THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - November 28, 2016

MEETING NO. 2016-36: The Regular Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 7:00 p.m. by Mayor Ken Koelsch.

I. ROLL CALL

Assembly Present: Mary Becker, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis, Beth Weldon and Debbie White.

Assembly Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Amy Mead, Municipal Attorney; Laurie Sica, Municipal Clerk; Bob Bartholomew, Finance Director; Rob Steedle, Community Development Director; Scott Ciambor, Chief Housing Officer; Dan Bleidorn, Deputy Lands Manager.

II. SPECIAL ORDER OF BUSINESS

None.

III. APPROVAL OF MINUTES

A. November 7, 2016 Regular Assembly Meeting 2016-35

Hearing no objection, the minutes of the November 28, 2016 Regular Assembly Meeting 2016-35 were approved with grammatical corrections.

IV. MANAGER'S REQUEST FOR AGENDA CHANGES

Mr. Watt requested that a Bid Award for CBJ Contract No. BE17-137 be added to the consent agenda. The bid was opened Tuesday, Nov. 22, the protest period was past and staff sought Assembly approval and award to enable the contractor to order materials before the holiday season.

Hearing no objection, the matter was added to the agenda under "New Business."

V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

William Quayle said he is not the only person that is interested in seeing the regulations regarding pedicab licensing changed. 290 people voted for him and most of them know he was interested in this topic. He said the $1500 license fee is too high and the insurance required for registered vehicles does not cover pedicabs. Pedicabs promote "green energy." Sitka charges $400 for this type of license. He said seniors running a pedicab you should not have to pay anything for a license.

VI. CONSENT AGENDA

A. Public Requests for Consent Agenda Changes, Other Than Ordinances for Introduction

None.

B. Assembly Requests for Consent Agenda Changes

None.

C. Assembly Action

MOTION, by Nankervis, to adopt the consent agenda. Hearing no objection, the consent agenda was adopted.

1. Ordinances for Introduction

   a. Ordinance 2015-20(AX) An Ordinance Appropriating to the Manager the Sum of $660,000, as Partial Funding for Bartlett Regional Hospital's Fiscal Year 2016 Operating Budget; Funding Provided by Hospital Revenues.

      This ordinance would appropriate an additional $660,000 to Bartlett Regional Hospital for FY16 operations. BRH initially prepared their budget 18 months ago and underestimated the total expenditures by less than 1%. This appropriation is being funded from FY16 hospital revenues.

      The Bartlett Finance Committee was informed of the year-end operating expense authorization shortfall, and the need to obtain Assembly budget authorization, at its November 15, 2016, meeting.

      The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

   b. Ordinance 2016-09(V) An Ordinance Transferring $3,075,566 from the Sales Tax, and the General Fund's Fund Balance to the General Debt Service Fund's Fund Balance.

      This ordinance would replace $3,075,000 of the original state funding that was appropriated for debt service with available fund balance from the general and sales tax funds.

      The original funding was expected as a part of the state budget allocation to reimburse local governments for the state share of school debt bond reimbursement. Due to the Governor's veto of state revenue CBJ needed to find additional funding. The Assembly Finance Committee reviewed the FY17 budget shortfalls at its September 8, 2016, and November 9, 2016, meetings. The committee recommended an ordinance to provide additional funding for school debt service be drafted and forwarded to the full Assembly for adoption.

      The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

   c. Ordinance 2016-09(W) An Ordinance Transferring $696,000 from the CBJ Facility Infrastructure Deferred Maintenance Project, to the General Government Fund's Fund Balance.

This ordinance would transfer $696,000 of FY17 Deferred Maintenance CIP funding to the general fund for operating budget expenditures. As a part of the FY17 CBJ budget process, the Assembly tentatively allocated $696,000 of increased property tax revenues into a deferred maintenance CIP. The allocation was tentative based on the uncertainty of the FY17 state budget.

Subsequent to the adoption of the CBJ budget in May 2016, a Governor's veto reduced the amount of the permanent fund dividend. The reduction in the dividend is expected to reduce the retail sales tax collected. The tax loss reduces the revenue originally allocated to the general fund. The Assembly Finance Committee reviewed the FY17 budget shortfalls at its September 8, 2016, and November 9, 2016, meetings. The committee recommended an ordinance to provide additional funding, via a CIP transfer, for general government operations be drafted and forwarded to the full Assembly for adoption.

The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

d. Ordinance 2016-09(X) An Ordinance Transferring $110,434 from the Sales Tax Fund's Fund Balance, to the Roaded Service Area Fund's Fund Balance.

This ordinance would appropriate $110,434 of available sales tax fund balance as partial funding for the FY17 general government operating budget.

