

**MARKET VALUE APPRAISAL  
GOLDBELT AERIAL TRAMWAY LAND  
FOR PROPOSED LEASE FROM THE  
CITY AND BOROUGH OF JUNEAU  
JUNEAU, ALASKA**



Subject Tram Terminal Site  
Photo Taken February 17<sup>th</sup> 2025 by Josh Horan.

**PREPARED FOR:** Carl Uchytel, Port Director  
City and Borough of Juneau Docks and Harbors  
155 S. Seward Street  
Juneau, Alaska 99801

**PREPARED BY:** Charles E. Horan, MAI  
Horan & Company, LLC  
403 Lincoln Street, Suite 210  
Sitka, Alaska 99835

**EFFECTIVE DATE:** May 15, 2025

**REPORT DATE:** May 19, 2025

**OUR FILE No.:** 25-024

# HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN MAI, JOSHUA C. HORAN, AND SLATER FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

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

May 19, 2025

Carl Uchytel, Port Director

Attn: Melody Musick

VIA email: Melody.Musick@juneau.gov

City and Borough of Juneau Docks and Harbors

155 S. Seward Street

Juneau, Alaska 99801

Re: Market Value Appraisal, Goldbelt Aerial Tramway Land Proposed to be Leased from the City and Borough of Juneau, Juneau, Alaska; Our File 25-024

Dear Mr. Uchytel:

At your request I made a market value appraisal of the “unimproved lands of the lease premises including the air rights easements at its highest and best use” of those lands proposed to be leased to Goldbelt Aerial Tramway, LLC from the City and Borough of Juneau (City). These lands include the lower tram terminal site of 10,000 SF and the adjacent Air Rights Easement of 21,815 SF. The effective date is May 15, 2025.

As a result of my investigation and analysis, it is my opinion the market value of these lands, as of the effective date, is as follows:

**Lower Tram Site    \$3,000,000**

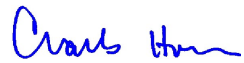
**Air Rights                \$22,300**

This totals \$3,022,300. Based on the contract rent rate of 9% this indicates an annual adjusted rent of \$272,007.

Your attention is invited to the attached report, which contains the description of the property as appraised, the most pertinent market information considered and analysis used in arriving at this opinion. Also, it contains the definition of Market Value, Certification of Appraisal, Assumptions and Limited Conditions and other relevant data.

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

Sincerely,



Horan & Company, LLC

Charles E. Horan, MAI

APRG 41

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## CERTIFICATION OF APPRAISAL

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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 analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 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 analyses, opinions, and conclusions were 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.
- I have made a personal inspection of the property that is the subject of this report on many times many times in the last 10 years.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have not performed any services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

