ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT AGENDA

September 26, 2022 at 5:00 PM

City Hall Conf. Room 224 / Zoom Webinar

***https://juneau.zoom.us/j/94215342992* or 1-253-215-8782 Webinar ID: 942 1534 2992**

A. LAND ACKNOWLEDGEMENT

B. CALL TO ORDER

C. ROLL CALL

D. APPROVAL OF AGENDA

E. APPROVAL OF MINUTES - August 29, 2022 Draft Minutes

1. 2022-08-29 LHED Draft Minutes

F. AGENDA TOPICS

2. **Hansen Gress Application to Purchase City Property**

3. **Taku Terrace Association Request to Purchase City Property**

4. **Ordinance 2022-48 An Ordinance Related to City and Borough of Juneau Land Management Plan Duration, Restrictions, and Authority.**

5. **Ordinance 2022-51 An Ordinance Authorizing an Alternative Procurement Method Related to the Emergency Department Addition and Renovation at Bartlett Regional Hospital.**

   This ordinance authorizes the Manager to competitively solicit proposals and enter into an alternative procurement method for preconstruction services and construction of the Emergency Room Addition and Renovation project at Bartlett Regional Hospital consistent with CBJ charter and Alaska Statute. General Contractor/Construction Manager is a qualifications based procurement method that allows the contractor to be involved in the design process to limit risk and cost for complicated projects such as the Emergency Room where the department needs to remain operational during construction.

   The Bartlett Board of Directors approved the use of GC/CM for this project at its May 26, 2022 meeting.

   The Public Works and Facilities Committee approved use of GC/CM for this project at its June 6, 2022 meeting.

G. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

H. STANDING COMMITTEE TOPICS

6. Telephone Hill Updates

7. LHED Committee Goals

I. NEXT MEETING DATE - November 7, 2022

J. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.

ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT MINUTES

August 29, 2022 at 5:00 PM
Assembly Chambers/Zoom Webinar

*https://juneau.zoom.us/j/*94215342992 or 1-253-215-8782 Webinar ID: 942 1534 2992

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

C. ROLL CALL - Chair Hale called the meeting to order at 5:00 pm.

Members Present: Chair Michelle Hale, Greg Smith, Wade Bryson, Wáahlaal Gíidaak,
Other Assembly Members Present: Mayor Beth Weldon, Maria Gladziszewski, Christine Woll
Members Absent: none
Liaisons Present: Mandy Cole, Planning Commission; Chris Mertl, Parks and Recreation
Liaisons Absent: Lacey Derr, Docks and Harbors
Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Robert Palmer, City Attorney
Members of the Public Present: Jackie Pata, THRHA

D. APPROVAL OF AGENDA – The agenda was approved as presented

E. APPROVAL OF MINUTES

1. **August 8, 2022 LHED Minutes – approved with minor spelling corrections**

F. AGENDA TOPICS

2. **THRHA Request to Acquire City Property located at Pederson Hill**
Dan Bleidorn discussed this topic.

Mr. Bryson asked if this neighborhood would be similar to that of Kanat'a Street, such as in the transition, street service and maintenance, and the way that those properties are owned and taxed, would this create a similar neighborhood to that one. Ms. Pata replied that there will some similarities to the S'It'Tuwan subdivision on Kanat'A. That subdivision was built in 1995 with 50 units, the city donated the property and we paid payment in lieu of taxes for the units that were being managed. There were several different types of housing projects put in there with different sources of funds, and we plan to have multiple sources of programs and funds for this project. This development would include using some of the approaches we did in Glacier Village, funds that the housing gets directly from HUD and other programs. In Kanat'A, some were home ownership, some rentals, but in this new subdivision, we are looking to do as much home ownership as possible. We have been updating our home ownership model so it is more like a mortgage loan for those that can get to that point. Sometimes it is the lease-to-mortgage loan, but we try to initiate that feeling of owning and being responsible for your home upfront. It will be similar to the pilot homes in Kanat'a, with several of those units having reached home ownership and are now on the tax rolls.

Mr. Bryson asked how snow removal and street maintenance are handled in a neighborhood that has some property tax owners and some properties that are not taxes. Ms. Pata replied that those would be CBJ roads and maintained by CBJ.

Wáahlaal Gíidaak asked about timing with a layout in 2023 and by 2024 to have houses started, and was wondering from the CBJ side how soon you would need a decision. It sounds like you have multiple federal and state funds coming, is there a hard deadline that you would need an answer from us so that you can get that rolling. Ms. Pata replied that several of the grant applications are due this fall by November, and having a commitment of land helps, we get more points in the scoring of grant applications; it would be beneficial to know that before we submit those applications. I can send you a schedule of what that looks like, but there is a number of different grants that we would have to apply for. We are trying to take advantage of any infrastructure grants that are available, either to us directly through the tribe or through the city, as well as other housing grants. We usually have multiple grants in order to help deal with site development costs. Timeline-wise, it depends upon when we get the commitment, because that allows us to leverage those grants and get higher points to score effectively.

PC Cole asked Ms. Pata that the idea would be not to have the land cost rolled into the cost of the house, which means that that a house would be more affordable, but $450,000 for a 1,200 square foot house feels like market rate, which I could be wrong, because prices have sharply escalated this year. Does the $450,000 estimate include the amount of money you have to pay to construct those roads, is that why it is more expensive than one might guess. Ms. Pata replied that it depends upon how much we are able to get in grants, if we end up not getting grants for the infrastructure, then, yes, that would include the cost. I understand that a neighborhood is quite expensive to develop with the infrastructure cost to meet the city requirements. What we have done is make a best estimate on the cost of a house right now, but we have rising construction cost and I am hoping that they will come down. We have been building many houses in other communities the last couple of years and have a good handle on what the costs are to be able to make the units still energy-efficient and affordable for the people to live in. The infrastructure seems to be what we do not have a handle on until you get the engineers out on-site for estimates.

Mr. Mertl asked if we are seeing a lot of interest in this neighborhood for housing. Are there any requirements from any applicants, or in the works for CBJ to develop any neighborhood parks in this area, because there is currently no parks in the immediate vicinity? Mr. Bleidorn replied that the application that THRHA submitted mentions the parks that are already part of this subdivision's preliminary plat and they are interested in collaborating with CBJ for development of those parks.

Mr. Bryson asked what the connections to other lands are and if this neighborhood were built, would it allow access to new CBJ land or block something off. Has the city looked at the possibility of the surrounding lands, and what may or may not open up, or close off. Mr. Bleidorn replied that the city does not own property to the east of this that is university property. As this moves forward, we are going to consider those areas, and he would not be surprised if between now and when there is a final plat, one of the cul-de-sac would end up being a right-of-way that is platted to the university property. Karl Reishus Blvd currently has five stub out streets, this would be three, and we still have two, one going towards a property that is currently under investigation by Moline, and then one that goes north to other city property.

Mr. Smith asked if there is an estimate on how many of these properties will be paying property tax. Ms. Pata replied that she could not give an estimate at this time but eventually the majority of them will pay property tax. THRHA used a tax credit program to build in the Glacier Village Subdivision on Valley Blvd. Those were payment in lieu of taxes for 15 years, and now we are conveying them over to homeowners, with those that are choosing to become a homeowner are getting on the tax rolls. Therefore, it usually is about a 15 – 30 year period, where they come back on the tax rolls. The ones out in Kanat'a Street, they started conveying over to be on the tax rolls around year 25, we are at year 27 now, and still have probably another 18 or so more that will be getting on the tax rolls in the next two years.

Mayor Weldon asked if the homeowner sells, would CBJ get the property tax sooner. Ms. Pata confirmed. Mayor Weldon followed up to ask what happens in this case since we're donating the land, and but it was probably true of the Kanat'a, if for some reason the homeowner defaults who gets the land. Ms. Pata replied if there is a default then it goes back to the housing authority and we would put in another person who is eligible for the program. Mayor Weldon commented that with the low-income tribal citizens and modern income general residents, I am hoping you get enough tax credits for them to afford that those kind of houses. On the moderate-income general residents, could those also be tribal residents. Ms. Pata replied that they could be and similar to the spirit of Kanat'a, at that point when the CBJ gave the land to us we developed the infrastructure and the roads, and every other parcel of land we developed initially houses, we ended up filling in some other lots that were available. The city sold some of those lots and gave some of those lots away to other nonprofits. I remember you had the youth build do a house out there and other lots were sold to private owners who built in between, so that there was that was a mixed housing type of situation. We were hoping to be able to create a mixed housing opportunity in Pederson Hill. Mayor Weldon asked if Ms. Pata would be opposed to a contingency on the donation that they cannot be short-term rental. Ms. Pata replied they would be ok with that.

