *General moorage management.* CBJ Administrative Code Title 05, Chapter 40 does not restrict the Port Director's authority to require the owner or operator of any boat, vessel, or floating structure to change from one mooring space to another, in the interests of safety, order, convenience and health, or to move any boat, vessel, or floating structure that is unoccupied and in violation of City and Borough harbor ordinances and regulations. It is the policy of the Docks and Harbors Board to manage the small boat harbors by using all harbor space as effectively as possible.

(e) *Duty to register.* Every owner, master, operating or managing agent of any vessel using the small boat harbors shall register on a form provided by the Harbormaster. The owner, master operating, or managing agent of a vessel that is not registered shall register as soon as practical after the vessel enters and moors in any of the small boat harbors.

(f) *Vessel size restrictions.* The Harbormaster will determine the maximum and minimum length and breadth of a vessel that is allowed to moor in the small boat harbors based on the size of the slip or moorage space available to ensure the maximum use of space available taking into account safety, maneuvering, and other factors. Except when approved by the Harbormaster on a case-by-case basis, no vessel, or part thereof, may extend more than ten feet beyond a finger or have a silhouette length less than three feet shorter than a finger in any slip or mooring space with a finger from 20 to 80 feet in length. For a slip or mooring space with a finger less than 20 feet in length and for side-tie moorage, the Harbormaster will establish the maximum and minimum vessel length on a case-by-case basis.

(g) *Vessel salvage and disposal.*

(1) Prior to obtaining a moorage assignment pursuant to 05 CBJAC 40.035, 050, 055, or 065, the owner of a vessel must

(i) provide the Harbormaster with proof of current marine insurance showing, at a minimum, the owner's name, information identifying the vessel, and the dates of insurance coverage; or

(ii) pay a non-refundable moorage surcharge $0.25 per foot per month.

(2) The funds collected from the moorage surcharge under this regulation will be used to pay for the unrecoverable costs attributable to vessel salvage and disposal activities in the small boat harbors.

(3) This regulation does not relieve an owner from the responsibility to pay fees as set out in CBJ Ordinance Title 85 or regulations adopted thereunder, and does not constitute marine insurance.

(h) *Moorage payments.* Except as noted in 05 CBJAC 20.020, the owner of a vessel may pay the daily or monthly moorage fee for moorage that is assigned by the Harbormaster as set out in 05 CBJAC 25, 35, and 40. If the owner fails to pay by the due date shown on an invoice for the moorage assignment, the Harbormaster shall forfeit the moorage assignment, notify the owner, and require the owner to move the vessel from the assigned moorage space within 72 hours of notice. If the owner does not move the vessel from the assigned space, the Harbormaster is authorized to move the vessel from the assigned space in accordance with CBJ Ordinance Title 85.

(Amended 9-12-2005, eff. 9-20-2005; Amended 9-11-2006, eff. 9-19-2006; Amended 12-11-2006, eff. 7-1-2007; Amended 7-15-2013, eff. 7-23-2013)

05 CBJAC 10.060 - Loading permits.

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

(a) *Application process.*

(1) Application forms for loading permits will be available at the harbor office between April 1 and October 15.

(2) Applications must be made on the form provided by the department, and must be complete, including all required attachments. Any incomplete application will not be considered for a permit.

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

(1) The port director is authorized to designate loading zones in the downtown waterfront area and establish rules to assure safety, security, and efficiency of operation.

(2) The port director may issue loading zone permits and require permit holders to comply with stipulations as necessary to assure safety, security, and efficiency of operation. Permit holders shall also comply with the loading zone rules set out in 05 CBJAC 10.060(c) and the general operating requirements set out in 05 CBJAC 10.070.

(3) An applicant for a loading zone permit must show that use of the permit will be limited to transportation of passengers and/or crew to or from cruise ships. If the applicant will be transporting passengers, the showing must consist of at least one of the following:

A. A tour sales permit in the applicant's name;

B. A contract for the sale of tours onboard a cruise ship;

C. A contract with a cruise ship for the transportation of passengers;

D. A contract for the sale of tours with a tour sales permit holder. An applicant may enter into a contract with one tour sales permit holder only; or

E. If the applicant sells tours without the aid of the cruise lines, a cruise ship, or a tour sales permit holder, the applicant must show that it will only transport persons who have purchased tours directly from the applicant, and the applicant shall, upon request, provide the port director with a daily manifest showing the names of passengers to be transported.