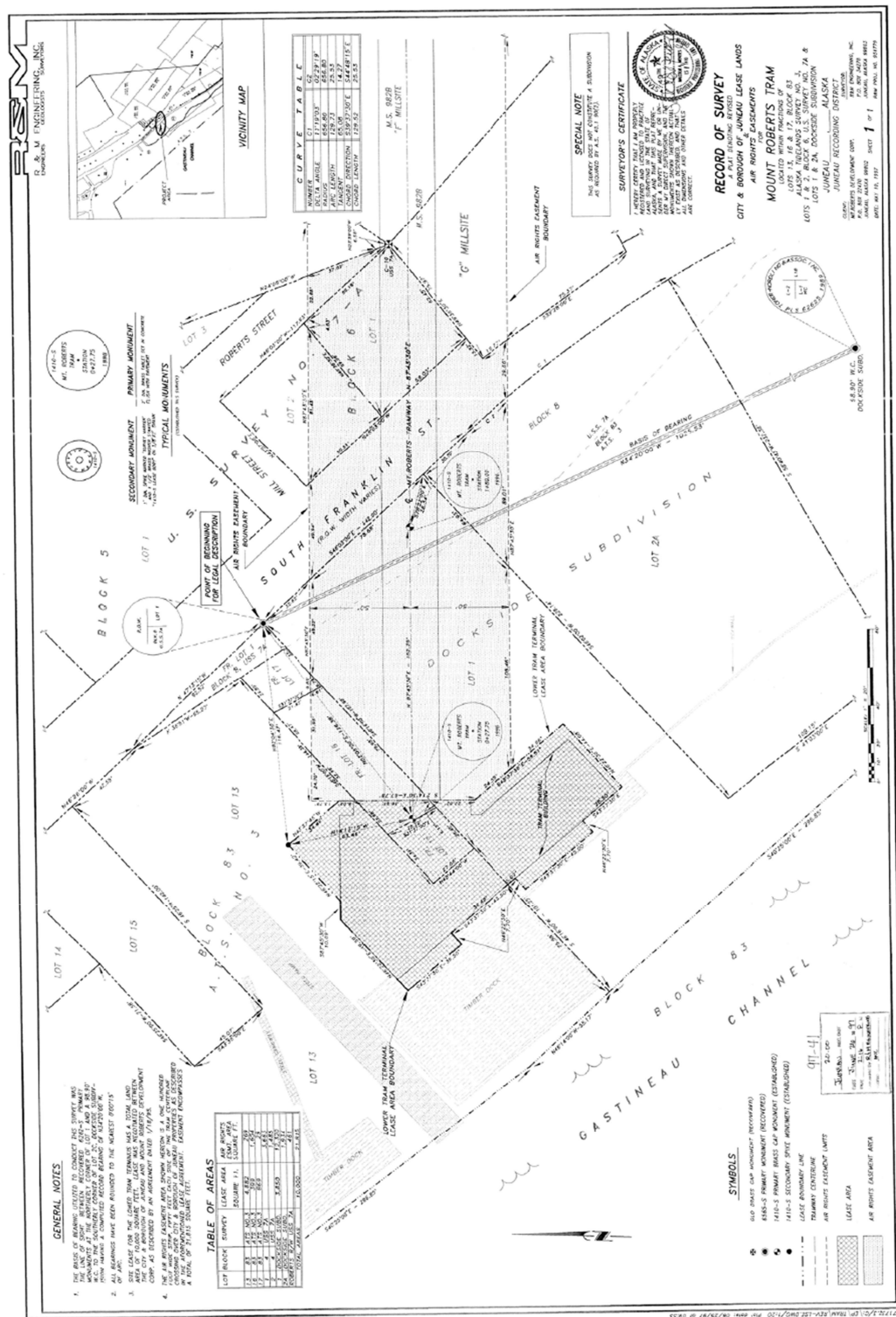


Charles Horan, MAI  
APRG 41

May 15<sup>th</sup> 2025  
Effective Date of Appraisal

May 19<sup>th</sup> 2025  
Date of Report





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## 1 INTRODUCTION

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### 1.1 PURPOSE, USE AND USERS OF THE APPRAISAL

#### **Background**

The City and Borough of Juneau (CBJ, Lessor) has a land lease with Goldbelt Inc. (Goldbelt, lessee), the successors of the Mount Roberts Development Corporation, for the lower tram terminal site (10,000SF) and an air rights easement (21,815 SF) for the Mount Roberts Tram in Juneau, Alaska. The original 35 year was signed January 31, 1995 and is due to expire in 2030.

Goldbelt wishes to make improvements to the tram on the leased premises but needs to extend the term in order to do so. They are negotiating a new lease with the CBJ for 35 years with similar terms to the existing lease. It is proposed to take effect on July 1<sup>st</sup> 2025, the anniversary date of the existing lease. The rental terms of the new lease are proposed to be similar to the old lease with a base annual rent of 9% of the appraised value of the land at its highest and best use, disregarding the improvements made by the lessee. The lease provides for rental adjustment every five years based on the value of similarly situated land. A copy of the proposed lease is in the addenda.

#### **Property Identification**

The legal description of the property is contained in Appendix A of the proposed lease in the addenda which is similar to the existing lease. It includes the lower tram terminal site, 10,000SF, and an air rights easement over other described lands ascending the lower slopes of Mount Roberts across South Franklin St, 21,815 SF.

The lower tram site address is 490 S Franklin St. Juneau AK.

#### **Purpose, use and user of the appraisal**

The purpose of the appraisal is to estimate the annual market rent based on the market value of the land at the contract rental rate.

The intended use of the appraisal is to establish the initial annual rent for the lands proposed to be leased.

The intended users are the City and Borough of Juneau, the client and Goldbelt as the lessee.