Chair Hale commented that she would ask of the committee to amend the motion to refer this to the Committee of the Whole. She also asked about the youth build programs and Housing Trust, if they maintains ownership of the land, but the house sells, and then that brings the house price down, I think there might be an opportunity for us to explore something like that here. Ms. Pata replied that Mr. Bleidorn and she have had a little conversation about that. I know the Alaska Housing Finance has done that, and we have not done that because we are really hoping to have true home ownership and make people feel responsible for taking care of their homes. I found that some of the versions of our previous programs, it left people still feeling dependent that the housing authority was going to be the be-all-end-all to their maintenance responsibilities. Potential homeowners are required to go through our financial and maintenance counseling and sessions. We do a lot to prepare them for true home ownership. We are not opposed to looking at this idea depending upon how the numbers come out, and if we cannot get the grants to be able to help us with the development. We are very creative, we also have our community financial institution, we are able to do things that other lenders are not able to do by working directly with each client and packaging a mortgage that can work for them.

Mr. Bryson moved that the Lands, Housing and Economic Development Committee provide a motion and forward this application to the Full Assembly in accordance with 53.09.270 – Disposals for Public Use. Wáahlaal Gíidaak objected to amend motion to add that this item to be forwarded to both the Committee of the Whole and Full Assembly. Amended motion passed no objections.

3. Telephone Hill Appropriation Ordinance
Dan Bleidorn discussed this topic. Mr. Bryson asked if there was anything that could stop the transaction or the land conveyance for Telephone Hill. Mr. Bleidorn replied that this would be very complicated to prevent the city for gaining ownership.

Chair Hale asked the purpose of the $100,000, to give a sense of what we are approving, and why we are approving this expenditure. Mr. Bleidorn replied that an example of the things we could do with this money would be to hire contractors to complete phase one and two environmental studies, which would allow us to know the contaminants on the site, and to inventory the properties. Those are the types of projects that we would hope to get underway with these funds.

Wáahlaal Gíidaak was excited to see that we will be checking for contamination and we are doing our due diligence with this property.

Wáahlaal Gíidaak moved that the Lands, Housing and Economic Development Committee provide a motion of support for Ordinance 2022-06(b)(K). Motion passed no objections.

4. Telephone Hill Pending Lease Request

Dan Bleidorn discussed this topic.

Mr. Smith asked if there is a reason we cannot enter into a lease agreement with the existing nonprofit at Telephone Hill. Mr. Bleidorn replied that there is not but has been informed that we should have, even if it is different lease agreements with that organization, a lease for each of the properties. Mr. Smith followed up to comment that the suggestion based on code to make a decision has a couple points of concern to me. The $500 per person fee, I hope that not every person has to pay that fee, which would be desirable. It would also be desirable to keep the prices of the lease the same, or as close to possible as they are now, so that we're not ratcheting up a large cost of living increase on these folks who are going through a difficult time as this as this moving forward. By negotiating with the corporation, that would allow us to do lower than fair market value, at least, based on, dealing with a nonprofit, and then maybe keeping that lease cost down. Mr. Bleidorn replied that with the $500 application fee, he would work with the city attorney's office to see if we can limit that to one application fee for all. When we start talking about the value of these leases the City Manager and Land Office does not have any authority to negotiate leases that will come after the next new business motion from the Assembly once it is received. I think at that point we are going to be looking at this carefully and craft things based on Assembly direction to try to move forward.

Mr. Bryson asked in Mr. Bleidorn's time with the city, could you recall any time that the city has acquired land or housing, and has had to evict Juneau citizens so that they can better use the property, has this ever happened before. Mr. Bleidorn replied that he did not recall a time where the city acquired property and had residents living in it, and then we evicted them and could look into the history of that further and get back to the LHED committee if he finds any examples.

Mr. Bryson followed up to comment that he was talking about fair market value and that we don't want to charge over that, but nothing about what we're doing is fair market value. There are no developers out there evicting people to tear down property. We are in uncharted territory, as opposed to a regular land transaction. Is it possible for us to give the city manager a little bit more leeway. If they were doing any other type of land disposal with private interests at stake, you do fair market value that is how you make it fair for everybody. We never had to evict people from their homes and to me that changes the parameters of what we should be allowed to do. Staff is required by law to follow the owner's manual; we get to use common sense with the city manager negotiating this lease. I would hope that we could give him an extra level of flexibility and that we are not doing a fair market value transaction. We are signing up people to lease homes on a month-to-month, right before they get to the end of their time in that property to be evicted, there is nothing fair market value going on in that transaction. Chair Hale commented that she has no interest in evicting people. I think that what we are trying to do is come up with a process so that people have the ability and the time to find new housing. We are trying to make that happen and when we talk about fair market value, obviously, nobody wants to ratchet up the rent, but we have to live within our code, and wanted to state that very strongly, because I know what a concern this is for people that live there. I do not think that is the intent of everybody on the Assembly that is why we have used that term soft landing and why we want to work with people. I cannot say this strongly enough that I am concerned about using that term evict, because I do not think that is what anybody wants to do. I think what we're hoping to do is have the ability, through Mr. Bleidorn and Mr. Manager, to provide parameters and work within those with the people on Telephone Hill.

Mr. Smith commented that he would like to work into the new lease agreements some reasonable kind of certainty towards the people signing the lease, that they will know that there will be X number of months' notice before they would need to vacate. I hope that it is enough to give them certainty and to give them time, and hopefully it would not conflict with redevelopment, whatever those plans may be. Chair Hale commented that she is a little concerned that we do not go too far down that road at this committee, because there is so much interest in this at the Assembly level. I think what we might think about at this committee is providing additional ideas and guidance to Mr. Bleidorn and the Mr. Manager, so that the full assembly can take this up. Mr. Bleidorn said, he heard very loud and clear that the assembly is interested in a soft landing, and I think that if we can give some sort of guidance and certainty, to have that come from assembly members at a meeting like this, or at the full assembly meeting. We should give the Manager and Mr. Bleidorn the flexibility to figure that what that might be and then come back to the Assembly.

PC Cole commented that in that same philosophical vein, she does not think CBJ wants to be a residential landlord. I do not think that is what the people want. Mr. Smith had a great idea, which is to direct to the city manager's office, not to negotiate leases with individuals, but with a nonprofit partner who can then work out these details with the parameters that the city provides. We can spare the city from the role of individual residential landlord, which feels like a slippery slope.

Mr. Smith was curious about working with the corporation, if that would keep us from either being the landlord or limit liability. Mr. Palmer replied that there are two options right now available to the residents of Telephone Hill and to the city, and one is for the city to work with the management company; the other is for the city to work directly with the individual tenants. There is pros and cons for each option, probably for all involved. It depends on if the management company is willing to sign a lease for all the tenants and be responsible for them or not. If the management company is not, then the default answer is we have to engage with the individual tenants.

Mr. Mertl asked if the city has done an assessment, and is the current from the Telephone Hill tenants within the realm of fair market value. Mr. Bleidorn replied that the city does not own the property yet and we do not have a lot of information about the leases right now as far as how value goes, and compares to current lease rates. Mr. Mertl followed up to comment that if we do not know this information, being fair to the people that have current leases up there, is there a way that we can transition slowly if there is a significant lease change. If they have been living month to month, that is a difficult condition to be living and if there were the ability to provide at some minimums or requirements to the length of the lease, I think that would go a long way in appeasing the needs of the residents up there.

Mr. Bryson strongly recommend that if a property management is available to us that we should explore that option. That could provide the most ease for any residents up there, and to not have the city have residential leases. I have had experience on both sides, and I can assure you, having a property manager is a great asset for the city to utilize.

Mr. Smith amended the motion and moved that the Lands, Housing and Economic Development Committee provide a motion of support for leasing property at Telephone Hill, forward it to the full assembly as new business, with three criteria:

1. **That the city aim to establish leases with the tenants as close to possible as the current rental rates exists now.**
2. **That the city seeks to limit the amount of fees required when we are establishing a lease.**
3. **The city provide some type of certainty to the tenants that they will have a few months or some compassionate yet reasonable amount of time before they may have to vacate that some type of notice.**

Motion passed no objections.

G. STAFF REPORTS

5. City Land Acquisitions and Disposals 2011-2022

Dan Bleidorn discussed this topic, no questions or comments.

H. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

I. STANDING COMMITTEE TOPICS - 2022 LHED Committee Goals

6. LHED Committee Goals – no updates

J. NEXT MEETING DATE – September 26, 2022

K. ADJOURNMENT – 5:52 PM

MEMORANDUM

CITY/BOROUGH OF JUNEAU
Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
Dan.Bleidorn@juneau.org
(907) 586-5252

TO: Michelle Hale, Chair of the Assembly LHED Committee

FROM: Dan Bleidorn, Lands and Resources Manager Daniel Bleidorn

SUBJECT: Hansen Gress Application to Purchase City property

DATE: September 22, 2022

Hansen Gress recently purchased the building and property located at 1000 Harbor Way. A portion of this building is located on leased City land with the legal description of Tidelands Addition Block 5, Lot 5. Hansen Gress submitted an application to acquire the City property in order to be able to "make major structural and architectural improvements to the aging building". The applicants are having difficulties redeveloping the property because the building is not completely on its own property. If the property is acquired, the applicant will consolidate the lots in order to create a property that conforms to City code.