(c) *Loading zone rules.*

(1) No signs are allowed in the loading zone.

(2) Loading zone permits shall be prominently displayed in the lower right corner of the front windshield of the vehicle, or as specified by the director.

(3) No person shall sell or solicit the sale of any goods or services in any loading zone.

(4) Goods and passengers shall be staged at loading zones so as to minimize vehicular standing time. No vehicle shall be present in a loading zone except as reasonably necessary for loading or unloading goods or passengers.

(5) The driver of a vehicle must remain in the driver's seat unless assisting in the loading or unloading of passengers or luggage in the immediate vicinity of the vehicle. No driver may leave a vehicle unattended in a loading zone for any period of time.

(6) "A" loading zones.

(A) Vehicles containing 18 or more passenger seats may be operated only in loading zones marked "A."

(B) Permittees using "A" loading zones shall submit a schedule of all cruise ships they will be meeting. For each meeting, permittees must use the "A" loading zone closest to the terminal or lightering dock designated on the schedule. Permittees may not depart from the schedule unless approval is obtained from the director at least 24 hours in advance. Approval shall be contingent upon the impact of changes upon other permittees, users of the park, and traffic conditions.

(7) "B" loading zones. Vehicles containing fewer than 18 passenger seats may be operated only in loading zones marked "B."

(8) A vehicle without the appropriate permit may use a loading zone as necessary for a health or safety emergency. Such use shall be the minimum necessary to resolve the emergency.

(d) *Limited loading permits.* A person may apply for a limited loading permit for designated vehicles to provide services in a designated loading zone to a cruise ship or cruise ship passengers for occasional or off-peak-hour use. Application must be made to the director no less than one business day in advance of use.

(1) *Nonpassenger vehicles.* If the vehicle will be left standing in a loading zone for any amount of time, or if the driver will not remain with the vehicle for any period of time, the applicant must schedule that time with the director so as not to interfere with the efficient use of the loading zone by other permittees. The permittee must conduct all business efficiently so as to minimize any standing in the loading zone.

(2) *Passenger vehicles.* All requirements of subsection (c) of this section apply to vehicles providing passenger services to a cruise ship pursuant to a limited loading permit.

(e) *Fees.*

(1) The fee for a loading permit shall be established at least annually by the docks and harbors board.

(2) The fee for a limited loading permit shall be $15.00 per vehicle for each permit day or $250.00 per year, whichever is less.

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

05 CBJAC 20.080 - Passenger-for-hire fee.

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

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

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

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

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

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

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

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

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

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

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

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

(1) Calendar year 2015 permit: $50.00 per vessel plus $1.00 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity. Calendar year 2016 permit: $100.00 per vessel plus $1.25 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity. Calendar year 2017 permit: $150.00 per vessel plus $1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.

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

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

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

Available Stalls and Swap/Wait Lists for Assigned Moorage in Downtown Juneau

There are currently 55 vessels waiting for stalls as of 3/11/21

Aurora Harbor	Main	24'	26'	32'	38'	42'	48'	60'	62'	85'	110'	All Sizes
Total Stalls	31	0		127		26	13	11	9	5	2	193
Available Stalls	**19**	**0**		**9**		**0**	**0**	**0**	**3**	**0**	**0**	**12**
Swap List	0	na		1		8	3	0	0	1	0	13
Wait List	0	na		2		17	9	2	0	4	2	36
Aurora Swap/Wait List Total	**0**	**0**		**3**		**25**	**12**	**2**	**0**	**5**	**2**	**49**

Harris Harbor	Main	24'	26'	32'	38'	42'	48'	60'	62'	85'	110'	All Sizes
Total Stalls	10		27	84	38	19		8				186
Available Stalls	**0**		**0**	**9**	**0**	**0**		**0**				**9**
Swap List	3		4	2	5	8		0				22
Wait List	0		4	3	14	19		4				44
Harris Swap/Wait List Total	**3**		**8**	**5**	**19**	**27**		**4**				**66**

Douglas Harbor	Main	24'	26'	32'	38'	42'	48'	60'	62'	85'	110'	All Sizes
Total Stalls	9	25		48		42	13					137
Available Stalls	**0**	**0**		**4**		**0**	**0**					**4**
Swap List	1	6		2		2	0					11
Wait List	0	6		3		11	8					28
Douglas Swap/Wait List Total	**1**	**12**		**5**		**13**	**8**					**39**