Subsequent to the adoption of the CBJ budget in May 2016, a Governor's veto reduced the amount of the permanent fund dividend. The reduction in the dividend is expected to reduce the retail sales tax collected. The tax loss reduces the revenue originally allocated to the general government funds. The Assembly Finance Committee reviewed the FY17 budget shortfalls at its September 8, 2016, and November 9, 2016, meetings. The committee recommended an ordinance to provide additional funding from the sales tax fund for general government operations be drafted and forwarded to the full Assembly for adoption.

The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

e. Ordinance 2016-09(Y) An Ordinance Appropriating to the Manager the Sum of $365,000 as Funding for the Fountain and Whale Related Site Elements that are Part of the Bridge Park Capital Improvement Project; Funding Provided through a Donation from The Whale Project Committee.

The Whale Project Committee is donating $365,000 to the CBJ for the construction of the fountain and whale related site preparation elements of the Seawalk Bridge Park to Gold Creek project. This donation will pay for these items in the Phase III Seawalk contract and will have additional funds available to put towards the completion of the fountain works and pump room. These donated funds will be appropriated into the Bridge Park CIP, P41-090.

The Public Works and Facilities Committee recommended this request be forwarded to the Assembly for action/adoption at its October 31, 2016, regular meeting.

The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

VII. PUBLIC HEARING

A. Ordinance 2016-30 An Ordinance Amending the Comprehensive Plan by Adopting the Housing Action Plan.

This ordinance would adopt the Housing Action Plan, and amend the CBJ's Comprehensive Plan to include the Housing Action Plan.

On October 26, 2015, the draft plan was presented to the Assembly Committee of the Whole. The Affordable Housing Commission and staff further refined the plan, and at its June 7, 2016, meeting, the Affordable Housing Commission voted to move the plan to the Planning Commission. On July 12, 2016, the Planning Commission, by unanimous vote, recommended that the Assembly adopt the plan as an addition to the City and Borough Comprehensive Plan.

On October 31, 2016, the Assembly Committee of the Whole made its final changes to the plan. The ordinance would adopt the version of the plan approved by the Committee.

The City Manager recommends this ordinance be adopted.

Public Comment:

Joanie Waller said the Housing Action Plan was an impressive document. On page 83 there are suggestions to address parking. If this document is to be used to direct marching orders it doesn't say that housing should be built downtown without parking. People have cars - it is like peanut butter and jelly - housing and parking go together. The housing director should be directed to address housing in any of his decisions.

Dave Hanna said he is not speaking for any of the groups he is affiliated with nor as an apartment owner. The Housing Action Plan is good in many regards. It still needs some work, some items have been fixed and some have not. On page 54, there is a suggestion for registration of every rental unit with inspections required. He does not believe that another regime or more work by city staff is required and he worries about tying the city's hands. Sometimes you can't address housing and parking at the same time and he did not want to see this plan, if adopted as part of the comprehensive plan, to stifle innovation.

Mandy Cole said she would like to return the topic to the original intent of the plan which is to provide direction on how to move the needle on housing. Housing has been before the Assembly as an urgent issue for health, safety, employers, and the economy. As a member of the Affordable Housing Commission, she said the commission was looking for out of the box ideas, not a plan to tie the communities hands. This plan has many ideas, they are a variety of tools, and by adopting this, it is not meant to make the problem stickier, but to put more options on the table. She hoped that the Assembly would view it as a buffet of suggestions for new ways of thinking to bring real change to the housing picture in Juneau.

Kathleen Strasbaugh said she was a member of the Affordable Housing Commission, and supported Ms. Cole's comments. She said that the plan would not be implemented without a

specific Assembly action to make it happen, such as the apartment registration program. The most important thing to remember was that the plan is a compendium of ideas for the Assembly to choose from and it is a situation in which the Assembly will have to take further action to implement. These are ideas for change, as status quo has not been working.

Ms. Gladziszewski asked for the background on the development of the plan. Ms. Strasbaugh said she was new to the Commission, but understood this has been under development for at least two years, before the Affordable Housing Commission, the Planning Commission, the Committee of the Whole and Lands Committee. It has come before the public many times and different groups in the community and local experts have provided input since the document was completed.

Assembly Action:

MOTION, by Becker, to adopt the Housing Action Plan by resolution.

Mr. Jones said that the motion was out of order, and he thought it would be better to move the plan as a part of the comprehensive plan, then amend the ordinance to adopt the ordinance.

Mr. Kiehl asked if this could be done without providing public notice. Ms. Mead said a resolution would need to be brought back to the Assembly for consideration to adopt the plan by resolution, rather than by adoption of an ordinance to incorporate the plan into the comprehensive plan.

Ms. White said she preferred adoption by resolution so that it could be aspirational and a guideline, and if adopted into the comprehensive plan it would become a rule.

Ms. Becker said that if adopted by ordinance, the Housing Action Plan has the force of policy, and there were some things in the plan that she found objectionable. When the HAP gets into the comprehensive plan it is open for interpretation. Action can still be taken by resolution.

