

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING AGENDA
For Wednesday, December 12th, 2018

- I. Call to Order** (5:00 p.m. at City Hall Conference Room 224)
- II. Roll Call** Don Etheridge, Bob Janes, Budd Simpson, David McCasland, Dan Blanchard, James Becker, Bob Westmann, Mark Ridgway and Weston Eiler.

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, November 14th, 2018 Operations/Planning Meetings Minutes**

VI. Consent Agenda - None

VII. Unfinished Business

1. Downtown Waterfront Improvement Project
Presentation by the Port Director

Committee Discussion

Public Comment

Committee Discussion/Action

MOTION: TBD

VIII. New Business

1. Yankee Cove Lease – Rental Adjustment Objection
Presentation by Marion Hobbs

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TBD

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING AGENDA
For Wednesday, December 12th, 2018

2. FY20 Marine Passenger Fee (MPF) Request
Presentation by Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO RECOMMEND THE BOARD APPROVED THE FY20 MARINE PASSENGER FEE REQUEST AS PRESENTED.

IX. Items for Information/Discussion

1. Aurora Harbor Phase III
Presentation by the Port Director

Committee Discussion/Public Comment

2. Project Funding Strategies
Presentation by the Port Director

Committee Discussion/Public Comment

X. Staff & Member Reports

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting- **Wednesday, January 23, 2019.**

XII. Adjournment



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240 | Facsimile: 586-5385

DATE: December 7, 2018

TO: Deputy Mayor Maria Gladziszewski
CBJ Assembly

FROM: Rorie Watt
City Manager

RE: Waterfront Infill Development (Archipelago Area)

Attached is the appraisal for the draft purchase and sale agreement with Archipelago Properties, LLC. In accordance with my last update to the Assembly, we have instructed the appraiser to value the component portions of the proposed agreement. The appraiser found that if the parties agreed that in his assessment CBJ should pay \$764,975.

Subsequently there has been a slight adjustment of the property lines to allow for property turning radius for the design vehicles that would enter the passenger vehicle staging area.

Adjusting the values based on the appraised values and only adjusting the square footage acquired, this would change the value of the money from CBJ to Morris to increase from \$764,975 to \$922,175.

Provided that the Assembly chooses to proceed with the PSA and the project, I believe that paying \$922,175 is an appropriate use of public funds.

Recommendation:

Agree to the introduction of an Ordinance authorizing a purchase and sale agreement.

November 6, 2018

Carl Uchytel
CBJ - Docks and Harbors
155 S. Seward Street
Juneau, AK 99801

Subject: Yankee Cove Development, LLC Tideland Lease

Dear Mr. Carl:

We look forward to working with CBJ – Docks and Harbors (CBJ) to sort out the details of our lease. We'd like to recap what has occurred over the last year and what triggered this path of discovery.

Please refer to the following timeline:

- May 17, 2017 – Coeur notification of legal discrepancies (incorrect ATS number and owner name) in our lease with CBJ.
- June 25, 2017 – CBJ hires Horan and Company to do new appraisal with incorrect parcel areas and correct ATS number.
- June 26, 2017 – Notification letter of Lease Correction and Rent review.
- October 12, 2017 – New appraisal complete with incorrect parcel areas and correct ATS number.
- Date unknown - Amendment #1 – with correct parcel areas and ATS number provided for signature.

The original lease contract is in order except for the incorrect ATS number, and the owner name. These items can be corrected via a simple amendment. It is unclear why a full appraisal for new areas within the corrected ATS was warranted.

Our contract states that every 5 years the "Lessee shall pay all appraisal costs associated with re-evaluating and adjusting the annual lease payments." The Scope of Work provided to Horan by CBJ has a significant error and cannot be used to assess the value or our documented lease. The "Project Issues" section of the Scope of Work states:

"In the lease, the ATS number is 1347 with parcel A consisting of 0.59 acres (25,912 sq ft) and parcel B consisting of 0.25 acres (10,874 sq ft). The new ATS number is 1677 with parcel A consisting of 2.77 acres and parcel B consisting of 0.84 acres."

The areas of parcel A and B within ATS 1677 should be the same as they were within ATS 1347. These areas, 0.59 acres and 0.25 acres, were negotiated to establish our original contract with CBJ in 2008 and are documented within the recorded CBJ Ordinance Lease.

Yankee Cove Development (YCD) paid for this recent appraisal because our contract says we are responsible to "... pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payments." Yet the appraisal was requested by CBJ with a Scope of Work written by CBJ that requested new areas be evaluated that are not part of the documented lease area. The level of effort required to fulfill the Scope of Work as written by

Mr Uchytel
CBJ – Docks and Harbors
November 6, 2018
Page 2 of 2

CBJ compared to what should have been done, that is, "re-evaluate and make adjustments" per the contract is not the same and the latter would have cost much less. YCD requests a full refund for the amount paid to Horan & Company so YCD can have a proper "re-evaluation" completed.

Thank you for your consideration in this matter.

Sincerely,
Yankee Cove Development, LLC



Marion Hobbs
Member
YCD LEASE.doc

**APPRAISAL REPORT OF
ANNUAL MARKET RENT FOR TIDELANDS
YANKEE COVE DEVELOPMENT COMPANY
0.844 ACRES WITHIN ATS 1677
JUNEAU, ALASKA**



Photo 071317_O875 taken July 13, 2017 by C. Horan

PREPARED FOR: Carl Uchytel, PE, Port Director
Teena Larson, Project Manager
City and Borough of Juneau, Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

PREPARED BY: Charles E. Horan, MAI
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, AK 99835

EFFECTIVE DATE: July 13, 2017

REPORT DATE: September 28, 2017

OUR FILE #: 17-092

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

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

September 28, 2017

Carl Uchtyl, PE, Port Director
Attention: Teena Larson, Project Manager
City and Borough of Juneau, Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

Sent via Email: carl.uchtyl@juneau.org
teena.larson@juneau.org

Re: Appraisal Report of Annual Market Rent for Tidelands, Yankee Cove Development Company, .844 Acres Within ATS 1677, Juneau, Alaska; Our File # 17-092

Dear Mr. Uchtyl,

At your request, I have developed an appraisal of the estimated market rent for the tidelands referenced above. I contacted and interviewed the lessee, inspected the property and made a market analysis of the tidelands and waterfront real estate market to determine the market rent for the subject.

Based on my investigation and analysis as of the effective date, July 13, 2017, it is my opinion the annual market rent for the tidelands lease is as follows:

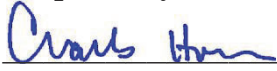
36,786 SF at 12¢/SF= \$4,414.32/ year rent

This appraisal is completed under the hypothetical condition that the subject is undeveloped tidelands and includes no value attributable to the improvements made by the lessee.

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

Thank you for this opportunity to be of service to you. If you have any questions or comments, please feel free to contact me at your convenience.

Respectfully Submitted,



Charles E. Horan, MAI AA41

HORAN & COMPANY, LLC

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Addenda

Subject Photographs
Comparable Sales Write-ups
Tidelands Lease Rents – Ratios and Percentages
Map of ATS 1677
Copy of current tidelands lease
Appraiser Qualifications

CERTIFICATION OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- I 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 person signing this certification.
- I have not performed any 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.



Charles E. Horan, MAI, APRG 41
HORAN AND COMPANY, LLC

Effective date July 13, 2017
Report date September 28, 2017

1 INTRODUCTION



FIGURE 1.1 - SUBJECT LEASE PARCELS ARE WITHIN THE TIDELAND TRACTS A & B. NOTE: SUPPORTING 9 ACRE UPLAND TRACT TO THE NORTH.

1.1 PROPERTY IDENTIFICATION

Two companion tideland tracts within ATS 1677 are the subject of this report. They are identified as the Yankee Cove dock (in Tract A) and breakwater (in Tract B) leased from the City and Borough of Juneau. The Yankee Cove dock has been developed on the leased lands which are appraised for the annual market rent as if undeveloped. The property is located adjacent to Favorite Channel, approximately 34.5 miles north of Juneau, Alaska.

The tidelands are adjacent to accreted lands seaward of USS 571 and ASLS 96-37. See figure 1.1 for a visual reference of the subject's location.

Legal Description: The subject lease area is within Alaska Tidelands Survey 1677, Juneau Recording District, First Judicial District. See the lease document for the actual lease tract areas.

Assessor's Parcel #: 3B4401000052

1.2 PROPERTY RIGHTS APPRAISED

The market rent estimate is for the subject in fee simple interest and property rights less mineral rights, in its pre-lease unimproved condition.

1.3 CLIENT, OSTENSIBLE OWNER & LESSEE

Client and Ostensible Owner: City and Borough of Juneau, Docks and Harbors.
Lessee: Marion Hobbs, Yankee Cove Development LLC

1.4 THREE-YEAR PROPERTY HISTORY

The subject tidelands have been leased by the current lessee since 2004. The property was leased to Coeur Alaska, a mining company, in 2007 for \$10,000 per month net lease with a property tax split between lessee and lessor. Their rent is adjusted annually by the Anchorage CPI. In addition Coeur paid approximately \$225,000 for the floating dock, ramp and steel piling. Hobbs did the site work including rip rap rock wall and breakwater.

A complete copy of the lease is contained in the addenda.

1.5 LESSEE CONTACT, INSPECTION AND EFFECTIVE DATE

Mr. Marion Hobbs, the owner's representative, met Charles Horan, MAI on the site for a walk around inspection July 13, 2017. This is the effective date of the appraisal.

1.6 PURPOSE, INTENDED USE AND USER

Purpose: The purpose of this appraisal is to estimate the annual market rent for the subject in its prelease unimproved condition.

Intended Use: This valuation is to be used to help establish market rent per the rental adjustment provisions of the lease.

Intended Users: City and Borough of Juneau, as Lessor, and Marion Hobbs Yankee Cove Development LLC Incorporated, as Lessee.

1.7 APPRAISAL METHODOLOGY

The most direct way to value the subject's lease rent is on a rent per square foot comparison basis. We considered a wide variety of market information displayed in Section 2 of this report. In the subject instance we will use the three comps. Due to the limitation of sales, this analysis has been facilitated by developing a market relationship between tideland rents as a percentage of the estimated fee value. We have used a rate of 8% to calculate fee values from

rental indicators in our broader analysis. Also, the nominal unit value of tidelands as developed through the ratio between unit values of related uplands to the tidelands was considered as background. These rates and ratios are discussed specifically in Section 2 of this report and are further analyzed and explained in the “Tidelands Lease Rents-Ratios and Percentages” section of the addenda.

We identified comparable information through interviews with knowledgeable participants in the real estate markets such as local appraisers, other lessors and lessees, discussions with municipal property assessment personnel, and others who are familiar with the real estate market in Southeast Alaska. A search was performed of similarly used properties in the communities throughout Southeast Alaska. Information was collected from reliable sources as available.

Our office maintains market data information on sales and transfers, and on a geographic location basis for those rural properties not connected to a road system. Within each of these areas, the data is further segmented into commercial and residential properties. Within these divisions of separation are divisions for zoning and whether the properties are waterfront or upland parcels. Horan & Company, LLC, maintains and continually updates this library of sale transactions throughout the Sitka and Southeast Alaska region and has done so for over 25 years.

1.8 SYNOPSIS OF LEASES

The major points of the lease are summarized below. A copy of the lease is included in the addenda of this report. The lease began in July 2004 and was amended in September 2006 when the subject was surveyed, resulting in changes in the lease area.

Legal Description/Leased Premises: The leased premises parcel depicted on Exhibit “A” consists of 0.59 acres (25,912 SF) of tidelands property for the dock facility and related marine activities. The lease premises parcel depicted on Exhibit “B” consists of 0.25 acres (10,874 SF) of tidelands property for the breakwater and related marine activities. The lease parcels are within Alaska Tideland Survey 1677.

<i>Lessor/Ostensible Owner:</i>	City and Borough of Juneau, Alaska.
<i>Lessee:</i>	Marion Hobbs, Member. Yankee Cove Development, LLC.
<i>Term of Lease:</i>	35 years
<i>Annual Lease Payment:</i>	The original lease payments in February, 2007 were \$1,295.60 (\$0.05/SF) for Exhibit “A” and \$543.70 (\$0.05/SF) tax for Exhibit “B”. Total annual lease \$1,839.30 (\$0.05/SF).

<i>Lease Dates:</i>	Began February 27, 2008, expires February 26, 2043. There is an option to extend for an additional 35 years with the city approval.
<i>Rental Adjustment Period:</i>	Every five years. It appears as though the 2013 rental adjustment was not made.
<i>Use:</i>	Construction, operation, and maintenance of a dock, a breakwater, and related marine activities.
<i>Property Rights Included:</i>	Normal rights conveyed by lease.
<i>Property Rights Excluded:</i>	No mineral rights are conveyed by lease.
<i>Other Terms of Lease:</i>	Typical full net lease indemnifying lessee.
<i>Easements:</i>	None known other than the 50 foot access easement seaward of the mean high water line as noted on ATS 1677.
<i>Removal or Reversion of Improvements:</i>	Retained by Lessee or its successor if all obligations of lease have been fulfilled. Specified removal at Lessor's option with no injury or damage to the lands demise.
<i>Improvements Included:</i>	None. All improvements to be provided by lessee.
<i>Size:</i>	36,786 SF or 0.844 AC.