The Docks and Harbors Board reviewed this application at the August 25th meeting and it provided a motion to advance this application. If a motion in favor of disposing of this property is provided by this committee, the next step in the disposal process is to move this to the full Assembly as a new business topic in accordance with 53.09.260:

> The proposal shall be reviewed by the assembly for a determination of whether the proposal should be further considered and, if so, whether by direct negotiation with the original proposer or by competition after an invitation for further proposals. Upon direction of the assembly by motion, the manager may commence negotiations for the lease, sale, exchange, or other disposal of City and Borough land. 53.09.260 (a).

If the assembly provides a motion to work with the original proposer, the application will be reviewed by the Planning Commission. The final terms and conditions are subject to approval by the assembly by ordinance. Since the applicant owns the building on top of the land, it has stated that it is not practical to dispose of this property by competition after an invitation for further proposals.

Staff request that the Lands, Housing, and Economic Development Committee forward this application to the Assembly with a motion to work with the original proposer in accordance with city Code 53.09.260.


Application Area

Port of Juneau

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

From: Carl J. Uchytil
Port Director

To: Lands & Resources Manager

Date: August 26th, 2022

Re: HANSEN-GRESS PROPERTY

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1. After significant discussion and debate at the August 25th Docks & Harbors Board meeting, and by a vote of 5-2, the following was motion was approved:

   TO ADVANCE THE HANSEN-GRESS PROPOSAL THAT INCLUDES EASEMENTS FOR FUTURE DOCKS & HARBORS DEVELOPMENT AS WELL AS FIRST RIGHT OF REFUSAL ON THE CONSOLIDATED LAND AND BUILDING SALE AS WELL AS THE EVALUATION OF PROPERTY BY THE DOCKS & HARBORS CONTRACTED APPRAISER THAT ASSUMES THE PROPERTY AS A SINGLE LOT.

2. The Docks & Harbors Board was deliberate in their examination of guidance under Title 85 in executing their charge to the Assembly and the citizens of Juneau. Specifically, 85.02.063(b):

   Development of the land management plan, or a change to the plan, shall be guided by the following principles:
   (1) Multiple use should be encouraged;
   (2) A sound local economy will be promoted;
   (3) Adequate lands for public development and public use, including recreational beaches with appropriate uplands, should be reserved;
   (4) Tidelands should be leased only for specific water-dependent and water-related uses and not sold.

   In the end, the Board weighed subparagraphs (1) and (2) against the principals contained in (4) to support the Hansen-Gress request for CBJ owned property.

3. The intent of the motion includes the following:
   - Docks & Harbors wishes to reserve easements which would allow for the future development of community needs, such as a Seawalk extension.

- Docks & Harbors wishes to have language in the purchase and sale agreement which would enable CBJ, the right of first refusal, to purchase back not only the consolidated property parcel but also any building improvements.
- In accordance with 53.09.200(e) Sale Price Docks & Harbors wishes to instruct the appraiser to determine the fair market value by evaluating the parcel in whole and not limited by appraising only the strip of tide land.

4. Although the Docks & Harbors motion does provide some direction, it appears that 53.09.263 Negotiated sales, leases and exchanges would require the Assembly to approve a negotiated sales agreement with Hansen-Gress and CBJ ahead of an appraisal.

5. Docks & Harbors requests all revenue generated in this transaction be allocated to the Docks & Harbor Enterprise – Harbor Fund Balance.

#

Existing Hansen Gress lot. Owned by 1000 Harbor Way, LLC (HG ownership).

Existing CBJ/D&H lease to 1000 Harbor Way, LLC. Core parcel named in application. 4177.68 SF.

Additional CBJ land requested. Requires new property line 7 ft from building edge. 1047.24 SF.

Total footprint of requested land purchase. 5224.92 square feet.

Final lot after land purchase and lot consolidation. Allows planned building improvements.

Hansen Gress Building Renovation Update

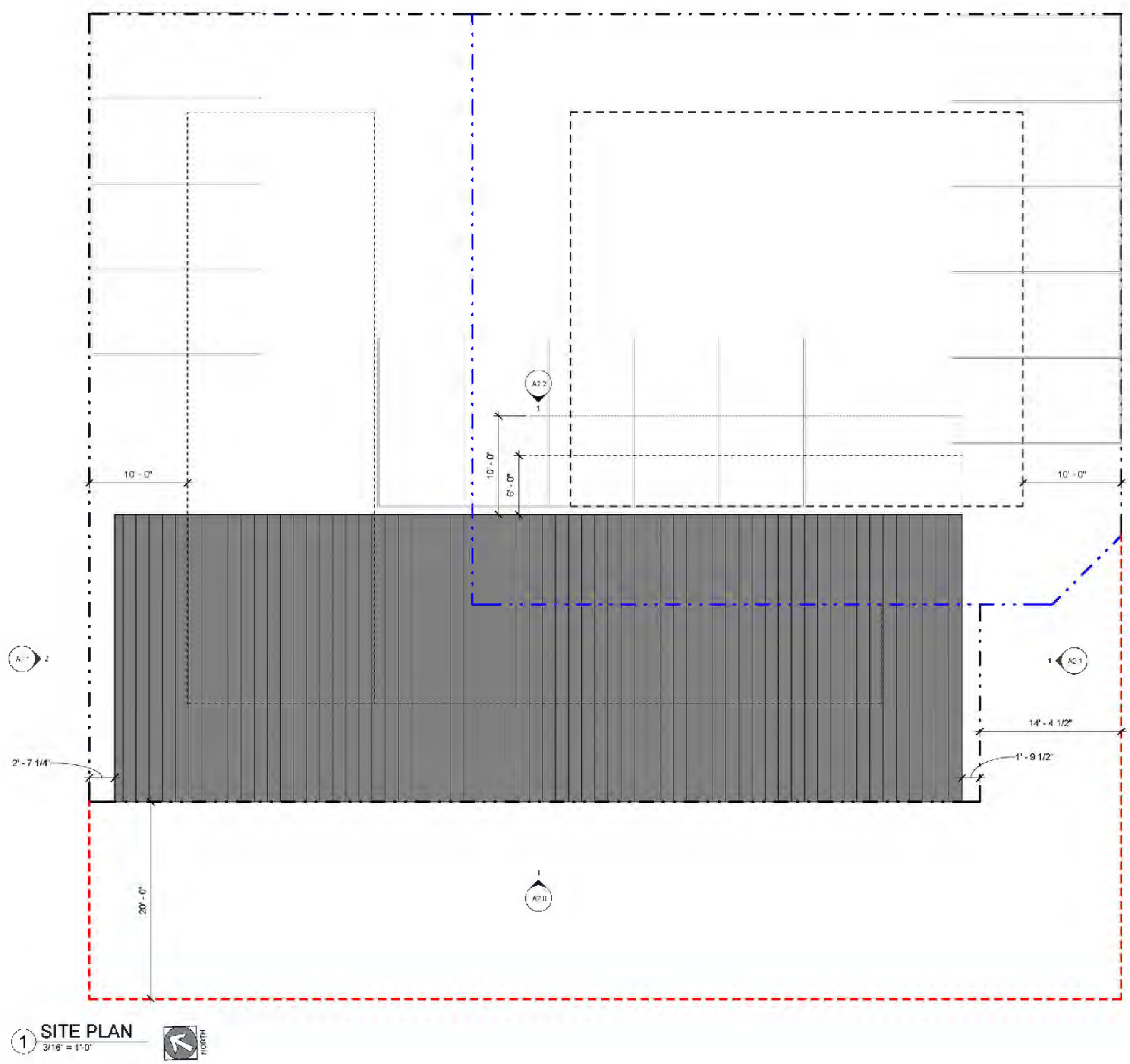
Subject as it fronts Harris Harbor (111720_226)

Hansen Gress Building Renovation Update

Yearly Lease: $5,848

Property Estimate: $250K -$400K

Hansen Gress Building Renovation Update



SITE PLAN
3/16" = 1'-0"

GENERAL NOTES:

1. SITE PLAN INDICATES PROPOSED PROPERTY LINES, CURRENT LINES ARE PROHIBITIVE OF DEVELOPMENT AND CREATE A NON CONFORMING CONDITION BY PASSING THROUGH AN EXISTING BUILDING

LEGEND

- PROPERTY LINE
- SETBACK
- PROPOSED PROPERTY LINE
- PROPOSED ELIMINATED PROPERTY LINE
- EXISTING BUILDING

NOT FOR CONSTRUCTION
02/15/2020

NorthWind Architects, LLC
126 Seward St
Juneau, AK 99801
Ph #907 586 5150
www.northwindarch.com

IF THE ABOVE DIMENSION DOES NOT MEASURE ONE INCH (1") EXACTLY, THIS DRAWING WILL HAVE BEEN ENLARGED OR REDUCED, AFFECTING ALL LABEL SCALES.