Mr. Kiehl said that there was some discussion about this at the Committee of the Whole, he did not want to rehash the arguments, but it is important to remember that the Comprehensive Plan states that it is aspirational in nature and it contains standards by which we review proposals that come forward. If we adopt the plan by ordinance it is the policy of the CBJ. If we need to change the plan, let's amend it or if it is so bad that we don't want it to be our policy, let's reject it. He supported adopting the plan by ordinance as part of the comprehensive plan.

Ms. Gladziszewski said she served on the Planning Commission for many years and the Comprehensive Plan contained many things and the commissioners looked at proposals through all of the lenses. It is not an ordinance that obligates funds, it is the force of policy. This plan has been reviewed for over two years. There have been many changes. If there are things we don't agree with we should debate them, rather than argue whether they should have more weight by having it in the Comprehensive Plan or slightly less weight by adopting by resolution. Every time we get close to doing something about housing, people object. This is just a tool.

Mr. Gregory said the Comprehensive Plan was modified in 2012 and part of that plan calls for us to adopt a Housing Action Plan. He felt it was important to adopt the plan as part of the Comprehensive Plan.

Mr. Nankervis said the process should be to move adoption of the ordinance, then speak against the motion, and if the motion failed, then the next motion regarding a resolution could be made. The more he "scratched" at the plan the more concerns he had, and he did not believe there was sufficient time at this meeting to address his concerns.

Ms. Weldon said that the plan is creative, but said it tied with a fiscal note that she was still not certain about it - it asked for a code enforcement officer and she did not know if there were sufficient resources to carry out the plan.

Ms. White spoke about the "softening" of the rental market, her concern about building subsidized housing, and the economy. She said her hesitation was not only with staff interpretation on deciding how this should go - it was a moving target that is not moving in our favor right now. There are good things in the plan - reviewing density and height, but it seems we are focusing on subsidies, requiring rental inspections, requiring developers to make a portion of their developments to subsidized housing, we are taking away the free market. Juneau has a hard time getting developers to come here and do things. CDD is looking for ways to deny permits. She would support adoption of this plan by resolution, but she has talked with people who have tried to develop property for over a year without success. The plan says we need $3 million to loan out to people at no cost. We will have to charge higher permit fees so those fees can go into a special fund to support the loan program.

Mr. Jones said Ms. White read a different plan than he did. He was still vacillating. It is possible that not adopting the HAP as part of the comprehensive plan or not could increase appeals - due to either lack of review of issues or application of the plan to the development. He wished the plan was better written, and it is not written to adopt some solutions over other solutions in the plan. The motion should not be on the table, we should adopt the ordinance or not, he maintained his objection.

Ms. White said that part of the staff memo for every development was a review of the comprehensive plan as compared to the proposed development. It may be aspirational, however staff considers it policy, especially if they are not in favor of the proposal.

Mr. Kiehl compared the plan to a hardware store in which he could not afford every tool - the comprehensive plan is full of implementing actions that have not been implemented. We still need a Housing Action Plan. He understands that the staff reviews proposals based on the comprehensive plan - that is the work of the Planning Commission. This Housing Action Plan uses the verbs, "consider," "inclusionary zoning," "develop opportunities with private developers," "invite outside developers," "inventory," "create a downtown improvement district" and the vast majority of actions call for consideration, not elimination of private sector housing development - it encourages that. He said the rental market may have softened at this time of the year because of the seasonal economy of the legislature and tourism, but this did not mean that Juneau does not have a housing crunch and that Juneau doesn't need a Housing Action Plan.

Ms. Gladziszewski said this plan is to make things easier for developers, not the opposite. The point is to give the Planning Commission and staff incentive to approve projects by giving them this tool. We adopted the Juneau Economic Development Plan into the Comprehensive Plan by ordinance and there are many measures that call for the use of funds, that does not mean we will be able to do all of these items and any dedication of funds requires further Assembly action. This just provides tools to "unstick the housing market."

Mr. Gregory said he was happy to hear this level of debate about this issue. This is reflective of how serious this issue is for our community. He said the average sale price of a home at $398,000 was not affordable to a single working person such as himself. This community needs new ideas to support the housing supply, the economy, and he would support the next motion to adopt this plan into the comprehensive plan.

Roll call on the motion to direct staff to draft a resolution for the adoption of the Housing Action Plan:

Aye: Becker, Nankervis, Weldon, White, Koelsch
Nay: Gladziszewski, Gregory, Jones, Kiehl

Motion passed: 5 aye, 4 nay.

B. Ordinance 2016-35 An Ordinance Authorizing the Manager to Convey Lot 3 of the Renninger Subdivision to the Juneau Housing Trust.

Staff solicited letters of interest for the disposal of six residential lots in the Renninger Subdivision. The Lands Committee reviewed four letters of interest at its April 25, 2016, meeting, and at its May 16, 2016, meeting recommended authorizing the City Manager to negotiate with the Juneau Housing Trust for the sale of Lot 3. On August 29, 2016, the Lands Committee unanimously passed a motion of support to dispose of Lot 3 in the Renninger Subdivision to the Juneau Housing Trust for 50% less than fair market value. The ordinance outlining the disposal was introduced to the Assembly on September 26, 2016.

