

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING AGENDA
For Wednesday, June 20th, 2018

- I. Call to Order** (5:00 p.m. at City Hall Conference Room 224)
- II. Roll Call** (Don Etheridge, Tom Donek, David Lowell, Mark Ridgway, Bob Janes, David Seng, Robert Mosher, Weston Eiler, and Budd Simpson)
- III. Approval of Agenda**
- MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED**
- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total)
- V. Approval of Wednesday, May 23rd, 2018 Operations/Planning Meetings Minutes**
- VI. Consent Agenda - None**
- VII. Unfinished Business**

1. Visitor's Center Kiosk
Presentation by the Port Engineer

Committee Discussion

Public Comment

Committee Discussion/Action

MOTION: TO DIRECT STAFF TO ADVANCE THE FINAL DESIGN OF A NEW VISITOR'S CENTER KIOSK.

2. Auke Bay Boatyard – Appraisal
Presentation by the Port Director

Committee Discussion

Public Comment

Committee Discussion/Action

MOTION: TO ACCEPT THE AUKE BAY BOATYARD APPRAISAL.

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VIII. New Business

1. Purchase & Sales Agreement – Transportation Staging & Deckover
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TBD.

2. Direct Negotiation Sales Agreement – Authorization
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO RECOMMEND THAT THE ASSEMBLY PROVIDE DIRECTION TO COMMENCE DIRECT NEGOTIATIONS TO ADVANCE A PURCHASE AND SALES AGREEMENT WITH ARCHIEPELAGO PROPERTIES, LLC IN ACCORDANCE WITH 53.09.260(A).

3. Marine Park-Taku Uplands Improvement - Transfer Authorization
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO RECOMMEND TRANSFER OF \$3,310,000 FROM CRUISE BERTHS CAPITAL IMPROVEMENT PROJECT (H51 101) TO THE MARINE PARK – TAKU UPLANDS IMPROVEMENT CIP (H51 116).

4. RESOLUTION IN SUPPORT OF JUNEAU FISHERIES TERMINAL EXPANSION
Presentation by the Port Director

Committee Questions

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Public Comment

Committee Discussion/Action

MOTION: TO ADOPT A RESOLUTION IN SUPPORT OF THE JUNEAU FISHERIES TERMINAL AND APPLICATION FOR BUILD (BETTER UTILIZING INVESTMENT TO LEVERAGE DEVELOPMENT) TRANSPORTATION DISCRETIONARY GRANT .

IX. Items for Information/Discussion

1. Updated Renderings – Archipelago Properties, LLC
Presentation by the Port Engineer

Committee Discussion/Public Comment

2. Electric Vehicle Charging Station – Statter Harbor Launch Ramp
Presentation by the Port Director

Committee Discussion/Public Comment

3. New Board Year Planning
Presentation by the Port Director

Committee Discussion/Public Comment

4. LUMBERMAN Update
Presentation by the Port Director

Committee Discussion/Public Comment

X. Staff & Member Reports

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting- **Wednesday, July 18th, 2018.**

XII. Adjournment

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I. Call to Order

Mr. Etheridge called the meeting to order at 5:00pm in City Hall Conference Room 224.

II. Roll Call

The following members were present: Don Etheridge, Tom Donek, Mark Ridgway, Bob Janes, David Seng, and Weston Eiler.

Absent: David Lowell, Robert Mosher, and Budd Simpson.

Also present: Carl Uchtyl – Port Director, David Borg – Harbormaster, and Matthew Creswell – Deputy Harbormaster.

III. Approval of Agenda

MOTION By MR. DONEK: TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

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

John Adams- Capital City Fire and Rescue

Mr. Adams said his goal is to provide the best service for the people of Juneau. He is a firefighter engineer which means he drives a fire truck and he delivers water to people on the end of the nozzle. He is also a mentor which means he takes new volunteers into the department, their training goes through Mr. Adams and five others. Tomorrow night, with permission, he would like to have a fire drill at Statter Harbor. He wants to see how many gallons of water they can move and how quickly they can do it under ideal circumstances and less than ideal circumstances using the smaller pump, the larger Honda pump, and then the stand pipe system. His goal is to eventually go from Statter Harbor to Aurora Harbor and Douglas Harbor, and through planning and training get a better, more polished response. They are going to start tomorrow night at 6:30pm with however many people show up at that time. They are going to park in front of the harbormaster's office, take a small Honda pump, and start getting water right away. They will use flow meters to determine how much water they can move. His goal is to see how fast they can start delivering a small amount of water and from there have the firefighters throw a hose on their shoulders and walk down 500-700 feet to connect to a stand pipe system or just throw it on their shoulders, to see what is quicker and provides a better product for the simulated boat fire. He would like to bring the information back to the fire service so they can perfect their craft, and also to the Harbor Board.

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Mr. Janes said many companies will have tours departing as late as 8pm tomorrow, so there will be people on the main dock and on the ramp.

Mr. Adams asked if they would be using the loading area at the bottom of the main ramp or the horseshoe?

Mr. Janes said that time of day they will most likely be using the main loading area.

Mr. Creswell said if the Fire Department is operating from the blue shed towards the harbor, the tour companies can offload right at the gangway.

Mr. Donek said the Fire Department is welcome to do training with his boat shelter in Aurora Harbor.

Mr. Adams said that would be great. He wants to train all of the volunteers to provide a competent, professional, and timely service for boat owners. His goal is to show up with a trained team.

V. Approval of Wednesday, April 18th, 2018 Operations/Planning Meetings Minutes

MOTION By MR. SENG: TO APPROVE THE MAY 23rd, 2018 MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

VI. Consent Agenda - None

VII. Unfinished Business

1. Docks & Harbors Policy Statement – Seawalk Commercial Activity (formerly: Public Policy on Use of Docks & Harbors Managed Properties).

Mr. Uchytel said he is hesitant to say the Board should take any action on this today since there are no interested members of the public present. In the past this item has garnered quite a bit of commercial interest. The first iteration of the policy statement was 3 or 4 pages long. Mr. Janes, Mr. Simpson, Mr. Donek, and Mr. Uchytel met to figure out the most appropriate language to manage the portion of the seawalk that we have regulatory authority over and the last time they met the direction was cut it way back and come up with a map that describes what we're trying to do. The blue lines on the map are the major pedestrian corridor and we are suggesting that there is no commercial activity there with the exception of the vendor booth sales. There is a long transportation corridor which includes the seawalk as well as along the library. The purple lines are open space. We also acknowledged the future waterfront attraction within the purple, the deck over and restrooms, and the area that's seaward of Pier 49 right now.

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Committee Discussion

Mr. Janes said he has been contacted by a couple of different members of the business community regarding the sales booths on the seawalk, asking questions about whether we still intend to allow those to continue operating on public land since they are commercial. There are probably other areas they could go including possibly the new Archipelago building. He would like to do more research on this and come back with what he can learn in the next month from the public and invite some people who have concerns to a meeting before the Board approves this.

Mr. Eiler said he is looking at the area by the Tram where the seawalk is the widest. He has always thought we shouldn't have food booths along the immediate seawalk, there should be a clear path through, but it seems like this is a very wide area of uplands to where we could have something more separated there and still have a clear corridor. How are we defining drawing the seawalk in that area?

Mr. Uchytel said the consensus of the group was that there would be no commercial enterprise along the seawalk inside the blue lines. It's a rather restrictive delineation and the parking lots would also be somewhat free of commercial activity. The two food carts at Marine Park are on Parks and Rec property and the consensus was that we didn't want that on Docks & Harbors managed property.

Mr. Donek said the reason that area is so wide is if you go down there when a ship is in, you've got people pouring out of the ship and it's a mass exodus right across there. That's where some of the vendor booths are located already, and to put anything else in there just doesn't seem to be a good idea. It looks wider than it is.

Mr. Janes said maybe Mr. Borg can give us a little more insight on our decision?

Mr. Borg said he absolutely agrees 100% with Mr. Donek. There is no room for anything else. Even a pedicab stopping at a certain spot can cause a situation. If we're offloading a Norwegian ship, we've got lightering going on, and we've got the Solstice showing up then that entire area is slammed with bodies and we're trying to manage just moving people. Bernadette's has 30 people standing around it in the afternoon. If we had that same thing in multiple areas on our seawalk it would be a game changer. We always need to be able to move emergency vehicles through that area, there's a lot of management that we already do that goes unseen by the Harbor Board. He thinks the best thing they could do is go down there when we have those big days and see what the congestion looks like.

Mr. Ridgway said the policy statement as written would essentially eliminate the leases to the people selling tours, is that correct?

Mr. Uchytel said the policy is silent on existing vendor booths. He doesn't think the trio that met intended that. Another iteration may want to acknowledge or move the vendor booths but by being silent we're leaving it open for questions.

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Mr. Borg said something else to remember is every time we add something new to the downtown area think about trash, think about support, the Cisco truck, the Alaskan Brewing truck, the Coke truck, all these things that we now have to try to manage on a daily basis. He went down today and had to chase three unauthorized vehicles out of the CT Lot that were there because they had to take care of problems with businesses. Bernadettes folks drive up on the mall all throughout the day to pick up trash or deliver food. All those things add to more congestion and really mess up the flow of traffic. When the weather is nice, staff changes trash out every two hours from six cans in the Marine Park area because of the vendors that are there, so that's a burden on us. Docks & Harbors gets zero support from those permit costs, but it's a huge cost to us to have to do that. He suggested to think long term about the support for these businesses.

Mr. Seng said the statement does say "to this end, Docks & Harbors shall not permit *future* private sector commercial activities." He thinks that carries a connotation that existing commercial activities would still be tolerated. He agrees it's important to get more public input on this and at the same time he thinks that a very important responsibility the Board has is to look at what our charge says we are tasked with which is enabling the use of docks and harbors for the conduct of marine related business. It would be nice if we could accommodate everyone's desires and businesses along the waterfront, but one of the things we really have to weigh is what our responsibility is and that might mean that we can't provide everything to everybody that asks.

Mr. Eiler asked where Docks & Harbors property ends at Marine Park?

Mr. Uchytel said we have historically used the flag poles and the wedding cake as our imaginary line.

Mr. Eiler said we have identified future deck over and restrooms in the seawalk area next to People's Wharf. What is the policy versus what are we actually planning out here? In addition to what we're looking at with Archipelago and parking, is the policy also suggesting we're going to deck over the far end but not in front of Pier 49?

Mr. Uchytel said that is correct. The green area open to water is under a lease right now. The yellow area is seaward of People's Wharf and that's the future deck over area. We're acknowledging that change is coming and the trio wasn't really interested in entertaining expansion of commercial activity there.

Mr. Eiler said he'd be interested to have a broader discussion on why we need this. He understands there are a variety of competing ideas or visions, but what is the value of articulating a policy as opposed to having the Board adjudicate those who are in the planning process as these areas develop?

Mr. Seng said the Board was getting multiple requests from private vendors and the question arose if we are dealing with each of these requests on a one by one basis is there a consistent and fair way of approaching our decisions? At the time the best idea was to help ourselves and the

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public by establishing a standard policy that we could use as a benchmark or reference for any decisions. It's not perfect, and anything that we do is going to have problems and loopholes, but hopefully it could be a tool that we could use to help both ourselves the public.

Mr. Ridgway said if this Board decides eventually that some of the existing commercial activities that are on Docks & Harbors leased properties interfered with our operation or core mission, it would be in our best interest to make that a very public decision. He hears the Harbormaster's concerns about resources being drained having to deal with other people's garbage and people driving on the dock. He completely agrees that our core mission should be our focus and if we're going to change things, lets bring people in and let them know what we're doing.

Mr. Etheridge asked Mr. Uchytel if we need a motion to keep this on the table?

Mr. Uchytel said no, he brought this forward because Mr. Donek only has one month's worth of meetings left. It may be several more months before we finalize anything.

Public Comment- None

Committee Discussion/Action

Mr. Etheridge said we will put the Docks & Harbors Policy Statement on hold until a future meeting.

MOTION: None

VIII. New Business

1. Cathodic Protection Phase III – \$200K CIP TRANSFER

Mr. Uchytel said we had a ribbon cutting for Phase II of the Cathodic Protection Project, which was the impressed current at Marine Park. Island Construction completed that and now we're ready to move onto the third and final phase. We also had a pile encapsulation project that was done on the dock about two years ago. The Finance Department would like to close out the Cruise Ship Dock project so we would like to transfer \$200k into this project. It has already been designed, it's just awaiting money. The previous two phases were funded by Marine Passenger Fees. The City Manager did not put money into the third phase. The Finance Director thinks this is an appropriate use for the remaining money from the Cruise Ship Dock project and we would like this project to move forward.

Committee Questions- None

Public Comment- None

Committee Discussion/Action

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Mr. Ridgway thanked Mr. Borg and Mr. Uchytel for their efforts during Infrastructure Week.

MOTION By MR. SENG: TO RECOMMEND A TRANSFER OF \$200K FROM THE CRUISE BERTH IMPROVEMENT CIP TO THE DOCK CATHODIC PROTECTION CIP AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

2. FY18 Supplemental Harbor Budget Increase

Mr. Uchytel said he is asking for a supplemental budget increase for the rest of this year. We've done a lot of projects and we've demolished a lot of boats. Last year there was a MEBA negotiated lump sum payment to all employees that wasn't reflected in the budget. He is asking for a 5% increase to our FY18 budget. It does require Assembly approval. It's basically for personnel, derelict vessels, need for recapitalizing our parking meters, and a lot of smaller items that added up to this ask. We have enough money in our revenue stream, it's just a housekeeping measure. We need it for the rest of the next six weeks.

Committee Questions

Mr. Janes asked if we have future revenues that will sustain that increase over the years?

Mr. Uchytel said this is an authorization to spend money. Every year we put together a budget and the Assembly says we can spend up to this level. Our revenues in the past have exceeded our expenditures by six hundred to eight hundred thousand dollars so it's not that we're exceeding the amount of our revenue, it's just an authorization to spend more money this fiscal year. We did it for Docks last year. He doesn't like spending more than we said we would, but there are extenuating circumstances. It's not the best thing, but it's not the end of the world.

Mr. Ridgway asked if the Assembly normally wants a breakdown between personnel costs, infrastructure costs, etc.?

Mr. Uchytel said he was following recent supplementals submitted by the Hospital and the Airport, and their reports are very short. We track our money as finitely as we can. There are things that break and derelict vessels that need to be removed. The fact that staff is so pro-active in seeking out things that need to get done is a good problem to have.

Public Comment- None

Committee Discussion/Action

MOTION By MR. SENG: TO RECOMMEND HARBOR FUND SUPPLEMENTAL INCREASE OF \$250K FOR THE FY18 APPROVED BUDGET AND ASKED FOR UNANIMOUS CONSENT.

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Motion passed with no objection.