## **1.2 SCOPE OF APPRAISAL**

Information on the condition of the site and the neighborhood is based on the appraiser walk-through inspection of the site in early June 2011, again in July of 2012, April of 2013, another walk-through inspection of the lower tram building and site November 17, 2020. On February 17<sup>th</sup> 2025 Joshua Horan, appraiser, inspected and photographed the site. I, Charles Horan, reviewed various Jensen Douglas architectural construction documents dated June 1995, prior to the tram development which help in understanding the pre-lease condition of the site. Copies for reference are included in the addenda noted as; C-1 Lower Tram Existing Site Conditions, C-2 Site Plan, C-3 Retaining Wall Extension, S101 Lower Tram-Lower Floor Foundation Plan, S201 Existing Seawall Section Detail. An understanding of the site after construction is informed by the Record of Survey and the As-Built Survey Plat of the Mount Roberts Lower Terminal by R&M Engineering dated 1997 and the Gary Gillette, Port Engineer letter to Charles Horan dated October 28, 2013.

The requirements of the appraisal for the base rent adjustment considers the site valued as unimproved land and “shall not consider any buildings or structural improvements above or below ground, landscaping, or paving.” Subsequent to the lease the development of the land included significant site improvements to anchor the lower tram terminus and the terminal building. Section 3 of this report describes the site as it is was recently observed and also describes the pre-development condition of the site.

Market research included canvassing the subject area over the past 30 years for rents, building sales, land transactions, and observations of redevelopment which have occurred in the area to discern residual land values from income indicators and market transactions. The market unit of comparison is price per square foot. This high value market is driven by retail sales and services generated by cruise ship passenger traffic. Capitalized land leases, sales of vacant land, and underdeveloped land were considered. Improved properties were also analyzed since the market pays higher prices for the strategic retail locations. In the subject’s instance, we also relied on improved transactions where we allocated land and building values. Building owners and managers, appraisers, realtors, and tenants were interviewed to establish market rental trends, construction costs, and sales prices paid for properties in the neighborhood.

Other market trend indicators were researched and analyzed including retail sales, cruise ship passenger counts and other relevant data discussed in the appraisal. Market trends are verified by our many years of experience in this market and dating back to 1980. We have identified over 30 transactions including offers to buy and sell, sales, building space rents, and land leases between the 200 block and 500 block of South Franklin Street within the last 10 years. We have also considered market experience in competing markets such as Ketchikan and Skagway.

### **2.3 ASSUMPTIONS AND LIMITING CONDITIONS**

In addition to the general assumptions and limiting conditions this appraisal is made based on specific hypothetical condition.

HC-1 Although the site is developed with the lower tram terminal, ticketing office, and other related facilities, it is appraised in the hypothetical condition which does not consider any buildings or structural improvements above or below ground, landscaping or paving. It is appraised as unimproved land.

It is noted that the use of hypothetical conditions or extraordinary assumptions may affect the appraisal assignment results.

This appraisal is also expressly subject to the following assumptions and/or conditions:

1. It is assumed the data, maps, and descriptive data furnished by the client or its 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 valuations are 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. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management. It is assumed that the title to the property is marketable. No investigation to this fact has been made by the appraiser.
4. The property described herein has been examined exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the Highest and Best Use of the subject property and make meaningful comparisons in the valuation of the property. The appraisers' observations and reporting of the subject land or improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes that the subject is structurally sound and all components are in working condition.

5. This appraisal report may note any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. We obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that we believe to be true and correct. It is assumed that no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.
6. The client is the party or parties who engage an appraiser in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
7. The appraisal report may not be properly understood without access to the entire report. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
8. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
9. One (or more) of the signatories of this appraisal report is a member or associate member of the Appraisal Institute. The bylaws and regulations of the Institute

require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of signatories of this appraisal report.

10. The appraisers 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.

## **Definitions**

### **Market Value-**

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 122-123

**Exposure time** is estimated at 12 - 24 months. Exposure time precedes an appraisal and is based on estimated demand considering the supply and demand, availability of funds to purchase, overall economic well-being of the community, and the physical characteristics of the Juneau real estate market. The marketing time considers the subject value at the appraised value beginning at the effective date of the appraisal.

### **Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts 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.

The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute

The use of this Hypothetical Condition may affect the assignment results.