Other	Main	24'	26'	32'	38'	42'	48'	60	62'	85'	110'	All Sizes
Fish Terminal Swap								1				1
Natl Guard Dock Swap								1				1
Other Swap/Wait List Total								**2**				**2**

*ALL DT HARBORS	Main	24'	26'	32'	38'	42'	48'	60'	62'	85'	110'	All Sizes
Total Stalls	50	25	27	259	38	87	26	19	9	5	2	547
Available Stalls	**19**	**0**	**0**	**22**	**0**	**0**	**0**	**0**	**3**	**0**	**0**	****25**
Swap Lists	3	6	4	5	5	6	3	2	0	1	0	35
Wait Lists	**0**	**6**	**4**	**4**	**3**	**17**	**11**	**4**	**0**	**4**	**2**	**55**
ALL DT SWAP/WAIT LIST TOTAL	3	12	8	9	8	23	14	6	0	5	2	90

*Data was cross-referenced between lists so no boat appears in the ALL DT HARBORS section more than once.

**The total number of available stalls does not include the Mainwalk non-moving vessel zone.

Congress of the United States
Washington, DC 20515

March 8, 2021

Robert Fairweather
Acting Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Lieutenant General Scott A. Spellmon
Chief of Engineers
Headquarters, U.S. Army Corps of Engineers
411 G Street, NW
Washington, D.C. 20314-1000

Dear Acting Director Fairweather and Lieutenant General Spellmon:

We write to express our strong support for the Auke Bay Wave Attenuator project proposed in the City and Borough of Juneau, Alaska.

As representatives of a state with more miles of coastline than that of all other states combined, we rely heavily on the U.S. Army Corps of Engineers (Corps) to provide safe, navigable harbors and waterways. We appreciate the important work undertaken by the Corps in a time of constrained budgets. As the Office of Management and Budget (OMB) and the Corps develop the fiscal year 2022 budget and project lists for the House and Senate Appropriations Committees, respectively, we request the inclusion of new start funding for the Auke Bay Wave Attenuator Feasibility Study, which is an important project to Alaska.

Alaska's Capital City of Juneau is making critical investments in its docks and harbors to respond to the needs of its robust maritime sector, to fuel the local and state economy, and support government vessels from entities such as the U.S. Coast Guard, the National Oceanic and Atmospheric Administration, and the Alaska State Troopers. Juneau is in the process of recapitalizing the recently acquired Auke Bay Marine Station (ABMS) and has requested to partner with the Corps to provide expanded moorage capacity through the recapitalization of an aging breakwater. With the Corps' help with the Auke Bay Wave Attenuator, the redevelopment of the ABMS will provide world-class facilities for its federal anchor tenants.

The Auke Bay Attenuator Feasibility Study is on the Corps' 2018 Annual Report to Congress and was determined to not need congressional authorization. The project is a top priority for the Alaska District of the Corps, and will continue the Corps' tradition of providing safe, navigable harbors and waterways to the American public. As the Alaska congressional delegation, we are united in our request and appreciate your attention to this matter of importance to the people of Juneau, AK, and the state of Alaska. Consistent with all relevant rules, laws and regulations, we respectfully ask that all due consideration be given to this request.

Sincerely,

LISA MURKOWSKI
United States Senator

DAN SULLIVAN
United States Senator

DON YOUNG
Congressman for All Alaska

Port of Juneau

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MEMORANDUM

DATE: **March 16, 2021**

TO: **Mayor Weldon and CBJ Assembly Committee of the Whole**

FROM: **Erich Schaal, P.E. Port Engineer**

SUBJECT: **Small Cruise Ship Infrastructure Master Plan Presentation Follow Up**

DRAFT

At the February 1st joint Committee of the Whole and Docks and Harbors Board meeting the Assembly received a presentation about the Small Cruise Ship Infrastructure Master Plan, which can be found here.