In accordance with CBJ 53.09.270, this sale is for less than fair market value because the Trust's proposal is to work with the University of Alaska Southeast and the Juneau School District to build affordable single family homes while teaching students in the educational Home Build Program. Homes built by the program will be sold outright, and Juneau Housing Trust will lease the underlying land to the homeowners with a 99 year land lease. The homes are intended to service the 80 - 120% median income range over the life of the land lease.

The City Manager recommends this ordinance be adopted.

Public Comment:

None.

Assembly Action:

MOTION, by Kiehl, to adopt Ordinance 2016-35.

Mr. Kiehl asked if section c, 3, mentions specifically and exclusively the JSD Homebuild program and if this could preclude the University of Alaska from participation. Ms. Mead said the property would be conveyed to Juneau Housing Trust and would not prohibit either JSD and UAS or the Homebuild program from participation in the project. Juneau Housing Trust would hold title to the property.

Mr. Jones asked if Juneau Housing Trust paid property taxes. Tamara Rowcroft, Vice President of the Juneau Housing Trust said yes, they pay property taxes.The taxes were split between the Trust and the homeowners. Both parties pay.

Hearing no objection, Ordinance 2016-35 was adopted.

C. Ordinance 2016-39(b) An Ordinance Authorizing the Manager to Negotiate a Sale of the North Franklin Parking Lot, Located at 310 Second Street, to Eagle Rock Ventures, LLC.

At the Assembly's direction, staff solicited letters of interest and applications for a negotiated sale of the North Franklin Parking Lot located at the corner of Franklin and Second Street.

The Lands Committee reviewed the Eagle Rock Ventures, LLC proposal at its June 27, August 15, August 29, and October 10, 2016, meetings.

At its October 10, 2016, meeting, the Lands Committee considered Eagle Rock Ventures, LLC's proposal but the motion supporting the proposal did not pass.

At its meeting on October 17, 2016, the full Assembly passed a motion, without objection, directing staff to prepare an ordinance for its consideration authorizing the sale of the property to Eagle Rock Ventures, LLC.

Version (b) of the ordinance makes a change to section 3 (d), providing for the closing date.

The City Manager recommends this ordinance be adopted.

Public Comment:

Brock Tabor said he hoped the Assembly recognized the excellent work that had gone into the Housing Action Plan and that change needs to happen for those of us who want to live here. The proposal before the Assembly has a great deal of merit but he was concerned about the location. Developing this many units without parking for the price it would be rented for was not the right project because of access to facilities that affect their quality of life, such as shopping at big box stores. He asked what is the vision for downtown. We have restaurants, galleries and many opportunities for people with disposable income - is this project consistent with the downtown businesses? He suggested projects like this could be easier to locate in Lemon Creek, or by the Hospital, and suggested the Assembly save this idea - don't lose it, but not build it here at this location at this time.

Mr. Jones said in 1975 there was a downtown grocery store because people lived downtown and if more people lived downtown a store might develop He asked Mr. Tabor if he thought that was a possibility of increased density. Mr. Tabor said yes, if parking is included and if there is more mixed use. If we are going to develop at that location, do it at less density, and to the benefit of the downtown businesses.

Mr. Kiehl asked if his impression was that this is subsidized housing because this is market rate housing. Mr. Tabor said if you are looking at no parking the units will not target those with disposable income that will spend money downtown.

Morgan Humphries Davis said her concern about the project was parking. It has become more congested where her patients park at her phyiscal therapy business and as a downtown business owner it is difficult to maintain a downtown location without parking getting sorted out.

Dale Whitney said he co-owned the Hellenthall Building, the Palace Theatre and the MacKinnon Buildings downtown with Chris Hess. The city needs to sell property and get out of the way and let developers do their thing, however, this project is different as it is in the historic district that is worth money to landowners and to the community as a whole. While he doesn't oppose housing on this property, he has seen similar housing in Seattle to what is proposed and it has not been historically designed. He said the city, as a land owner, has some leverage to make sure that development going forward is more consistent with the historic district. The Gastineau Apartment had an art deco facade and if maintained, it would have contributed to the historic nature of the area. More effort should be made to make development on this property consistent with this idea. He cited the Housing Action Plan. Sale of this property should be held until a plan is developed and he asked that this include the historic nature of the area. The decision you make tonight will outlive you and impact the future and he asked the Assembly to take the long view.

Mr. Kiehl said the historic district now ends on the downhill side of Second Street. Mr. Whitney said that there has been talk about expanding the historic district and the buildings in the area show that it is a historic neighborhood.

Mr. Jones asked if he was aware that CBJ had to exclude the Sealaska Building from the historic district to get it built the way it was currently designed, so there is a determination of "whose" history to follow, and there is a conversation about how to brand downtown Juneau that is ongoing now. Mr. Whitney said that was a separate issue and the discussion focuses on the erection of a 2016 style apartment building.