IX. Items for Information/Discussion

1. Seawalk Extension (Franklin Dock to AJ Dock) –Preliminary Plans/Opportunity

Michele Elfers, CBJ Engineering

Ms. Elfers said she has been working on the seawalk for over ten years and she'd like to give an update on the section of the seawalk that's in planning from the Franklin Dock to the AJ Dock. She has been working with some of the property owners along that stretch. What she is starting with is an overview of the seawalk so we can put it into context with all the projects Docks & Harbors and Engineering have been working on. Right now we have Bridge Park under construction, that will be finished in a couple of weeks. We're just finishing up the restrooms. We are actually always working on all the sections, we're always in planning and trying to get any project moving forward that we can. We are a bit opportunistic because along the waterfront we are dealing with so many private property owners that a lot of this is not in the City's control as to when we can do a land deal and construct a project. We are also working on the subport section, we are waiting for some property owners to move on that. She just had a meeting today on the Merchant's Wharf section right by Marine Park and we've been working on that section for eight years. We are waiting again for property owners to allow us to move on that and get into design development and make some land deals. We are doing the same thing on the most southern section. She had the first meeting about this section with Taku Oil about 10 years ago. For many years they said they were not interested and did not want a seawalk in front of their property. Since Crowley Oil has purchased the property, they have been interested in working with us. They are doing a lot of internal planning on their property and they see that their property is perhaps underutilized. They have a lot of land and they're looking for ideas and they see our planning process fitting in with theirs. That's really why we're trying to push ahead on this section because there is an opportunity there that we've been hoping for. We've been working with PND and we've had a series of meetings with all the property owners. If you start at the northern section, the white line and the green line are proposed seawalk routing sections. We've had a series of meetings with Franklin Dock Enterprises, we've been working with AML which is not quite on the seawalk but might feel some impacts to it so we involved them in the conversation. As you move around the corner there is a small parcel of CBJ property, that's the National Guard Dock. It's about 0.04 acres, there may be 30 square feet of uplands, but it's mostly dock and tidelands. The interesting thing about this parcel that the City owns is that it has a 20 foot access easement that goes straight out to the road. It's up a 40 foot slope so it's really steep and it's not really usable in the location that it's at. As you move down along the seawalk you get to Crowley Oil property and then you come around to AJ Dock property. It's a complicated stretch with lots of property owners. It's actually been the first time she's had this type of process where we've had five property owners we are working with. We have also brought Delta Western into the picture. They are just upland of Crowley, they get their fuel from Crowley's barge and their pipes run up the hill into Delta Western's property. We've had these series of meetings to talk about this and we've really kept it in the realm of the property owners. We've been working with Docks & Harbors staff and because it's really a private property issue,

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we haven't taken it out to the public much yet because we wanted to get the property owners more comfortable with this. We've had a variety of options for the seawalk routing through these meetings we've done over the last 5 months or so. This is one everybody is somewhat comfortable with at this point. Coming across Franklin Dock property we've identified two options, the white one is similar to the way our seawalk is now, it's pier supported just offshore, over tidelands, and it would eventually butt up to the uplands. The green line is more of a path along the uplands portion and the property owners indicated they would consider both. Once we get to Crowley property, the pink is an elevated pile supported walkway that, once you get to the dock, would actually go up about 17-20 feet so they could get vehicles and access through to the dock. That's not necessarily their preferred option but it's one option we have looked at and they are considering. Once you get to the AJ Dock it's the terminus or the beginning where you would get access to the seawalk. What we are trying to do in this process is get all the property owners to think about their future plans so we can incorporate that into this plan to figure out how it could all work together at some point.

Ms. Elfers said the Franklin Dock Enterprises owner has suggested to us that they are interested in the National Guard Dock property parcel. One of the things they don't like is it has that access easement through or along their property. AML and Franklin Dock are two different ownership groups but some of the same people so they actually share a lot in operations and move across those properties pretty frequently. Having a 20' easement access through this property is not ideal, especially when we're talking about the seawalk. We looked at some options for moving the seawalk up to the road through there, and we did not like that at all. The Franklin Dock is also looking at different options for upgrading their dock facility if they can. Bigger ships could start to pinch this corner so there is concern that the National Guard Dock could limit any future expansion. There is interest in the property so the Board should start thinking about that and CBJ's needs and opportunities. Mr. Uchytel has been part of the conversation and Docks & Harbors will stay closely involved.

Committee Discussion/Public Comment

Mr. Janes asked what Ms. Elfers can tell the Board about the easement up the hillside?

Ms. Elfers said it's a 20 foot access easement, it is 10 feet on each property. The property line is right down the middle. It's meant for access to that National Guard Dock property but it's not very functional. It's so steep, to actually make a road work there you need more than 20 feet to get the fill in. We looked at it for pedestrian access and we would have to build a giant staircase. It's very difficult to get across. We looked at some options and none of them would be economically viable or ADA accessible.

Mr. Eiler asked if the fact that Ms. Elfers is presenting this segment of the seawalk is an indication that we're closer to seeing this than the Merchant's Wharf or subport segments?

Ms. Elfers said no, what she has found in doing all of the seawalk sections is that we spend many years on them. We spent 4 years on Miner's Cove, 6 years on the Taku Dock, it's very opportunistic. Crowley could call tomorrow and say we know what we want to do and we're

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ready, Franklin Dock could say okay and we would go forward to try to get a funding plan and maybe it could happen in the next few years. She could get a call from the Merchants Wharf people saying they want to make a deal and we would push it forward. If we can get the planning and concepts on a lot of these sections and move forward as we can then we can be ready when the property owners are ready.

Mr. Eiler asked if Ms. Elfers has similar detailed options for Merchant's Wharf or the subport?

Ms. Elfers said for Merchant's Wharf, it was probably four or five years ago that we did quite a bit of concept design work similar to this level, maybe even a little more detailed because the property owners were really engaged and then it slowed down over the years. In the subport we have some plans that are very conceptual. We worked with the Juneau Ocean Center on that about two years ago. The plans and designs can change but we are in planning for all the sections.

Mr. Uchytel said the City Manager has put forth two Marine Passenger Fee projects that kind of segue well with what the Franklin Dock wants to do in coordination with the National Guard Dock. The first one is called the Public Private Port Infrastructure plan for \$150,000. This would fund a master plan study that would assess the existing docks and needs for the future including infrastructure and governance. In FY19 that project will move forward and he thinks it will dovetail nicely with what Ms. Elfers is doing with the seawalk and with other opportunities in Docks & Harbors wheelhouse. The other project that the City Manager has allocated Marine Passenger Fee monies to in FY19 is a Small Cruise Ship Moorage Master Plan.

2. Tlingit & Haida Cultural Immersion Center Update

Ken Truitt, CCTHITA Chief Operating Officer

Mr. Truitt said he would like to give an update and introduce the Board to new leadership for their Economic Development department. The last action this Board and the Assembly took on their leased property was the approval of their request to burn the old Thane Ore House. As they were making their plans to finalize that, there was a part in their phase I environmental assessment they kept coming back to that identified a fuel spill in a tank that wasn't being service or hooked up at the moment. It looks to have been some sort of historical event. It was not tagged in phase I as anything significant but they thought it would be prudent to give it a phase II treatment to see exactly what they were dealing with. They worked with Nortech, who was the contractor for phase I, to accomplish phase II and Nortech's schedule caused Tlingit & Haida to miss the burn season. That's why the building is still standing. They do have the phase II report from Nortech and it identifies the scope of what is there. It is not major, but it's something they will have to deal with. That kind of eventuality is something that is silent in their lease with the City. One of the eventualities that this knowledge now triggers is the duty to report it to the ADEC. They have been in informal conversations with the ADEC about that report, and that's one reason they want to work closely with Docks & Harbors staff. Part of the formal report is going to require them to try to identify who they think is the responsible party. They are pretty sure it's not them and they are pretty sure it's not Docks & Harbors, but they want to make sure

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Docks & Harbors is comfortable with how they report the spill. This is one of their top priorities at the tribe and it's still something we're very excited about.

Emily Edenshaw, CCTHITA Director of Business & Economic Development

Ms. Edenshaw introduced herself and said within the last six weeks she has met with AEL&P and the Juneau Fire Department. She is finalizing the burn plan to present to Mr. Uchytel for approval to capitalize on this burn season. On the AEL&P side, or the warehouse side, there has been a full time crew for the last two weeks transforming the property. It's really exciting because the crew is not even done working and there are already artists in there wanting to bring life and culture into it. There is definitely interest and excitement from a community aspect. In the spirit of a really strong partnership and being transparent, they shared both of their environmental assessments and she has sent over a soft ask to the Board to consider. As Mr. Truitt mentioned, where their lease is silent is in the environmental cleanup portion of it. They have been in communication with ADEC. Before they move forward with the report they wanted to come before the Docks & Harbors Board first just to make sure everyone is informed, we are all on the same page, and communicate they are deeply committed to this partnership and project. Extending beyond this project they are really interesting in finding ways to partner with not only the Docks & Harbors Board but other entities throughout Juneau.

Committee Discussion/Public Comment

Mr. Eiler asked what is the scope of the spill?

Ms. Edenshaw said they have been really intentional at Tlingit and Haida using the terminology of "fuel release" versus a "spill," which seems a little aggressive. It is about 10-15 cubic yards around an above ground storage tank. In order for them to move forward with a burn, it does have to be addressed first. On a worst case scenario, they would have to excavate and work with Nortech to do a plan and obviously report the spill. The best case scenario would be to work with Nortech to ask ADEC to close the site as is and then they can move forward because the amount is that minimal.

Mr. Eiler asked what is the current timeline?

Ms. Edenshaw said if they get the go-ahead to move forward with the report they could let Nortech know, they could report the fuel release, and depending on what ADEC says the burn could happen after July 1st. The Juneau Fire Department is really interested in doing this. It's not every day they get the opportunity to have a controlled burn training. Their request is to do it after July 1st due to funding.

Mr. Ridgway asked Mr. Uchytel if he has engaged the City Attorney and how the City usually handles being the responsible party?

Mr. Uchytel said he has not approached the Law Department. The lease is silent about existing conditions.

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Mr. Ridgway said Tlingit and Haida have been paying Nortech for the phase I and phase II environmental assessments. It was his understanding that at the last discussion the Board had, we wanted to know what the remnants of the burn would be so Docks & Harbors doesn't become the responsible party for another release of hazardous materials.

Ms. Edenshaw said once the building is burned down and there is ash, it's really an opportunity internally. They have a workforce experience crew. Last year they had a crew but they could only be employed for one year. They are going to have a licensed contractor. She is working with the head of their Employment in Training Department to where they can use training dollars for trainees to come in and get hands on experience of the hazardous waste disposal. From a funding aspect, what happens once the burn occurs is going to be included in the plan that she will be putting forward for the Docks & Harbors Board to approve. Those conversations have already been going on internally identifying the funds and leveraging the resources that they have. It was their choice to do both environmental assessments and they are absorbing the costs of about \$10,000. They are not asking Docks & Harbors to absorb that cost whatsoever.

Mr. Ridgway asked if the remediation of the 10-15 cubic yards would be a Docks & Harbors expense?

Ms. Edenshaw said the question she put forward to Mr. Uchytel was, where the lease is silent and wanting an equitable solution, to see if the Docks & Harbors would essentially meet them halfway. If the best case scenario is \$1500 from Nortech, to see if the Docks & Harbors would approve them moving forward with that. The worst case scenario is excavating which they hope doesn't happen but that could run about \$10,000. She has been sending the information to Mr. Uchytel.

Mr. Etheridge asked Mr. Uchytel for his recommendation.

Mr. Uchytel said Ms. Edenshaw mentioned partnership and this is an unforeseen site condition where we have some culpability. We assumed this property from the State. He would, with the concurrence of the Committee, continue to work with Ms. Edenshaw and come up with some plan to bring back to the Board for consideration at the next meeting that is fair and reasonable for both parties.

Mr. Janes asked if the Board were to wait for one month, would that put any blockage on Tlingit and Haida's plans to burn in July? We want to make sure we don't hold up their progress. We want to see that project succeed. He asked if it would be possible to go out to some extent with a dollar amount right now, knowing that we didn't disclose that condition because we didn't know it was there, so they can move forward?

Mr. Etheridge said it is not an action item, but it could come before the Board next week.

Mr. Donek said he does not think they should wait for next month's Board meeting to get approval. His preference would be that Tlingit and Haida take the lead. As far as paying for it, he agrees with Mr. Uchytel that Docks & Harbors shares some responsibility. They are leasing the

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property from us and maybe we can work out some way to take it off the lease payments and keep the Finance Department out of it.

Mr. Ridgway said once this has been taken out of response from the ADEC and put into the contaminated sites group, then the requirements for data objectives and all this other stuff become much more laborious. This could get bigger. The Boards wants to see Tlingit and Haida succeed, but if this issue begins to grow in impact to the project and starts getting a little bit out of hand we might need to discuss it again as a Board.

Mr. Uchytel asked for an update on funding and a timeline for opening the Cultural Immersion Center?

Ms. Edenshaw said according to President Peterson, the goal is to be fully operational by 2020. In terms of funding, she is identifying internal resources and drafting a fund-raising plan. They were invited by EDA to apply for a \$2 million grant that she is going to be working on right after Celebration. Because of the night and day transformation out at Thane and after having a really positive conversation with the Juneau Fire Department, she feels like the ball has completely started to roll. She is trying to catch up with the ball right now which is really exciting. They plan to get through the burn this season and construction next season, then be fully operational by 2020.

Mr. Janes said one of the concerns he has is there was other interest in that leased property and we did enter an agreement with Tlingit and Haida on a fairly specific timeline two years ago. It was his understanding last year that the funding had been secured. There was a presentation to this Board that Tlingit and Haida was moving forward with secured funding and what he's hearing now is that may not be the case. He asked if they have the funding to construct the project as it is?

Mr. Truitt said they have a \$22 million trust account in the bank. If they wanted to use their money for this, they could go to their leadership and make a presentation. If they could convince them of that, they could write a check tomorrow. They would like to preserve their trust fund, and if they can find grant funding that's the course they're taking. They do have resources.

Mr. Janes said he does want Tlingit and Haida to be aware that there was other public interest in that piece of valuable property. There continues to be interest in it and we as a Board want to make sure that we are being fair to the public that saw the timeline and may or may not have concerns about that. He understands their desire not to use their trust money, but the Board feels there is a need for that project to move forward quickly whether it's with funding they're able to secure in the future or the trust money. The Board has a responsibility to the public to make sure that property is used in terms of the lease and not held up so that another potential lessee couldn't take advantage of that very valuable piece of property. The Board wants to see progress, and we want to see it quickly because the the original lease that we provided Tlingit and Haida had a timeline and we've already passed it in some ways.

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Mr. Truitt said he fully appreciates the role that this Board has for the community and assured the Board that Tlingit and Haida takes it very seriously. This is the tribe's top priority. They have people that need jobs. This is a way that they can put not just their people to work, but citizens of Juneau to work and create more opportunities. It is very important to them and they definitely do not want to disappoint the Board in their efforts.

Mr. Donek said when he first heard the proposal he thought it was a little ambitious. He understands where they are at right now.

Ms. Edenshaw invited the Board out to the site on Tuesday, June 5th for a scheduled evening of events starting at 5:00pm including a repatriation ceremony, a One People Canoe Society community potluck, and a panel discussion with the two women who started Standing Rock. It's going to be a very powerful event.

3. Auke Bay Boatyard Lease

Mr. Uchytel said in the packet is the draft language for the Auke Bay Boatyard Lease. JMS, now Harri's Commercial Marine has first right of refusal for entering into a new lease. Horan and Company is doing an appraisal for the property. Following that, we will be able to enter into a formal lease that will come before the Board and the Assembly to approve. He wanted to bring it to the Board now to see if there are things the Board wants in the lease. Mr. Uchytel has added a paragraph on the requirement that the lessee maintains the hydraulic boat lift per the manufacturer's equipment specifications. There will be something in there about maintaining and following the SWPPP. If the Board wants any appropriate additions to the lease, he will add them.