1.9 ASSUMPTIONS AND LIMITING CONDITIONS

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

Hypothetical Conditions

HC 1 – This report is made under the hypothetical condition that the subject is in its unimproved prelease condition.

General Assumptions and Limiting Conditions

1. It is assumed the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraisers' estimate of the highest and best use.
5. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraisers.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.
10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
11. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
12. The signatory of this appraisal report is an 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. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media

for public communication without the prior written consent of signatories of this appraisal report.

13. The 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.

1.10 TERMINOLOGY

Market Rent

The most probable rent that a property should bring in a competitive and open market.

Rental Rate

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.

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. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 97

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

Tidelands

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

Market Value is defined as:

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

The Appraisal of Real Estate Appraisal Institute, 14th Edition, Page 447

Exposure Time

The exposure time is estimated at between one and two years. These properties do not often sell and would require some time for due diligence and the finding the right buyer. Market

exposure time is retrospective of the appraisal date and linked to the Opinion of Market Value. It considers the depths of supply, availability of funds for purchased, the depth of demand, and the functional utility of the property. It assumes that the property would be professionally marketed and would allow a reasonable period of time for due diligence.

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

2 MARKET AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

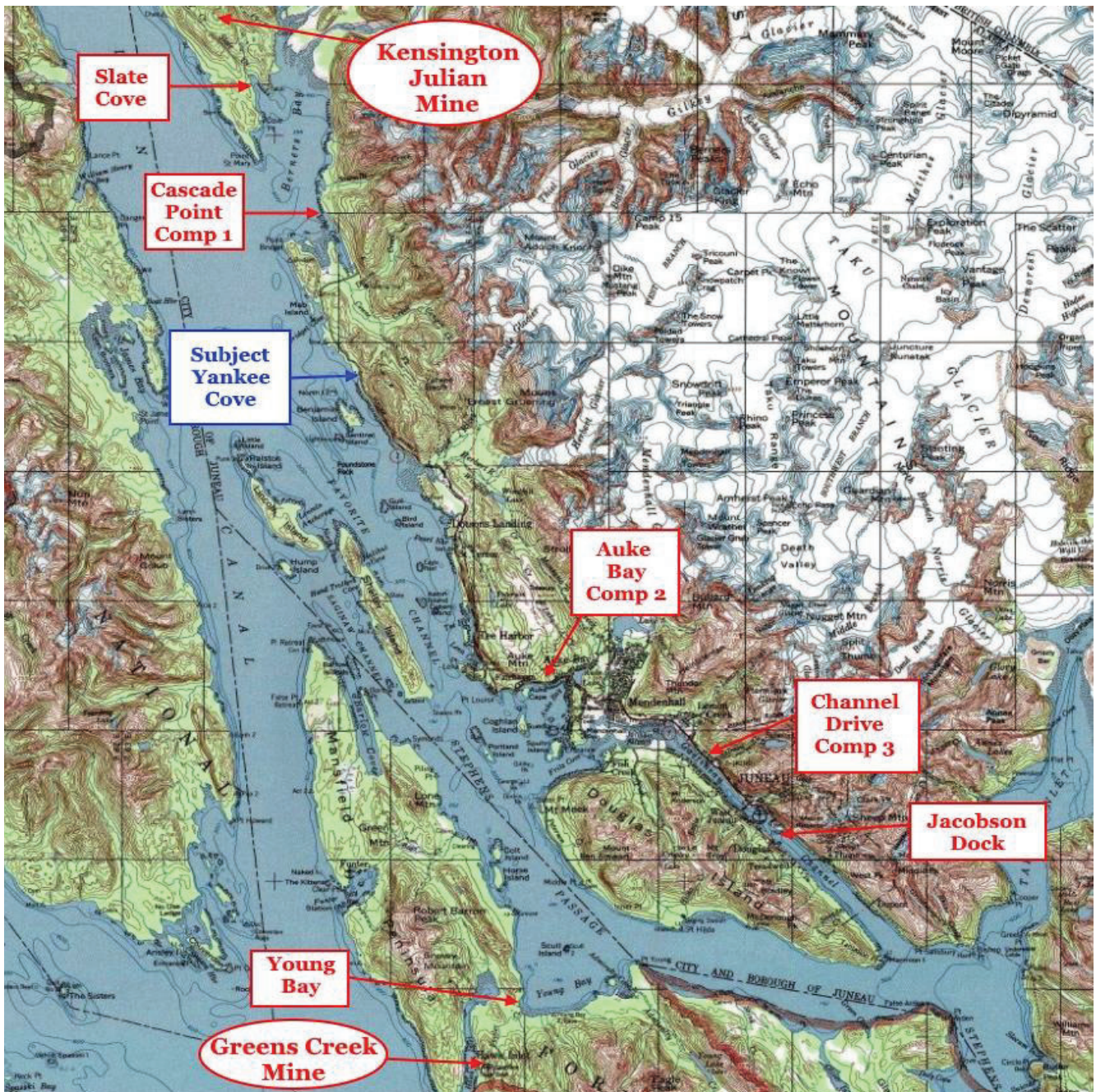


FIGURE 2.1 - MAP SHOWING SUBJECT, COMP LOCATIONS, AND TIDELAND LEASE SITES FOR INDUSTRIAL AND MINE TRANSPORTATION DOCK USES.

Overall Market

The demand for property is driven by population, which is in large part driven by employment.

The Juneau economy is primarily driven by the government. 40% of all jobs and 50% of all wages in Juneau are Federal, State or Tribal Government. Being the state capitol, State of Alaska employment makes up about a quarter of this payroll.

Diversifying elements of Juneau’s economy include tourism, two nearby major gold mines (Greens Creek and Kensington), regional and local health care, and the seafood industry. The Juneau and Southeast Alaska Economic Indicators July 2016 released by the Juneau Economic Development Council (JEDC-2016), indicates a very slight contraction of combined government and private sector jobs of less than 1%.

See Figure 2.2 extracted from JEDC reports. The federal civilian sector was most significantly impacted by the reduction, losing a total of 15 jobs, but saw no reduction in wages paid. Healthcare, construction, mining, and state government all saw reductions in the numbers of jobs, but actual small gains in payroll as part-time and lower paying jobs were reduced or consolidated. Job gains were concentrated in Juneau’s tourism sector and administrative service jobs.State government lost the most jobs, contracting by 4%. Local government made up for some of the loss with an additional 38 jobs in 2015. The employment outlook will have Juneau’s economy strongly impacted by the approach the legislature takes to solve the state’s budget deficit. With continued diminution of state and federal employment,the community may experience an out-migration that effects all aspects of the economy.

According to the JEDC, Juneau’s population leveled off in 2014 after six years of continuous growth from a low in 2007 of 30,350 to 33,030 in 2013 and 33,026 in 2014. This compounded annual growth of 0.5% is less than the state growth of 1.0%, but more than Southeast Alaska’s 0.2% compounded growth rate. JEDC states that the population and economy will be impacted by the legislature’s approach to solving the state’s budget deficit.

The JEDC Economic Indicators Report confirms that Juneau’s housing market has witnessed relatively stable growth. Home sales were up by 10% in 2015 over 2014, with increased sales in all residential types with the exception of single family detached. Prices have continued to

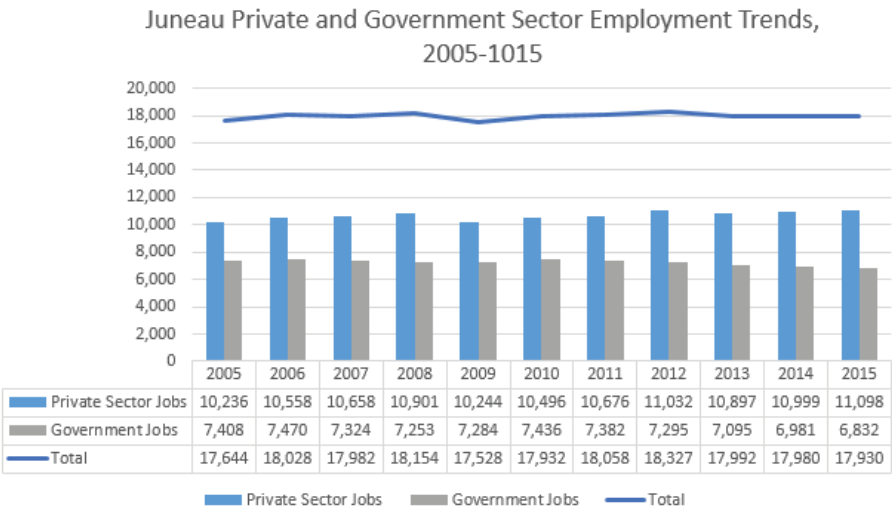


FIGURE 2.2– EMPLOYMENT TRENDS
SOURCE: JEDC.ORG

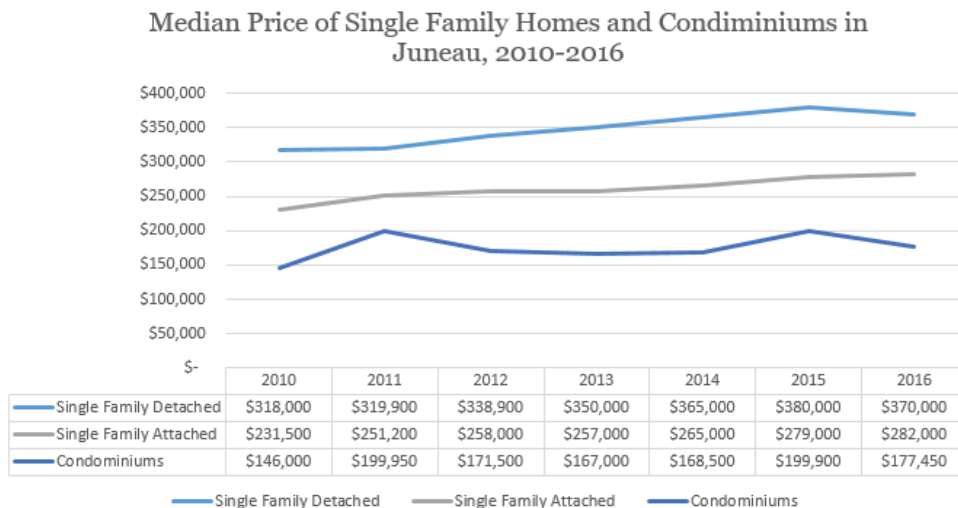


FIGURE 2.3 – MEDIAN HOUSE PRICE TRENDS
SOURCE: SOUTHEAST ALASKA MULTIPLE LISTING SERVICE

increase, with single family homes gaining 5.5% in 2015 and rising to the date of the JEDC report in 2016. According to the report, there were 202 sales of single-family detached residences in 2015, compared to 209 in 2014 and 219 in 2013. The median price has remained relatively stable in recent years within 4%, between \$365,000 and \$380,000. These trends seem to indicate that Juneau has recovered from the volume and price lows of the mid 2000's. Please see Figure 2.3.

Trends in new construction indicate a large number of multiplex units permitted. Permits for single family residential was up to 71 in 2015 from 44 in 2014 and 50 permits were issued for SFR's in 2016. Please see Figure 2.4 extracted from JEDC's data (<http://www.jedc.org/Housing-Indicators>).

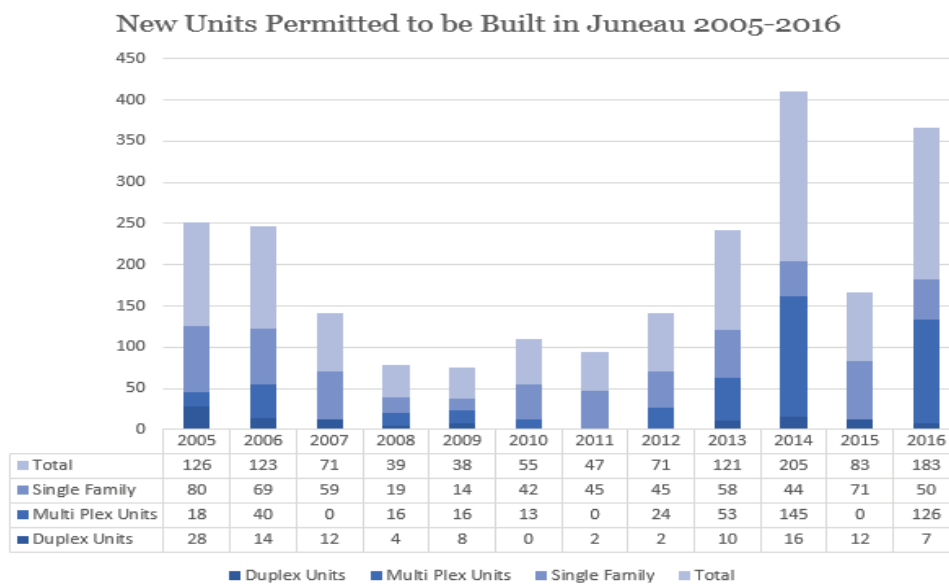


FIGURE .2.4 – NEW CONSTRUCTION TRENDS
SOURCE: CBJ BUILDING PERMIT OFFICE

Given the above information, market conditions in Juneau may change depending on the state’s approach to budget deficits. The Juneau economy needs to continue to diversify. The outlook based on these trends appears to favor steady growth in Juneau’s residential real estate market for the near future; however commercial demands may diminish with employment. These are trends that impact the overall market closer to the Juneau core. The spinoff demand and impact to property nearly 40 miles out of Juneau in the subject neighborhood is relatively limited given the behavior in that market over the last several years. This is further described in the following section.

