



City and Borough of Juneau
City & Borough Manager's Office
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TO: Carl Uchytel, Port Director

DATE: September 7, 2022

FROM: Rorie Watt, City Manager

RE: UAS Property

In response to your letter on August 31st with the same topic:

It is clear that the Harbor Enterprise cannot fiscally sustain a fair market value lease for this parcel.

After a lot of consideration, I recommend against the rent pay-down scheme for the following reasons:

- 1) It would eventually require the Assembly to fund ongoing Harbor operations, in contrivance of what it means to be an enterprise and,
- 2) Rather than solving the problem today and setting us up for long term sustainability, it creates a fiscal cliff and delays a hard decision for future generations

Given that Docks & Harbors wants and needs to invest in upgrades to the facility, buying down rent for a short period (even if tens of years) doesn't make sense, it would require the future creation of an annual subsidy from the general fund to protect newly built and renovated municipal assets.

If CBJ is going to invest in public facilities (that lose money), we should do so on our own land. If UA is unwilling to sell the land, we should direct our resources to another location. Locations that should be evaluated include Auke Bay; the downtown harbors are harsh environments in the winter, have less than ideal road access, no sunshine, and high winds – in short, not a great place to work on boats in the off season. If downtown is really the right location, slowly filling tidelands in either the Aurora Basin or north of the Yacht Club may be better long-term investments.

When the Assembly appropriated \$2M to help purchase the property, I think that their intent was to help Docks & Harbors secure the property to ensure the ability to provide a long-term location for the provision of maritime services. While I don't recommend a permanent pay down the rent approach, alternate approaches for use of those funds are likely supportable. Frankly, I think we should tell UA that if they are unwilling to sell the property that we are going to move on and invest our resources in property that we own.