Committee Discussion/Public Comment

Mr. Seng suggested a section in this lease that deals with pre-existing conditions. That might be something to have in all future leases so we don't get caught in a bind.

Mr. Janes asked if the appraisal will take into account the improvements and the lease will be negotiated based on that?

Mr. Uchytel said yes it will.

Dennis Watson – Juneau, AK

Mr. Watson asked where the lease line ends? He sees a lot of supplementary equipment out there that is not part of the harbors and it is not part of the boatyard. There is a black tow-truck and other equipment stored out there. He would like to know if that is being paid for. Also, the washdown and bottom cleaning area used to be just off the top of the boat ramp. Now with the lease for the boatyard, where are they power-washing boats?

Mr. Creswell said 110 feet of new concrete barriers were placed on the line delineating the actual leased area last Thursday. Everything northwest of that is the boatyard. The stuff in the corner

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right when you come in the gate is all harbor stuff. The big truck and trailer belongs to Gastineau Guiding and they pay a monthly square footage storage charge. All the stuff in the other corner belongs to the Liteweight and Paul Weltzin pays a monthly storage charge for that square footage. The washdown pad moved to the far corner within the boatyard.

Mr. Janes said in the past the washdown pad was on the CBJ side and Gastineau Guiding was paying CBJ to use it. They need to wash down three boats every week so nothing grows on those boats. The washdown pad is now in Harri's boatyard, and they've been having trouble getting service out there.

Mr. Borg said when we originally made that area available for light cleaning, we always said that any power washing had to be done on the wash pad and those arrangements had to be made through the boatyard owner. We have no control over that washdown pad, it's always been Harri's. The only reason it was there was because the water availability was located there. Once they moved water over to their yard, which we've been trying to do for the last two years, that's what prompted the move. That is their washdown pad as part of the lease.

Mr. Janes asked if citizen operators are at Harri's mercy now for their ability to do what they need to do?

Mr. Borg said yes, we do not have a permit to washdown there.

Mr. Ridgway asked if the lessee is updating their own SWPPP or a SWPPP the City owns? We could potentially be held liable under the Clean Water Act if we were to violate the SWPPP. The Board might want to begin looking at the environmental liability aspect when we accept land from the State. Having a phase I environmental assessment done would not be a bad policy to make sure we're not getting a superfund site. In terms of the lease itself, whenever he hears boat washing he's always concerned about new EPA regulations regarding the amount of copper that's allowable in marine sediments, etc. and he thinks that is too much for the lease. Does harbor staff keep track of current regulations in terms of industrial boat washing at leased facilities?

Mr. Uchytel said we've got environmental risk and we've got structural risk for the downtown marine travel lift. There are all kinds of risks out there and at some point it might be good for the Board to take on a discussion about minimizing risk. Docks & Harbors ran that boatyard for the first two years, and we paid for the SWPPP. As part of the negotiation to move Harri's out of Statter Harbor, we gave them our ADEC approved SWPPP and told them to follow it. The intent of the paragraph he started is that anytime they change or update the SWPPP, we want to know about it.

Mr. Borg said the SWPPP is in Harri's name now.

Mr. Ridgway said the lease should have some general indemnification language about them complying with all rules and regulations.

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Mr. Janes asked if we have anything in the lease requiring the operator to respond in a reasonable way to the public or to service vessels in a private enterprise but on our leased property?

Mr. Uchytel asked Mr. Janes to write up what he believes is appropriate language for the lease to say they must provide good customer service to the public and he will try to put it in.

Mr. Seng said it is dangerous territory to try to define to a business who they should choose as a customer. He understands Mr. Janes' conundrum but at the same time they may have other priorities and he doesn't know that we want to go there.

Mr. Donek said he understands what Mr. Seng is saying but their service is bad. He just had his boat in their yard downtown and it was not a pleasant experience. One of their rules is that you can't bring in an outside contractor. He wanted his boat sanded. They couldn't do it and they wouldn't let him bring anyone else in. He has talked to half a dozen people who are going out of town for these services. This is not what we need in Juneau.

Mr. Uchytel said he's got the right of first refusal for this particular lease. Absent some criminal activity, we can't make an argument to not renew it. We can put stipulations on it. Last year one of our priorities was a marine services yard. We can continue to push for something like that if the Board thinks it is in the communities best interest. It would be ideal if we set it up like Wrangell where they pull boats out for people to work on and there is a list of qualified shipwrights. In Harri's defense they did us a favor by moving out of Statter Harbor. That relocation helped the future planning for the next phases.

Mr. Seng said if the service is really that bad this is a problem that will solve itself.

Mr. Etheridge asked if there is something in the lease agreement that says we can't have somebody else come work on the property?

Mr. Uchytel said he thinks Harri's would say they welcome other contractors to come work in the yard, but he thinks they charge a percentage and required insurance.

4. Strategic Retreat Planning Documents

Mr. Uchytel said next Wednesday we have four hours set aside for the Strategic Retreat, then we have the Board meeting the next day, and he's also reserved and noticed a meeting for Saturday morning if needed. Mila Cosgrove will facilitate the meeting. He presented the list of topics from last year's retreat. Things that are struck out are completed. He added the items in bold, which are new items to talk about. The last page are things more conceptual than projects. There are links in the agenda to various planning documents that may be helpful to determine what projects to do next and how much of a priority each item should be. These things aren't easy because we have to get funding and there is a lot that goes into it. Last year at this time we were doing ribbon cuttings for three major projects. Since then, we've done several other things that are already captured here as successes. If we come together for this retreat and tee up projects there is a good chance that some of them are going to get done.

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Committee Discussion/Public Comment

Mr. Seng asked if last year's process was beneficial and helpful to staff?

Mr. Uchytel said absolutely. We get a lot out of them. We work for the Board and we want to do what the Board wants us to do. It really helps us to focus on what's important.

Mr. Etheridge asked for a report on the diving assessment at the Statter Harbor breakwater.

Mr. Uchytel said the chain and floats are in very good shape. There are no red flags.

Mr. Eiler asked where we are with the Assembly with the Marine Park to Taku Dock Urban Design Plan?

Mr. Uchytel said we owe them a 35% design package. PND has been awarded that, they're working on it and we'll have it at the end of July. We'll be able to refine that and then go forward with the final design.

Mr. Eiler said the Assembly trumps us in terms of policy making, do they need to approve that plan?

Mr. Uchytel said we've never asked the Assembly to approve our plans. They approved the Comprehensive Plan and the Long Range Waterfront Plan, but the segments like Bridge Park to Norway Point we've shared with the Planning Commission. Once we get the numbers we'll put together a package that will require the Planning Commission's approval, then we'll have this land sales agreement with Morris and probably an ask to move forward with the final design.

Mr. Donek said this commercial thing we are looking at was something that came out of the Assembly meeting, they were concerned about where the food carts were going to be.

X. Staff & Member Reports

Mr. Eiler said the Assembly Lands Committee met on Monday. They brought up the variety of proposals or ideas of what to do with Indian Point. Assembly Member Edwardson went so far as to almost suggest a motion to move forward looking at conveyance. The Mayor and others met with the Auk Kwaan who are not a recognized tribe, so that group is looking to formalize their own status and maybe look at a federal land trade of some sort. That might be coming back up for public testimony and comment.

Mr. Uchytel said the interest of the Board would be, we own the dock that the National Park Service uses. It is a no-cost lease to the National Park Service. Access is through this land.

Mr. Borg gave an update on the Lumberman. He met with the Coast Guard, ADEC, and ADNR this past Thursday. The Lumberman has exited our area and is now resting on ADNR property.

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Mr. Aaron Timian, the new employee that manages those areas, said the boat has to sit on ADNR property for 14 days before anything is set into motion to start notifying owners. The Lumberman has been there about that long now. We don't know what's going on with the responsible party at this point. As far as the Coast Guard is concerned it is anchored and they are just going to monitor the situation. They are fully aware that we have no means to control the vessel in the event something happens, they don't really either.

Mr. Eiler asked if people are coming from and going to the boat or if it's sitting empty?

Mr. Borg said to his knowledge there are not people coming and going. We went out and impounded the vessel "Ellen C," which was tied to the Lumberman, for failure to register on our anchorage. There were three individuals onboard and those folks were told to leave. We secured the Lumberman to a degree with JPD's assistance. We made the vessel a little more difficult to get in and out of, and then it left. There was an intent to do something and before we could it exited the area.

Mr. Ridgway said even though it's really on ADNR's property at this point, is there a risk of it becoming more and more stationary over time?

Mr. Borg said it seems to be floating with the tide. It always had a bit of a list, even when it sat on our property. It is dragging a moor, there is an anchor down there somewhere. He is not too concerned about it just yet until the middle of June when we start getting bigger tides again. We'll be monitoring it along with the Coast Guard.

Mr. Eiler asked if the owner of the Lumberman also owns whatever it was anchored to?

Mr. Borg said yes it was a package deal. He is assuming there is a moor down by the breakwater still, and it is dragging one.

Mr. Borg said we are working with the One People Canoe Society. We'll be shutting down the launch ramp at Douglas Harbor between 12-4pm on Tuesday, June 5th for their event. We're putting up notices and they've put it on their website as well. The next day they're doing a totem raising at Savikko park so it's going to be packed both days.

Mr. Borg said Whimsea is the vessel that caught fire and sank in Statter Harbor last June. The owner of the vessel was presented with a bill. He doesn't feel he should be responsible for the bill. He is claiming that Mr. Borg disposed of the vessel in haste so he has presented us with a bill for \$15,000. He filed a claim against the City. He feels there was value in the engines, rudders, shafts, props, and that he had some salvageable items onboard the vessel that he should have been given the opportunity to salvage. We didn't hear from the owner for months until he got a bill from us. The Coast Guard lifted the vessel and secured it from leaching any more hazardous materials. The Fire Department wanted to do an investigation so Trucano Construction brought it around Douglas Island and put it up in his yard and they came and looked at it. Once the boat was on the barge the Coast Guard was done. Docks & Harbors ended up paying for the tow around and the storage. Mr. Borg wanted to get rid of the boat as soon as

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possible because the longer it sat on Trucano's property the more fees we were going to pay. It was just literally a burned out hull. He directed Trucano to dispose of it, which he thought he had the authority to do but apparently the owner feels differently. Mr. Borg tried to talk to the owner early on in the process and he was very argumentative so it was passed on to Mr. Uchtyl and the Law Department. Jennifer Mannix with CBJ Risk is dealing with the situation now. She is working with CCFR, they had photos and everything else so it's kind of going in that direction.

Mr. Uchtyl said he suspects at some point this year Mr. Gillette will be retiring. He has talked to Mr. Borg and Mr. Creswell about succession planning and what we need for our engineering services. If the Board has any ideas or wants to participate in any way in the selection process for his replacement or positioning staff differently, they are welcome to do that. Mr. Gillette has done a lot for the City. Also, the Board application period ends June 4th so if anyone knows good civic minded people that would be good Board members please encourage them to apply.

Mr. Uchtyl said C-SPAN has approached us. They are doing a tour of every state capital. They are going to bring a bus to the Port on June 19th to do some broadcasting. We are going to try to put them on one of our approach docks.

Mr. Uchtyl thanked all the Board members that came to the Infrastructure Week events.

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting- **Wednesday, June 20th, 2018.**

XII. Adjournment – The meeting was adjourned at 7:17pm.

**APPRAISAL REPORT
MARKET RENTAL VALUE
BOAT HAUL-OUT FACILITY AT
AUKE BAY LOADING FACILITY
JUNEAU, ALASKA**



Boat haul out lease area looking in a westerly direction from its eastern boundary approximated by concrete barriers. Note controlled access to the Auke Bay Loading Facility fence photo left. Photo taken May 15, 2018 by C. Horan.

PREPARED FOR: 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: May 15, 2018

REPORT DATE: June 8, 2018

OUR FILE No.: 18-053

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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June 8, 2018

Carl Uchtyl, P.E., Port Director

Borough of Juneau Docks and Harbors

155 S. Seward Street Juneau, Alaska 99801

VIA Email teena_larson@juneau.org

Re: Appraisal Report Market Rental Value Boat Haul-Out Facility at Auke Bay Loading Facility, Juneau, Alaska Our File: 18-053

Dear Mr. Uchtyl,

The CBJ Docks and Harbors Department (CBJ-lessor) is negotiating a new lease with Harri Commercial Marine (HCM-lessee), represented by Jeff Duvernay, for the Auke Bay Loading Facility (ABLF) boatyard, which it had operated under previous amended lease, which is expiring. We've estimated the annual market rent based on the new draft lease, attached to this report. We have made certain assumptions about the property and its operation based on our review of the old lease, the proposed lease and what we found on site. These are described in the attached report. The intended use of this appraisal is to assist in estimating the annual rent based on these lease terms. The intended users are the CBJ Docks and Harbors decision makers and management, and the perspective lessee. This appraisal is not intended for any other use or for any other users.

There are limited comparable rents or use fees for these types of facilities. In this case, we have considered the experience of the present operator, and reviewed other government subsidized boat haul-out facilities and the income they may generate. These facilities are generally not economically feasible in terms of their actual cost and income potential. They are often subsidized by government grants, in order to support the overall economy and the local boat fleets. We reviewed the inventory of haul-out facilities throughout the region. Most of these are publicly owned and operated. The privately run facilities are not leased out. They are usually operated in conjunction with other marine industrial business services. There are instances of limited land leases in Seward, Wrangell, and two marine haul-out leases in Juneau, which were considered for comparison rent basis. Giving principle weight to these Juneau leases, and considering the other background information, it is my opinion a reasonable market annual rent under the terms of the propose lease has of the inspection date May 5, 2018 is as follows:

\$36,000 per year

Your attention is invited to the remainder of this report, which sets forth the extraordinary assumptions and more general Assumptions and Limiting Conditions, and the most pertinent data considered in estimating the market. The Certification of Appraisal is in the addenda. This appraisal report 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 E. Horan, MAI

Horan & Company, LLC

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Addenda:

- 1) Certification
- 2) Subject Photographs
- 3) Sales Location Map
- 4) Comparable Write ups
- 5) Qualifications

1 INTRODUCTION

The purpose of this appraisal is to estimate the annual market rent of the Auke Bay Loading Facility Boatyard at near 13600 Glacier Hwy, Juneau, AK 99801 pursuant to the terms of the proposed a new lease the negotiated between the CBJ Docks and Harbors Department (CBJ) and Harri Commercial Marine (HCM). The facility is currently leased to HCM, as an amendment to a subsequent lease, which began at the Auke Bay boatyard near 11739 Glacier Hwy, Juneau, AK. That lease recently expired, and this lease is the intended replacement. A copy of the draft propose lease is in the addenda. The synopsis and terms relative to the valuation are summarized as follows. This is a summary appraisal. It is assumed that readers and reviewers of this report are familiar with the social, political and economic trends within the Juneau market as they relate to this facility.