NEIGHBORHOOD/SUBMARKET ANALYSIS

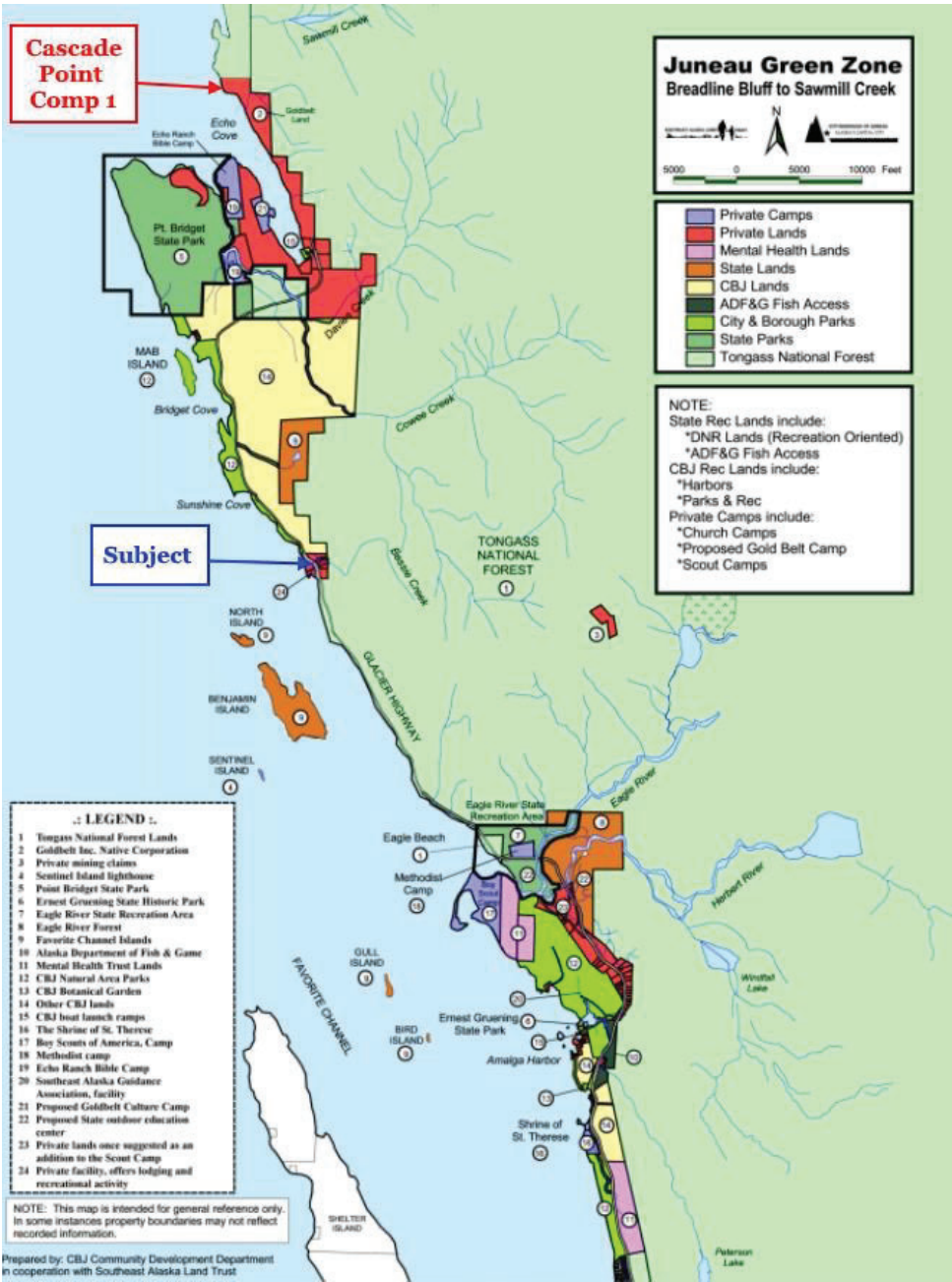


FIGURE 2.5 - NEIGHBORHOOD MAP SHOWING OWNERSHIP

The subject property is at Yankee Cove, adjacent to Favorite Channel. The tidelands lease services a medium draft vessel dock, which currently caters to transporting Kensington mine employees and materials to Slate Cove across Berners Bay, a distance of about 16 miles. The subject is located about 10 miles south of Echo Cove at the end of the paved road public system. The road continues about 3 miles north to Cascade Point. There is a tidelands lease at this location in anticipation of a shorter ferry run distance to Slate Cove.

The subject neighborhood is typical of many rural highway waterfront communities in Southeast Alaska. Glacier Highway generally follows the coastline in a northerly direction from the Mendenhall Valley and downtown Juneau. Its penetration into the interior lands is limited by topography and other developmental restrictions and demand. The immediate area near the subject is known as Yankee Cove. The area is characterized by steep slopes and heavy forest terminating in the shallows of the estuary of Bessie Creek and its associated drainages.

There are very few sales in the area. Comparable market indicators are found in other competing areas throughout the Juneau road system. The market demand is static.



FIGURE 2.7 - JACOBSON CRUISE SHIP DOCK SHOWING UPLAND LEASE AND THE ADJACENT TIDELAND LEASE

COMPETITIVE COMMERCIAL WATERFRONT PROPERTIES-

As a dock site, competitive properties along the Juneau road system would generally be south of the subject. There are no recent industrial waterfront site sales. The most recent lease was in 2016 at 3155 Channel Drive, a 6 1/2 acre site to SECON for just over 90¢/SF per year. This fully developed barge landing site had an underlying tideland lease similar to the subject situation in its pre developed state at 15¢/SF. The undeveloped land lease rent is 16.7% of the upland lease unit value (15¢/SF divided by

90¢/SF). This undeveloped tideland lease is typical of the Channel Drive area, 3 miles from downtown Juneau.

Cruise ship docks raw tidelands in the Juneau area are leasing at 40¢/SF to 60¢/SF. These are far superior to the subject in location and economic demand. One leased parcel at 40¢/SF has an adjacent upland lease at \$1.60/SF per year. Both these leases reflect undeveloped land whereby the lessee built out the up land and tidelands docking and staging structures. This indicates a ratio of undeveloped tideland lease at 25% of the unit value of the adjacent upland lease rate.



FIGURE 2.8 - ALASKA GLACIER SEAFOODS LEASE ADJACENT TO FEE OWNED UPLANDS.

There are several leases in Auke Bay. The most recent is the Alaska Glacier Seafoods lease, submerged lands adjacent to the fee owned tidelands renting for 18¢/SF. This is in a superior location to the subject but has similar inferior land characteristics in that it is wholly submerged lands only. This Tideland lease is adjacent to the uplands which have been filled behind the seawall, similar to the subject dock site. The cost of filling these lands in creating the seawall is well over \$30.00/SF.



FIGURE 2.9 - CASCADE POINT TIDELAND LEASE.

In consideration for the subject's rural location 34 miles out Glacier Highway, we also looked at remote lease sites including Slate Creek Cove; the Kensington Mine drop off site north of Berners Bay. The five acre lease is for just over 3¢/SF, set back in 2014. There's a 4.4 acre lease tract in Greens Bay that serves for the drop off site at Greens Creek Mine on Admiralty Island, which lease was adjusted in January 2015 at 3.2¢/SF. The sites are obviously inferior having no connection to the Juneau road system. By contrast there is a 5.6 acre lease

tract at Cascade Point at the very end of the Juneau road system which rents for just over 6¢/SF. One of the significant issues that would influence the lease rate per SF is that these sites are large and square off sites, not as narrowly described as the subject, which minimizes the subject area. The economic influence here would be that the rent may be somewhat lower on a direct comparison basis but the SF rent would be significantly higher.

3 PROPERTY DESCRIPTION

3.1 SITE DESCRIPTION

The subject is located in Yankee Cove approximately 34.5 miles north on Glacier Highway from Juneau, Alaska. This is a relatively well protected cove from north, east and northwest weather. The cove has exposure on the west which has been mitigated by a rock breakwater built on a portion of the subject lease lands by the lessee. The subject lease tracts are negotiated remnants of the larger area that had been covered by a corps permit for dredge and fill (see Figure 3.3 for an excerpt of that drawing). These lands have been conveyed to the city for management purposes since the lease began. The conveyance which approximates the original lease negotiation tracks include Alaska Tideland Survey 1677 (an excerpt of which is included below in Figure 3.1) and Bessie Creek, an anadromous stream bisects the cove restricting development in that area.

The subject lands have been developed by the lessee with the aforementioned breakwater, east of Bessie Creek and a filled parking/staging area with a ramp and floating dock west of Bessie Creek as noted in these drawings.

Site Size and Shape

Per the lease, the square foot areas of the subject are 10,876 SF of the west side of Bessie Creek supporting the breakwater and 25,912 SF on the east side of the creek supporting the rip rap rock fill parking area, ramp and float areas. Total indicated lease area 36,786 SF.

The subject actual lease areas are contrasted with the surveyed areas to the CBJ in the following table.

TABLE 3.1 - SUMMARY LEASE AREA COMPARISON TO COMPACT TRACT (PARENT TRACT) FROM WHICH LEASE MADE.			
	Tr B-west of creek	Tr A-east of creek	Total areas
Parent Tract ATS 1677	0.84 acres	2.77 acres	3.51 acres
Leased Parcels	0.25 acres	0.59 acres	0.844 acres
Use Ratio	29.8%	21.3%	23.9%

The lease parcels give the subject an effective usable water front of just over 160 feet (65 feet seaward and of submerged float extension and 97.81 feet frontage along staging area loading zone).

The tidelands shallow up in this area due to the influence of Bessie Creek and it is unlikely there will be any other commercial development in the cove due to access and size.

Although the lands have been dredged, filled and developed by the lessee with a dock, for the purpose of this appraisal for estimating the annual market lease rate they are appraised in their pre development condition.

Enhanced Utility of Subject Parcels

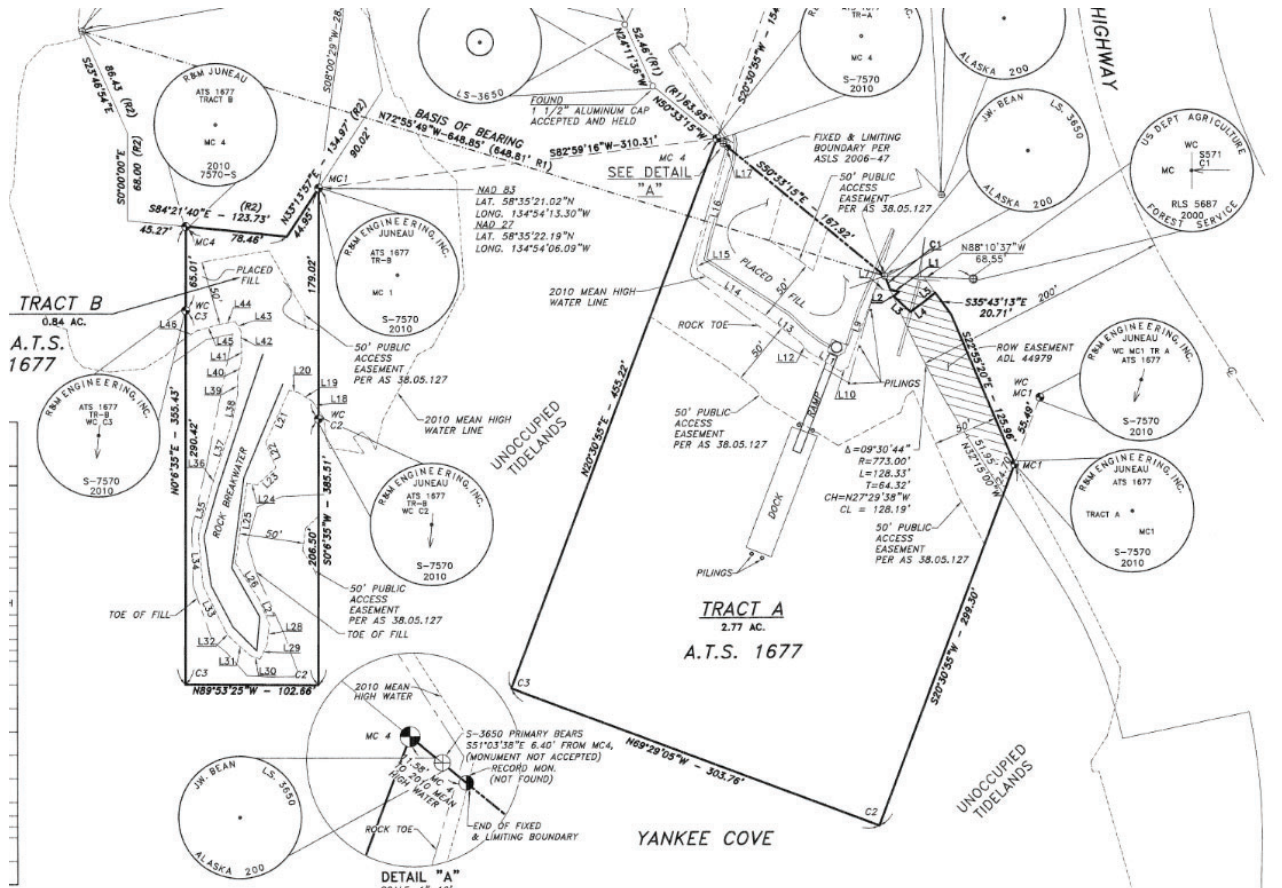


FIGURE 3.1 EXCERPT OF ATS 1677. PLEASE SEE A COMPLETE COPY OF ATS 1677 IN THE ADDENDA. THIS FIGURE SHOWS THE AREA AS CONVEYED FROM THE STATE TO THE CITY FROM WHICH THE LEASE PARCELS ARE DESIGNATED. IT SHOWS THE SQUARED OFF AREAS SIMILARLY SHAPED AS OTHER TIDE LAND LEASES IN THE MARKET. THESE AREAS CONTRAST TO THE SUBJECT'S "COOKIE CUTTER" OR NARROWLY SCRIBED AREAS OUTLINED IN THE LEASE.