### **Market Rent**

The most probable rent that a property should bring in a competitive and open market<sup>1</sup>.

### **Rental Rate**

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the City and Borough of Juneau<sup>2</sup>.

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<sup>1</sup> 05 CBJAC 50.050

<sup>2</sup> 05 CBJAC 50.050



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## 2 AREA ANALYSIS

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### 2.1 JUNEAU AREA ANALYSIS

The demand for real property is driven by population, which is in large part driven by employment. The state government is still the largest employer, but is shrinking. Employment overall is on the rise since the high of 2019.

Population has been nearly flat since 2018 after a decline from 2015. Education, government, fishing, and other industries that have lagged in the last several years appear to be recovering if not returned to prior levels. State Government continues to shrink but may be leveling off. Overall, the market improved significantly in 2022. It is expected that prices would be stable or moderately increasing in some parts of the commercial real estate sector. The overall Juneau real estate market has been stable to moderately increasing in value. This trend is expected to continue barring any uncontrollable external forces.

### 2.2 SUBJECT WATERFRONT AREA

Juneau's downtown waterfront has developed over the past several decades in response to the increasing cruise ship tourism to the area. The seawalk planning and development is in its second decade. The CBJ docks have been expanded to accommodate very large class cruise ships. These features are shown in the exhibit below.

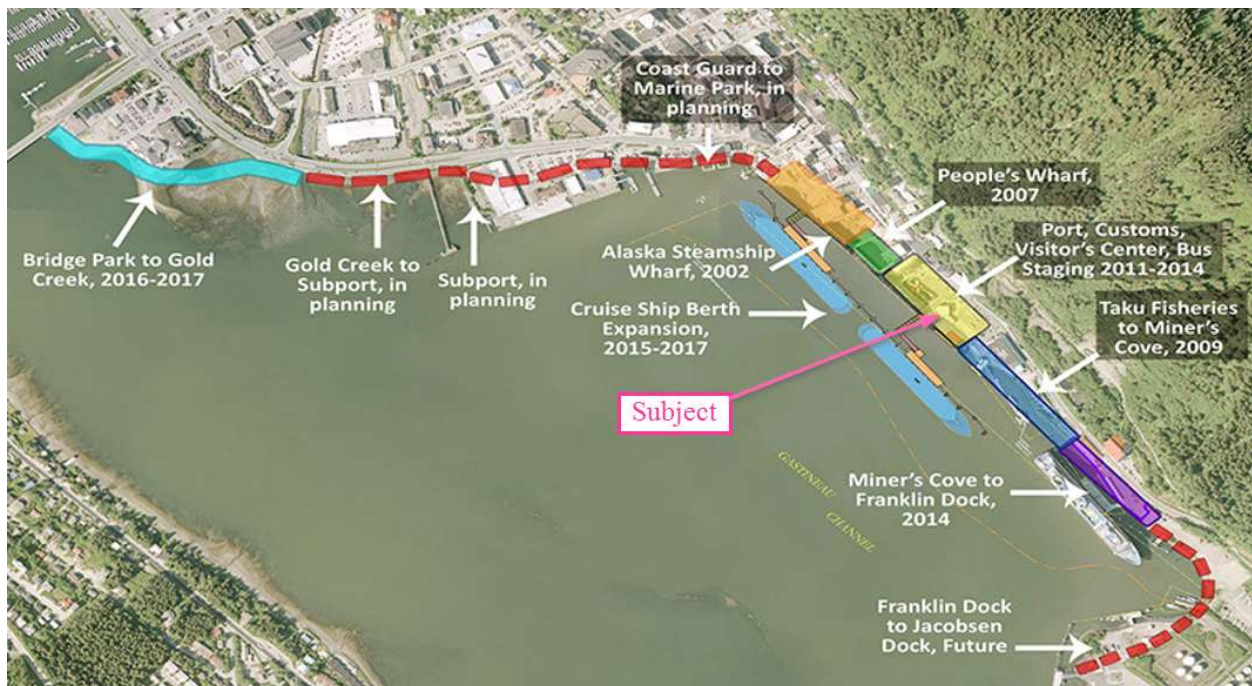


Figure 2.1 Seawalk development outline concept from CBJ website.