1.1 SYNOPSIS OF LEASE

Legal Description/

Leased Premises:

The premises is known as the Auke Bay Boatyard located near 13600 Glacier Highway (PIN 4B3101000035) and is more specifically described as follows:

- (A) A 0.83 acre portion of A.T.S. No. 1685 whose lease boundaries are demarcated by a row of Jersey barriers, a chain link fence and gate, the edge of asphalt pavement, and the inside edge of landscaping feature, as further described in this appraisal, and
- (B) The equipment and physical improvements further described in this appraisal which are assumed to be similar to those included in the lease. This is an extraordinary assumption of this appraisal.

Lessor:

City and Borough of Juneau, as land manager

Lessee:

Harri Commercial Marine (HCM) Attention Jeff Duverney

Term of Lease:

Commencing retrospectively April 10, 2018 for five years with one 5 year option to renew.

Annual lease payment:

To be determined by appraisal, plus sales tax

Rental Adjustment Period:

Every five years, based on market value described as “the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the CBJ has right or title..”

| | |
|----------------------------|--|
| <i>Use of premises:</i> | Lessee agrees to use the Leased Premises only for operation of a boatyard service, repair, and storage facility, and marine haul-out, consistent with the Operations Plan. This plan has not been reviewed. It is an extraordinary assumption of this appraisal that it will be similar to the use described in this report. |
| Expenses paid by lessee | This is essentially a net lease, where lessee pays all occupancy and operation expenses, including tax, insurance, utilities, and maintenance. The lessee shall pay for desired utilities and services to the site. |
| Return of premises | Lessee will return the premises/property in its original condition. |
| Reversion of Improvements: | Improvements made by the city will remain property the city. Lessees' improvements shall be removed within 60 days of termination of lease without injury to lessor's property. The lease has certain provisions where lessee's improvements can be sold to a subsequent lessee, or could forfeit to the CBJ. |
| Other Terms of Lease: | Typical full net lease indemnifying lessee- see addenda. |

1.2 INTENDED USERS AND INTENDED USE

Intended use: This valuation is to be used to negotiate annual market rent for the proposed lease, as administered by the City and Borough of Juneau.

Intended users are the lessor, City and Borough of Juneau Docks and Harbor Board and staff, and the lessee, Harri Commercial Marine (HCM) Attention - Jeff Duverney

Client and Ostensible Owner

City and Borough of Juneau; client, and ostensible owner.

1.3 LESSEE CONTACT, INSPECTION & EFFECTIVE DATE

The lessee's representative, Jeff Duvernay, was contacted and interviewed at his office about the extent of the improvements on the subject property, and the operation of the boat haul out, repair and storage business he has been conducting a last few years. This interview was conducted and the property was appraised and photographed on May 15, 2018 by Charles Horan, MAI.

The effective date of the appraisal is May 15, 2018, which is the date of the inspection.

1.4 SCOPE OF APPRAISAL AND METHODOLOGY

The description of the subject property is based primarily on documents furnished by the city, discussions with the port director staff and the lessee Jeffrey Duvernay. There was not a

comprehensive list or description of the equipment associated with the property, or a standard of how the equipment would be maintained. It's an extraordinary assumption of this appraisal that the description of the equipment in this appraisal is correct.

Valuation Methodology

The client and appraiser both acknowledge there is limited market information by which to develop the direct comparison for rentals between the subject situation and other market evidence. The subject facility and hydraulic trailer were purchased with grant funding, as is typical for these types of facilities in the region. The original cost has no relationship to the economic rental value. There is no apparent link between the cost or market value of these facilities for their highest and best use, and the rental value for their proposed lease use. Specifically, the cost to create the upland area is considerably higher than the value of the land constrained for boat haul-out use only. Also, the self-propelled hydraulic boat lift, purchased new in 2012 for nearly \$530,000, would not be feasible, given the likely return on investment.¹ Calculating the lease rate based on a percentage of value would not produce a feasible annual market rent.

The feasible income value or rent, which could be paid at this location (ABLF), would be derived from the net operating income of the boat haul-out business. It is beyond the scope of this appraisal report to determine the feasibility of this type of business at this location. This report has considered, as background information, an interview with Jeff Duvernay who is the current operator of the two city leased Travelift facilities. Also considered is how these hydraulic boat trailer facilities operate in other markets. An estimate of annual rent was developed, based on a qualitative ranking of other boat haul out and marine service facilities located in coastal Alaska.

Assumptions and Limitations

This appraisal is subject to the following Extraordinary Assumptions (EA):

EA 1) The lease has not yet been finalized, and the exhibits describing the leased premises and equipment have not been made. It is an extraordinary assumption of this appraisal that the leased premises described, including the equipment found on site at the time of inspection, are actually those being leased.

EA 2) The lease refers to use of the premises consistent with an operating plan, to be attached as an exhibit to the lease, but which exhibit has not yet been seen. It is an extraordinary assumption of this appraisal that the premises will be used as described in this appraisal, and constrained to that use.

¹ The cost to recreate this land would probably be in excess of \$40.00 per square foot (File09-052) at 36,150 square feet this indicates \$1,446,000. Adding the cost of the hydraulic boat lift (\$530,000) indicates a value of nearly \$1,976,000. At a nominal 9% return, this suggests a required lease rate of nearly \$180,000/ year, higher than the annual gross income for the last few years.

EA 3) Equipment maintenance is required by the lease, but the description of maintenance standards has not been developed or described in the lease. It is an extraordinary assumption of this appraisal that the equipment, especially the Sea-Lift will be maintained to its condition when leased, and not suffer significant depreciation as deferred maintenance or lack of adequate timely replacement. In other words, the appraisal assumes that the equipment will maintain its value throughout the lease term.

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

1. It is assumed that the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only, and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering, or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
5. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions exist that are not discoverable through normal, diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraiser.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.

10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
11. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

Market Rent

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

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

Extraordinary Assumption

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

(USPAP, 2010-2011 ed.) *The Dictionary of Real Estate Appraisal*, 5th Edition, Appraisal Institute, Pages 73

If the extraordinary assumptions are found to be different, it could have an impact on the final opinion of value.

2 MARKET ANALYSIS

The boat haul-out yard on a portion of the Auke Bay Loading Facility has been leased for use at the boat haul-out staging and work area. The leased facility includes the use of the CBJ's 45 ton Sea-Lift self-propelled hydraulic trailer, which was put in service in 2012. The lessor, CBJ, also improved the facility's several buildings last year for boat repair and administrative use.

The lease premises is shown on this oblique photo, labeled below Figure 2.1. The lease provides about 36,150 square feet of paved upland facility, adjacent to a shared use concrete drive down boat ramp, adjacent to a dock. The boat loading ramp at the Auke Bay Loading Facility (ABLF) can be used commercially with a permit. The daily use with a same day round trip is \$30/day, and the annual permit is \$250/trailer. They use of this facility is provided as part of the lease.

These facilities are generally run by local municipalities, as they are not profitable due to the high cost of waterfront site development, and the boat lift facilities.



FIGURE 2.1 - Auke Bay Loading Facility – source CBJ Docks and Harbor Website.

2.1 BACKGROUND EXPERIENCE OF CURRENT OPERATOR

Haul-out facilities, such as the subject, are highly desired as an amenity for a local boat fleet. Their success is dependent upon a high level of economic activity, which is ultimately supported by shore-side marine services; however, the cost of developing and maintaining the haul-out facility is very expensive, in terms of the required waterfront infrastructure, land and equipment. Due to these high costs, and the limited number of boat haul-out opportunities in various weight and size classes, the viability of boat haul-out businesses is constrained. Predominately, these facilities are operated by public agencies, who supplement their development for the sake of community business opportunities.

There are number of operators to haul boats out, mostly on smaller trailers. The larger boat haul-out business in the Juneau market has been operated by Jeff Duvernay, doing business as Harri Commercial Marine (HCM). HCM has operated two boat haul-out facilities under two leases from the City Borough of Juneau: the subject ABLF Boatyard at Auke Bay, and the downtown Juneau boat haul-out at Fishermen's Terminal.

Interviewing Mr. Duvernay, the subject facility operator indicated the potential annual gross for haul-out and related marine services is about \$500,000 to \$600,000 combined for both facilities. This has not yet been achieved, but he sees prospects for improvement, especially at the ABLF boatyard. He indicated he did close to \$100,000 in business in 2017, and targets \$150,000 to \$200,000 for 2018. He hopes that over time, he could achieve the maximum growth to about \$300,000 annually at this facility. His operation includes about 40 to 50 boat haul-out turns per year. Boat storage during the winter season, approximately eight months, is \$250 per month per boat, and \$50.00 a day during the working season. Boats are blocked, and most types of hull maintenance and repair can be performed, such as washing, painting, and fiberglass. Shaft prop and rudder (propulsion) work is common. There is no engine repair facility. The self-propelled Sealift 45 Travelift is a more complicated piece of equipment, and has had a cost of about \$25,000 per year the last few years for maintenance and to get it "dialed in".

He indicated the hydraulic Sealift 45 trailer at the ABLF boat haul has capabilities similar to the older (1982) Travelift downtown. The hydraulic trailer can stack boats closer together, configuring approximately 16 vessels at the ABLF. The Travelift could haul boats of differing hull designs, and larger wood boats than the hydraulic trailer. The Travelift stacks about 14 boats at the Fishermen's Terminal facility.

According to Duvernay, there is an additional need to trailer boats to storage facilities, which can be done with smaller trailers, and is being done by several other businesses in the Juneau area.

2.2 FACILITY SURVEY & EXPERIENCE OF OTHER SUBSIDIZED FACILITIES

Based on our knowledge of the region and an inventory of competing haul-out and moorage facilities, summarized in 2013 by Northern Economics¹, we interviewed both public and private haul-out operators to determine the relationship between the cost or value of the facility, and the income it would generate. The following operating description of these government operated facilities demonstrate the lack of feasibility, especially in smaller markets.



The **Hoonah Harbor Hydraulic Trailer Facility** includes a boat trailer with hydraulic lifts, pulled around with a 950 front-end loader. There's a smaller IP 28 loader that moves boats around the yard. This facility pulls boats in the 26 to 40 foot range. The revenue is a rough estimate, which comprises the roundtrip haul- out fee of \$15.00 per foot, \$20.00

launch rent fee, and blocking and additional storage fees which accrue after 10 days. Rates indicates a 25% to 30% increase over the last five years. The rough estimated gross income of \$3,000 per year barely covers labor and operating costs, but certainly not equipment maintenance.² This facility was briefly leased to a third party operator in 2008 or 2009. The lease terms were \$1.00 per year plus \$25.00 per haul-out. Apparently the lease did not adequately specify whose responsibility it was for major and routine maintenance. The city terminated the relationship, and felt it was in error due to lack of oversight for maintenance.²

The **Hoonah Travelift Facility** includes at least an acre of land, a Travelift dock, and a 220 ton Travelift facility, capable of pulling boats over 58 feet in length. It also has a wash down pad. The manager indicated it is labor intensive, and when operating, can pull or relaunch



about four times a day, with the busiest season being mid-April through June, and August through September. The estimated gross revenue in FY 2014 of \$130,000³ per year pays for itself with a "little left over." There is no return or amortization of equipment or realty assets in this budget.

¹ Northern Economics, Preliminary Screening-Level Feasibility Assessment and Planning for a Marine Center at Saw Mill Cove Industrial Park. This was done for the Sitka Economic Development Association and the Sawmill Cove Industrial Park board at Sitka. It cites the source as compiled by Southeast Strategies, 2013. Please see a copy of this material titled Appendix B: Competing Haul-Out and Moorage Facilities.

² Sherri Mills, harbor master 907-945-3670

³ Former harbor Master Arlen Skafelstead 907-723 -8487

³ Of this amount \$52,500 was estimated is as haul-out revenue; \$41,800 storage and \$12,000 haul-out based on FY 2014 financials. Harry Staven Hoonah City Administrator.



The **City of Craig Hydraulic Trailer Facility** with drive down ramp and work area was purchased by the City in about 2005 for \$200,000, in response to a need from their local fleet. They haul-out about 60 boats a year. This facility services troll boats and most gillnetters, but is not able to serve the larger seine fleet boats; however, this covers about 85% of the fleet.

Originally, the city hoped to lease out the facility to a private party, so they put out an RFP. Although they did receive a response, it required the city to pay for the type of insurance it wanted, which was too expensive, so the city decided to operate it on its own. It reportedly works well, but stresses harbor staff during peak seasons. Typical revenue for the last five years is about \$25,000. The CFO of the city indicated the labor cost is probably just under that amount. Repair costs have averaged about \$2,000 per year, for the last five years, with some years being as high as \$3,700 and \$7,500. The facility was down for major maintenance for most of 2017-2018, costing approximately \$100,000. The City also built a building to protect and house the equipment, at an approximate cost of \$100,000 in 2017.

The **Municipality of Skagway** has one small, older 20 ton, and one large, newer 30 ton hydraulic trailer operated by the city, which is similar to the situation in Craig. The lift was purchased around 2013 cost about \$250,000. Last year's fiscal revenue budgeted about \$15,000 on haul-out fees, and about \$80,000 for storage. This included extensive leases in areas around the boat yard. Temporary storage rates are 20¢ per square foot per month, with a minimum of \$250. Power services and rental of pressure washing equipment is extra. The total boatyard facility is budgeted at about \$100,000 in revenue per year⁴.

The hydraulic trailer is pulled around with a front end loader. Most work is done on a gravel surface in the common staging area, or in small lease areas around the perimeter of the harbor yard.



⁴ Matt Boyle - Harbor Master 907-983-2628 May 25, 2018.

**TABLE 2.1 SUMMARY DESCRIPTION AND INCOME EXPERIENCE OF SELECTIVE
HYDRAULIC TRAILER FACILITIES OPERATED BY MUNICIPALITIES**

| Facility | Land & Facility Description | Equipment | Cost of Facility or Equipment | Gross Revenue Before Operating Expenses |
|--|---|--|---|--|
| Hoonah Harbor Travelift Trailer | Less than 1 AC of land, drive down ramp into the harbor | 45 ton hydraulic trailer approximately 10 years old in average to fair condition | Estimated value \$100,000 including 2 loaders and non-motorized trailer | Rough estimate \$20,000 this includes launch fees haul-out blocking and storage fees |
| Hoonah Haul-Out Facility | Waterfront industrial site with dock, 1 AC+ used for haul-out and storage | 220 ton Travelift operating since 2010 | Travelift cost of \$1,178,000 in place including training. | Approximately \$130,000 for 2014 includes haul-out pressure washing blocking storage etc |
| City of Craig Boat Launch | T.J. Brown city ramp and work area, approximately 1 AC | Brownell motorized hydraulic trailer, 60 ton capacity, new in 2005 | Original trailer custom made cost \$250,000. Recent repair \$100,000 | Gross revenues for Haul-out typically \$25,000 per year |
| Skagway | Approximately 1 AC waterfront site gravel with drive down ramp | 20 & 30 ton hydraulic trailers pulled with front-end loader not self-propelled | Land and equipment rough value estimate \$500,000 | Last year's fiscal revenue was \$15,000 for haul-out \$100,000 for entire yard operation |

This data suggests that these facilities barely break even without consideration of a capital return to the land and equipment assets. The gross revenue generated is such a small percentage of the asset value it would not attract significant Capital Investment, or provide a budget for rent related to the value of the improvements. However, in the Juneau Market, due to the size and diversity of added marine business services, some net income would be available to pay a feasible rent or recapture of some capital asset value.