HANSEN GRESS RENOVATION

1000 HARBOR WAY
JUNEAU, ALASKA

SHEET TITLE:
SITE PLAN

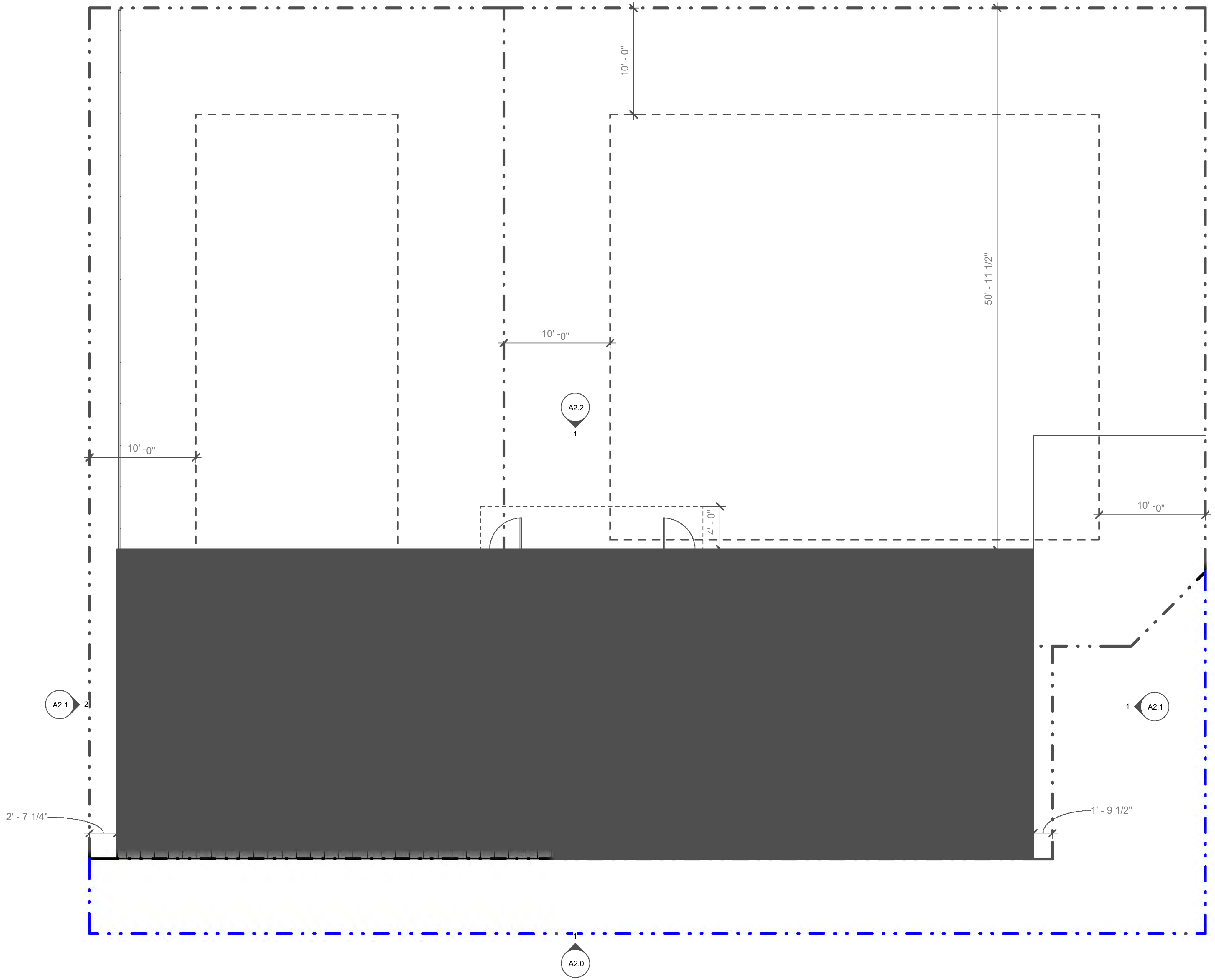
CHECKED JB
DRAWN SCC

issue	date	description

SHEET # **A0.1**

ISSUE DATE 03.23.2022

Section F, Item 2.



1 SITE PLAN
3/16" = 1'-0"

NORTH

LEGEND

- PROPERTY LINE
- PROPOSED PROPERTY LINE
- SETBACK
- EXISTING BUILDING

08/30/2022

NorthWind Architects, LLC

126 Seward St
Juneau, AK 99801
Ph #907.586.6150
www.northwindarch.com

1" ACTUAL

IF THE ABOVE DIMENSION DOES NOT MEASURE ONE INCH (1") EXACTLY, THIS DRAWING WILL HAVE BEEN ENLARGED OR REDUCED, AFFECTING ALL LABEL SCALES.

HANSEN GRESS RENOVATION

1000 HARBOR WAY
JUNEAU, ALASKA

SHEET TITLE:
SITE PLAN

CHECKED JB
DRAWN SCC

issue date description

SHEET # A0.1

ISSUE DATE 09.30.22

Retrospective Appraisal Report Annual Market Rent for 4,177 SF of Tidelands, a portion of Lot 3, Block 51, ATS3, Harbor Lights Enterprises, 1000 Harbor Way, Juneau, Alaska

Subject as it fronts Harris Harbor (111720_226)

Prepared For: Carl Uchytil, PE, Port Director

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

Prepared By: Charles Horan, MAI
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

Effective Date: March 3, 2019

Report Date: June 3, 2021

Our File No.: 20-097

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN MAI / JOSHUA C. HORAN / SLATER M. FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

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

June 3, 2021

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

Via email: teena.larson@juneau.org

Re: Retrospective Appraisal Report, Annual Market Rent Tideland Lease, Harbor Lights Enterprises, a Portion of Lot 3, Block 51, ATS3, 4,177 SF, Juneau, Alaska 99801; Our File # 20-097

Dear Mr. Uchytil,

We have contacted the lessee and inspected the property to estimate the five-year lease rental adjustment as of March 3, 2019, the effective date of the lease rent adjustment. Based on our analysis of the market, the annual rent for the tidelands in their predeveloped state is as follows:

4,177 SF @ $1.40/SF = $5,848/year

Your attention is invited to the attached report which includes the most pertinent data considered in estimating the market rent. This appraisal is intended to comply with the rules and regulations as set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) and the City and Borough of Juneau's appraisal instructions.

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

Sincerely,

Charles Horan

Charles E. Horan, MAI
Horan & Company, LLC

MEMORANDUM

CITY/BOROUGH OF JUNEAU
Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
Dan.Bleidorn@juneau.org
(907) 586-5252

TO: **Michelle Hale, Chair of the Assembly Lands Committee**

FROM: **Dan Bleidorn, Lands and Resources Manager** Daniel Bleidorn

SUBJECT: **Taku Terrace Association Request to Purchase City Property**

DATE: **September 15, 2022**

Taku Terrace Condo Association currently has a lease agreement with the City that was signed in June of 1970 and has a term of ninety (90) years. When the lease was signed, the building was a multifamily apartment building and had one owner. However, at some point after the lease was signed, the building was converted to condominiums with individual owners. This resulted in the unusual situation of the City owning the land under 35 market value condominiums.

The lease (which was authorized by Ordinance) states that the rent is to be evaluated every ten years and "the rental for any ten (10) year period shall not exceed by more than 20% of the amount paid during the immediately prior ten (10) year period." Currently Taku Terrace's lease rate is $311.20 per month. Because of the 20% cap on the lease rate, this lease is not currently at fair market value. In 2000, it was determined that fair market value for the lease would have been $1,852.50 per month.

In 2020, Taku Terrace Condo Association applied to purchase this property from the City and Borough. The Lands Committee provided a motion of support to work with the original proposer, the Planning Commission reviewed this request and provided a favorable recommendation and the Assembly provided a motion of support to work with the original proposers. The next step in the process will be to introduce an Ordinance with terms and conditions of the sale. The last step needed is to determine the fair market value of the property.

Prior to the Association's 2020 application, the Association had an appraisal completed to determine the value of the land. Fee Simple Interest as of the 2019 appraisal was determined to be $411,600. The complication in determination of value stems from the fact that the current lease rate is so far below fair market value that the 2019 appraiser concluded that the Association should continue to lease at below market value rather than pay the fee simple value of the land.

The 2019 appraisal states that it would "not be advisable to buy out the land from the City at full fee simple value ($411,600). The appraiser would recommend an offer to buy somewhere between $150,000 and $200,000 accounting for the Leasehold Interest." The appraisal continues by saying that "It is felt that, with the amount of time remaining for the lease until 2060; there would be mortgage potential beyond those lenders that may require 15 years over and above a 30 year loan period. It may be prudent to research other lending sources and/or consider shorter term loans." The application further states that this request is being made because financing has become difficult to obtain. The appraisal states that since the lease rate is so far below fair market value and financing is still available, that the Condo Association should pay a value based on the below fair market value lease.