Christine Hess said she agreed with Mr. Whitney and spoke about her co-ownership of the three buildings in the historic district. She nicknamed the area a 1920's "Vice Street," with the new brewery and marijuana shops. The RFP had no specifications for how the housing will be built and no note of it being done in a historic manner. The investors are from Seattle and the monthly rent will roll to Seattle and leave the community. People say parking is not the highest and best use, but you can't have a downtown if you don't have parking. I realize we also need housing. We own the McKinnon building and we have 12 parking spaces. We do not have a core to the community and it is difficult to have a transportation system here without a car. There are no zip cars. I don't know that the housing situation is as dire as it used to be. A lot has been built in the last two years and she listed recent and current developments. With the economic downturn and the state employee reduction there will be a lessening of demand. Working with existing landlords may be a better way to go to help them do costly renovations that are needed. Please pause and reevaluate and if you choose to move ahead, restart with a new RFP that is more specific and defined.

Catherine McCarthy said she was opposed to the project to build 33 one-bedroom apartments. She lives in a historic home and said that the Bergman Hotel was on the historic register. There are four houses in the neighborhood that are empty. She agrees that the historic nature of the community needs to be preserved as a mining town with its history. Downtown is not vibrant. We do need housing for indigents and that is affordable like the Housing First project but she wants to see our town be beautiful and not erect another Mendenhall Apartment building. Parking is an issue and people store their cars in our neighborhood for many days and weeks, which is another issue. She asked the Assembly to not adopt the ordinance.

Joanie Waller said she owns two houses and a cottage on 3rd Street and would like to renovate them to be more historical. There are tourist maps which direct people to their neighborhood to see the Russian Orthodox Church and she would like to see improvements. The land use codes

spells out the parking requirements for new buildings and there is an exception - PD1 - for dense downtown parking - which allows for a 60% reduction. 40% will have cars and need parking - and there is a fee-in-lieu of parking available. To have housing, we are speaking to desperation for housing by allowing it to happen without parking. She said that she had a petition of people who objected to this development without parking and there has to be something that tips the scale on allowing exemptions.

Mr. Jones said that in PD1 - 60% of the parking is not required, and that a fee-in-lieu is allowed for the rest of the requirement, and this is no different than any other development in the PD1 zone. He asked what value a flattened asphalt parking lot added to the historic district. Ms. Waller said if something was added there it should reflect the design of the area. The parking serves the neighborhood. Whoever builds this needs to have parking. The design and the parking are two different topics.

Mindy Roggenkemp said she has the barbershop across from the parking lot. Losing this parking lot will affect her business, her neighbors, the Baranof Hotel, the entire neighborhood. The apartment will have people with cars and she asked where they would park. She knew that downtown housing was needed but a combination is needed. She has lost some older customers because they have to walk too far to get to her shop.

Paul McCarthy said he lives downtown on 3rd Street and said that all of the Assemblymembers drive and know about the lack of parking as a concept, but living the lack of parking is a different thing. Parking is bad and there are times he has to drive five blocks from his home to find a place to park. He often leaves work late so he can find parking when he gets home after businesses close. When the weather gets bad it is even worse. It is a real problem for people living downtown and he asked the Assembly to do the neighborly thing. It would be irresponsible to move forward on this project without acknowledging that parking is already a problem.

Maridon Boario lives downtown and said she does not support this project in this location at this time and supported the comments of those who spoke before her.

Steve Soenksen distributed written comments and said he was a design-build contractor and had a long history in Juneau. He encouraged a no vote and asked for referral to a committee to add a requirement for parking with housing. He proposed a project three years ago on this site. He paid a $500 fee to make a proposal. Another RFP was solicited, and his was the only project to apply. Nothing happened, and then another RFP was put out. The staff recommended this other company based on a real estate market appraisal, but those do not speak to what is acceptable in the community. In the appraisal, parking did not come up because parking is not feasible and there are not many privately developed parking solutions. A combined public parking private development is needed. He spoke about a community solution - with a private sector solution for housing and a public solution for parking. He asked if this proposal that supports market value should go forward or a community proposal such as his that included parking. A market test does not necessarily make a highest and best use test. He likes a "look local first" for solutions before selling city assets to out of town developers.

Mr. Gladziszewski thanked Mr. Soenksen and she asked about the 300 units that went out of service in the last few years that he referred to in testimony. Mr. Soenksen reviewed those that he was counting including the apartments that were on the site, those where the parking garage is, and several in the downtown area. He said he is motivated to bring back vitality to downtown. Ms. Gladziszewski asked if his proposal had financing and if it required any

assistance from the city. He spoke about his conversation with public housing financers in Anchorage. You can't build many parking units on a 30-year mortgage. At a price of $50 - 70,000 per parking space - parking doesn't pencil and dilutes the feasibility of housing in Alaska Housing Finance Corporation's view, but they are eager to get a project going in downtown. Ms. Gladziszewski asked for clarification - could he do parking with housing. Mr. Soenkson said no one has done it or tried it - we would have to go through a final test - the feasibility - to see if it would all work. The city has already studied a three story parking facility on this site. I don't think doing one or the other is the highest and best use - I think you need both things in the downtown area.