Among the various developments to accommodate this increased growth, the City and Borough Juneau Docks and Harbors (CBJ-DH) reconfigured its land with the adjacent Archipelago Group for shared development and improvement of the waterfront area as reflected in the Figure 2.2; Downtown Waterfront Improvement Phase I. Among other things, it provides for a bus drop off facility. It was completed in May of 2021. Yet to be completed Phase II calls for a shelter and restroom building. The area is referred to as the Peratrovich Plaza. The Marine Park is being rebuilt as part of the Parks and Recreation initiative. As of early 2025, no additional development has occurred on the site. The Archipelago site within this complex noted on the figure below was listed in May of 2025 for \$11 million.

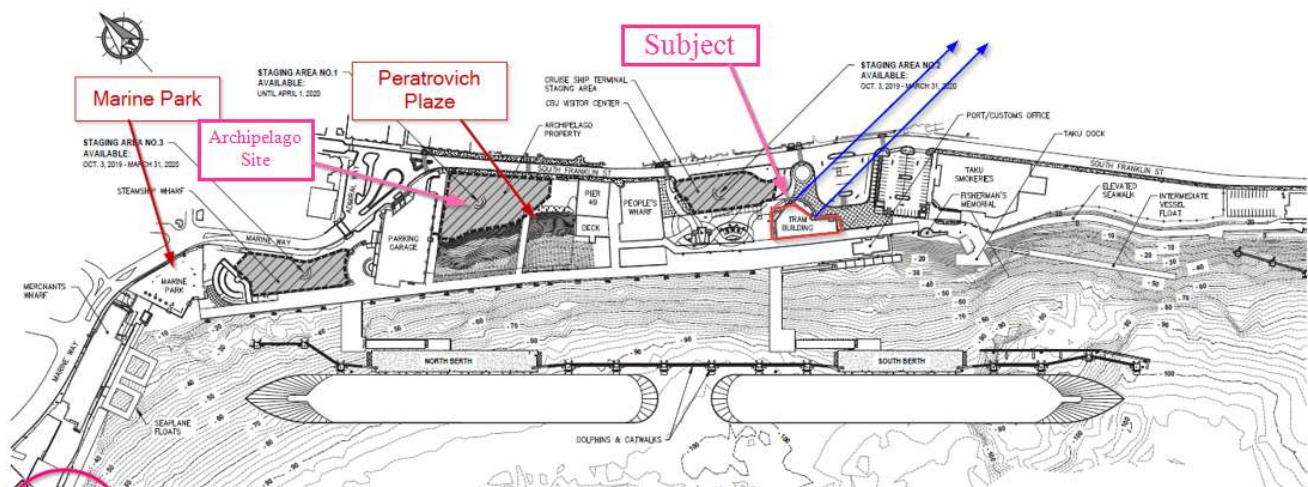


FIGURE 2.2 – SUBJECT SITE LOCATION WITHIN PHASE I WATERFRONT REDEVELOPMENT CONCEPT SHOWING STAGING AREAS.

### 2.3 CRUISE SHIP TOURISM MARKET

Tourism has recovered significantly for the independent traveler and more recently in 2023 for the cruise ship passenger. Actual passenger counts for 2022 was 92% of the previous high in 2019. Cruise ship passenger visitation to the port approached 1.7 million annually in 2023 and appears to have leveled out. See Figure 2.3. This is a reflection of the community’s capacity to intake cruise ship passenger tourism. Local plans

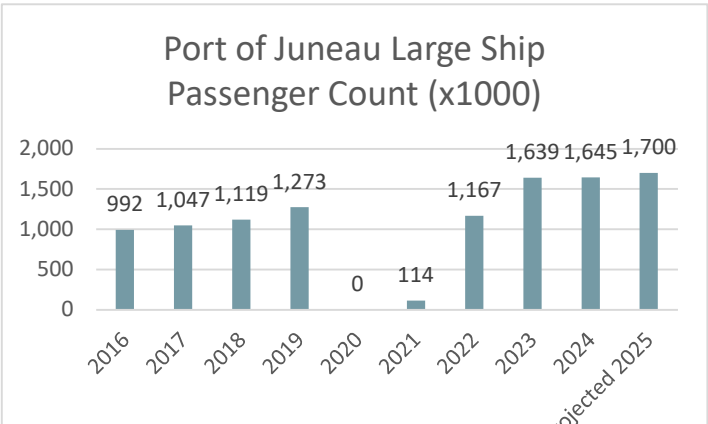


Figure 2.3 Cruise ship passenger count provided by CBJ Docks and Harbor Department, and Cruise Line Agencies of Alaska.