3 DESCRIPTION OF LEASED FACILITY

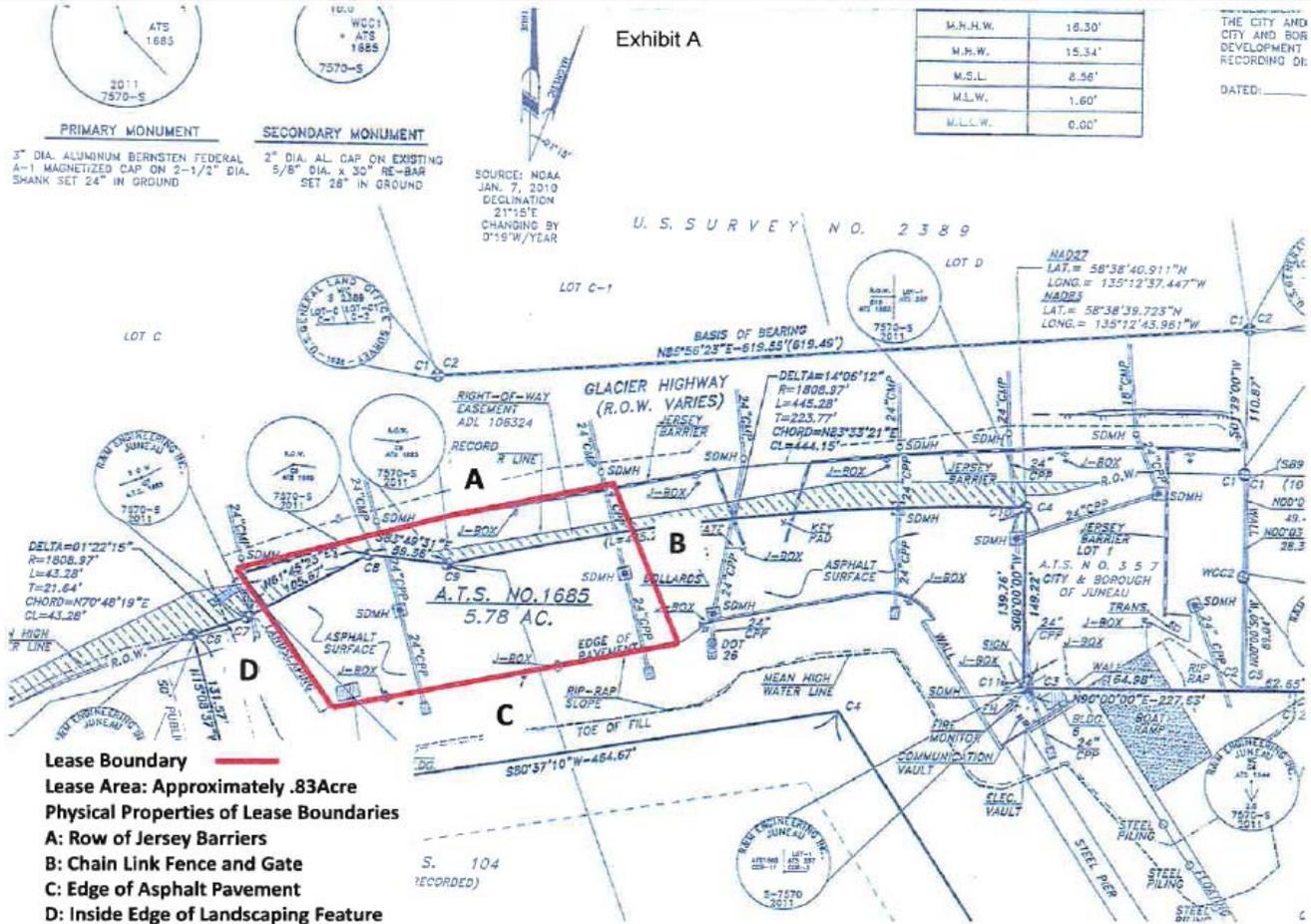


FIGURE 3.1 DESCRIPTION OF LEASED PREMISES AS EXCERPTED FROM PRIOR LEASE EXHIBIT

Location

The subject premises is known as the Auke Bay Boatyard, located near 13600 Glacier Highway. The borough parcel identification number is 4B3101000035.

Land

The lease describes the property as a 0.83 acre portion of A.T.S. No. 1685, whose lease boundaries are demarcated by a row of Jersey barriers, a chain link fence and gate, the edge of asphalt pavement, and the inside edge of landscaping feature. See Figure 3.1 above, excerpted from the prior lease document.

This site is about 36,155 SF (0.83 acres). It is generally level and paved, with sloping drainage towards the center of the site. There is sloping, paved access at the security gate from the Glacier Highway. Power Utilities are available to the site. There is no public water/sewer extended to the site. The temporary waterline has been brought to the building area of the site to use for a wash down hose. The site is detailed below in Figure 3.2.

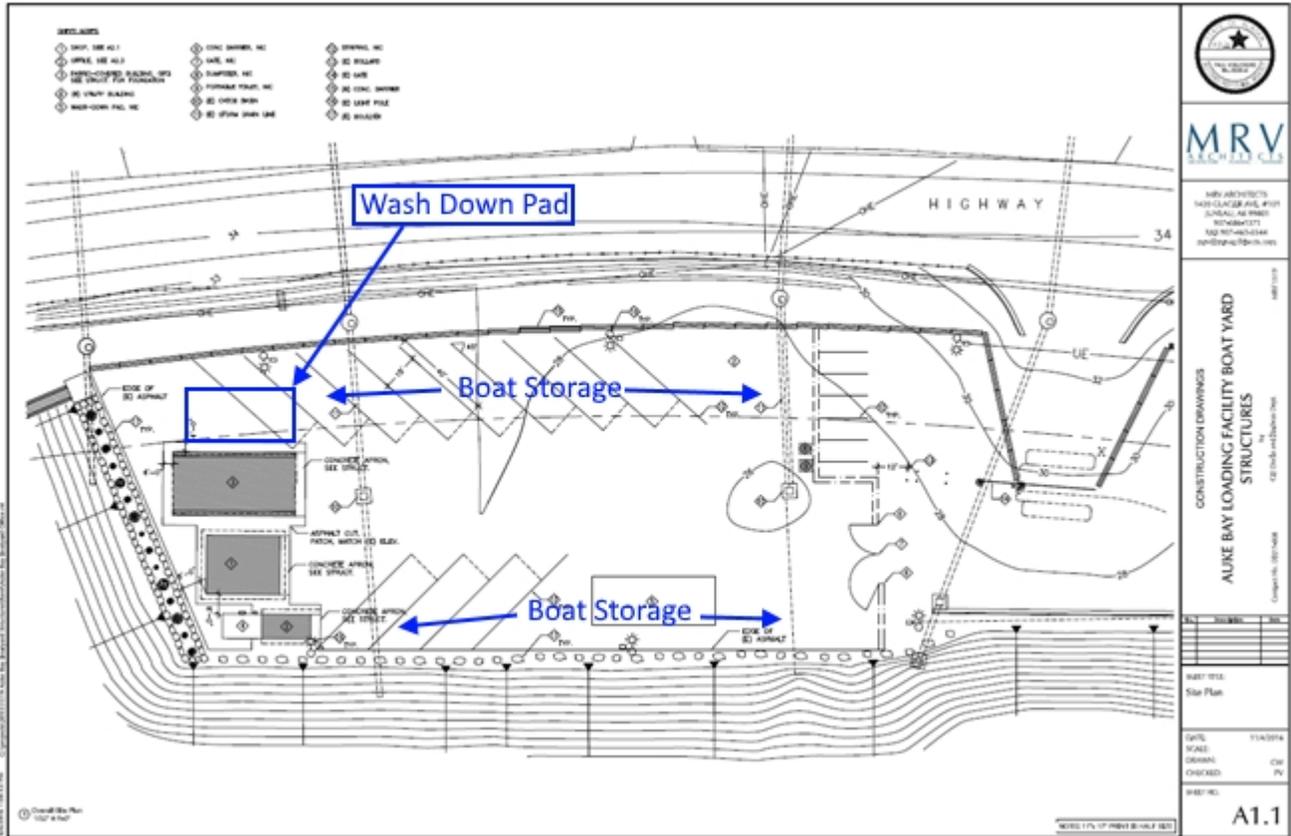


FIGURE 3.2 – Approximate site layout from architectural site plan, blue modifications by appraiser, based on notes taken during May 15, 2018 inspection

Structures

The three structures at the ABLF site were built in 2017 by Alaska Commercial Contractors, under contract with the City and Borough of Juneau, and are part of the leased facility. This project included one framed, stand-alone building, one addition to an existing framed building, and the foundation and erection of a fabric building. The stand-alone, framed building is a shop building. The addition is a small office, added to the front of an existing utility building. Both framed buildings are wood-framed, with concrete slab foundations. The fabric building was purchased outside of this contract, but the contract did include the structural foundation for the building, as well as the erection of the fabric building. The building areas are summarized as follows

| | |
|---------------------------|----------------|
| Office/utility building | 360 SF |
| Shop building | 675 SF |
| Fabric frame structure | <u>1275 SF</u> |
| Total enclosed structures | 2310 SF |



051518_2543

The shop building is a 675 SF rectangular shaped building. It is 24x30 feet, with a windowed man door, and an 11x12 foot overhead door. It is built on a concrete slab foundation. There are four windows in the rear of the building and one on the front. Walls and ceiling are drywall. It has power, but no plumbing.



051518_2534

The office building is an addition to an already existing utility building. The utility building was a 10 x 16 foot rectangle. The office is an additional 10 x 20 foot rectangle. Total building is 10' by 36', or 360 SF. The existing overhead door was removed and replaced with a 2 x 6 infill wall, and an insulated metal door. It is built on a concrete slab foundation. It has two windows in the office portion and a windowed man door. The walls and ceiling are drywall.



051518_2558

The fabric structure is on a concrete slab foundation. It measures it 51 feet by 25 feet, or about 1275 SF. The concrete has side walls of 3 1/2 feet that the fabricated building is attached to with tie down straps.

This building has lights and power, but no plumbing, as with all the buildings on site.

A water line has been extended to the site for pressure washing purposes.

Equipment

In equipment list was not furnished to the appraiser, however, from interviewing CBJ personnel and the lease operator, the following photographed equipment is assumed:



1 - PORTABLE BOAT SUPPORTS



2 - WASHDOWN PAD FILTRATION TRAILER



3 - SEALIFT BOAT LIFT MODEL 45



4 - WASHDOWN CONTAINMENT PAD SYSTEM

4.1 MARKET ANNUAL RENT ESTIMATE

Rental Comparison

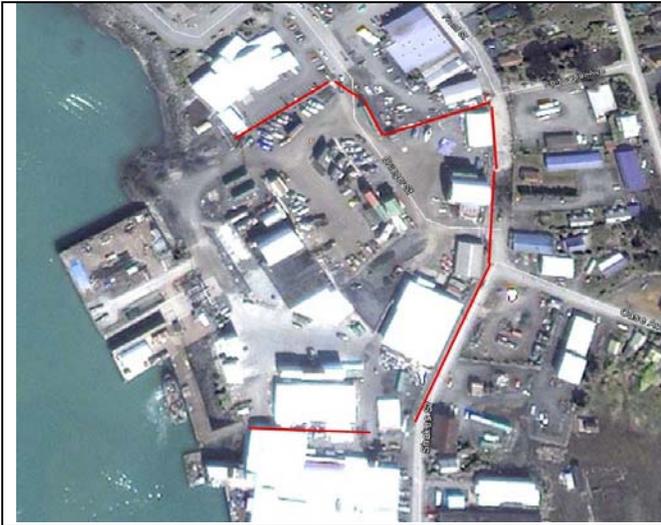
We have considered an inventory of other boat haul-out facilities in the region and beyond to identify competitive facilities. These lease agreement situations are somewhat unique, as they are usually arrangements to provide marine services that would otherwise not be economic to provide, in order to stimulate economic growth and stability. After broadly canvassing the market, we determined that the best market indicators would include the subject current ABLF boatyard rent, the combined Fishermen’s Terminal rent in downtown Juneau on Harbor Way, the Wrangell Marine Service Center lease income and the Seward rental income experience.



Comp 1 the Seward Shipyard includes a 9.1 acre up lands lease for \$64,000 and a separate maintenance and operating agreement for a 3500 ton ship lift facility has no annual cost beyond the maintenance upkeep of the facility itself. Built in 1988 for ship construction purposes it is somewhat over size for the market in very expensive to operate.



Comp 2 is the Fishermen’s Terminal facility analyzed as the combination of the boat haul out which has a 35 ton travel lift and exclusive use of 19,426 SF surrounded by streets and travel ways with a current annual rent of \$29,307. This is combined with two small net land rentals, one for Nordic Tug charters of 1455 SF renting for \$4365 a year and a hydraulic shop renting 1105 SF of land for \$2762 per year. These combined these facilities 22,000 SF of net land but with travel ways and shared use areas reflect a site is over 44,000 SF. The combined rents are \$36,435 a year. There are no significant improvements other than Travelift associated with this marine service operation.



Comp 3 is a summary of the current tenant annual income at the Wrangell Marine Service Center. Most of these areas are smaller ranging from about 2000 SF to 5600 SF. There's one larger space at 14,400 SF for boat building. The total income over \$69,000 is for just over 46,000 square feet. This total annual income is only 2% higher than what it was six years ago.

These facilities are compared to the subject on a qualitative bases based on the following discussion, and summarized in Table 2.1 below. Details of these comparables are in the addenda.

Market conditions, use constraints, and contract considerations of the comps are generally similar to the subject, as proposed to be leased.

The subject **site size and improvements** include just over 0.8 acres of land and 2,310 SF of new structures. Comp 1, with over nine acres of industrial and site improvements to support the ship lift, is rated as significantly superior by -2. Comp 2 is composed of a Travelift, boat storage and work areas, plus two other small tenants, which combined have a superior control of land area, but do not enjoy the structure improvements of the subject. Overall, it is considered inferior by +1 in this regard. Comp 3 is the sum of 10 small footprint leases that support buildings and other facilities to service the marine fleet. These small areas have the implicit advantage of common area use for the boats, which the tenants work on. They do not enjoy the benefit of the structures that the subject has, but overall the physical site and support improvements are rated superior -1.

The subject boat haul out **equipment** is only six years old, and presumed to be in relatively good condition. It is one of the heavier boat haul-out systems in the Juneau area. Comp 1 has an older lift, but it is much heavier, giving it an opportunity to serve extremely large vessels. On balance, it is similar to the subject. Comp 2 is older, but presumed to be in good operating condition. It pulls up to 35 tons, and due to the positioning of its straps, is able to pull certain hull designs not suitable for the subject hydraulic trailer. Overall, it is rated similar. Comp 3 has no equipment associated with the lease rates, however, these rents are reflective of access to the facility's ability to pull much larger boats. It inferior by +1.