In 2020, the City Manager determined fair market value to be the fee simple value according to the appraisal, which was $411,600; even though the appraisal was outdated. The Association has been able to take advantage of the lease rate being below fair market value and can continue to do so until 2060; something that is not supported under current city code. Because of the existing agreement, it may be concluded that it is in both parties best interest to continue to lease at less than fair market and discuss the disposal when traditional financing no longer is an option. At that point, a new fair market value lease or disposal could be negotiated. In order to continue with this disposal, a new appraisal of the property must be completed. The Manager does not support sale of property at less than fair market value as has been requested by the Condominium Association.

Staff request a motion of support for this disposal at fair market value once a new appraisal has been completed by the Applicant that reflects the fee simple value of the property under city code 53.09.260

May 7, 2022

Re: Taku Terrace Association, Purchase Offer

Dear Mr. Bleidorn,

The Taku Terrace Association would like to submit the following offer to purchase the land located at 1220 Glacier Avenue, currently under lease from the city. The Association would like to make an offer of $150,000.00 as a cash purchase. The Board of Directors believe that the information in the original appraisal provided is still applicable in determining a market value. Based on the information provided on page 22 of the appraisal and discount table, the Association believes that an offer closer to the 5% discount rate would be appropriate based on the appraisal itself and the following items that were not fully accounted for in the appraisal:

- Ground development and improvement: The land became available due to the soil conditions that made the parcel unusable for the needs and requirements of the cemetery. The water levels and bog nature of the parcel had to be corrected. The builder undertook extensive corrective action to bring the parcel up to a standard that would allow the construction of the condominiums. This action represents a substantial investment in the parcel.

- Land locked: The parcel is entirely land locked. At the time of lease, the city made no provision for any kind of physical access to the property. This created a situation where the Association had to enter into an easement agreement that creates a permanent and ongoing cost to the Association. The current easement agreement is at a cost greater than the lease itself. The Association will have a perpetual annual cost to maintain access or will be required to spend additional funding to secure/purchase additional property for access.

- Affordable Housing: The City and Borough of Juneau have repeatedly supported maintaining and creating affordable housing in the city. This sale, at a reasonable price, would be in line with that objective. Based on current market rates and condo sales, Taku Terrace remains an affordable option for this area. An inflated purchase price for the land would undermine this status.

- Salability: It is important for a city to have a thriving housing market and competition. The current land lease presents difficulty in obtaining financing options for buyers. Multiple lending sources require a lease term that extends 15 years beyond the term of the financing. At this time, a typical 30-year mortgage is troublesome to acquire on this property. In order to maintain value and salability, a direct purchase at a reasonable price is the best option to maintain the value status of the property and support affordable financing and housing options to the community.

In sum, the Association believes that this offer is reasonable and would be representative of the market value of the land and the objectives and goals of The City and Borough of Juneau. We respectfully request that you and your team evaluate the proposal and information available. We look forward to your reply.

Regards,

Christopher Burton, Property Manager

Taku Terrace Association

TAKU TERRACE

1220 Glacier Avenue Juneau Alaska 99801

March 10, 2022

Dear Mr. Palmer,

I'm writing on behalf of the Taku Terrace Condo Association at 1220 Glacier Avenue. The Association currently leases their property from CBJ, account number #00000456. Some time recently, the Association reached out to the Lands Division inquiring about a potential purchase of the land from CBJ.

In advance to reaching out to Lands, the Association acquired an appraisal to determine the land value with appropriate considerations regarding the current value of the land and Leasehold. The appraisal from Horan and Company provided two numbers: one market value with no considerations, and one with appropriate considerations regarding the Leasehold interest. Understanding the Lands Department's requirements to meet ordinances and legal requirements when selling city owned property, the HOA remains concerned that Lands has not given thorough consideration to the details contained in pages 21-22 of the appraisal report.

The City and Borough, for many years, has been in support of affordable housing. Taku Terrace Association represents an affordable housing option for this part of the city. The price per square foot of Taku Terrace units remains reasonable, especially for first time home buyers. The project currently has AHFC project approval, but private financing options are dwindling due to the length of the remaining land lease term. This is due to the requirements of lenders to extend a significant number of years past the mortgage term. This situation is creating a level of hardship to the Association that could be avoided by an outright purchase of the land at a reasonable price for current and future homeowners.

After considerable efforts to research this issue, it is the HOA's best understanding that many municipalities take many factors into consideration to determine a purchase price for property that would represent "market value", meeting the legal requirements of their obligations.

The interest of the CBJ is a reversionary interest in the fee. This is generally referred to as a leased fee interest. In order to determine what a willing buyer would pay for that interest it is necessary to determine the value to a buyer of the stream of rental payments for the remaining term and the value of the reversionary interest. Any purchaser would consider the value of the stream of payments over the remaining lease term in determining how much to pay for the property.

Any buyer would also factor into the offer the impact of taking back the property with the improvements still in place. The buildings will be approximately 90 years old. As the lease approaches the end, the tenant will not have the ability to justify further repairs and replacement of components of the building. Unfortunately for both parties during the last years of the lease the upkeep of the property will suffer. The cost of removing the improvements or rehabilitating them would be substantial. These factors lower the price that a reasonable buyer would be willing to pay. Both landlord and tenant are best served by a buyout of the fee and ill served by letting the lease run its course.

This property was deemed unusable by the Cemetery Board/Committee, due to soils and drainage and reverted to the City, prior to the negotiation of a 90-year lease agreement. The developer acquired the lease for the construction of the housing project with considerable site improvements to acquire a “buildable” site for the project to be constructed.

Incidentally, the parcel is also land locked, creating an additional and perpetual obligation to the HOA that was not noted in the original lease agreement, nor the initial appraisal. The easement agreements were not provided by CBJ for access to the land. The easement was negotiated by the developer for the exclusive use of the HOA.

The Association is asking for a path forward. Dan Bleidorn with Lands indicated that this topic is closed for discussion and that “making an offer” would not be considered as is suggested on pages 21-22 of the Horan Appraisal. He maintained that the market value rather than the Leasehold value, was the only acceptable consideration to the city. The HOA and ownership believe that this runs counter to legal precedent regarding Leasehold interest. We believe that the city has an interest in maintaining existing affordable housing options, as well as a strong vested resident ownership interest in Juneau.

Is this a topic that should or would be best presented to the assembly directly for consideration or what would be the path forward? Again, the obligation of Lands is understood; but to summarily adopt part of an appraisal with disregard to the remaining pertinent information that should be considered seems out of the ordinary. Most land purchases within municipalities involve negotiation. Any input would be greatly appreciated.

Taku Terrace Association Board of Directors

MEMORANDUM

CITY/BOROUGH OF JUNEAU
Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
Dan.Bleidorn@juneau.org
(907) 586-5252

TO: **Rob Edwardson, Chair of the Assembly Lands Committee**

Daniel Bleidorn
FROM: **Dan Bleidorn, Lands and Resources Manager**

SUBJECT: **Taku Terrace Association Request to Purchase City Property**

DATE: **June 18 2020**

In June of 1970, the City of Juneau adopted Resolution 404 authorizing the lease of City property located adjacent to Evergreen Cemetery to John Rader. The resolution states that the "Counsel finds that the portion of Evergreen Cemetery… not suitable for cemetery purposes, was never used for such purposes, and will not be used because it is low swampy land, separated from the main part of the Cemetery by a high bank." Based on this finding, the property was leased in order to provide "some useful purpose."

The lease agreement was signed in June of 1970 and has a term of ninety (90) years. The lease states that the rent is to be evaluated every ten years and "the rental for any ten (10) year period shall not exceed by more than 20% of the amount paid during the immediately prior ten (10) year period." Currently Taku Terrace's lease rate is $296.38 per month. Because of the 20% cap on the lease rate, this lease is not currently at fair market value. The last assessment of this property from 2000, determined the fair market value for the lease would have been $1,852.50 per month.

On May 21, 2020, the Lands Office received a request from Taku Terrace Association declaring that there is interested in acquiring the property from the City. Private financing on the condos has become problematic because Taku Terrace Association does not own the land that the condos are built on. This property was listed in the 2016 Land Management Plan as "retain" which will need to be updated prior to a disposal of this property. If the Lands

Committee provides a positive motion to work with the original proposer, the next step in the process will be to have this request reviewed by the Planning Commission. The Planning Commission will evaluate for conformity with existing plans, including the Land Management Plan and provide a recommendation to the Assembly.

53.09.260 - Negotiated sales, leases, and exchanges states:
"The proposal shall be reviewed by the assembly for a determination of whether the proposal should be further considered and, if so, whether by direct negotiation with the original proposer or by competition after an invitation for further proposals.

Lands staff requests that the Lands Committee pass a motion of support to the Assembly to work with the original proposer (Taku Terrace Association) for the disposal of a fraction of U.S. Survey.