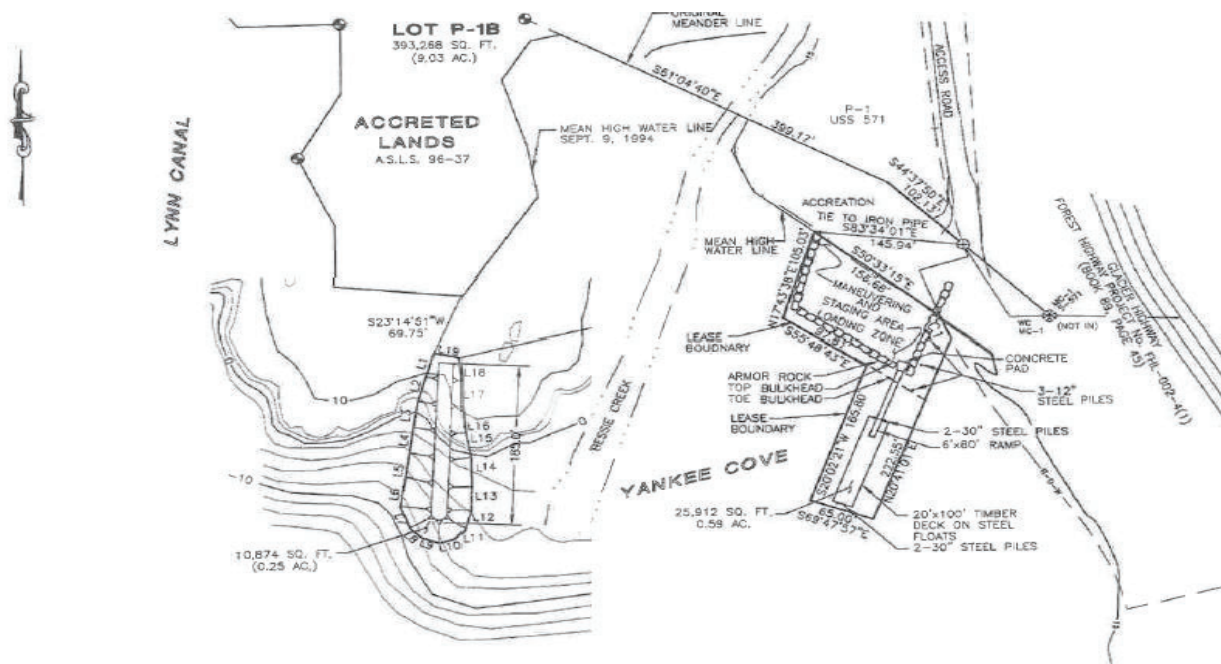


FIGURE 3.2 - COMPOSITE MAP FROM EXISTING LEASE EXHIBIT A. ALTERED TO SHOW BOTH PARCELS. HORAN & Co. NOT TO SCALE.

The subject parcels and boundaries generally scribe the exact use areas, leaving other areas that would normally be required for maintenance, navigation and generally squaring off the properties to define them as distinct from other adjacent properties. The “leavings” around the edge of the subject’s narrowly scribed parcels have little remaining utility to the underlying property owner (lessor). This enhances the value of the smaller circumscribed parcels as compared to typically leased parcels that are normally squared off. In other words, the subject and another property could have similar utility. However, the subject’s narrowly defined property has less square footage as designated in the lease. Therefore, the lesser area of the subject has a greater value than the nominal area of competitive parcels and are squared off.

It appears the 200 feet ROW from Glacier Highway center line shown in Tract A is not on the subject lease parcel. This is a sloping beach area at an extremely lower elevation than the roadway. There is a 50 foot wide public access easement, standard for waterfront properties, which does imprint on the subject lease areas but does not inhibit the subjects use or its highest and best use as leased.

GENERAL NOTES

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Access

The subject site is accessed through the adjacent privately owned land by gravel roads maintained by the lessee. They connect to Glacier Highway state owned and maintained paved two way roadway. The site has good waterfront access as well but required dredging to accommodate larger mid-draft vessels.

Utilities

There are no public utilities developed into the subject area. Power is usually generated with onsite generators. Septic sewage systems have to be developed in accordance with state requirements. Onsite water is typically generated by catchment or surface systems.

Zoning

The properties are adjacent to uplands zoned Rural Reserve (RR). It is assumed that the subject tidelands would take on the zoning of the adjacent property. According to the City and Borough of Juneau, the RR, or rural reserve zoning district, is intended for lands primarily in public ownership managed for the conservation and development of natural resources and for future community growth. In addition, recreation cabins, lodges and small seasonal recreational facilities may be allowed. Minimum lot size is 36,000 SF>

Assessed Valuation and Taxes

The assessment account which would cover the subject parcels are consolidated and carried on Parcel number 3B4401000052. The excerpt from the 2015 Assesment records show the subject land as a possessory interests (POSS. INTR.). See figure 3.4 below shows the calculation of the current land assessment covering the subject Tideland lease areas and the 9.488 acre fee owned uplands.

2015 LAND VALUATION FOR ECONOMIC UNIT 3B4401000052 (0053, 0054)

YANKEE COVE DEVELOPMENT LLC

ALL VALUE IS ON PCN 3B4401000052

Areas (sf) for the leased parcels are taken from the lease document, pg 3

PCN			AREA ACRES	AREA SF	RATE	AMOUNT
3B4401000052	FEE SIMPLE	UPLAND	9.48	412,844	1.70 AC	703,000
3B4401000053	POSS. INTR.	FILLED	0.264004	11,500	6.00 SF	
3B4401000053	POSS. INTR.	SUBMERGED		14,412	0.75 SF	74,300 POSS. INTR. ADJ AMT
3B4401000054	POSS. INTR.	FILLED		10,874	6.00 SF	60,700 POSS. INTR. ADJ AMT
				449,630		838,000

These three parcels, 3B4401000052, 0053 and 0054 are treated as an Economic Unit. All values, both land and improvements, are on 0052. 0052 is the upland parcel which consists of 9.48 acres with the lodge building and several smaller cabins and storage buildings. 3B4400053 is a possessory interest leased area which consists of a fraction of ATS 1347 TR A. The leased area totals 25,912 sf of which 11,500 sf is estimated to be filled. The remaining 14,412 sf is submerged. 3B4401000054 is also a possessory interest leased area which consists of a fraction of ATS 1347 TR b. The leased area totals 10,874 sf all filled area (breakwater).

Figure 3.4 excerpt from CE BJ assessment record showing a land value calculation.

The following assessment parcel summary shows the entire property's current assessment.

Parcel #	Street Address	Legal Description 1	
3B4401000052	GLACIER HWY 35000	USS 571 LT P1C	
Owner's Name and Address			
YANKEE COVE TRUST & MARION HOBBS TRUSTEE 2280 BRANDY LN SP 4 JUNEAU AK 99801			
Previous Owner	Site Value	Building PV	Total PV
MARION B HOBBS	\$ 838000.00	\$ 613300.00	\$ 1451300.00
Use Code	Exempt	Zoning	Tax Year
Commercial Misc	No Data	Rural Reserve	2017
Number of Units	Year Built	Gross Living Area	
001	1981	004073 sq.ft.	
Garage	Garage Area	Lot Size	Last Trans
No	N/A	9.48 acres	0000
City Water Available	City Sewer Available		
No	No		
Exempt Land	Exempt Building	Exempt Total	Road/No Road
N/A	N/A	N/A	No Data

Figure 3.5 CBJ assessment record

Improvements

The site is appraised as hypothetically unimproved. Actual improvements include the rubble mound breakwater west of Bessie Creek and the dock site and staging area east of the creek. The dock is a 20' x 100' wood deck on steel floats with a 6' access ramp 80' long. There are seven existing steel pilings, a gravel boat ramp and an adjacent armor, rocked-raised pad of approximately 14,000 SF for maneuvering, staging and loading area for wharfage uses. The entire dock rests in a large, dredged, underwater basin approximately 300' by 300', with a 6:1 rip rap armor slope developed in it. The existing dock/marine improvements were permitted by the Army Corp of Engineers in July 2004 and developed in 2005 and 2006.

4 VALUATION

4.1 HIGHEST AND BEST USE

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

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

There are four criteria that highest and best use must meet which include: legal permissibility, physical possibility, financial feasibility, and maximum productivity. The site is physically suited for the dock development which has been completed by the lessee. It is presumed to be legally permissible as developed. There are a limited number of alternative feasible uses such as small marina, residential view site with small boat launch and the commercial/industrial dock as developed. As developed, the subject site is under lease as outlined earlier in this report. In addition to the Kensington Mine/Coeur Alaska departure site, the subject has occasionally been used by tour boats and other operators as a jumping off point from the Juneau road system to Lynn Canal and other parts north. The highest and best use of the site is a commercial boat dock and launching facility as developed.

4.2 RENTAL COMPARISON APPROACH

The most direct way to value the subjects' lease rent is on a rent per square foot comparison basis. In the subject instance we will use the three comps selected as the most representative of the market based on the competitive market discussion in Section 2 of this report.

For the purpose of estimating the rents here we will use the annual rent per square foot indicated by the three main comps which are summarized in Table 4.1 - Qualitative Rating Grid. Details of these comps are contained in the addenda.

Qualitative Ranking

The difference between the subject and the comps would ideally be explained by measurable objective differences found in the market. There is not enough sales information to make discreet quantitative adjustments for differences for things such as location, extreme size differences, quality of the tidelands, etc. In this instance we will use a qualitative rating to help bracket the subject on a nominal square foot rent basis.

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

These ratings will be discussed below and summarized in Table 4.1. Some of the significant market driven issues are discussed below.

The **titled interest** is rated similar between the subject and comparables. The subject lease specifies leasehold interest in fee simple less mineral rights. This is a typical arrangement for State of Alaska or municipal land leases and has nominal impact on value.

All comparables were found to be similar in the **conditions of sale**, all being supported by reasonable market evidence such as an appraisal.

The **market conditions** are similar. While the market may have fluctuated somewhat since 2010, there is not consistent rational evidence for adjustment in this limited market in this instance.

Location in this instance notes the general market preference for one location over another. The availability of utilities inconvenience to population areas influence this rating. Comp 1 is over 10 miles north of the subject, further away from town services by a gravel road. It is inferior in location at Cascade Point by +1. Comps 2 and 3 are much closer to town and service by utilities. They are superior in location by -1 each.

The subject and the comps are all **zoned** similarly and have similar highest and best use for commercial or industrial waterfront application.

The **size** of the site influences the value per square foot only for extreme differences in these types of commercial/industrial properties. Some sites need a critically large area in order to function. Some large sites present excess land and are more difficult to sell or rent because there are a limited number of users for the entire parcel. Where there are extreme size differences, the unit values of the larger parcels tend to be less due to the lack of current demand. In the subject case, Comp 1 is over 6 ½ times the subject size and is rated inferior on a price per square foot basis by +1. There is no rating difference for Comps 2 and 3.

Shape is very important in the subject instance. The subject site required significant area in that it needed to have control of an area to build a breakwater and dredge a tidal basin taking up nearly four acres of size. The final lease configuration was a narrowly scribed parcel of less than one acre. Comp 1 is inferior in that it is a large rectangular site which allows space for building a breakwater and dock similar to the subject. Its shape is inferior to the subject by +1. Comps 2 and 3 were compact sites nearly all developed for a planned development and to moor ships and are rated similar in shape.

Waterfront access quality is important for the sites as transfer points for marine transportation. The subject is not well protected from the westerly weather and required significant dredging. This is similar to Comp 1 and will also require a breakwater when fully developed. Comp 2 was for deep water where the lessee owned in fee the sloping tidelands. In this respect it is on balance rated similar. Comp 3 had dredging issues and is also rated similar.