The **relative economic viability** of the subject location is positive, but not yet fully proven. Comp 1 has a longer track record, but is not as active as it has been in prior years. It may be overbuilt for the optimum market boat size, but serves a limited class of boats not served

elsewhere. It is rated similar. Comp 2 has a well-established customer base and nearby support facilities. It is slightly superior by -1. Comp 3 is one of the best established haul-out facilities in the region. It's able to pull significantly larger boats and has generated enough business to justify the 10 tenants summarized in the current annual rent. Its economic viability rating is considered superior by - 2.

These qualitative ratings are summarized in the table below.

| TABLE 2.1 COMPARATIVE RANKING GRID | | | | | | | |
|---|---|--|----|--|----|---|----|
| Characteristic | Subject: ABLF 13600 Glacier Hwy | Comp 1 (10766) Seward Shipyards 7 Nash Road | | Comp 2 (8032) Fishermen's Terminal 1419 Harbor Way | | Comp 3 (8153) Wrangell Marine Service Center | |
| Annual Rent | Solve | \$64,000 | | \$36,435 | | \$69,156 | |
| Market Conditions | Appraisal date August 2015 | Contract date May 2014 | | Contract date January 2016 | | Contract dates 2016-2018 | |
| Site Size and Improvement Characteristics | Land 36,150 SF paved exclusive use drive down ramp adjacent floating work dock. Exclusive use of structures 2310 SF | 9.2 acres level industrial port land. | | Over an Acre SF exclusive use plus Travelift & wood dock. No significant structural improvements | | 46,355 SF rentable area six acre facility | |
| | | Superior | -2 | Inferior | +1 | Superior | -1 |
| Equipment | 45 ton Sea-Lift self-propel hydraulic boat trailer, wash down pad & boat supports | Aging 3500 ton ship lift built in 1988. Expensive to operate has limited utility | | Aging 35 ton Travelift built in 1982 and misc equipment | | No equipment. 150-300 ton Travelift available for fee to customers 0 | |
| | | Similar | 0 | Similar | 0 | Inferior | +1 |
| Relative Economic Viability | Positive but limited revenue potential newer facility | Limited revenue potential - facility overbuilt | | Established facility with nearby support services | | Significant synergy due to large volume of business at established facility | |
| | | Similar | 0 | Superior | -1 | Superior | -2 |
| Value Indicated for Subject | | Subject rent would be substantially greater than \$64,000 | | Subject rent should be close to \$36,435 | | Subject rent would be substantially less than \$69,156 | |
| Overall Net Rating | Subject = Similar | Superior | -2 | Similar | 0 | Superior | -2 |

*If a comparable is Superior, a minus rating is given (adjust downwards).

*If a comparable is Inferior, a plus rating is given (adjust upwards).

Conclusion - Bracketed Rent Indicators

Due to the lack of directly comparable rental data, and the relatively unique lease situation, the data is not as consistent as other market indicators that have a large volume of transactions. Each comparable lease situation has its own peculiarity relative to the negotiated agreements. The data does, however, clearly bracket the subject. On the lower side we have considered the subject's current lease at \$27,000 per year, without the benefit of the three recently constructed or enlarged structures. Also, the Fishermen's Terminal Travelift downtown currently rents for \$29,300 per year, with a smaller storage area and without the benefit of the new structures. These two indicators (\$27,000 to \$29,300) are less than what the subject would warrant. Comp 2, at Fisherman's Terminal, together with the small tenants, has a similar rent at \$36,400 per year. The upper end is clearly set by the larger facilities in Wrangell and Seward in the \$60,000 range. It's interesting to note that in Seward, the use of their ship lift was renegotiated several years ago at no cost, as long as the tenant kept up the maintenance and adhered to a schedule of replacements. While the subject Sea-Lift is a benefit to the operator, it is also a maintenance commitment.

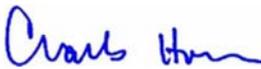
Based on the above analysis, an annual market rent of \$36,000 is estimated for the subject as of the effective date of appraisal: May 15, 2018.

ADDENDA

CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinion, and conclusion are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinion, and conclusion was developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- No one provided significant real property appraisal assistance to the persons signing this certification
- The appraiser personally inspected the subject property.
- I had appraised the market rent for the subject facility in August of 2015 subject to different lease terms. I have not performed any other services regarding the subject property within the three years prior to the appraisal report date, as appraisers or in any other capacity.
- As of the date of this report, Charles Horan has completed the continuing education program of the Appraisal Institute.



Charles E. Horan, MAI

Horan & Company, LLC

Effective Date: May 15, 2018

Report Date: June 8, 2018

ASSUMPTIONS & LIMITING CONDITIONS

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

1. It is assumed that the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
5. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions exist that are not discoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraiser.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.
10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.

11. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.
12. The market rent is estimated for the tract with no value for improvements to the land or improvements on the land which are owned or leased by the lessee.

TERMINOLOGY

Market Value

Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

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

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

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

Market Exposure is estimated at 12-24 months.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 73

Market Rent

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

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

Tidelands

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

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

BUILDING AND SITE PHOTOS TAKEN BY C. HORAN MAY 15, 2018.



**PHOTO 1 - FRONT OF SHOP BUILDING. GARAGE DOOR HAS A 12 FOOT OPENING.
(051518_2545)**

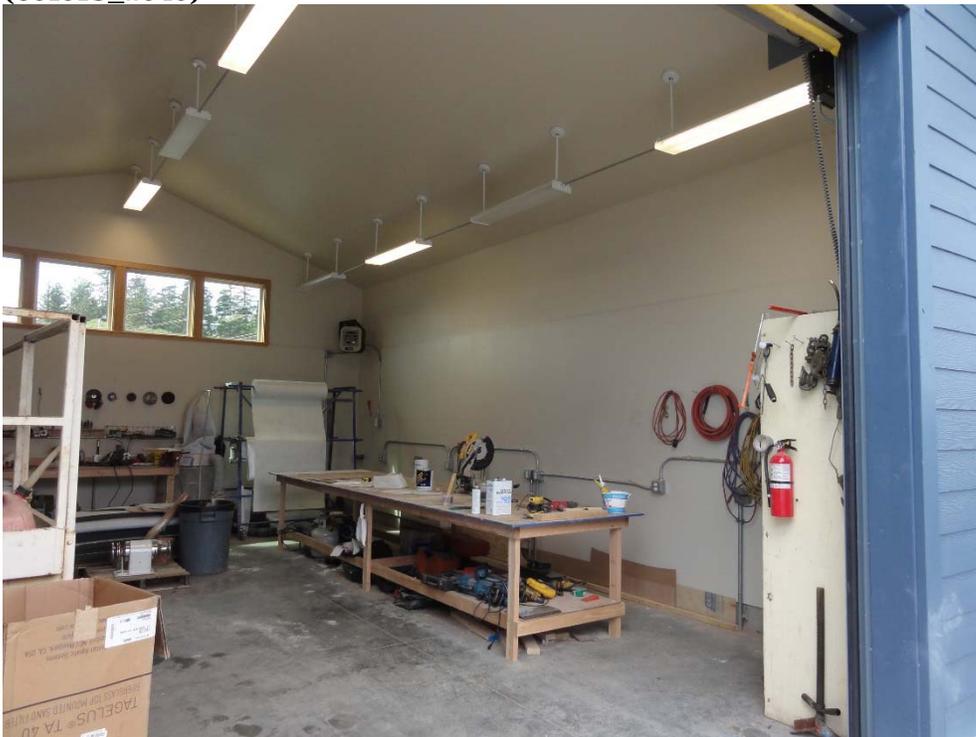


PHOTO 2 - FRONT SIDE OF SHOP BUILDING LOOKING INSIDE. (051518_2546)



PHOTO 3 - INTERIOR SHOP BUILDING SHOWING ELECTRICAL SYSTEM (051518_2548)



PHOTO 4 - LOOKING OUT OF SHOP BUILDING INTO THE LOADING FACILITY (051518_2549)



PHOTO 5 - REAR OF SHOP BUILDING IN FOREGROUND WITH REAR OF UTILITY BUILDING BEHIND. (051518_2532)



PHOTO 6 – REAR AND WEST SIDE OF OFFICE AND UTILITY BUILDING (051518_2535)



PHOTO 7 - INTERIOR OF OFFICE BUILDING (051518_2539)



PHOTO 8 - INTERIOR LOOKING FROM EXISTING BUILDING INTO ADDITION. (051518_2541)



PHOTO 9 - FRONT OF ALL THREE BUILDINGS LOOKING IN A NORTHERLY DIRECTION. (051518_2558)



PHOTO 10 - LOOKING INTO FABRIC BUILDING (051518_2556)



PHOTO 11 - INTERIOR OF FABRIC BUILDING. NOTE THE HIGH CONCRETE SIDES AND THE TIE DOWN STRAPS CONNECTING THE FRAME TO THE CONCRETE SLAB. 051518_2555)



PHOTO 12 - CONCRETE FOUNDATION WITH TIE DOWN STRAP AND FABRICATED BUILDING FABRIC. (051518_2554)



PHOTO 13 – FRONT VIEW OF SEALIFT TRAILER ON WASH DOWN PAD (051518_2530)



PHOTO 14 - SIDE VIEW OF SEALIFT TRAILER AS IT DISENGAGES FROM BOAT (051518_2526)



PHOTO 15 - LOOKING IN A SOUTHEAST DIRECTION FROM THE NORTHWEST CORNER OF THE SUBJECT LEASE FACILITY (051518_2521)



PHOTO 16 - LOOKING IN A WESTERLY DIRECTION FROM NORTHEAST CORNER ACROSS LEASE FACILITY PHOTO LEFT OF THE CONCRETE BARRIERS. NOTE GLACIER HIGHWAY PHOTO RIGHT. PHOTO FOREGROUND DRIVE ONTO THE AUKE BAY LOADING FACILITY (051518_2519)



PHOTO 17 - INTERIOR VIEW OF SUBJECT LEASE AREA LOOKING WEST FROM EASTERLY AREA (051518_2518)



PHOTO 18 - INTERIOR VIEW OF SUBJECT LEASE AREA LOOKING EAST FROM WESTERLY AREA. ONSITE STRUCTURES BEHIND PHOTOGRAPHER. (051518_2557)

Comparable Location Map



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

13 Seward

Recording District Kenai Peninsula Boro**Address:** 7 mile Nash Road**City:** Seward**State:** AK**Zip:****Location:** Seward's Marine Industrial Center at Resurrection Bay off Nash Road, Seward, Alaska**Legal:** Lots 1-A & 3, Block 7, Fourth of July Creek Subd, Seward Marine Industrial Center, Plat 2002-22, Seward recording district;**Instrument:** Serial:**TranTypeBlank:** \$64,000**Trans.Type:** Annual Rent**Trans. Date:** May 12, 2014**Rights:** Lease**Grantor:** City of Seward**Terms:** 5 years**Grantee:** Vigor Alaska**Size (AC):** 9.2170**Utilities:** All**Frontage:** Water Front**Access:** Road, paved**Zone:** Assume Industrial**Improvements:** See Comments**Topography:** Level**Land Class:** Commercial, Waterfront, Lease, Rent**Vegetation:** Cleared**Soil:** Typical**Present Use:** Ship yard associated with 3500 ton Shiplift**Intended Use:** Same as above**Highest and Best Use:****Comments:****Analysis:**

Property owner is the City of Seward, Operater Vigor Alaska. This facility was constructed in 1988 at a cost of about \$40,000,000. But separate from this facility maintenance and operation agreement is a land lease. Term of Agreement: 5 years commencing June 2014 expiring June 2019. Obligations of operator: Indemnify the city, pay all insurance and operating costs, comply with all environmental regulations. Maintain ship lift facility, including replacements and repairs as needed throughout term. Annual facility cost equals the cost of maintenance and operation and an amount to pay for major renewals or replacements of the ship facility not covered by insurance.

Marketing Info: The demand for land in the Seward Marine Industrial Center is static with ample land available for development. There is no significant change anticipated in the foreseeable future.

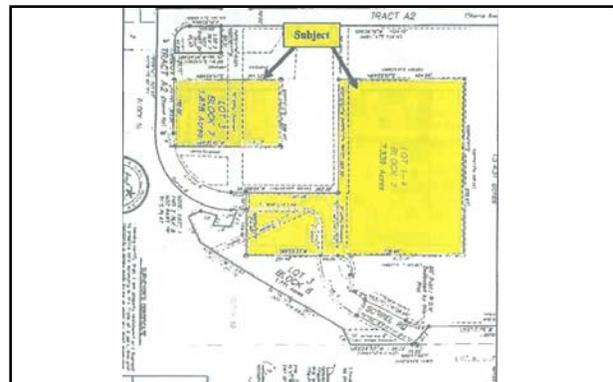
Confirmed with:

Confirmed date:

Confirmed by:

Revision Date: 6/8/2018

Record Number: 10766



2018-06-08

HORAN & COMPANY, LLC

LAND COMPARABLE NUMBER 2A

Community: 15 CBJ - Town - Gold Creek
Address: 1423 Harbor Way
Location: Fisherman's Terminal
Legal: Parcel C of the Juneau Services Terminal, Fractions of Lot 2A and 2B of Plat 79-1W;

Recording District: Juneau
City: Juneau
State: AK
Zip: 99801

Instrument: Serial:
Trans.Type: Land Lease
Rights: Leasehold
Terms: Annual Rent

Annual Rent: \$29,307.5
Trans. Date: January 1, 2016
Grantor: City & Borough of Juneau
Grantee: Juneau Marine Services Inc.

Size (SF): 19,425.6
Frontage:
Zone: WC

Utilities: All
Access: Road, paved
Improvements: Travel lift dock, 35 ton travel lift
Land Class: Tidelands, Commercial

Topography: Level
Vegetation: None
Soil: Buildable

Present Use: Boatyard
Intended Use: Boatyard
Highest and Best Use: Waterfront related Commercial use

Comments

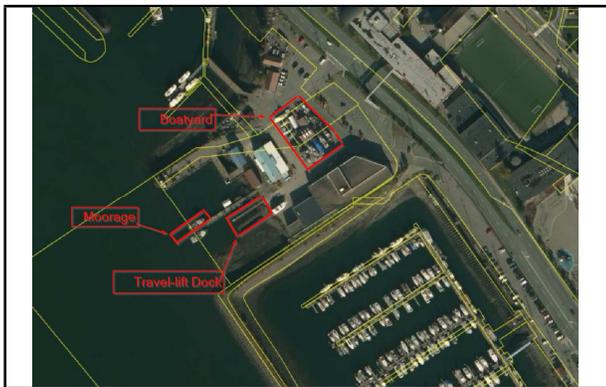
Lease is exclusive use of filled tidelands and non exclusive tidelands with travel lift dock. It includes use of a 35 ton Marine Way Travel Lift in like-new condition (1995) and a travel lift dock with two 6' x 106' runs or 1,272 SF total. The lease amendment added 95' of moorage/work float at the end of the north side of the Fisherman's Terminal Dock. Tenant improvements include a 40' x 30' covered area made from shipping containers and a 12' x 14' tool shed which are NOT part of the lease. Dean Dotson(907)463-5250, yard manager, noted that most of the Fisherman's Terminal dock goes dry at low tides. Teena Larson, 907-586-0292, ports and harbors, noted that the moorage included in this lease is more of a work area and is not subject to standard harbor rates. The lease notes 36,029.7 SF for Parcel B which includes the Travel Lift dock and access to it but not for exclusive use and not considered in the square footage of site noted above.