Members expressed an interest in more information on the following:

1. The process of identifying the top locations within downtown
2. How staff identified a need for 700 lineal feet of additional moorage
3. How could the new Egan Drive improvements impact access to and from the proposed NOAA/Seadrome Dock expansion

1. The process of identifying the top locations within downtown

Docks & Harbor staff and the master planning team approached the site location task through a two prong approach. Frist, a market study was initiated which included interviews with the small cruise ship companies and operators to identify the top site needs to meet or improve their desired operations and cruise experience. Second, all current and possible locations to moor cruise ships from 100-275 lf were identified.

To compile the collected data, a matrix was created. This matrix contained 13 sites and ranked their compatibility within 26 criteria arranged into subsections such as regulatory constraints, biophysical relation, transportation, utilities, site usage, cost and visitor experience.

A site investigation and ranking exercise provided data within each criteria and from that the top sites were identified. Several sites, such as Auke Bay and Harris Harbor were disqualified by controlling issues such as not being downtown or clearances with the Juneau-Douglas Bridge.

2. How staff identified a need for 700 lineal feet of additional moorage

Docks and Harbors staff approached the proposed float sizing from three perspectives.

First, reservation and capacity data was collected and analyzed to identify times the current facilities that serve the small cruise ships were at or over capacity.

There are three D&H facilities used by small cruise ships. The Intermediate Vessel Float (IVF), the Port Field Office Float (PFO) and the Inside of the Cruise Terminal (ICT). Reservations for these three locations are coordinated through the Port Field Office by a team of administrative staff who balance requests for reserved moorage with a limited amount of available space. A reservation at these facilities is so sought-after that staff routinely have to require vessels to disembark at a specific hour to allow another vessel to immediately moor.

Using this data, staff identified that reserve moorage requests are over capacity by more than 200 lf per day during the peak months. This unmet need for moorage is actually higher when transit vessels, such as a visiting fishing vessel or motor yacht, arrives unannounced and requests moorage space.

Second, the market study provided valuable data to identify the vessel sizes and surge days the industry wishes D&H to accommodate. As mentioned during the presentation, on a typical Sunday in the 2020 schedule, 4 vessels would bring the proposed 350' float to total capacity. Shifting these 4 vessels to a purpose built facility would not only provide the industry with the improved facilities they seek, but also provide the fishing fleet and visiting yachts moorage space at the IVF and PFO.

Third, the design vessel is 275' in length and providing a comfortable mooring arrangement of 35 ft bow and stern for mooring line scope on non-surge days was appropriate.

3. How could the new Egan Drive improvements impact access to and from the proposed NOAA/Seadrome Dock expansion

The proposed uplands expansion at the NOAA/Seadrome site includes fill and decking to provide additional parking and staging locations for both large and small coaches, typically referred to "A" and "B" zone vehicles. The recent reconstruction of Egan Drive in front of the Seadrome lot reduced the number of lanes of traffic from 2 inbound and 2 outbound to 1 in each direction and an uncontrolled turning lane.

Docks and Harbors staff believe the current use of the Seadrome lot is compatible with the proposed future state in that both size vehicles currently serve the existing small cruise lines that moor at this facility. "A" zone coaches are required by TBMP to turn right out of the lot and they utilize the roundabout at the Marine Parking Garage to leave the downtown core. "B" zone vehicles are physically able to turn left out of the lot and use the uncontrolled turn lane to wait to merge into the outbound lane of Egan. It's unclear if TMBP places the same no left turn restrictions on current "B" zone operators.

The future site design process would include a reevaluation of the vehicular load on the Egan access, but historical use of the site appear compatible with the proposed expansion.

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CURRENT FEE STRUCTURE

1. Loading Zone Permit-

- $400 per company plus $9 per passenger seat

2. Passenger for Hire Fee

- Inspected Vessel- $500.00 per vessel plus $1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.
- Uninspected Vessel Fee- $150.00 per vessel plus $1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.

3. Statter Harbor Bus Permit-

- $300.00 per company plus $15.00 per passenger seat

In 2020 the Board decided that the charge for Busses would be $5 with no seat fee and PFH permits would be $100 with no seat fee.

PROPOSED FEE STRUCTURE

1. Loading Zone Permit (A&B)-

- $100 per company plus $9 per passenger seat. (seat fee to be paid at the end of the season)

2. Passenger for Hire Fee

- Inspected Vessel- $100.00 per vessel plus $1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.
- Uninspected Vessel Fee- $50.00 per vessel plus $1.50 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity.

3. Statter Harbor Bus Permit-

- $100.00 per company plus $15.00 per passenger seat