This discussion and the various ratings are outlined in summarized in Table 4.1

TABLE 4.1 - QUALITATIVE RATING GRID							
Comparable Elements	Subject 34.5 Mile Glacier Hwy	Comp 1 – 46 Mile Glacier Hwy, (5868)		Comp 2 – 13555 Glacier Hwy Drive (2783)		Comp 3 – 3155 Channel Drive (9573)	
Annual Rent		\$14,800		\$3058		\$11,957	
Annual Rent/SF		\$0.06/SF		\$0.18/SF		\$0.15/SF	
Titled Interest	Leasehold	Similar	0	Similar	0	Similar	0
Conditions of Sale	Cash	Similar	0	Similar	0	Similar	0
Market Conditions	07/17	04/13	0	7/15	0	4/14	0
Location	Yankee Cove	Cascade Point	+1	Auke Bay	-1	Chanel Drive	-1
Zone	RR	RR	0	WI	0	WI	0
Size	36,786 SF	246,114 SF	+1	16,888 SF	0	79,715 SF	0
Shape	Narrowly Scribed	Open spaces	+1	Similar	0	Similar	
Waterfront Access Quality	Unprotected from the west needed breakwater.	Similar	0	Similar	0	Similar	0
Overall Rating		Inferior	+3	Superior	-1	Superior	-1

If a comparable attribute is **superior** to the subject, a minus rating of -1, -2, or -3 is made, depending on its severity.

If a comparable attribute is **inferior** to the subject, a plus rating of +1, +2, or +3 is made, depending on its severity.

Based on the foregoing, comparable rent bracket the subject as indicated in Table 4.2 below.

TABLE 4.2 - COMPARABLE SF PRICE RANKING GRID			
Comp #	Location	Annual Rent/AC	Ranking
1	46 Miles Glacier Highway (5868)	6¢/SF	Inferior+ 3
	Subject	Solve	Solve
3	3155 Channel Drive (9573)	15¢/SF	Superior -1
2	13555 Glacier Hwy Drive (2783)	18¢/SF	Superior -1

The market is not perfectly consistent due to the limited number of transactions and other inconsistent market forces. These rental rates suggest that the subject would be somewhat less than 15¢/SF but significantly more than 6¢/SF. The higher end of this range is obviously more comparable to the subject. Based on the foregoing, the indicated current market rent for the subject tidelands is 12¢/SF. The market rent is estimated as follows:

36,786 SF at 12¢/SF= \$4,414.32/ year rent

ADDENDA

SUBJECT PHOTOGRAPHS



**PHOTO 1 – SUBJECT ADJACENT FILLED UPLANDS LOOKING IN A SOUTHEASTERLY DIRECTION.
SUBJECT DOCK SITE PHOTO DISTANT CENTER. (071317_0865)**



**PHOTO 2 – LOOKING DOWN RAMP TO THE SOUTH ONTO SUBJECT SUBMERGED LANDS.
(071317_0853)**

SUBJECT PHOTOGRAPHS



PHOTO 3 – LOOKING NORTH ACROSS SUBJECT SUBMERGED LANDS AND FLOAT ONTO SUBJECT FILLED STAGING AREA-LOADING ZONE AT ROCK WALL COMPRISING WESTERLY SIDE OF DOCK SITE. (071317_0855)



PHOTO 4 – LOOKING NORTHERLY ALONG SUBJECT SUBMERGED LANDS AND ADJACENT UPLANDS AT GRAVEL RAMP ALONG EASTERLY SIDE OF DOCK SITE. (071317_0857)

SUBJECT PHOTOGRAPHS



PHOTO 5 – LOOKING IN THE OPPOSITE, SOUTHERLY DIRECTION DOWN SLOPING RAMP AT EASTERLY SIDE OF DOCK SITE. (071317_0859)



PHOTO 6 – LOOKING SOUTHERLY FROM UPLANDS TOWARDS SUBJECT BREAKWATER SITE SHOWING EAST SIDE OF BREAKWATER. (071317_0870)

SUBJECT PHOTOGRAPHS



PHOTO 7 – LOOKING NORTH FROM END OF SUBJECT BREAKWATER. (071317_0874)



PHOTO 8 – LOOKING SOUTH AT WESTERLY SIDE OF BREAKWATER. (071317_0877)

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

Community: 33 CBJ - Mainlands
Address: Cascade Point, Berners Bay
City: Juneau
State:
Zip:
Location: Cascade Point, Berners Bay, north of Echo Cove, 42 miles north of Juneau within 36S, 63E, S32
Legal: ATS 1654, ADL #107152, Plat 2007-25;

Instrument: Tidelands **Serial:**

Trans.Type: Land Lease

Rights: Lease

Terms: Adjustable every five years.

Annual Rent: \$14,800

Trans. Date: April 30, 2013

Grantor: State of Alaska, DNR

Grantee: Goldbelt, Inc.

Size (SF): 246,114

Frontage:

Zone: RR

Utilities: None

Access: Rough road

Improvements: None

Land Class: Remote, Vacant, Tidelands

Topography: Sloping, tidelands

Vegetation: Tidelands

Soil: Tidelands

Present Use: Vacant

Intended Use: Dock and land - see comments.

Highest and Best Use:

Comments

The intended use is to dredge and build a small level mound and develop a pier, gangway and float supported by galvanized piling for a ferry that will run between Cascade Point and Slate Cove, supporting the Kensington Mine 100-140 employees.

Analysis:

This lease has been completed for issues unrelated to the property value. The appraisal has been accepted by the Dept. if the lease does proceed. This indicates the following effective 4/12/13; $\$14,800/\text{year} \div 5.65\text{AC} = \2619AC per year .

Marketing Info: Negotiated tidelands lease with uplands preference rights. Note: early entry permit beginning 9/01/06. Appraisal date 4/12/07, appraisal approved 6/21/07. The site has been reappraised in April 2013 to \$14,800 per year for lease payment.

Confirmed with: DNR WEBSITE John Thomas

Confirmed date: 11/27/2013 3/7/2008

Confirmed by: J.Corak C.Horan

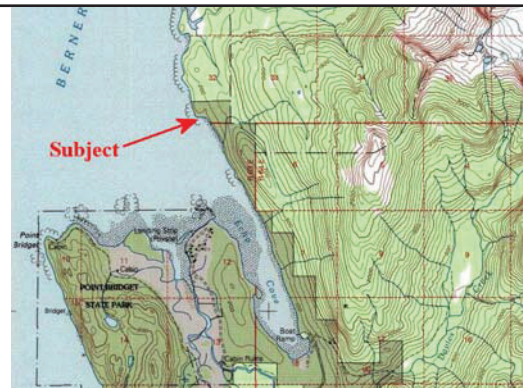
Revision Date: 7/8/2015

Record Number: 5868



Untitled.wmf

050108_3323



Untitled.wmf

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

Community: 03 CBJ - Auke Bay
Address: 13555 Glacier Highway
Location: Seaward of Alaska Glacier Seafoods, Auke Bay
Legal: ATS 1644 Tidelands seaward of Lot 2, ATS 357, Plat 2006-50, ADL 106170 ; Parcel Number: 4B3101000230

Recording District: Juneau**City:** Juneau**State:** AK**Zip:** 99801**Instrument:** Lease **Serial:****Trans.Type:** Land Lease**Rights:** Lease**Terms:** 35 years, reappraisal in 5 years, 35 year lease with city; 35 year potential renewal**Annual Rent:** \$3,057.84**Trans. Date:** July 1, 2015**Grantor:** City and Borough of Juneau**Grantee:** Glacier Holdings, LLC, Mike Erickson (Alaska)**Size (SF):** 16,888**Frontage:** 102.35'**Zone:** WC**Utilities:** Water, Sewer, Electric, Telephone**Access:** Road, paved, Boat**Improvements:** None as lease, dock**Land Class:** Tidelands, Commercial, Waterfront**Topography:** Submerged**Vegetation:** None**Soil:** Tidelands**Present Use:** Vacant**Intended Use:** Build Dock to support adjacent sea food processing plant.**Highest and Best Use:** Commercial Water Related Expansion**Comments**

Leased tidelands near ferry terminal; access through adjacent recently developed lot. The subject is occupied by the concrete dock serving the Alaska Glacier Seafoods Plant.

Analysis:

Leased at \$3,057.84 /year/ 16888 SF = \$0.18/SF

Marketing Info: Non competitive lease, original lease 7/1/2004, rent \$2,530, based on appraisal updated June 30, 2016 appraisal (#16-097) to \$3,057.84 (\$0.18/SF).

Confirmed with:

Mike Kriebler

Confirmed date:

11-17-2004

Confirmed by:

W.Ferguson

Revision Date: 9/22/2017

Record Number: 2783



FIGURE 2.5 - PHOTO LEFT: VIEW NE FROM CITY DOCK TOWARDS GLACIER SEAFOODS DOCK & LEASE AREA (081716_139827)



FIGURE 2.6 - WATERFRONT IN WESTERN PORTION OF AUKE BAY. NOTE CBJ LOADING FACILITY PHOTO LEFT. THE SUBJECT PROPERTY IS NEXT WITH THE STATE FERRY TERMINAL, GITROE DOCK AND ALLEN MARINE DOCK PHOTO RIGHT OF SUBJECT.

HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 3**

12 CBJ - Salmon Creek

Recording District Juneau**Address:** 3155 CHANNEL DR**City:** Juneau**State:** AK**Zip:** 99801**Location:** 3 miles north of downtown Juneau**Legal:** ATS 1277 (Plat 83-210) Portion of Section 9, T41S, R67E, ATS 1277; ADL 102934; Parcel Number: 7B0901300101**Instrument:** Lease **Serial:****Annual Rent:** \$11,957**Trans.Type:** Land Lease**Trans. Date:** April 27, 2014**Rights:** Lease**Grantor:** City and Borough of Juneau**Terms:** 35 years, rent adjusted every 5 years.**Grantee:** Salmon Creek Development (Smith)

One 35 year option to extend

Size (AC): 1.8300**Utilities:** Water, Sewer, Electric**Frontage:** Water Front**Access:** Road, gravel**Zone:** WI**Improvements:** None**Topography:** Gradual sloping/beach**Land Class:** Tidelands, Waterfront, Vacant**Vegetation:** Cleared**Soil:** Gravel, Tidelands**Present Use:** Vacant- As leased**Intended Use:** Marina- Barge landing**Highest and Best Use:** Marine related Commercial/Industrial**Comments:**

Thirty year lease, ATS 1277, intended use as a marine, gently sloping uplands. Photos taken after area was filled.

Analysis:

Annual Rent:

 $\$11,957.25 \div 79,715 \text{ SF} = \$0.15/\text{S}$ **Marketing Info:** Rental amount based on market appraisal. This is a new lease after the old one expired. The land has been filled and improved with a Dock and sublet. See our Record #9574.

Confirmed with: Teena Larson- CBJ &

Confirmed date: 9/2/16

Confirmed by: C.Horan

Revision Date: 9/2/2016

Record Number: 9573



EXHIBIT- TIDELANDS LEASE RENTS - RATIOS AND PERCENTAGES

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

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

Uplands to Tidelands Unit to Value Ratio

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

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

shore, diminishing their utility due to shallow run out or other site limitations, may mean a lower unit value and subsequently a lower tidelands to uplands ratio. This is due to the parcel being larger than would otherwise be necessary as compared to a more efficient, smaller site which would have a higher ratio of unit value.

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

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

Land Lease Percentage Rates

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

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

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

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

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

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

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



YANKEE COVE DEVELOPMENT LEASE AGREEMENT

PART I. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "City," and Marion Hobbs, Member, Yankee Cove Development LLC, a limited liability company licensed to do business under the laws of the State of Alaska, hereafter "Lessee."

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

City:

Attn: John M. Stone, P.E.
Port Director
City and Borough of Juneau

155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0294
Fax: (907) 586-0295

Lessee:

Attn: Marion Hobbs, Member
Yankee Cove Development LLC
Lessee

P.O. Box 210477
Auke Bay, AK 99821
Phone: (907) 789-5856
Fax: (907) 789-5856

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Yankee Cove Development Lease. The following appendices are attached hereto and are considered a part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

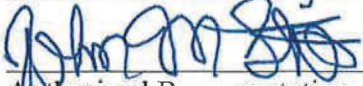
- Appendix A: Property Description & Additional Lease Provisions
- Appendix B: Lease Provisions Required by CBJ Chapter 53.20
- Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

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

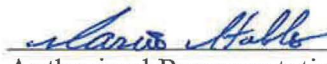
City:

Date: FEBRUARY 27, 2008

By: 
Authorized Representative
John M. Stone, Port Director

Lessee: Y.C.D. LLC.

Date: 2.27.08

By: 
Authorized Representative
Marion Hobbs, Member
Yankee Cove Development LLC

CITY ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the 27th day of February, 2008, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John M. Stone to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above and foregoing instrument, who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to me that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

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


Eagelott M Ewen
Notary Public in and for the State of Alaska
My Commission Expires: May 6, 2010

LESSEE ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the 27th day of February, 2008, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Marion Hobbs to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Yankee Cove Development LLC, as Lessee, which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument; who acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

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


Eagelott M Ewen
Notary Public in and for the State of Alaska
My Commission Expires: May 6, 2010

Risk Management Review: _____, Risk Manager

Approved as to Form: Bambua Ritchie, Law Department



APPENDIX A:

PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

1. DESCRIPTION OF PROPERTY

The property subject to this lease is two parcels of certain tidelands property, collectively referred to as "the Leased Premises" or "the Property," described as follows:

Two parcels of City and Borough tidelands property, located at Yankee Cove, totaling approximately 0.84 acres (40,786 square feet), located within Alaska Tidelands Survey No. 1347, Juneau Recording District, First Judicial District, State of Alaska, as depicted on Exhibits "A" and "B" to CBJ Ordinance No. 2007-62, both of which exhibits are attached hereto and incorporated in this lease.