Analysis:

\$26,405 / 19,425.6 SF = \$1.36/SF

Marketing Info: The lease commenced on 12/01/1995 and has an expiration of 05/04/2021. Amendment #1 which was signed on 11/16/2005 set the lease calculation formula at 5% of the assessed value of the prior year starting 01/01/2011 with adjustments every five years. 01/01/2011 is date of the adjustment to \$26,405. It was adjusted 1/1/16 to \$29,307.50. The CBJ subleases this area from UAS for the purpose of fostering a development and support of the fisheries and marine related activities.

Confirmed with: Teena Scovill Teena Larson -CBJ
 Confirmed date: 02/19/2015 6/7/18
 Confirmed by: J.Horan Kelly
 Revision Date: 6/8/2018
 Record Number: 8032



Untitled.bmp



051518_2566

HORAN & COMPANY, LLC

LAND COMPARABLE NUMBER 2B

Community: 15 CBJ - Town - Gold Creek

Recording District: Juneau

Address: 1427 Harbor Way

City: Juneau

State: AK

Zip: 99801

Location: Fisherman's Terminal

Legal: Sublease of a tract in land located in Lot 2A according to the plat "Lot Subdivision of Lot 2, Block 51, ATS 3"; Parcel Number: 1C030K510012

Instrument: Serial:

Trans.Type: Land Lease

Annual Rent: \$2,762.5

Rights: Leasehold

Trans. Date: January 1, 2016

Terms: Annual Rent

Grantor: City and Borough of Juneau

Grantee: Maritime Hydraulics, Inc., James Geraghty

Size (SF): 1,105

Utilities: All

Frontage:

Access: Road, paved

Zone: WC

Improvements: None

Topography: Level

Land Class: Tidelands, Commercial

Vegetation: None

Soil: Buildable

Present Use: Hydraulics Shop

Intended Use: Hydraulics Shop

Highest and Best Use: Hydraulics Shop

Comments

This is a sublease of filled tidelands in the Fisherman's Terminal area. The CBJ leases this area from UAS. The leased premises are improved with the tenant's hydraulic shop and retail building.

Analysis:

The transaction dated noted above is the effective date of the last rent adjustment. The lease was originally signed 11/08/2000 and had an effective date of 11/15/2000. 6/1/12 the rent was \$3,489.60. Effective 1/1/16 it was changed to \$2,762.50. The sublease expires 05/05/2021 which is the same date the city's lease with UAS terminates for the purpose of fostering a development and support of the fisheries and marine related activities.

Marketing Info: \$2,762.50/1105SF = \$2.50/SF/year
\$3,489.60 / 1,105 SF = \$3.16/SF

Confirmed with: Teena Scovill - CBJ Ports Teena Larson -CBJ

Confirmed date: 02/19/2015 6/7/18

Confirmed by: J.Horan Kelly

Revision Date: 6/8/2018

Record Number: 8036



Untitled.bmp



031715_0594.jpg

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

Community: 15 CBJ - Town - Gold Creek
Address: 1421 Harbor Way
Location: Fisherman's Terminal
Legal: Portion of Lot 2, Block 51, ATS 3;

Recording District: Juneau
City: Juneau **State:** AK **Zip:** 99801

Instrument: **Serial:**
Trans.Type: Land Lease
Rights: Leasehold
Terms: Annual Rent

Annual Rent: \$4,365
Trans. Date: June 1, 2016
Grantor: City & Borough of Juneau
Grantee: Alaska Memories, LLC dba Nordic Tug Charters,

Size (SF): 1,455
Frontage:
Zone: WC

Utilities: All
Access: Road, paved
Improvements: Access to marine improvements
Land Class: Waterfront, Tidelands, Commercial

Topography: Level
Vegetation: None
Soil: Buildable, Gravel

Present Use: Shop, office storage and tug moorage
Intended Use: Same
Highest and Best Use: Same

Comments

This lease is filled tidelands in the Fisherman's Terminal Area. The lessee also has use of a dock to the north where they moor four nordic tugs for their charter business. This moorage is set at standard city rates and is NOT included in the lease fee.

Analysis:

\$4,365 / 1,455 SF = \$3.00/SF

Marketing Info: The transaction date noted above is the date the harbor board approved the lease and it is the effective date. The lease was executed later by the city on 06/18/2012. The term is five years expiring 06/01/2016. with an option for three year extensions. The rent for the first five years was based on 10% of assessed value or \$4,365. The 3 year option was taken 6/1/16 at the same rent. The CBJ subleases this area from UAS for the purpose of fostering a development and support of the fisheries and marine related

Confirmed with: Joergen Schade John Sano (CBJ)
 Confirmed date: 02/17/2015
 Confirmed by: J.Horan

Revision Date: 6/8/2018
 Record Number: 8031



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Untitled.bmp

QUALIFICATIONS OF CHARLES E. HORAN, MAI

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

Employment History:

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

Lectures and Educational Presentations:

2017 “Municipal Assessment Record System” MARS Presentation on automated data collection and analysis for mass appraisals. Presented to Alaska Association of Assessing Officers, Anchorage.

2017 “Keeping it Simple – Local Market Value New Modeling” Presented to AAAO, Anchorage

2011, “Real Estate Market in Southeast Alaska” Presentations to Ketchikan, Juneau and Sitka Chambers of Commerce and Municipality of Skagway

2011, “Demystifying the Appraisal Process” Presentation to USFWS Market Analysis and UASFLA, Anchorage

2007, “Conservation Easements” Presentation - Alaska Association of Assessing Officers, Fairbanks, AK

1998, “Easement Valuation Seminar,” Alaska Chapter Appraisal Institute, Anchorage, AK

1998, “Easement Valuation Seminar,” Seal Trust, Juneau, Alaska

1997, “Sitka Housing Market,” Sitka Chamber of Commerce

1997, developed and taught commercial real estate investment seminar for Shee Atika, Inc.

1994, developed and taught seminar "Introduction to Real Estate Appraising," UAS, Sitka Campus

1985, Speaker at Sitka Chamber of Commerce, "What is an Appraisal? How to Read the Appraisal"

1984, Southeast Alaska Realtor's Mini Convention, Juneau, Alaska

Day 1: Introduction of Appraising, Cost and Market Data Approaches

Day 2: Income Approach, Types of Appraisals, AIREA Accredited Course

1983, "The State of Southeast Alaska's Real Estate Market"

1982, "What is an Appraisal?"

Types of Property Appraised:

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

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

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

Special Projects - Special consultation for Federal land exchanges. Developed Land Evaluation Module (LEM) to describe and evaluate 290,000 acres of remote lands. Renovation feasibilities, residential lot absorption studies,

commercial, and office building absorption studies. Contract review appraiser for private individuals, municipalities, and lenders. Restaurant feasibility studies, Housing demand studies and overall market projections. Estimated impact of nuisances on property values. Historic appreciation / market change studies. Historic barren material royalty valuations, subsurface mineral and timber valuation in conjunction with resource experts. Mass appraisal valuations for Municipality of Skagway, City of Craig, Ketchikan Gateway Borough and other Alaska communities. Developed electronic/digital assessment record system for municipalities. Developed extensive state-wide market data record system which identified sales in all geographic areas.

Expert Witness Experience and Testimony:

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

Partial List of Clients:

Federal Agencies

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

Municipalities

City & Borough of Haines
 City & Borough of Juneau
 City & Borough of Sitka
 City of Akutan
 City of Coffman Cove
 City of Craig
 City of Hoonah
 City of Ketchikan
 City of Klawock

Lending Institutions

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

Other Organizations

BIHA
 Central Council for Tlingit & Haida Indian Tribes of Alaska (CCTHITA)
 Diocese of Juneau
 Elks Lodge
 Hoonah Indian Assoc.
 LDS Church
 Moose Lodge

ANCSA Corporations

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

Companies

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

| | | |
|-------------------------|-------------------------|--------------------------|
| City of Pelican | SE AK Land Trust (SEAL) | Dept. of Public Safety |
| City of Petersburg | SEARHC | DOT&PF |
| City of Thorne Bay | Sitka Tribe of Alaska | Mental Health Land Trust |
| City of Wrangell | The Nature Conservancy | Superior Court |
| Ketchikan Gateway Borg. | | University of Alaska |
| Municipality of Skagway | | |

Education

| | |
|---|---|
| <p>Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Rockville, MD Sept 2017, Oct 2010, May 2002</p> <p>Valuation of Conservation Easements, Fairfield, CA, Sept 2016</p> <p>Business Practices and Ethics, Seattle, WA, Jan 2016</p> <p>7-Hour National USPAP Update Course, Jan 2016, Jan 2015, Apr 2013, May 2009, Jun 2007, Feb 2005</p> <p>Online Small Hotel/Motel Valuation, Chicago, IL June 2015</p> <p>Advanced Spreadsheet Modeling for Valuation Applications, Rockville, MD April 2015</p> <p>Fall Real Estate Conference 2012, Seattle, WA Nov, 2012</p> <p>Appraising the Appraisal: Appraisal Review-General, Rockville, MD, May 2012</p> <p>Information Security Awareness for Appraisal Professionals Webinar, December, 2012</p> <p>Fall Real Estate Conference 2011 Seattle, WA October, 2011</p> <p>Appraisal Curriculum Overview (2-day General) Milwaukee, WI, August 2011</p> <p>Business Practices and Ethics, Seattle, WA, Apr 2010</p> <p>Fall Real Estate Conference, Seattle, WA, Dec 2009</p> <p>Fall Real Estate Conference, Seattle, WA, Nov 2008</p> <p>Attacking and Defending an Appraisal in Litigation, Kent, WA, Sep 2008</p> <p>Sustainable Mixed-Use N.I.M., Seattle, WA, Feb 2008</p> <p>Appraising 2-4 Unit Properties, Bellevue, WA, Sep 2007</p> <p>Business Practices and Ethics, Seattle, WA, Jun 2007</p> <p>Residential Market Analysis and Highest and Best Use, Seattle, WA, Apr 2007</p> <p>Basic Appraisal Procedures, Seattle, WA, Feb 2007</p> <p>Rates & Ratios: Making Sense of GIMs, OARs, and DCF, Anchorage, AK, Feb 2005</p> <p>Best Practices for Residential Appraisal Report Writing, Juneau, AK, Apr 2005</p> <p>Scope of Work - Expanding Your Range of Services, Anchorage, AK May 2003</p> <p>Litigation Appraising - Specialized Topics and Applications, Dublin, CA, Oct 2002</p> <p>USPAP, Part A, Burr Ridge, IL, Jun 2001</p> <p>Partial Interest Valuation - Undivided, Anchorage, AK, May 2001</p> <p>Partial Interest Valuation - Divided, Anchorage, AK, May 2001</p> | <p>Easement Valuation, San Diego, CA, Dec 1997</p> <p>USPAP, Seattle, WA, Apr 1997</p> <p>The Appraiser as Expert Witness, Anchorage, AK, May 1995</p> <p>Appraisal Practices for Litigation, Anchorage, AK, May 1995</p> <p>Forestry Appraisal Practices, Atterbury Consultants, Beaverton, OR, Apr 1995</p> <p>Advanced Sales Comparison & Cost Approaches, Univ. of Colorado, Boulder, CO, Jun 1993</p> <p>Computer Assisted Investment Analysis, University of Maryland, MD, Jul 1991</p> <p>USPAP, Anchorage, AK, Apr 1991</p> <p>General State Certification Review Seminar, Anchorage, AK, Apr 1991</p> <p>State Certification Review Seminar, Dean Potter, Anchorage, AK, Apr 1991</p> <p>Highest and Best Use and Market Analysis, Baltimore, MA, Mar 1991</p> <p>Financial Institution Reform, Recovery & Enforcement Act of 1989, Doreen Fair Westfall, Appraisal Analyst, OTS, Juneau, AK, Jul 1990</p> <p>Real Estate Appraisal Reform, Gregory Hoefler, MAI, OTS, Juneau, AK, Jul 1990</p> <p>Standards of Professional Practice, Anchorage, AK, Oct 1987</p> <p>Federal Home Loan Bank Board Memorandum R41C Seminar, Catherine Gearhearth, MAI, FHLBB District Appraiser, Juneau, AK, Mar 1987</p> <p>Market Analysis, Boulder, CO, Jun 1986</p> <p>Federal Home Loan Bank Board Regulation 41b, Inst. Bob Foreman, MAI, Seattle, WA, Sep 1985</p> <p>Litigation Valuation, Chapel Hill, North CA, Aug 1984</p> <p>Standards of Professional Practices, Bloomington, IN, Jan 1982</p> <p>Course 2B, Valuation Analysis & Report Writing, Stanford, CA, Aug 1980</p> <p>Course 6, Introduction to Real Estate Investment Analysis, Aug 1980</p> <p>Course 1B, Capitalization Techniques, San Francisco, CA, Aug 1976</p> <p>Course 2A, Case Studies in Real Estate Valuation, Aug 1976</p> <p>Course 1A, Real Estate Principles and Valuation, San Francisco, CA, Aug 1974</p> |
|---|---|

Parties:

Archipelago Properties, LLC (AP) and the City and Borough of Juneau (CBJ)

Property:

That property collectively owned by the Parties and commonly referred to as the Archipelago Property located on the channel side of S. Franklin Street in Juneau, AK between the downtown waterfront parking garage and the Pier 49 building. Specifically, Lots 1 and 2 owned by AP and Lot 3 and a portion of Lot 4 owned by CBJ, all within the Archipelago Subdivision plat 2013-22, as further described in Exhibit "A".

Land Values:

Land values shall be calculated using the appraisal conducted by Horan and Company, LLC for the Property, with a report date of 11 January 2018. AP has agreed not to contest this appraisal. The Parties acknowledge this appraisal will most likely require updating to comply with CBJ land sale / acquisition ordinances. If the land values differ substantially from the referenced appraisal due to any terms or conditions set forth in this PSA, the Parties agree to work together in good faith to reach a mutually agreed upon valuation for this land reconfiguration.

Closing Costs:

The Parties agree to each pay 50% of the closing costs associated with this transaction. The Parties agree to each pay their own exclusive attorney fees.

Intent:

The Parties wish to execute a purchase and sale agreement to facilitate a reconfiguration of these lands for their mutual benefit and redevelopment, whereas CBJ shall deck over their reconfigured land between the upland portion of the Property and the existing sea walk and add transportation staging shuttle parking; and AP shall develop a mixed-use retail center on the uplands consisting of the following contemplated elements: retail, food and beverage, micro-business incubator space, apartments / lofts, and office space. Time is of the essence. The reconfigured land will be developed sequentially and independently: public space pile supported decking and transportation staging shuttle parking will be completed first followed by commercial development of the uplands.

Retaining wall:

CBJ, in conjunction with building a pile-supported deck structure over its submerged lands, shall be responsible for the construction of the retaining wall

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located approximately at the 20 foot high water mark crossing through the Property, as further described in Exhibit "B".

Construction Easement:

Recognizing the extraordinary cost associated with constructing the pile decking and "B" permit parking from the channel side of the Property from barges, AP shall grant to CBJ an exclusive construction easement on its uplands portion of the reconfigured Property, as further described in Exhibit "C", to allow staging of equipment, material, and personnel, as well as construction from the uplands side of the Property. CBJ shall indemnify and hold harmless AP during construction and have appropriate liability insurance. These terms shall survive after CBJ construction is complete.