Ms. Weldon asked the demographic for his rentals and he said it was workforce housing. Many people can't sign a one year lease and that is not the market here. We have to solve problems in context - who is it for and how the numbers run are important. Transient workers - those who need to be downtown for work purposes. Workforce housing is a huge thing that we need to get moving on soon. We could build that here.

Ralph Kibby spoke about the work of the downtown revitalization committee in the early 1980's and talked about the downtown core. No where are we talking about the benefit of this to the capital campus. He asked to delay this until that discussion could take place. There are many ideas that were floated about this property, and it was held in abeyance for us in the civic center context. Once this property is gone we won't get it back and there is nothing that identifies this property for our capital campus idea. He said the fee-in-lieu of parking was established for businesses, he did not remember it being established for residential development.

David Hanna said he was in favor of the proposal and said he was part of the Affordable Housing Commission that was unanimously in favor of this project and the commission thought the city planning staff did a good job of getting something done. This is a first step in getting more downtown development and this targets year round residents to revitalize downtown. Yes there are issues with parking, but we can't solve every problem at once. It is unfortunate the parking meters did not work. That site is too small to build an economical parking structure. The impacts from this project can be mitigated.

Assembly Action:

MOTION, by White, that if the ordinance passes, to direct staff to bring back an ordinance to direct that the fees from the sale of this lot are put to work on a parking solution for the immediate area.

Ms. Gladziszewski said that the city manager is working on parking and it may not be possible to create a parking structure in that area. She supported a solution to parking but objected to putting the money to a structure. She did not object to working on parking in general.

Ms. White said that there are two parking garages downtown and the one closest to the neighborhood is oversold on permits now and she would not want to see the funds diverted to putting something in the Centennial Hall lot, she wanted it directed to something in the neighborhood. She said that we are in an aging community and people want to park close to the businesses, and the residents in the area will be impacted.

Mr. Kiehl said there was a parking grant from the state and if we start being too specific about where the next structured parking will be we may lose the grant.

Mr. Nankervis asked if Ms. White's motion spoke to downtown parking solutions. She said yes but she would like to be neighborhood specific and up on the hill where this property was located.

Mr. Jones said the key is the vehicle you choose to drive - he often travels by bus - he can ride it for free as a senior and he has no problem walking downtown. If people choose to drive vehicles that don't fit downtown, or choose not to walk that is their choice. He supports having the money go to a parking CIP but not to limit it to parking on flat land or a garage - we can do other options. Street parking can be permitted and there are solutions that don't take up money - parking structures on a hill don't work.

Ms White restated her motion - if the Assembly votes to sell the lot, an ordinance is returned to the Assembly that directs the proceeds of the sale to a new CIP for parking that serves the central business district.

The Assembly reviewed the existing CIP's regarding parking and Mr. Watt recommended that a new CIP would be appropriate.

MOTION, by Gladziszewski, to amend, the motion so that the proceeds from the sale would be directed to a CIP that addresses parking solutions in the downtown core.

Ms. Becker asked if there was already a committee or a fund that had been established to review. Mr. Watt said he had suggested an ad hoc committee to work on parking issues. This Friday that would be kicked off at the DIG and he hoped DIG would take this on as a project. There are many things that can be done to affect parking and at this time funds are not needed for that project. This ordinance would authorize the manager to enter into a sales agreement with the developer. Once the developer sees this ordinance adopted, he would then spend money on design and permitting. If he can't get a project permitted, he does not want to buy the property. What you will see if the ordinance is passed is a potential sale six months from now of the property with a project with more specificity. The fee-in-lieu applies to both commercial and residential uses and it made the fee for residential development half of that for commercial development to incentivise housing. The Assembly passed the fee-in-lieu ordinance once the voters approved the downtown transit center which provided 200 new spaces to the downtown area. We have seen a modest amount of development from the fee-in-lieu of ordinance.

Roll call on the motion to amend:
Aye: Becker, Gladziszewski, Gregory, Jones, Kiehl, Nankervis, Weldon
Nay: Koelsch, White
Motion passed, 7 ayes, 2 nays.

MOTION, by Gregory to amend to require that 5% of the sale of this property be deposited into the Affordable Housing Fund.

He said the Affordable Housing Fund was underutilized and this was a prime opportunity to enhance that fund.

Mr. Jones objected. The main issue was parking vs. housing and putting 5% n the affordable housing fund would not solve either problem.