The Leased Premises parcel depicted on Exhibit "A" consists of 0.59 acres (25,912 square feet) of tidelands property for the dock facility and related marine activities. The Leased Premises parcel depicted on Exhibit "B" consists of 0.25 acres (10,874 square feet) of tidelands property for the breakwater and related marine activities.

2. AUTHORITY

This lease is entered into pursuant to the authority of City Code: CBJ 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. 2007-63 enacted by the City and Borough Assembly on January 7, 2008, and effective on February 6, 2008.

3. TERM AND RENEWAL OPTION

- (a) The effective date of this lease shall be the date this lease is signed by City. The term of the lease is 35 years, commencing on the effective date of the lease, unless sooner terminated.
- (b) Lessee shall have an option to renew this lease for one successive period of 35 years, subject to City approval of any renewal. Lessee shall exercise this option, if at all, by written notice given to City during the first six months of the last year of the underlying lease term.

4. LEASE PAYMENTS AND ADJUSTMENTS

- (a) Lessee shall pay City an annual lease payment for the Leased Premises. Except as provided in this section, the annual lease payments shall be made by Lessee to City at the start of each year of the term, with the first payment due on the effective date of this lease.



- (b) The annual lease payment for the first five-year period of the lease term shall be \$.05 per square foot per year, plus sales tax (\$1,295.60 per year for the parcel depicted on Exhibit "A", and \$543.70 per year for the parcel depicted on Exhibit "B"; plus sales tax).
- (c) Beginning with the first year after the initial five-year period of the term, the Port Director will re-evaluate and adjust the annual lease payment for the Leased Premises for the next five-year period of this lease, and then every five years thereafter, pursuant to Appendix B, Section 3(2) of this lease. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period. The adjusted annual lease payment shall include any lease rental credit approved by the Port Director as authorized in Appendix B, Section 3(23) of this lease.
- (d) Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.

5. AUTHORIZED USE OF LEASED PREMISES

Lessee is authorized to use the Leased Premises for the construction, operation, and maintenance of a dock, a breakwater, and related marine activities. Lessee shall be responsible for obtaining all necessary permits and approvals for any further development of the Leased Premises. Lessee is required to obtain approval of its construction plans from the City Docks and Harbors Board prior to any further development of the Leased Premises.

6. INSURANCE

Commercial General Liability Insurance

Lessee shall maintain at all times during this lease commercial general liability insurance, including marina operator's liability insurance, in the amounts of \$1,000,000 per occurrence and \$2,000,000 general aggregate. The insurance policy, including the marine operator's liability insurance, shall name City as an "Additional Insured" and shall contain a clause that the insurer will not cancel or change the insurance without first giving City 31 days' prior written notice. Lessee will provide evidence of this insurance to City in a form acceptable to the City Office of Risk Management.

Property Insurance

Lessee acknowledges that City carries no fire or other casualty insurance on the Leased Premises or improvements located thereon belonging to Lessee, and that it is Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.



APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ CHAPTER 53.20

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

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

2. APPROVAL OF OTHER AUTHORITIES.

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

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

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

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

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which City has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value. Lessee may protest the adjustment to the Port Director, and if denied wholly or in part, an appeal may be taken to the City Docks and Harbors Board.

(3) **Subleasing.** In accordance with Ordinance No. 2007-62, Section 3(g), City and Lessee agree that the following provision shall govern subleasing and this provision replaces CBJ 53.20.190(3) for purposes of this lease: Lessee may sublease the Leased Premises or any part of the Leased Premises, provided, that Lessee must first obtain the prior written consent of the Port Director. Subleases shall be in writing and be subject to the terms and conditions of the original Lease; all terms, conditions, and covenants of the underlying Lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(4) **Assignment.** Lessee may assign its rights and obligations under this lease; provided that the proposed assignment shall be approved by City prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and



covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

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

(6) **Cancellation and Forfeiture.**

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

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

(C) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or any of the provisions of this code, and should the default continue for thirty calendar days after service of written notice by City without remedy by Lessee of the conditions warranting default, City may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

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

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

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

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

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



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

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

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

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

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

(A) If any improvements and/or chattels not owned by City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to Lessee, be sold at public sale under the direction of City. The proceeds of the sale shall inure to Lessee preceding if Lessee placed such improvements and/or chattels on the lands, after deducting for City rents due and owing and expenses incurred in making such sale. Such rights to the proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in City.

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



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

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

(18) **Condition of Premises.** Lessee shall keep the Leased Premises in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the Leased Premises. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the Leased Premises.

(19) **Inspection.** Lessee shall allow an authorized representative of City to enter the Leased Premises for inspection at any reasonable time.

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

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

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

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



APPENDIX C: STANDARD PROVISIONS

- (1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.
- (2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.
- (3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.
- (4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.
- (5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.
- (6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.
- (7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, City shall have the right to terminate the lease.
- (8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.
- (9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment, or verdict, and includes the award of any attorneys fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to City of any action, claim, or lawsuit. City shall notify Lessee in a timely manner of the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and



may be waived where Lessee has actual notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against City.

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

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



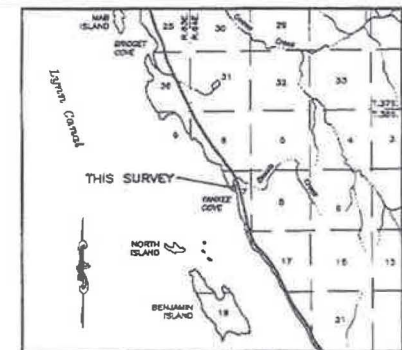
10 of 12

2008-001696-0

LEGEND:

- ⊕ PRIMARY MONUMENT RECOVERED THIS SURVEY BY J.W. BEAN
- ⊕ PRIMARY MONUMENT SET BY OTHERS, RECOVERED THIS SURVEY
- ⊗ B.L.M. BRASS CAP MONUMENT (NOT FOUND)

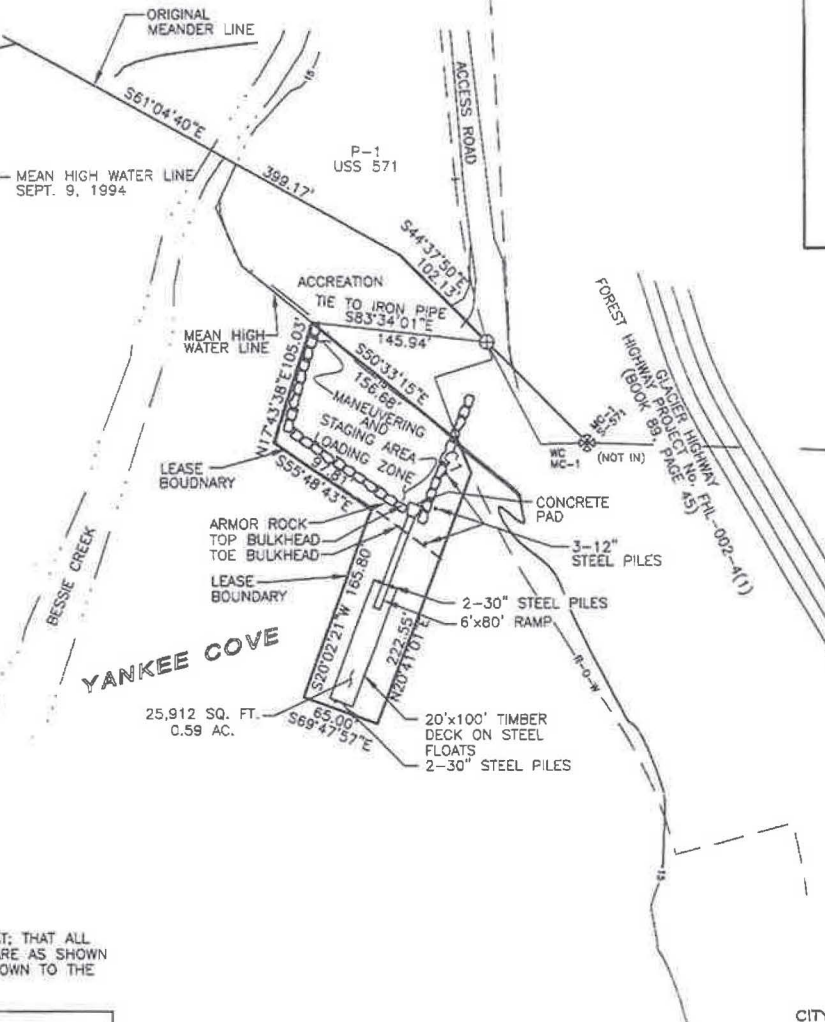
CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	CHORD BEARING
C1	2°02'53"	772.95	27.63	S22°50'59"E 27.63'



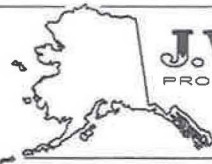
LOCATION MAP
SOURCE: U.S.G.S. QUADS "JUNEAU (C-3), ALASKA"
(1951) REV. 1975
SCALE: 1" = 2 MILE

LYNN CANAL

LOT P-1B
393,268 SQ. FT.
(9.03 AC.)
ACCREDITED LANDS
A.S.L.S. 96-37



I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT PLAT; THAT ALL WALKS, ROADS, EASEMENTS AND IMPROVEMENTS THEREON ARE AS SHOWN AND THAT ALL OVERLAPS AND ENCROACHMENTS ARE AS SHOWN TO THE BEST OF MY KNOWLEDGE.



J.W. BEAN INC.
PROFESSIONAL SURVEYOR
1070 ARCTIC CIRCLE
JUNEAU - ALASKA
(907) 789-0580
SURVEYOR - PLANNER

0 100' 200'
Scale in feet
SCALE: 1"=100'

**LEASE LAND
SITE PLAN
REF. #POA-1998-782
FAVORITE CHANNEL**

CITY & BOROUGH OF JUNEAU, ALASKA
JUNEAU RECORDING DISTRICT

OWNERS:
MARION HOBBS
PO BOX 210447
JUNEAU, ALASKA 99821

SURVEYOR:
J.W. BEAN, INC.
PROFESSIONAL SURVEYOR
1070 ARCTIC CIRCLE
JUNEAU, ALASKA 99801

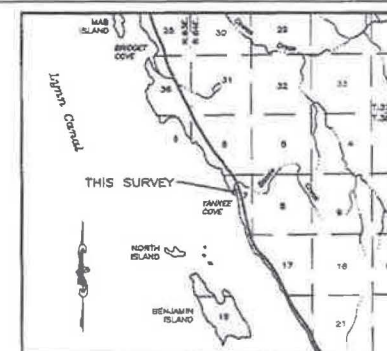
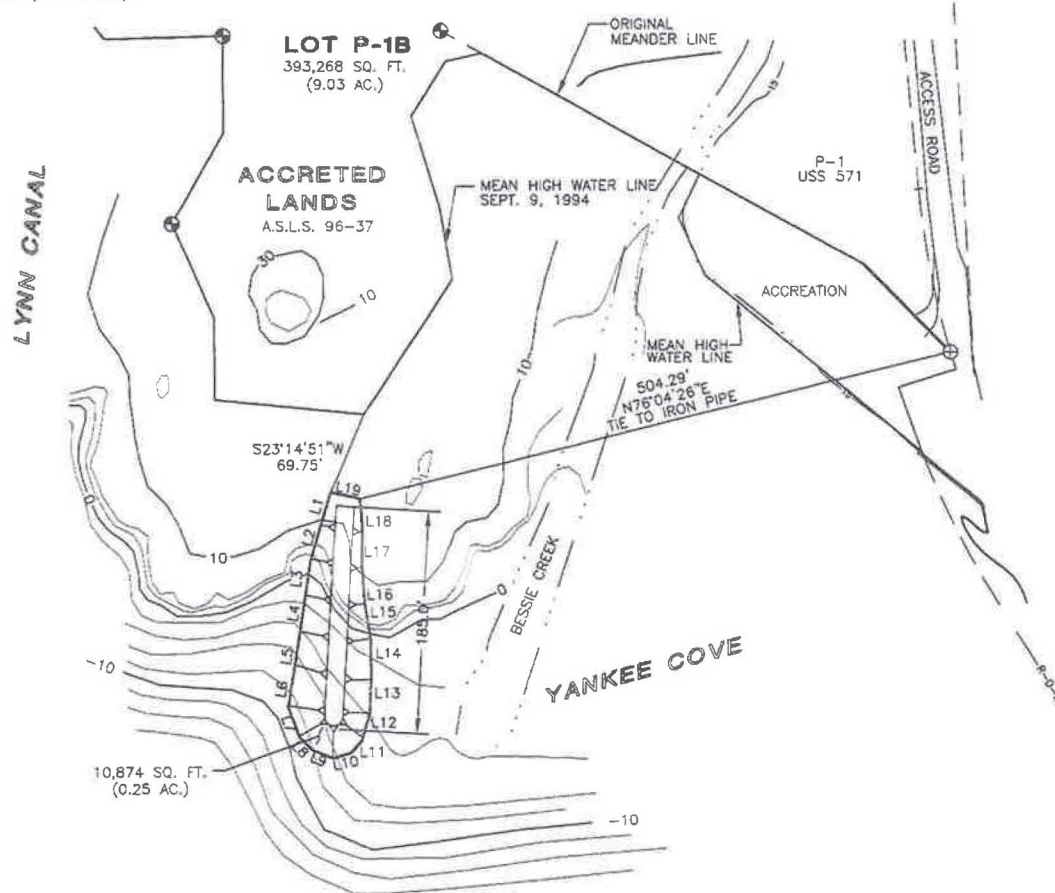
SHEET 1 OF 1