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY
LANDS & RESOURCES

CITY AND BOROUGH OF JUNEAU

Application to Purchase City and Borough of Juneau Lands

The CBJ Lands and Resources Division has received your application. We will contact you shortly. Have questions? You can reach our mainline at (907) 586-5252 or email us at Lands_Office@juneau.org. Thank you.

Information you submitted (Print for your own records):

Business / Individual

Taku Terrace Association

Address

c/o JPR Management Services Inc, PO Box 211450
Auke Bay, AK 99821
Map It

Phone

(801) 791-5363

Email

c.christopher.burton@gmail.com

Site Address

1220 Glacier Ave

Legal Description

USS 655 FR [TAKU TERRACE CONDO LAND]

Provide Brief Description of Your Proposal

The HOA would like to discuss the possibility of purchasing the land currently leased from CBJ, negotiate a price and terms.

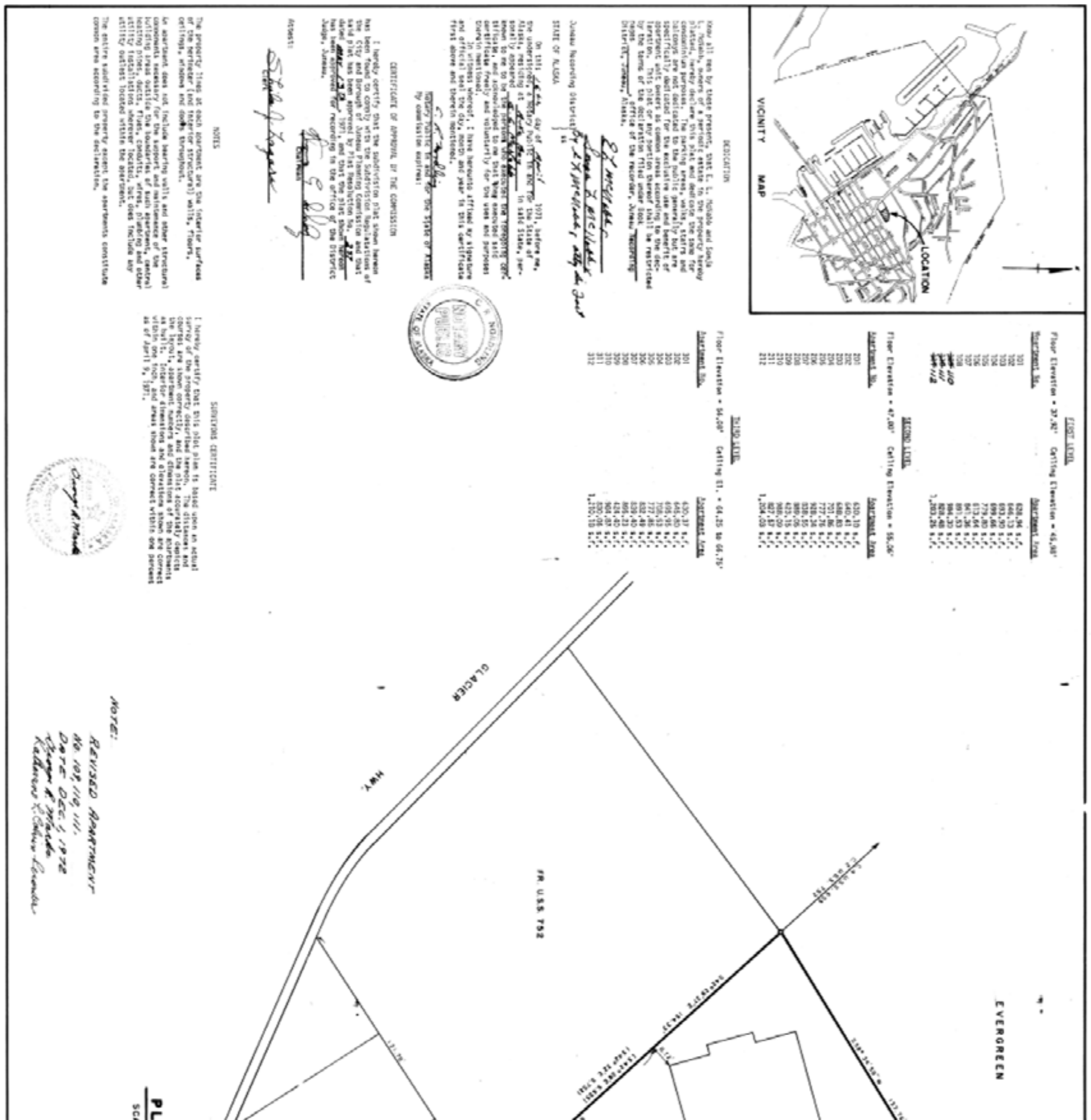
Provide a Map of CBJ Land you wish to Purchase

- Taku-Map-View.pdf

Have you mailed the $500.00 filing fee?

Yes

Legal Representative of Business / Individual


PLAT OF
TAKU TERRACE CONDOMINIUM
A SUBDIVISION OF A FRACTION OF U.S. SURVEY 655
JUNEAU ALASKA
SCALE: AS NOTED SH. 1 OF 4 APRIL 9, 1971
TONER & NORDLING REG'T. ENGRS. JUNEAU, ALASKA
PLOT PLAN
SCALE: 1" = 20'
VICINITY MAP
LOCATION
EVERGREEN
CEMETERY
FR. U.S.S. 752
FR. U.S.S. 655
GLACIER HWY.
12 TH. ST.
CASEY SHATTUCK ADDITION
BL. 228
DEDICATION
NOTES
SURVEYORS CERTIFICATE
CERTIFICATE OF APPROVAL BY THE COMMISSION
NOTE:
REVISED APARTMENT
616

Port of Juneau

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

From: Port Director

To: CBJ Lands, Housing & Economic Development Committee

Via: Lands & Resources Manager

Date: September 22nd, 2022

Re: PROPOSED ORDINANCE CHANGE TO DOCKS & HARBORS LAND MANAGEMENT PLAN (85.02.060 & 85.02.063)

1. Emerging from the pandemic and unpredictably, Docks & Harbors was formally approached by numerous private entities asking for property consideration to advance their business interests. Some of these requests included:
   - Hansen-Gress
   - Bayhouse Properties
   - Marine Exchange of Alaska
   - Goldbelt

2. A resulting outcome was for Docks & Harbors to delve deeply into other CBJ plans, ordinances, policies and studies pertaining to property management. In particular, the Docks & Harbors Board was deliberate in their examination of guidance under Title 85 in executing their charge to the Assembly and the citizens of Juneau. Specifically the existing Land Management Plan 85.02.063(a) 85.02.063(b) yielded significant discussion the Board regarding responsibilities and policy.

   85.02.063(a) After public hearing and deliberation, the docks and harbors board shall draft and forward to the planning commission and assembly a land management plan. The plan shall address the retention, use, disposal, and development of City and Borough land under the jurisdiction of the docks and harbors board. After public hearing and deliberation, the planning commission shall forward its recommendation to the assembly. Recommended changes to the land management plan shall be developed using the same procedure.

   85.02.063(b) Development of the land management plan, or a change to the plan, shall be guided by the following principles:
   (1) Multiple use should be encouraged;

(2) A sound local economy will be promoted;
(3) Adequate lands for public development and public use, including recreational beaches with appropriate uplands, should be reserved;
(4) Tidelands should be leased only for specific water-dependent and water-related uses and not sold.

3. The Docks & Harbors Board debate over the past three months have resulted in the enclosed recommendations to the Assembly. This proposed ordinance amendment has been prepared by the CBJ Attorney. The substantive change is that Docks & Harbors would no longer be required to maintain a specific "land management plan" for the department but rather those properties would be guided within the more comprehensive CBJ Land Management Plan. The Board discussed at length whether the statement that "tidelands should be leased…and not sold" was an absolute or flexible policy statement. In the end, the Board recommends only to replace "tidelands" with "properties under docks and harbors jurisdiction.

4. The Docks & Harbors Board has affirmed its position, with formal votes, at the August 25th Special Board meeting, the September 21st Operations-Planning Committee meeting and will be on the September 29th regular Board meeting consent agenda.

#

Encl: Ordinance 2022-48 (draft)

Presented by: The Manager
Presented:
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-48 DRAFT

An Ordinance Related to City and Borough of Juneau Land Management Plan Duration, Restrictions, and Authority.

WHEREAS, the Land Management Plan guides the City and Borough of Juneau's use and ownership of its land, CBJC 53.09.150; and

WHEREAS, the current Land Management Plan was adopted in 2016 (Ord. 2016-18), and the prior Land Management Plan was adopted in 1999; and

WHEREAS, CBJC 53.09.160(b) empowers the Planning Commission to review and update the Land Management Plan as necessary but at least every ten years; and

WHEREAS, the past and current Land Management Plans provide valuable guidance for management of all City and Borough of Juneau property—including Department managed lands; and

WHEREAS, the two-year limitation in CBJC 53.09.200(c) is unnecessarily short given the multiple review procedures recently enacted in CBJC 53.09.260;

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Section. CBJ 53.09.200 is amended to read:

53.09.200 General.

(a) *Methods of disposal.* City and Borough land may be conveyed by lottery, auction, over-the-counter sale, negotiated sale, sealed bid, land exchange, or other methods as the assembly may approve by ordinance.