Ms. Gladziszewski asked what amount was in the affordable housing fund now. Mr. Watt said there was a balance of $390,000 and it had supported the mobile home down payment assistance program. He intends to have Mr. Ciambor review housing fund options during the CIP discussion and he agreed the fund has been under-used.

Roll call on the amendment:
Aye: Gregory, Kiehl, Koelsch
Nay: Becker, Gladziszewski, Jones, Nankervis, Weldon, White
Motion failed, 6 ayes, 3 nays.

Hearing no objection, the main motion as amended was adopted.

MOTION, by White, to adopt Ordinance 2016-39(b).

MOTION, by Nankervis, to amend page 2 of 2, to add a condition under section 3, to require as a minimum term of the purchase and sale agreement, a condition that Eagle Rock Ventures develop the property in accordance with its June 13, 2016 proposal to build workforce housing. Hearing no objections, the amendment passed.

MOTION, by Gregory, to amend to require the buyer to pay all closing costs.

He said that in most cases, the buyer generally pays all closing costs and he felt this is a reasonable request.

Mr. Kiehl asked if there is a standard agreement or are all sales subject to negotiation. Ms. Mead said there is no standard purchase sales agreement and this is not done often - no standard practice had been used in last seven years. Mr. Kiehl asked if this is a negotiated term in a negotiated sale. Mr. Watt said that it has been a long process for the sale of this property and it has not taken the shortest path to the code. This is a negotiated sale vs. a sale to the highest bidder. In the end it is a negotiated sale for fair market value and we are trying to get a housing project so the closing costs did not seem like an unreasonable cost and he did not know as a percentage of the cost if that would drive a decision.

Ms. White said closing costs are negotiated and it depended on the market at the time. This ordinance has already been put out there, and we are already changing terms as it is, so I don't think it is time to adjust what we have told them.

Roll call on the amendment:
Aye: Gregory
Nay: Becker, Gladziszewski, Jones, Kiehl, Nankervis, Weldon, White, Koelsch
Motion failed, 1 aye, 8 nays.

Mr. Jones gave a history of the sale of this property and said there are many good points on both sides. He will err on the side of wanting housing, and will work on parking, and once an actual purchase occurs, that property is no longer city property it will bring in property tax revenue and this is a sale that should have occurred 2.5 years ago. He supported the motion.

Mayor Koelsch said he would vote against the motion because in 2002-2003 there was an assembly plan to provide parking in the North Franklin area and the lot was purchased to provide parking on this lot. When it became too expensive to build a garage on the site we did not go further to explore other lots in that area. Star Hill is an important historical area and we

need to put parking there. We have several young entrepreneurs coming in to that area that we should support them and this action takes away that support. The Baranof late night users access that lot. I am not comfortable at how we arrived at one particular consumer for this parking lot.

Ms. Gladziszewski spoke in favor of the motion and we need to do the best for the most people and we have been talking about housing and we have heard that we need to sell off property and get out of the way. We hear parking doesn't pencil, we have lost residences and we have gained parking spaces over time with two parking garages. We lost many units in the Gastineau Apartment fire and she had confidence CBJ would continue to work on parking management and the new garage was only a few blocks away from this location.

Ms. Becker did not support the ordinance and she said she heard no suggestions for parking on the project. She does not want to penalize the people who are in the neighborhood.

Mr. Kiehl said this is his neighborhood and he lives in a historical home. It does not have a parking space and he jockeys for on-street parking on streets that were built without cars in mind and parking is bad. We will never solve parking. He said the Assembly was balancing between bad problems and worse problems. We need people to live downtown. The neighborhood will be safer with more neighbors in the area. Increased population will lead to greater improvements and there are more opportunities for development. He preferred the "spirit district" to "Vice Street" but the development was positive. He said this will not solve the problems but we are upgrading our problem. He supported the ordinance.

Roll call to adopt Ordinance 2016-39(b) as amended:
Aye: Gladziszewski, Gregory, Jones, Kiehl, Nankervis, Weldon
Nay: Becker, White, Koelsch
Motion passed 6 ayes, 3 nay.

D. Ordinance 2016-40 An Ordinance Authorizing the Port Director to Lease Tract A of Alaska Tidelands Survey 1670 to Angoon Trading Company, Inc.

CBJ Docks & Harbors proposes entering into a new 35-year lease with Angoon Trading Company for Alaska Tidelands Survey No. 1670, Tract A, located along Channel Drive.

The property was appraised at $0.10 per square foot with an effective date of August 13, 2015. On October 27, 2016, the Docks & Harbors Board recommended that the Assembly approve a new 35-year lease with Angoon Trading Company for $6359.80 per year. The Lands Committee reviewed and recommended approval of the new lease at its October 31, 2016, meeting.

The City Manager recommends this ordinance be adopted.

Public Comment:

None.

Assembly Action:

MOTION, by Gladziszewski, to adopt Ordinance 2016-40. Hearing no objection, it was so ordered.