SCALE: 1"=100' DATE: 11-16-2007 PROJ: JOB No.: 8948-HCBBS-LEASE-LAND



11 of 12
2008-001696-0

(S) PRIMARY MONUMENT RECOVERED THIS SURVEY BY J.W. BEAN
 (P) PRIMARY MONUMENT SET BY OTHERS, RECOVERED THIS SURVEY
 (X) B.L.M. BRASS CAP MONUMENT (NOT FOUND)

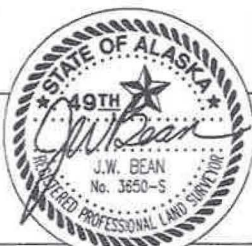


LOCATION MAP
SOURCE: U.S.G.S. QUADS "JUNEAU (C-3), ALASKA"
(1951) REV. 1975
SCALE: 1" = 2 MILE

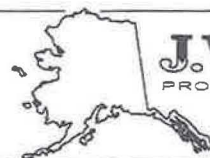
LINE TABLE		
LINE	BEARING	DISTANCE
L1	S17°09'08"W	29.99
L2	S16°16'14"W	28.88
L3	S08°14'27"W	30.59
L4	S09°05'46"W	30.26
L5	S08°38'34"W	31.83
L6	S08°34'30"W	29.21
L7	S19°32'56"E	26.21
L8	S43°53'43"E	14.99
L9	S67°45'51"E	18.95
L10	N72°29'08"E	15.89
L11	N41°22'01"E	13.27
L12	N163°10'33"E	23.70
L13	N02°15'43"E	30.30
L14	N00°43'00"W	31.87
L15	N08°58'43"W	30.55
L16	N03°46'00"W	30.34
L17	N00°45'52"E	29.88
L18	N04°28'13"W	25.57
L19	N27°47'56"W	24.88

12 of 12

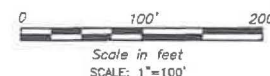
12 of 12
2008-001696-0



I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT PLAT; THAT ALL WALKS, ROADS, EASEMENTS AND IMPROVEMENTS THEREON ARE AS SHOWN AND THAT ALL OVERLAPS AND ENCROACHMENTS ARE AS SHOWN TO THE BEST OF MY KNOWLEDGE.



J.W. BEAN INC.
PROFESSIONAL SURVEYOR
1070 ARCTIC CIRCLE
JUNEAU - ALASKA
(907) 789-0590
SURVEYOR - PLANNER



**LEASE LAND
SITE PLAN
REF. #POA-1998-782
FAVORITE CHANNEL**

CITY & BOROUGH OF JUNEAU, ALASKA
JUNEAU RECORDING DISTRICT

OWNERS:
MARION HOBBS
PO BOX 210447
JUNEAU, ALASKA 99821

SURVEYOR:
JW BEAN, INC.
PROFESSIONAL SURVEYOR
1070 ARCTIC CIRCLE
JUNEAU, ALASKA 99801

SHEET 1 OF 1

SCALE: 1"=100' DATE: 11-16-2007 PROJ: JOB No.: 8948-HOBBS-LEASE-LAND

QUALIFICATIONS OF CHARLES E. HORAN, MAI

Professional Designation	MAI, Member Appraisal Institute, No. 6534
State Certification	State of Alaska General Appraiser Certification, No. APRG41
Bachelor of Science Degree	University of San Francisco, B.S., Business Administration, 1973

Employment History:

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

Lectures and Educational Presentations:

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

Types of Property Appraised:

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

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

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

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

assessment record system for municipalities. Developed extensive state-wide market data record system which identified sales in all geographic areas.

Expert Witness Experience and Testimony:

2016 Expert Witness – D’s Investment Group, LLC vs Erwin Enterprises, et al 1JU-15-971CI, settled
2012 Expert Witness – Dukowitz vs Chamberlain and First American Title Insurance Co. 1JU-12-778CI, settled
2011 Expert Witness – Wise and Wise vs City and Borough of Juneau. 1JU-10-584CI, settled
2009 Expert at mediation - Talbot's Inc vs State of Alaska, et al. IKE-07-168CI
2008 Albright vs Albright, IKE-07-265CI, settled
2006 State of Alaska vs Homestead Alaska, et al, 1JU-06-572, settled
2006 State of Alaska vs Heaton, et al, 1JU-06-570CI, settled
2006 State of Alaska vs Jean Gain Estate, 1JU-06-571, settled
2004 Assessment Appeal, Board of Equalization, Franklin Dock vs City and Borough of Juneau
2000 Alaska Pulp Corporation vs National Surety - Deposition
U.S. Senate, Natural Resources Committee
U.S. House of Representatives, Resource Committee
Superior Court, State of Alaska, Trial Court and Bankruptcy Courts
Board of Equalization Hearings testified on behalf of these municipalities: Ketchikan Gateway Borough, City of Skagway, City of Pelican, City and Borough of Haines, Alaska
Witness at binding arbitration hearings, appointed Master for property partitionment by superior state court, selected expert as final appraiser in multi parties suit with settlements of real estate land value issues

Partial List of Clients:

Federal Agencies

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

Municipalities

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

Lending Institutions

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

Other Organizations

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

ANCSA Corporations

Cape Fox, Inc.
Doyon Corporation
Eyak Corporation
Goldbelt
Haida Corporation
Huna Totem
Kake Tribal Corporation
Klawock-Heenya Corp.
Klukwan, Inc.
Kootznoowoo, Inc.
Sealaska Corporation
Shaan Seet, Inc.
Shee Atika Corporation
TDX Corporation
The Tatitlek Corporation
Yak-Tat Kwan
State of Alaska Agencies
Alaska State Building
Authority (formerly
ASHA)
Attorney General
Dept. of Fish & Game
Dept. of Natural Service,
Div. of Lands
Dept. of Public Safety
DOT&PF
Mental Health Land Trust
Superior Court
University of Alaska

Companies

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

Education

Valuation of Conservation Easements, Fairfield, CA, Sept 2016 Business Practices and Ethics, Seattle, WA, Jan 2016 7-Hour National USPAP Update Course, Seattle, WA, Jan 2016 Online Small Hotel/Motel Valuation, Chicago, IL June 2015 Advanced Spreadsheet Modeling for Valuation Applications, Rockville, MD April 2015 7-Hour National USPAP Update Course, Seattle, WA January 2015 7-Hour National USPAP Update Course, Mount Vernon, WA, April 2013 Fall Real Estate Conference 2012, Seattle, Wa November, 2012 Appraising the Appraisal: Appraisal Review-General, Rockville, MD, May 2012 Information Security Awareness for Appraisal Professionals Webinar, December, 2012 Fall Real Estate Conference 2011 Seattle, WA October, 2011 Appraisal Curriculum Overview (2-day General) Milwaukee, WI, August 2011 Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Rockville, MD, Oct 2010 Business Practices and Ethics, Seattle, WA, Apr 2010 Fall Real Estate Conference, Seattle, WA, Dec 2009 7-hour National USPAP Update Course, Seattle, WA, May 2009 Fall Real Estate Conference, Seattle, WA, Nov 2008 Attacking and Defending an Appraisal in Litigation, Kent, WA, Sep 2008 Sustainable Mixed-Use N.I.M., Seattle, WA, Feb 2008 Appraising 2-4 Unit Properties, Bellevue, WA, Sep 2007 Business Practices and Ethics, Seattle, WA, Jun 2007 7-hour National USPAP Update Course, Seattle, WA, Jun 2007 Residential Market Analysis and Highest and Best Use, Seattle, WA, Apr 2007 Basic Appraisal Procedures, Seattle, WA, Feb 2007 USPAP Update Course, Anchorage, AK, Feb 2005 Rates & Ratios: Making Sense of GIMs, OARs, and DCF, Anchorage, AK, Feb 2005 Best Practices for Residential Appraisal Report Writing, Juneau, AK, Apr 2005 Scope of Work - Expanding Your Range of Services, Anchorage, AK May 2003 Litigation Appraising - Specialized Topics and Applications, Dublin, CA, Oct 2002 UASFLA: Practical Applications for Fee Appraisers, Jim Eaton, Washington, D.C., May 2002	USPAP, Part A, Burr Ridge, IL, Jun 2001 Partial Interest Valuation - Undivided, Anchorage, AK, May 2001 Partial Interest Valuation - Divided, Anchorage, AK, May 2001 Easement Valuation, San Diego, CA, Dec 1997 USPAP, Seattle, WA, Apr 1997 The Appraiser as Expert Witness, Anchorage, AK, May 1995 Appraisal Practices for Litigation, Anchorage, AK, May 1995 Forestry Appraisal Practices, Atterbury Consultants, Beaverton, OR, Apr 1995 Advanced Sales Comparison & Cost Approaches, Univ. of Colorado, Boulder, CO, Jun 1993 Computer Assisted Investment Analysis, University of Maryland, MD, Jul 1991 USPAP, Anchorage, AK, Apr 1991 General State Certification Review Seminar, Anchorage, AK, Apr 1991 State Certification Review Seminar, Dean Potter, Anchorage, AK, Apr 1991 Highest and Best Use and Market Analysis, Baltimore, MA, Mar 1991 Financial Institution Reform, Recovery & Enforcement Act of 1989, Doreen Fair Westfall, Appraisal Analyst, OTS, Juneau, AK, Jul 1990 Real Estate Appraisal Reform, Gregory Hoefer, MAI, OTS, Juneau, AK, Jul 1990 Standards of Professional Practice, Anchorage, AK, Oct 1987 Federal Home Loan Bank Board Memorandum R41C Seminar, Catherine Gearhearth, MAI, FHLBB District Appraiser, Juneau, AK, Mar 1987 Market Analysis, Boulder, CO, Jun 1986 Federal Home Loan Bank Board Regulation 41b, Instructor Bob Foreman, MAI, Seattle, WA, Sep 1985 Litigation Valuation, Chapel Hill, North CA, Aug 1984 Standards of Professional Practices, Bloomington, IN, Jan 1982 Course 2B, Valuation Analysis & Report Writing, Stanford, CA, Aug 1980 Course 6, Introduction to Real Estate Investment Analysis, Aug 1980 Course 1B, Capitalization Techniques, San Francisco, CA, Aug 1976 Course 2A, Case Studies in Real Estate Valuation, Aug 1976 Course 1A, Real Estate Principles and Valuation, San Francisco, CA, Aug 1974
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CBJ Docks and Harbors Board

FY2020 Marine Passenger Fee Request

Area Wide Port Operations

Descriptions: CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of the docks enterprise.

The Board has established a number of fees to generate revenues from users of the assets. The Board has calibrated these fees to assure the overall revenue generated by the enterprise equals the overall cost of running the enterprise.

Many of the uplands assets are used by entities which it is not possible, feasible, or acceptable to charge fees. As a result, users paying fees are subsidizing users that do not pay fees. The services provided to these users are area wide in nature benefiting the general public and cruise ship passengers of private docks. As part of this fee request, the Board identified services that are area wide in nature.

Board identified the following services:

1. Year round maintenance and monitoring of Marine Park.
2. Maintenance and operation of public parking at the Columbia Lot and seasonal public parking at the Steamship Wharf Plaza and the Visitor's Center Lot.
3. Maintenance and operation of unrestricted pedestrian access along the waterfront at the public docks.
4. Maintenance of tour operators Vendor Booths.
5. Maintenance and operation of shuttle drop-offs and pick-ups in the CBJ loading zone that are used by all cruise ship terminals in Juneau.
6. Providing area wide port security.
7. Billing and collecting CBJ area wide fees for all docks.

The Board reviewed its FY19 budget and apportioned expenses associated with these services. Based on its review, it estimates that about 9% of the annual docks budget is attributable to area wide services.

Marine Passenger Fee Funds Requested (FY20): \$225,000

Benefits: This approach is supported by the cruise ship industry since it is more equitable than raising dockage fees. This approach meets the intent of the marine passenger fee since the services benefit all cruise ship passengers, not just the passengers at the public docks. This approach allows the Docks and Harbors Board to direct part of the dock lease revenues to the much needed rebuild effort of the small boat harbors reducing the need for fee increases at the harbors.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request

Port-Customs and Visitor Center Buildings Maintenance Support

Project Descriptions: The Port-Customs and Visitor Center buildings are located on the downtown Juneau waterfront, an area that serves over one million cruise ship passengers each year. Docks and Harbors, an enterprise fund, is responsible for costs associated with operating the Port-Customs and Visitor Center Buildings. Expenses include all utilities (water, sewage, electrical, alarm monitoring) and facility support (parking lot, plaza, snow removal, janitorial and general maintenance). The two buildings comprise approximately 4450 square feet in area. Maintenance costs are estimated at \$2.50 per square foot per month equaling \$133,500.