(b) *Inclusion in Land Management Plan.* Except for property acquired by tax foreclosure or reconveyance agreement, real property should not be conveyed prior to inclusion in a land management plan.

(c) *Satisfaction of CBJ 53.09.260(a).* Real property recommended for negotiated sale in management plan adopted by the Assembly not more than ten ~~two~~ years prior to commencement of negotiations for a negotiated sale shall be deemed to have satisfied CBJ 53.09.260(a) Sales, leases, and exchanges by negotiation or competitive proposal.

…

Section 3. Amendment of Section. CBJ 85.02.060 is amended to read:

85.02.060 General powers.

(a) Subject to state laws and City and Borough ordinances, the City and Borough Docks and Harbors Board shall generally exercise all powers necessary and incidental to operation of all port and harbor facilities in the public interest and in a sound business manner. In particular, and without limitation on the foregoing, the board shall:

…

(5) Administer and dispose of City and Borough tideland, submerged land, and other land as provided by the assembly ~~by resolution as subject to docks and harbors board administration~~, subject to the following limitations:

(A) No sale, purchase, or trade of land shall be made without prior review by the assembly lands committee and approval by the assembly ~~by resolution~~.

(B) Unless otherwise designated in advance by the assembly ~~by resolution~~, any lease of land shall be limited to marine-related uses, and those uses accessory to tenancy on the boat harbor or use of the port.

(C) All land transactions by the board in accordance with this section shall be consistent with the land management plan ~~developed under CBJ 85.02.063~~.

(i) Land shall be leased as provided in title 53, provided that the provisions of section 53.20.020 relating to a declaration of availability and identification in the land management plan shall not apply.

(ii) For purposes of applying title 53 pursuant to this subsection (C), any action required by title 53 of the manager may be performed by the port director.

...

Section 4. Amendment of Section. CBJ 85.02.063 is amended to read:

85.02.063 Land management ~~plan~~.

(a) <u>The docks and harbors board should be guided and informed by the City and Borough of Juneau land management plan when making recommendations regarding retention, use, disposal, and development of City and Borough land under the jurisdiction of the docks and</u>

harbors board. ~~After public hearing and deliberation, the docks and harbors board shall draft and forward to the planning commission and assembly a land management plan. The plan shall address the retention, use, disposal, and development of City and Borough land under the jurisdiction of the docks and harbors board. After public hearing and deliberation, the planning commission shall forward its recommendation to the assembly. Recommended changes to the land management plan shall be developed using the same procedure.~~

(b) The docks and harbors board shall be guided by the following principles when proposing changes to the land management plan: ~~Development of the land management plan, or a change to the plan, shall also be guided by the following principles~~:

(1) Multiple use should be encouraged;

(2) A sound local economy will be promoted;

(3) Adequate lands for public development and public use, including recreational beaches with appropriate uplands, should be reserved;

(4) ~~Tidelands~~ Property under the jurisdiction of docks and harbors should be leased only for specific water-dependent and water-related uses and not sold~~;~~.

(c) When making recommendations about the retention, use, disposal, and development of land under jurisdiction of the docks and harbors board, the board shall consider the following: ~~In developing the land management plan to implement the policies outlined in this section, the following issues, without limitation, shall be considered~~:

(1) The supply of publicly owned lands to meet public needs;

(2) The supply of privately owned lands to meet the private-sector needs of the community;

(3) The comprehensive plan, the long-term capital improvements program, and other plans adopted by the assembly;

(4) Restrictions created by written instruments, zoning, and state and federal regulations;

(5) Physical, economic, resource, population and social factors affecting the area under consideration;

(6) Comments of the general public, affected landowners, state and federal agencies and local advisory groups;

(7) Ownership patterns and waterfront development plans of private landowners and state and federal agencies;

(8) The development and growth patterns and potentials of different areas of the City and Borough and waterfront services that may be needed as a result of that development and growth;

(9) The requirements of public access to and along public and navigable bodies of water;

(10) The protection of other public values including recreational, scenic, wildlife, and other environmental qualities; and

(11) Other matters which are relevant to ~~a~~ sound and beneficial land use management ~~plan~~ policy.

~~(d) The plan shall contain the following elements:~~

~~(1) Proposed land acquisitions;~~

~~(2) A listing of those lands to be retained for public use;~~

~~(e) The plan shall be reviewed by the Docks and Harbors Board and the Planning Commission if a major unanticipated development affecting basic assumptions occurs, and in any case at least every five years.~~

~~(f) Any lease, disposal, or use of land shall conform to the Long Range Waterfront Plan, the land management plan adopted above, Juneau Coastal Management Plan, and all other adopted City and Borough land use plans.~~

~~(g) Upon receipt of a land management plan or a change recommended by the Docks and Harbors Board and Planning Commission, the assembly shall consider the plan, or change, and may adopt the plan or change only after it conducts a public hearing on the matter.~~

Section 5. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this ________ day of ________________________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Presented by: The Manager
Presented: 09/12/2022
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-51

An Ordinance Authorizing an Alternative Procurement Method Related to the Emergency Department Addition and Renovation at Bartlett Regional Hospital.

WHEREAS, the Bartlett Regional Hospital (BRH) Emergency Department is a critical facility for the health and welfare of the citizens of the City and Borough of Juneau (CBJ); and

WHEREAS, the new addition and renovation will provide an airborne infection isolation space and additional negative-pressure exam rooms necessary for treatment and containment of illnesses caused by airborne diseases; and

WHEREAS, minimal disruption to Emergency Department operations during construction of the addition and renovation is critical; and

WHEREAS, the Construction Manager at Risk (CMAR), a form of General Contractor/Construction Manager (GC/CM), procurement method supports early involvement in the design phase through Preconstruction Consulting Services by a General Contractor, thereby mitigating risks to disruption of Emergency Department operations during construction, developing compliance measures with Infection Control Risk Assessment requirements during construction, developing phasing plans for construction, and providing real time cost estimating and value engineering services; and

WHEREAS, the project design plans are at a point in which a construction company joining the project would add substantial value to help guide the completion of the design, develop phasing plans and recommend sequence of construction operations to minimize disruption to Emergency Department operations during construction while maintaining a dust-free healthcare environment; and

WHEREAS, an alternative procurement approach, such as CMAR can address many of these risks because it allows the design team to anticipate and address issues that arise by close collaboration with the construction team and is ideally suited for projects with high complexity and many unknowns; and

WHEREAS, a purpose of the CBJ's purchasing process is to provide for a fair and equitable method of procuring services and improvements while maximizing the value of public funds and benefit to the community; and

WHEREAS, CBJ Charter Section 9.14(b)(6) requires public improvements be procured by competitive bid except that the Assembly—by ordinance—may adopt an alternative procurement method upon the City Manager finding it would be in the best interest of the City and Borough to do so based on cost, timing, and other relevant criteria; and

WHEREAS, A.S. 18.07.031 prohibits a person from making an expenditure of more than $1,500,000 for the alteration of the bed capacity of a health care facility without a certificate of need issued by the State of Alaska; and

WHEREAS, at this time, the State of Alaska has neither issued a certificate of need nor issued a determination that a certificate of need is not required for this project; and

WHEREAS, the Assembly has appropriated $12,450,000 into the BRH Emergency Department Addition Capital Improvement Project; and

WHEREAS, CBJ and BRH personnel estimate that they will not expend more than $1,493,000 on the BRH Emergency Department addition and renovation until a certificate of need is obtained or the State of Alaska determines a certificate of need is not required; and

WHEREAS, CBJ Charter 9.13(a)-(b) invalidates payments made in excess of appropriation authority and all employees who knowingly authorize or make such payments shall be jointly and severally liable to the CBJ for the full amount; and

WHEREAS, a supplemental appropriation will be presented for the Assembly's consideration when the contract negotiations mature and after a certificate of need is obtained or determined not to be needed.

THEREFORE BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Conflicts with Chapter CBJC 53.50. To the extent the alternative procurement authorized pursuant to this ordinance conflicts with provisions in CBJC 53.50, this ordinance controls.

Section 3. Maximum Dollar Amount. The alternative procurement authorized pursuant to this ordinance shall not exceed $15,000,000. The source of funds is the BRH Emergency Department Addition Capital Improvement Project.

Section 4. Methodology: Construction Manager at Risk (CMAR). With a CMAR procurement method, a construction management company assumes the risk for construction of the Emergency Department Addition and Renovation, within a negotiated Guaranteed Maximum Price as a general contractor, and provides consultation to the CBJ regarding construction during and after design of the Emergency Department Addition and Renovation project.

