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TO: Mayor Weldon and Borough Assembly  
FROM: Katie Koester, City Manager  
DATE: February 20, 2025  
RE: Huna Totem Tidelands Lease

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The purpose of this memo is to summarize the attached documents for consideration for the Huna Totem Corporation (HTC) lease and facilitate assembly discussion.

### **Process and Timing**

Passage of this ordinance allows the City Manager to negotiate and execute a lease for CBJ submerged tidelands. There will be an accompanying resolution authorizing CBJ to apply for SOA tidelands (not yet transferred). Essential terms and conditions of the lease are included in the document; however, the full lease document is more extensive. After introduction, staff recommends referring Ordinance 2025-XX for scheduling and final adoption for the April 28<sup>th</sup> Assembly meeting. Once the ordinance passes, CBJ will apply for transfer of state tidelands (the State wants concurrence from the local government before initiating the transfer). We do not know how long the transfer will take; Huna Totem staff are optimistic the Dunleavy Administration can turn this around quickly. In the past (Franklin dock) it has taken up to 4 years for a tidelands transfer. The City Manager will not sign a lease until CBJ has possession of all the tidelands. The Assembly has requested to review HTC's navigability and traffic studies. Both are included in the packet.

### **Summary of Ordinance 2025-XX**

- In addition to authorizing the manager to negotiate and execute a lease agreement, this ordinance includes intent language capturing community desire for year-round businesses and honoring negotiated agreements with industry. These items are captured in intent language because there is no good way to enforce the through a lease. CBJ's only enforcement mechanism would be to cancel the lease. CBJ has other levels to enforce negotiated agreements, chief among them restricting access to CBJ docks. The community's desire for shore power is also reinforced in a whereas clause. CBJ is currently in design for shore power on the City docks. There needs to be a holistic approach to port electrification to prioritize the most feasible project(s), recognizing that shore power projects are complex and have long lead times. CBJ has also added intent language around further collaboration and cooperation on all negotiated agreements between CBJ and the cruise industry.
- The ordinance includes by reference the conditions outlined in the Conditional Use Permit (CUP) established by the Planning Commission. Enforcement of these conditions would be through Community Development Division code enforcement. These include:
  - Construction of a Seawalk that will be transferred to CBJ by easement
  - Installation of shore power infrastructure at Huna Totem's expense within 24 months of an appropriately sized power line within 25 feet of the property line. It is important to note that getting cable that close to the project will only happen with a large project that is willing to pay significant expense to bring in power – which could take time, unless CBJ
  - Maintenance of their uplands (parks and landscaping)
  - Navigability Study (require before a building permit is issued)
- The ordinance also includes items required in the CUP that are strengthened by the Assembly. The Assembly cannot remove CUP requirements; however, they can add requirements that make Planning Commission requirements more stringent. For example, the CUP allows lightering for small ships; Ordinance 2025-XX further restricts lightering by only allowing it in the case of an emergency.
- The term of the lease is 35 years at which time it can be renewed by ordinance for an additional 35 years.
- The ordinance sets annual rent at fair market value, adjusted every 5 years. For reference, the value of the Franklin Dock tidelands lease is \$75,900 annually. These funds will go into the Lands fund and be used for expenditures like developing CBJ property for housing.

**Recommendation:** Discuss terms and conditions of lease with Huna Totem for tidelands. Assembly can make CUP terms more restrictive, add conditions, and/or add intent language. Refer ordinance 2025-XX, after any amendments, to the full Assembly for adoption.

Enc:

Ordinance 2025-XX

Resolution 2025-XX

CBJ Tidelands Lease Application – HTC

Planning Commission Notice of Decision USE2023-0003

HTC Navigability Study

HTC Traffic Study

Public Comment – CBJ Meetings January 22-23, 2025