Marine Passenger Fee Funds Requested (FY20): \$133,500

Project Review: The Port-Customs Building was completed in May 2011 with the Visitor Center completion in June 2012. The project which included the buildings, infill dock construction, covered shelters, landscaping and plaza cost approximately \$9M and was funded with Marine Passenger Fees. The Port-Customs Building is occupied by the US Customs and Border Protection (CBP) and Docks and Harbors staff. CBP claims to be exempt from any costs associated with their operations within a port. The Visitor Center Building is occupied by the Travel Juneau, a non-profit organization for the purpose of supporting cruise passenger inquiries. The Travel Juneau budget does not support maintenance of the building. This leaves the Docks enterprise funds fully exposed to the costs of maintaining and servicing these buildings.

Benefits: By establishing a Port-Customs and Visitor Center Buildings maintenance fund Docks & Harbors can effectively manage and maintain the properties entrusted under their responsibilities. Passenger fees were granted for this purpose in FY2013 through FY2019.

Maintenance and Operation Responsibility: CBJ Docks and Harbors is responsible for all ongoing maintenance and operating expenses of these two buildings and associated upland support facilities.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request

CBJ Parks & Recreation Landscape Maintenance Services

Project Descriptions: Docks & Harbors managed property includes the downtown waterfront from the Taku Dock to Merchant's Wharf. The landscaping has been maintained by CBJ Parks & Recreation seasonal staff for several years out of the CBJ general fund. Flowers, flower pots, trees, shrubs and grass along Marine Park, Cruise Ship Terminal and Alaska Steamship waterfront are meticulously planted and groomed in an admirable fashion. Beginning in FY15, Docks & Harbors was directed to fund this maintenance out of the Docks Enterprise budget.

Marine Passenger Fee Funds Requested (FY20): \$45,000

Project Review: The requested amount has been developed by a CBJ Parks & Recreation algorithm based on requirements to propagate plant and maintain the vegetative cover, new seedlings, plants and flowers.

Project Time-Line: This project would be an interdepartmental transfer from Docks & Harbors to CBJ Parks & Recreation.

Maintenance and Operation Responsibility: Commencing in FY15, Docks & Harbors has been assigned sole responsibility for maintaining the greenery along the CBJ owned waterfront, including outside parking lot facilities.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

**CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request**

Weather/Current Monitoring System Operations & Maintenance

Project Descriptions: This funding would provide annual operations and maintenance for valuable real time weather and water current information to mariners that access the downtown Juneau waterfront including the four cruise berths (private and public) and the Taku Dock (serving Taku Fisheries). The system provides wind and current monitoring sensors at various locations to offer real time information for navigation purposes. The system disseminates via a phone app, internet, or other public media commonly available to mariners in the immediate area.

Construction of the system was phased beginning in 2014 with final completion in 2016 for full use by the 2017 cruise season. The requested funding would provide annual operations and maintenance of the system for continued assistance to mariners in the Juneau harbor.

Marine Passenger Fee Funds Requested (FY20): \$30,000

Project Review: The requested amount has been developed by Marine Exchange of Alaska based on projected annual and periodic operational expenses and anticipated maintenance of the system.

Project Time-Line: The system has been fully functional since the 2017 cruise ship season.

Maintenance and Operation Responsibility: Maintenance for operational costs (electricity, equipment calibration, etc.) would be the responsibility of Docks and Harbors through a contract with Marine Exchange of Alaska.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request

Safety Guardrail Along Dock Face

Project Descriptions: The project would be located along the downtown Juneau waterfront, an area that services approximately one million cruise ship passengers each year. The project consists of constructing a new guardrail along the face of the existing dock.

Marine Passenger Fee Funds Requested (FY20): \$2,000,000

Project Review: This project would construct a new pedestrian guardrail along the existing dock face from Marine Park to the South Berth approach dock. The existing dock face only features an eighteen inch bullrail at the edge. For pedestrian safety a forty two inch high guard rail would be constructed. The proposed guardrail would be designed in the same character as other guardrails along the seawalk.

Project Time-Line: This project would begin as soon as funding is allocated. The first step would be to design the guardrail and prepare construction bid documents. Upon award of a contract to the lowest qualified bidder construction would begin. The plan is to have the guardrail installed by spring 2020 provided full funding is obtained.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses. Maintenance and operations expenses for the guardrail would be minimal.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

**CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request**

Security Checkpoint Queuing Structures – Phase II

Project Description: The proposed security checkpoint queuing structures would be located at the top of the gangway to the floating berths to which the cruise ships breast. Recent upgraded Homeland Security protocol requires that CBJ Docks and Harbors staff monitor the flow of passengers as they return to the cruise ships. This check point is required at the top of the ramp to the floating berths thus two separate security locations need to be monitored on city owned berths.

Marine Passenger Fee Funds Requested (FY20): \$200,000

Project Review: The Port of Juneau staff is required to check cruise passenger identification cards as they return to the ships. This entails funneling literally hundreds of passengers through one checkpoint to review their credentials. The checkpoint queuing structures would accommodate an orderly and safe queuing approach to the cruise ship berths.

Project Time-Line: Phase I of this project is currently in design. The current funding is anticipated to construct one of the queuing structures thus the requested funds are for the second structure. If funding is available the second structure would be completed by spring 2020.

Maintenance and Operation Responsibility: CBJ Docks and Harbors would be responsible for maintenance and operating expenses of these two structures as part of the cruise berths facility.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request

Electric EMS Response Vehicle

Project Description: Docks and Harbors in cooperation with CCFR have provided 132 Advanced Life Saving and Basic Life Saving (ALS/BLS) medical evacuations from vessels calling to the AS and CT over the past two years. While our infrastructure was designed for vehicle traffic, it has been determined that driving an ambulance to the ship through the congestion of 1000's of visitors on the sea walk is unsafe and adds valuable time to the medivac response. Current practice is to push a gurney from the parking lots down to the ship and then back to the ambulance. This is incredibly time consuming when in some cases minutes or even seconds count.

Marine Passenger Fees Requested (FY20): \$25,000

Project Review: This project would provide for a small electric EMS response vehicle to be pre-staged for when the ship calls for an ALS/BLS transport by CCFR. Docks and Harbors personnel would pre-position vehicle in the appropriate area for CCFR's arrival to the dock. CCFR would then load the gurney and respond to the ship to affect the medivac.

Project Time-Line: The EV would be purchased as soon as funding is allocated. Estimate is 3 months till delivery as each unit is made to order in the USA.

Maintenance and Responsibility: Docks and Harbors would maintain and operate the EV.

Project Contact: David Borg, CBJ Harbormaster and Port of Juneau Facility Security Officer 586-0919.

**CBJ Docks and Harbors Board
FY2020 Marine Passenger Fee Request**

FY2020 ADOPTED BUDGET FOR DOCKS

Descriptions: CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of the docks enterprise. An alternative is for the Docks enterprise to be completely funded with Marine Passenger Fees.

Marine Passenger Fee Funds Requested (FY20): \$1,801,200

Benefits: This request places the entire Docks budget under a single funding source.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

Project Contact: Gary Gillette, CBJ Port Engineer or Carl Uchytel, CBJ Port Director 586-0292.

PM Name	CIP#	DESCRIPTION	Beg FY	BUDGET	COMMITMENTS	ACTUALS	FUNDS-AVAILABLE
ELFERS	H51-083	Marine Pk/Steamship Wharf II	2009	210,000.00	-	163,546.34	46,453.66 5/4/2018 Minimum
ELFERS/Venue	H51-092	Waterfront Seawalk II	7/1/2012	15,253,108.49	29,269.00	15,136,838.00	87,001.49 Per Michele on 9
GILLETTE	H51-093	Statter Harbor Loading Fac/EI	2008	26,444,440.49	-	26,304,002.92	140,437.57 Should close in F
GILLETTE	H51-095	Downtown Cruise Ship Berth Enh	2007	11,443,081.88	-	11,443,081.88	- 9/5/2018 Gary w
GILLETTE	H51-100	Aurora Harbor Improvements	7/1/2011	16,451,940.88	44,174.22	15,837,120.91	570,645.75 DOT grant almos
GILLETTE	H51-103	Weather Monitor & Communicatio	7/1/2013	202,500.00	15,250.00	169,704.03	17,545.97 Let us close this d
GILLETTE	H51-104	Dock Cathodic Protection	7/1/2014	760,000.00	269,973.01	514,589.64	(24,562.65)
GILLETTE	H51-105	Amalga Fish Cleaning Station	7/1/2014	50,000.00	29,700.00	12,350.90	7,949.10 Little spent FY17
GILLETTE	H51-106	Statter Harbor Breakwtr Sfty I	7/1/2016	466,000.00	-	103,539.40	362,460.60
GILLETTE	H51-107	Tug Assist	7/1/2016	120,920.00	-	14,300.00	106,620.00
GILLETTE	H51-108	Statter Improv-Phase III	1/9/2017	9,890,000.00	576,321.62	876,601.50	8,437,076.88
GILLETTE	H51-109	Taku Harbor Deferred Maintenance	7/1/2017	312,500.00	1,250.00	169,647.71	141,602.29 Project done per
GILLETTE	H51-110	Visitor Info Kiosk Replmt-Desi	7/1/2017	175,000.00	25,244.50	13,839.91	135,915.59 PO 110225 HARB
GILLETTE	H51-112	Dwntwn Restrooms Location/Desi	7/1/2017	575,000.00	-	789.55	574,210.45
ELFERS	H51-113	Waterfront Seawalk	7/1/2017	827,780.00	18,285.49	177,962.25	631,532.26 Admin LIT 21420
GILLETTE	H51-114	Cruise Ship Uplands Staging Ar	7/1/2017	100,000.00	-	10,000.00	90,000.00 Gary will transfe
GILLETTE	H51-115	Harris Harbor Restrooms	7/1/2017	150,000.00	-	149,008.61	991.39 Gary will close PO
GILLETTE	H51-116	MP to Taku Upland Improv/Archipelago Property Devel	3/5/2018	3,512,875.96	561,041.92	680,154.11	2,271,679.93
GILLETTE	H51-117	ABMS Maint & Improv	3/5/2018	250,000.00	6,933.04	252,263.68	(9,196.72)
??	H51-118	Public/Private Port Infrastruc	7/1/2018	150,000.00	-	-	150,000.00
??	H51-119	Small Cruiseshp Moorg	7/1/2018	150,000.00	-	-	150,000.00
??	H51-120	Seawalk Major Maintenance	7/1/2018	85,000.00	-	-	85,000.00
??	H51-121	Pile Anode Installation	12/4/2018	144,000.00	-	-	144,000.00 ORD 218-11(N) \$
				87,724,147.70	1,577,442.80	72,029,341.34	14,117,363.56

CIP#	DESCRIPTION	BUDGET	FUNDS-AVAILABLE	Notes
H51-093	Statter Harbor Loading Fac/EI	\$ 26,444,440.49	\$ 140,437.57	Available for other Harbor Projects
H51-095	Downtown Cruise Ship Berth Enh	\$ 11,443,081.88	\$ -	Close-out 16B
H51-100	Aurora Harbor Improvements	\$ 16,451,940.88	\$ 570,645.75	\$500K Match + Design Efforts
H51-103	Weather Monitor & Communicatio	\$ 202,500.00	\$ 17,545.97	MPF
H51-104	Dock Cathodic Protection	\$ 760,000.00	\$ 65,437.35	Marine Park Retaining Wall Coating
H51-105	Amalga Fish Cleaning Station	\$ 50,000.00	\$ 7,949.10	\$280K provided by ADFG
H51-106	Statter Harbor Breakwtr Sfty I	\$ 466,000.00	\$ 362,460.60	Available for other Harbor Projects
H51-107	Tug Assist	\$ 120,920.00	\$ 106,620.00	MPF
H51-108	Statter Improv-Phase III	\$ 9,890,000.00	\$ 8,437,076.88	\$690K in Harbor Funds + SMPF
H51-109	Taku Harbor Deferred Maintenance	\$ 312,500.00	\$ 141,602.29	Available to move to Amalga
H51-110	Visitor Info Kiosk Replmt-Desi	\$ 175,000.00	\$ 135,915.59	MPF
H51-112	Dwntwn Restrooms Location/Desi	\$ 575,000.00	\$ 574,210.45	MPF
H51-115	Harris Harbor Restrooms	\$ 150,000.00	\$ 991.39	Close-out
H51-116	MP to Taku Upland Improv/Archipelago	\$ 3,512,875.96	\$ 2,271,679.93	Archipelago Project
H51-117	ABMS Maint & Improv	\$ 250,000.00	\$ (9,196.72)	May need to xfer \$220K to UAS
H51-119	Small Cruiseshp Moorg	\$ 150,000.00	\$ 150,000.00	MPF
H51-121	Pile Anode Installation	\$ 144,000.00	\$ 144,000.00	ADOT grant funded - Harbor Match Needed