E. Ordinance 2016-42 An Ordinance Amending Non-code Ordinance 2016-34, Authorizing the Port Director to Lease Alaska Tidelands Survey 33 to Andrew's Marina, Inc., to Correct the Initial Annual Rent Amount.

After Ordinance 2016-34 was adopted in September 2016, authorizing Docks and Harbors to lease tidelands to Andrew's Marina, Inc., staff discovered an error in the appraisal establishing fair market value for the leased property. A corrected appraisal report was received on October 26, 2016.

This ordinance corrects the annual rental amount consistent with the actual fair market value for the leased premises.

The City Manager recommends this ordinance be adopted.

Public Comment:

None.

Assembly Action:

MOTION, by Weldon, to adopt Ordinance 2016-42. Hearing no objection, it was so ordered.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. Bid Award - Downtown Street Improvements - Phase I CBJ Contract No. BE17-137

MOTION, by Gregory, to award BE17-137 to Arete Construction Corporation in the Total Bid Amount of $1,155,855.00. Hearing no objection, it was so ordered.

X. STAFF REPORTS

None.

XI. ASSEMBLY REPORTS

A. Mayor's Report

Mayor Koelsch distributed a draft agenda for the Saturday, December 3 Assembly Retreat work session in the Chambers - starting at 9 am. He asked the Assembly to revisit the prior Assembly goals and to respond to him by the close of business Thursday with ten top ranked goals with 1 being highest, 10 lowest and also to formulate any items for the good of the order for discussion. The meeting will include an executive session and working lunch with a city manager performance review.

B. Committee and Liaison Reports

Human Resources Committee: Mr. Jones said the HRC met prior to this meeting and heard an annual report from the Local Emergency Planning Committee and made recommendations for Assembly appointments. Hearing no objection, the following persons were appointed to CBJ Boards and Commissions:

Building Code Advisory Committee:
Patrick Gorman reappointed to a term expiring November 30, 2019.

Juneau Affordable Housing Commission:
Frank Bergstrom appointed to a term expiring January 31, 2020.

Local Emergency Planning Committee:
Ed Quinto reappointed to Seat 3, term expiring December 31, 2019.
Todd Cameron appointed to Seat 3a, term expiring December 31, 2019.
Martha Palicka appointed to Seat 5a, for a term expiring December 31, 2017.
Andrew Bogar reappointed to Seat 7 for a term expiring December 31, 2019.
Norman Wagner Jr. appointed to Seat 7a for a term expiring December 31, 2019.
Suzanne Dutson appointed to Seat 11 for a term expiring December 31, 2019.
Jason Burke reappointed to Seat 11a for a term expiring December 31, 2019.

Mr. Jones noted the full Assembly sitting as the HRC would meet on December 8 at 5 p.m. in City Hall Conference Room 224 to interview persons to fill vacancies on the Aquatics Board, Bartlett Regional Hospital Board and the Planning Commission.

C. Presiding Officer Reports

Ms. Gladziszewski said the OLMO v CBJ Board of Adjustment appeal would be held on Wednesday, December 14 at 5 p.m. and asked the Assembly to notify the clerk of it desired a paper packet as the material was published on the CBJ website.

Mr. Jones said the Meek v Planning Commissino appeal would be held Monday, December 19 at 5 p.m. and briefing would soon be complete. The Nestler v Planning Commission appeal was scheduled for February 27.

XII. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Jones requested that staff look at the plans adopted into the Comprehensive Plan and see if the plans are still in effect and whether they are still valuable or they need to be replaced.

Mr. Jones reminded the Assembly that it received a letter from Bruce Botelho to request that the Assembly look into the process of lowering the speed limit near Auke Lake and the UAS campus going into the roundabout. Mr. Jones asked staff to look into what is possible. Mr. Watt said that Mr. Healy would ask DOT to attend a PWFC meeting to report on the situation.

XIII. CONTINUATION OF PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

William Quayle said that rent is so high because the state legislature reimburses employees for their rent and he asked the Assembly to tell the legislature to lower the reimbursement rate to $800. He said that CBJ could investigate a voluntary rent reduction. He encouraged Juneau to sell its water to generate revenue.

XIV. EXECUTIVE SESSION

MOTION, by Kiehl, to suspend the rules to extend the meeting to no later than 11:30 p.m.
Hearing no objection, it was so ordered.

MOTION, by Kiehl, to enter into executive session, to discuss a matter, the immediate knowledge of which would have a detrimental affect on the finances of the CBJ, specifically consideration of financial discussions with the University of Alaska. Hearing no objection, the Assembly entered into executive session at 10:58 p.m.

Upon returning to regular session at 11:27 p.m., the Assembly gave direction to staff on discussion with the University of Alaska.

XV. ADJOURNMENT

There being no further business to come before the Assembly, the meeting adjourned at 11:30 p.m.

Signed:_____ Signed:_____
Laurie Sica, Municipal Clerk Kendell D. Koelsch, Mayor

XVI. SUPPLEMENTAL MATERIALS