Uplands Site Preparation:

Recognizing the monetary and time value of staging from the uplands and AP's year-long delay in constructing its mixed-use development, CBJ shall provide a pad-ready uplands site to include removal of existing foundations, land leveling, and soil compaction as needed, but not to include pile supports for building improvements.

Reversion:

CBJ shall have 120 days from the effective date of the purchase and sale agreement to enter into contract with a reputable contractor for the construction of the decking and "B" permit parking lot, to include ordering of construction materials. If CBJ has not entered into contract with a reputable contractor for the construction of the decking and transportation staging shuttle parking lot, to include ordering of construction materials, within 120 days of the effective date of the purchase and sale agreement, AP shall have the right, but not the obligation, to repurchase the land sold to CBJ in this purchase and sale agreement at market value.

Alleyway located between public parking deck and Property:

As a condition of this purchase and sale agreement, CBJ agrees to provide a public access and utility easement for the alleyway between the Property and the public parking deck structure. AP and its tenants, invitees, and contractors shall have the non-exclusive right to access the alleyway in the normal course of conducting business to service the Property. This alleyway shall be available for access to utilities from South Franklin Street to the mutual benefit of both Parties. This alleyway is further described in Exhibit "D".

Easements:

AP and CBJ agree to provide a reciprocal floating public pedestrian easement between the reconfigured properties to facilitate traffic flow, circulation, and

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connectivity between South Franklin Street and the existing sea walk. No barriers shall be constructed between the two reconfigured properties, except as required for pedestrian safety between the transportation staging shuttle parking area and the AP development. In the event a barrier is deemed required for public safety, both Parties prior to installation shall agree upon the design and location.

Subject to final design if applicable, CBJ and AP shall grant to one another utility easements for the installation, repair, and improvements for utilities as needed. AP and CBJ shall each be responsible for the repair and condition of utility improvements on their respective reconfigured parcels. If repair or improvements of utilizes is required, and if the utilities centrally located service both properties, and if the utilities are not located in the public right-of-way, the Parties agree to share the cost of repairs and improvements.

CBJ grants to AP and its tenants, invitees, and contractors a non-exclusive easement for access to the transportation staging shuttle parking area in the normal course of business. At no time, however, shall this easement conflict or impair with the primary use of the transportation staging shuttle parking area, which is to serve cruise ship passengers and tour agencies, as designated by CBJ. This non-exclusive easement shall only be in effect outside of peak usage by commercial passenger transportation vehicles, the primary user of the transportation staging parking lot.

Design of Covered Passenger Welcome / Assembly Area:

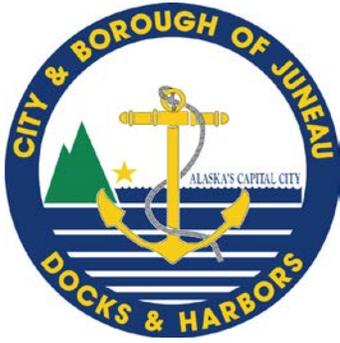
AP and CBJ hereby covenant with one another that the architectural design of the covered passenger welcome / assembly area shall be consistent in aesthetic, materials, and workmanship as the commercial uplands portion of the development.

Future Improvements on Reconfigured Public Portion of Property:

“Future Improvements” is defined as any permanent or temporary structure for any commercial or public use on the public portion of the reconfigured lands, exclusive of the transportation staging shuttle parking lot and covered passenger welcome / assembly area.

AP shall have an approval right for any Future Improvements contemplated within the zone designated on Exhibit “E”. AP expresses, also, a strong desire to explore the possibility of building a structure in the public interest within this zone such as a museum or entertainment venue. Any future structure within this zone designated on Exhibit “E” shall be a separate negotiation subject to the terms of this purchase and sale agreement. Notwithstanding anything to the contrary, CBJ hereby agrees not to allow any commercial enterprise to conduct business on its portion of the development which would compete with AP on its property including, but not limited to, food carts, tour stands, kiosks, or any type of commercial vendors.

DRAFT



Port of Juneau

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

From: Port Director
To: Assembly
Via: (1) Docks & Harbor Board
(2) City Manager
Date: June 14th, 2018
Re: DIRECT NEGOTIATION LAND SALES - AUTHORIZATION

The undeveloped property southeast of the Downtown Library is referred to as the Archipelago Lot. There are four lots (Archipelago Lot 1 - Lot 4) which encompass this area as shown in encl (1). A Morris Communications Company subsidiary, Archipelago Properties, LLC, owns Lot 1 and Lot 2. CBJ owns Lot 3 & Lot 4. Of note is the fact that the lots are not contiguous with ownership.

Archipelago Properties, LLC has applied to purchase property from CBJ to develop retail shops along South Franklin Street. Docks & Harbors, through the Marine Park to Taku Dock Urban Design Plan, desires to construct transportation staging and expanded open space which requires purchasing property from Archipelago Properties, LLC. The approximate and future desired lot adjustments are shown in encl (2).

In order to develop a Purchase and Sale Agreement, the Assembly must authorize the manager to commence negotiations.

Title 53.09.260(a) – Negotiated Sales, Leases and Exchanges states that “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...”

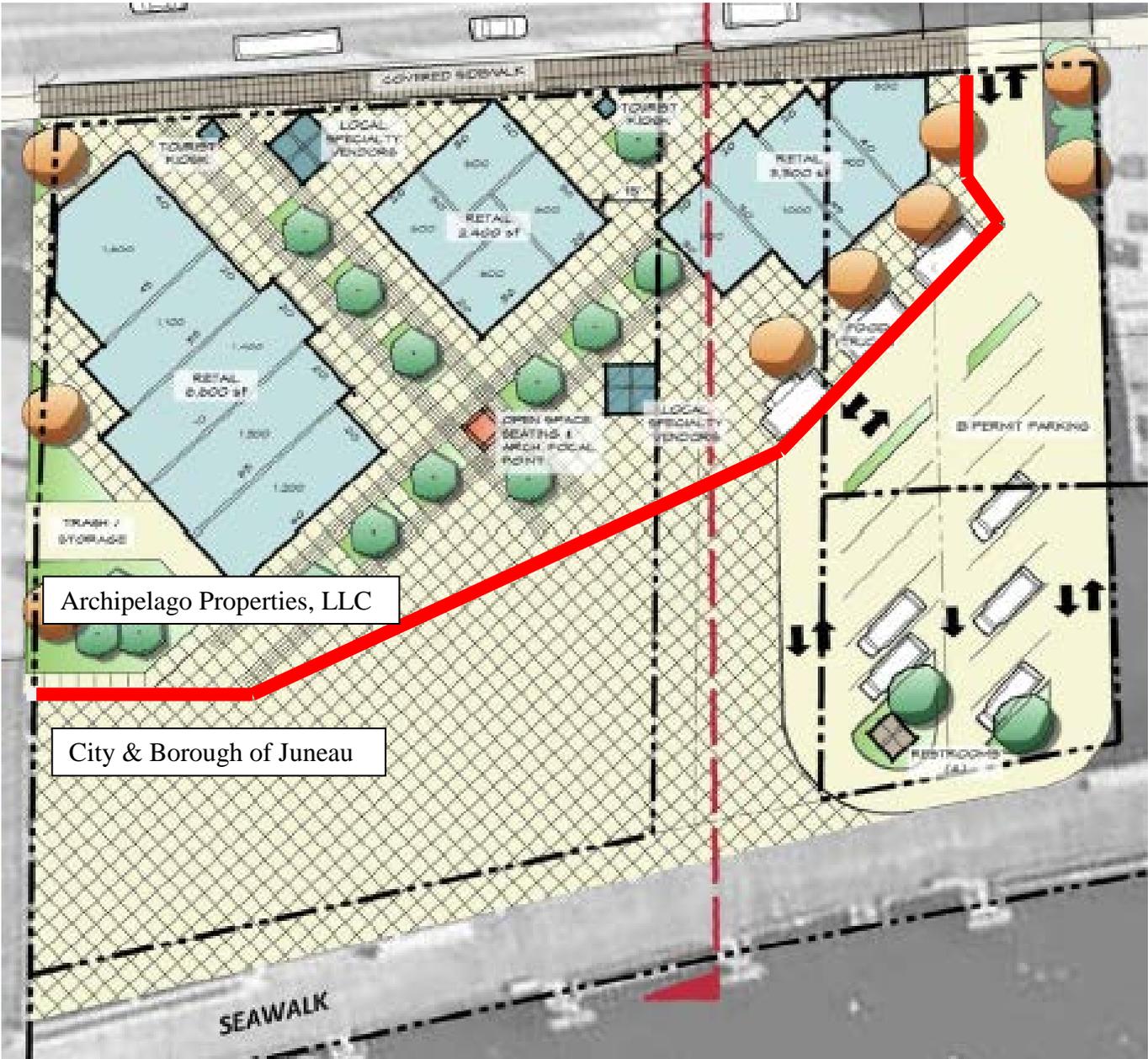
If supported by Assembly motion, negotiations with Archipelago Properties, LLC will commence and a Purchase and Sales agreement will be returned to the Assembly for adoption by Ordinance. There is no monetary commitment by CBJ with this motion.

The City Manager requests a motion of support to further develop a Purchase and Sales Agreement with the original proposer, Archipelago Properties, LLC.

Encl: (1) Archipelago Lots 1-4
(2) Proposed Lot Line Adjustment (approximate)

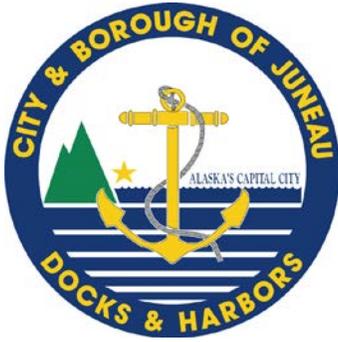


**Encl: (1)
Archipelago Lots**



Encl (2)

Approximate property line adjustment following successful negotiations



Port of Juneau

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

From: Port Director
To: Public Works & Facilities Committee
Thru: Docks & Harbor Board
Date: June 18th, 2018
Re: TRANSFER - \$3.31M FROM CRUISE BERTHS PROJECT (H51-101) TO MARINE PARK TO TAKU UPLANDS IMPROVEMENTS (H51-116)

1. The successful on-time and under-budget completion of the new Cruise Berths Project (CIP H51-101), has resulted in a windfall of \$3.31M for the Port Development Fee fund which were planned but not needed.
2. It is recommended that these monies be transfer to CIP H51-116 (Marine Park to Taku Uplands Improvements). This CIP will be used to further develop the downtown waterfront as envisioned in the Marine Park to Taku Dock: Urban Design Plan. This transfer is consistent with the appropriate and restricted use of funds tied to cruise ships and their passengers.
3. If the PWFC approves, the Assembly approval would be required at the following regular Assembly meeting. The Docks & Harbors Board will consider this transfer at its June 28th regular Board meeting.

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Presented by: The Manager
Introduced:
Drafted by: A. G. Mead

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2825

A Resolution of the City and Borough of Juneau in Support of the Juneau Fisheries Terminal Expansion.

WHEREAS, the CBJ Docks & Harbors is an enterprise organization under the direction of the Assembly; and

WHEREAS, Docks & Harbors plays an integral role in advancing economic opportunities for marine related businesses, tourism, and commercial fisheries; and

WHEREAS, Docks & Harbors receives no direct sales tax or property tax in the operational budget and, as an enterprise operation, is expected to self-generate revenue for annual expenses and to explore all opportunities for grant funding where it exists; and

WHEREAS, an existing crane dock located at the Juneau Fisheries Terminal consisting of a rock filled sheet pile bulkhead with concrete apron, fender piles, and two hydraulic cranes are at the end of their service life requiring replacement to continue to support the commercial fishing industry; and

WHEREAS, Docks & Harbors has developed conceptual plans to expand to meet the seafood industry and the commercial fishermen's increased production by providing new moorage floats, drive down facility, loading dock, net shed, an ice house, and access to boat repair facilities at the Juneau Fisheries Terminal; and

WHEREAS, the U.S. Department of Transportation (U.S. DOT) has announced \$1.5 billion in funding under the Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grant program, which provides a unique opportunity for the U.S. DOT to invest in road, rail, transit and port projects that promise to achieve national objectives; and

WHEREAS, Docks & Harbors intends to submit an application to the U.S. DOT for BUILD Transportation Discretionary Grant consideration to expand the Juneau Fisheries Terminal.

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

Section 1. The Assembly supports the submission of a grant application to the U.S. DOT for BUILD Transportation Discretionary Grant funding for the Juneau Fisheries Terminal expansion.

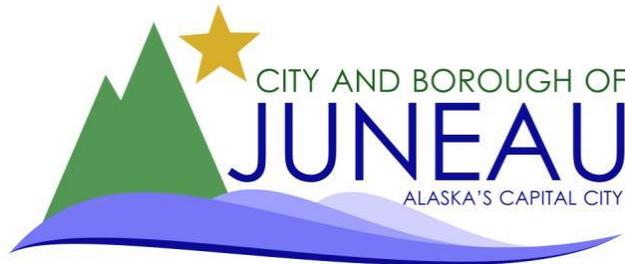
Section 2. Effective Date. This resolution shall be effective immediately after its adoption.

Adopted this _____ day of _____, 2018.

Kendell D. Koelsch, Mayor

Attest:

Laurie J. Sica, Municipal Clerk



155 S. SEWARD STREET ▪ JUNEAU, ALASKA 99801
PHONE: 907-586-5278 ▪ FAX: 907-586-4552

INFORMATION RELEASE

June 15, 2018

Bring your opinion on Electric Vehicle charging stations to next Sustainability Session June 19

Public comment period from June 19 to July 18

Learn how Juneau's electric transportation has grown in the past 5 years, where it's headed in the future, and the importance of charging infrastructure at the next Sustainability Session on Tuesday, June 19 at 5:30 p.m. in City Hall Chambers. The public is also invited to provide input on Electric Vehicle charging stations.

The City and Borough of Juneau is exploring ways to address public Electrical Vehicle charging stations and parking on CBJ property. Charging at stations on CBJ property and private property lots is currently free to the public. The Juneau Commission on Sustainability wants to hear from the public about their ideas for EV charging and parking scenarios as it relates to the [Juneau Renewable Energy Strategy](#), the [Juneau Climate Action and Implementation Plan](#), and [CBJ Resolution 2722](#) "Support for the Advancement of Electrified Transportation Vehicles and Supporting Infrastructure."

There will be a public comment period on electric vehicle charging and parking scenarios from June 19 to July 18. The comment period will result in a recommendation to the Juneau Assembly. Starting June 19, the public may submit comments on the Juneau Commission on Sustainability's website: juneau.org/sustainability/. Background documents, including the Juneau Renewable Energy Strategy, are also available on the website.

This session is the first of two public meetings on Electric Vehicles sponsored by the Juneau Commission on Sustainability. Sustainability Sessions are part of an educational series working toward implementing the Juneau Renewable Energy Strategy.

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For more information, visit the [Juneau Commission on Sustainability website](#) or contact Tim Felstead, Community Planner and CBJ staff liaison to the Juneau Commission on Sustainability, at 586-0466 or tim.felstead@juneau.org.