Section 5. Best Interest Finding. The Assembly concurs with the City Manager's best interest finding. A CMAR alternative procurement is in the best interest of the City and Borough of Juneau and the public for the BRH Emergency Department Addition and Renovation. This finding is premised upon the following:

(a) As the only Emergency Department serving the community of the City and Borough of Juneau, minimal disruption to the operations of the Emergency Department during construction is critical to the health and welfare of the citizens of Juneau; and

(b) The phasing of the addition and renovation of the existing Emergency Department is complex, requiring separation of construction activities and Emergency Department operations to maintain a clean and healthy environment for Emergency Department operations; and

(c) The CMAR approach can mitigate many of the risks because it allows the design team to anticipate and address issues that arise by close collaboration with the construction team to minimize the disruption to Emergency Department operations and by maintaining a clean and healthy environment throughout construction.

Section 6. Criteria for Selection of a Construction Manager at Risk Procurement. The procurement shall include qualifications-based selection criteria designed to provide the CBJ with the best value, including the following terms:

1. Firm history and qualifications
2. Experience with similar projects
3. Personnel proposed
4. Safety record
5. Project understanding and approach
6. Quality control program
7. Preconstruction service fees

Section 7. Approval Process. The City Manager is authorized to competitively solicit proposals, rate the proposals consistent with the criteria prescribed by this ordinance, and present a recommended CMAR company proposal to the Assembly for approval. The City Manager would then be authorized to negotiate and contract with the CMAR company approved by the Assembly.

Section 8. Limitation of Appropriation Authority. Personnel employed by the CBJ, including BRH staff, are prohibited from expending more than $1,500,000 related to the BRH Emergency Department addition and renovation until a certificate of need is obtained or the State of Alaska determines a certificate of need is not required. The existing and future appropriation authority for the Emergency Department Addition and Renovation project is limited to $1,500,000 until a certificate of need is obtained or the State of Alaska determines a certificate of need is not required.

Section 9. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this ________ day of ________________________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

To: Juneau Assembly and Lands Committee Members
From: Telephone Hill Neighborhood NonProfit Management Corporation

September 22, 2022

Greetings,

At a recent meeting Dan Bleidhorn suggested we submit a letter to Assembly members to provide information on Telephone Hill Corp's lease with the Alaska DOT. There has been a lot of misinformation and rumors (after all this is Juneau) so we hope to dispel some of the myths.

Over 23 years ago Frank Mielke of DOT approached Peggy Pijan, Rachel Beck and myself with an unusual offer - if we established a legal entity that met with DOT approval then DOT would sign a master lease for Telephone Hill with us. He explained DOT had continuously lost money managing the properties since the homes had been acquired - first with a property management company and again when DOT decided to manage the properties in-house which took too much DOT staff time.

We formed the Telephone Hill Neighborhood Non-Profit Management Corporation. The master lease required Telephone Hill Corp to sub-lease to renters, collect rent, and with that rent money pay all utility bills, maintain insurance, pay for repairs when needed, pay property taxes, as well as make the monthly master lease payment to DOT. A bookkeeper was immediately hired to handle all financial activities and he is still with us today. There was no staff and the three managers received no salary. The master lease with Telephone Hill Corp was the first time DOT did not lose money or DOT staff time on the properties.

Telephone Hill Corp has paid DOT over a million dollars in the 23 years of our lease with the State.

Currently there's a lot of confusion and anxiety among Telephone Hill residents. CBJ staff is doing their best but this is new territory for the City - as it was for the State.

There are varying estimates as to how many months or years the necessary public meetings, planning, and permitting processes will take. Phrases such as "soft landing" with no actual fixed date only create more anxiety among residents. Many residents have lived on Telephone Hill for over 25 years, people who have made valuable contributions to Juneau in the arts, small business owners, teachers, legislative staff…

CBJ needs to keep these long time tenants in place until the city is ready to actually implement a plan. This historic, highly visible neighborhood is the heart of downtown. Higher rents resulting in new transient tenants will require more CBJ staff time to deal with turnover issues. We know because we have managed this neighborhood for 23 years.

The Telephone Hill neighborhood is affordable housing in a jacked-up, sky rocketing rental market because of the unique master lease agreement Telephone Hill Corp had with the State.

We propose the CBJ enter into a similar master lease with Telephone Hill Neighborhood Non-Profit Management Corporation through July 31, 2023. This will give the City the opportunity to keep a stable neighborhood with affordable housing through the various planning stages without tying up CBJ staff time.

If in late April it becomes obvious the re-development process will take longer, then the lease can be extended on a month to month or bimonthly basis.

One last thought - keeping the Telephone Hill neighborhood stable and homes intact is a very important part of the planning process. If the City is interested in pursuing a lease with us we hope a letter of agreement can be signed asap before conveyance takes place.

Thank you for your consideration.
We would be happy to provide further information.

Maureen Conerton
Telephone Hill Neighborhood NonProfit Management Corporation

Assembly Goals 2022

Assembly Goals set at
December 4, 2021 retreat

1. Housing - Assure adequate and affordable housing for all CBJ residents

	AA*	Implementing Actions	Responsibility	Notes:
A	P	Revise and improve Title 49 to facilitate housing	Assembly, Planning Commission, Manager's Office, CDD	
B	P/F	Implement projects & strategies that advance the goals of the Housing Action Plan	Assembly, Manager's Office	Sold the remaining Pederson Hill lots
C	P/F/O	Continue a robust use of the Affordable Housing Fund and its sustainability	Assembly, Manager's Office	
D	P/F	Reduce barriers to downtown housing development	Assembly, Manager's Office, CDD	

2. Economic Development - Assure Juneau has a vibrant, diverse local economy

	AA*	Implementing Actions	Responsibility	Notes:
A	F/O	Update the Comprehensive Plan	Assembly, Planning Commission, Manager's Office, CDD	
B	O	Adopt and implement strategies developed by the Visitor Industry Task Force to mitigate impacts & increase economic benefits of tourism	Assembly, Manager's Office, Docks & Harbors	
C	P/F/O	Examine options for a tourism governing structure that mitigates impacts & increases economic benefits of tourism	Assembly, Manager's Office, Docks & Harbors	
D	P/F/O/S	Implement project strategy for Juneau Economic Plan, including revitalizing downtown, with regular updates	Assembly, Manager's Office	Disposed of CBJ property to Franklin Foods Finalized the former HHW property disposal to AKBrewing
E	F	Explore financing for the Capital Civic Center	Assembly, Manager's Office, Finance	
F	P/F/S	Support Eaglecrest Summer Operations Task Force & self-sufficiency of Eaglecrest	Assembly, Manager's Office, Eaglecrest	
G	P/F	Pursue and plan for West Douglas and Channel Crossing	Assembly, CDD, Planning Commission, Manager's Office	

3. Sustainable Budget and Organization - Assure CBJ is able to deliver services in a cost efficient and effective manner that meets the needs of the community

	AA*	Implementing Actions	Responsibility	Notes:
A	P/F	Develop strategy for fund balance and protect restricted budget reserve	Assembly, Manager's Office, Finance	
B	P/F	Continue to evaluate sales tax structure including equity and evaluate removing sales tax on food	Assembly, Manager's Office, Finance	
C	P	Long term strategic planning for CIPs	Assembly, Manager's Office, EPW	
D	P/F	Reduce mil rate as appropriate	Assembly, Manager's Office, Finance	
E	F/O	Allocate resources to implement Assembly goals	Assembly, Manager's Office, Finance	
F	F/O	Maintain Assembly focus on deferred maintenance including BRH and JSD.	Assembly, Manager's Office, EPW, all operating departments with facilities	

*Assembly Action to Move Forward: P = Policy Development, F = Funding , S = Support, O = Operational Issue

Assembly Goals 2022

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4. Community, Wellness, and Public Safety - Juneau is safe and welcoming for all citizens

	AA*	Implementing Actions	Responsibility	*Notes:*
A	P/O/S	Acknowledge and honor Juneau's indigenous culture, place names, naming policy, and recognize Elizabeth Peratrovich Day	Assembly, Manager's Office	
B	P/S	Explore government to government relations with tribes	Assembly, Manager's Office	
C	P/F/O	Examine social service funding levels and process	Assembly, Manager's Office	

5. Sustainable Community - Juneau will maintain a resilient social, economic, and environmental habitat for existing population and future generations.

	AA*	Implementing Actions	Responsibility	*Notes:*
A	P/O	Develop a zero waste or waste reduction plan	Assembly, Manager's Office, EPW, Finance	
B	P/O	Develop strategy to measure, track and reduce CBJ energy consumption.	Assembly, Manager's Office, all departments	
C	P/O/F	Implement projects and strategies that advance the goal of reliance on 80% of renewable energy sources by 2045	Assembly, Manager's Office, all departments	
D	P/F	Develop a climate change adaptation plan	Assembly, Manager's Office	
E	P/O/F	Develop strategy to reduce abandoned/junked vehicles	Assembly, Manager's Office, EPW, Law, P&R, D&H	

*Assembly Action to Move Forward: P = Policy Development, F = Funding , S = Support, O = Operational Issue