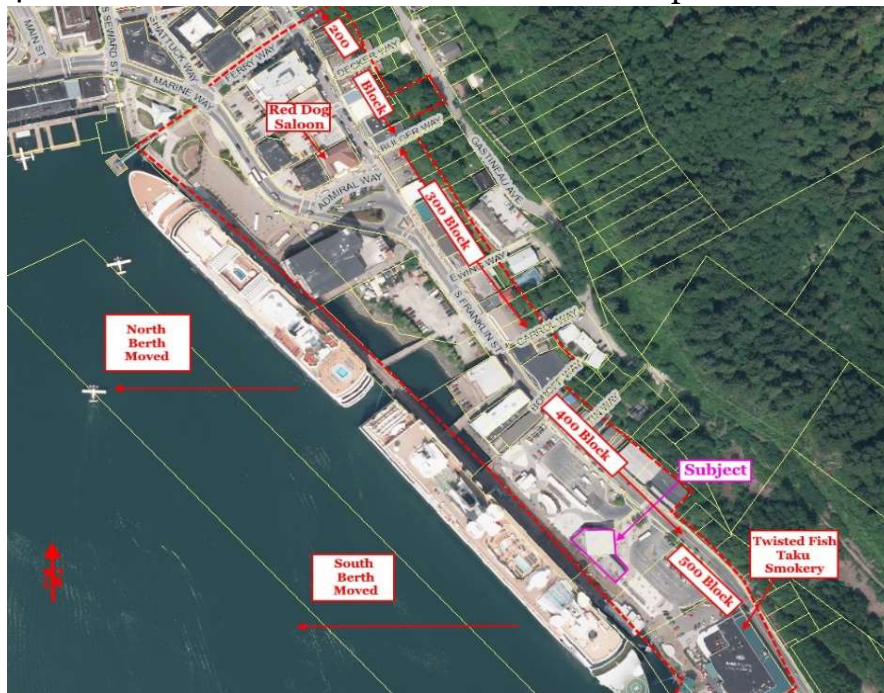


point to a possibility of the 5<sup>th</sup> cruise ship dock, Aa'kw Landing, in development planning by Huna Totem Corporation at the old sub port site just to the east, see Figure 2.4 Huna Totem/NCL proposed dock site. As envisioned, this would provide additional retail and commercial oriented towards tourism and local destination-oriented commerce opportunities.

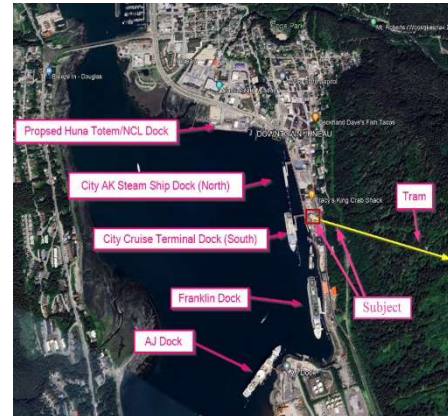
### South Franklin Retail Rent Market

South Franklin Street is the main thoroughfare serving these retail areas extending southeast to the Alaska Juneau Rock Dump where the Jacobson Dock is located. This stretch of South Franklin Street is approximately one mile in length and has developed into a heavily-traveled street in the summer months by tourists visiting Southeast Alaska. The recently completed Seawalk and continued investment in the reconfiguration and expansion of cruise ship docking along the waterfront, continued high volume pedestrian traffic, and resulting high volume retail sales this neighborhood appears certain.

The subject property is located along the waterfront of downtown Juneau in the center of the most heavily used tourist area of South Franklin Street especially in the 200 to 400 block of S Franklin which has the heaviest pedestrian traffic flow resulting from



**FIGURE 2.5 - South Franklin Street neighborhood showing the 200 Block to the 500 Block and subject property inventory.**



**Figure 2.4 showing subject location and major docks in the Juno harbor.**

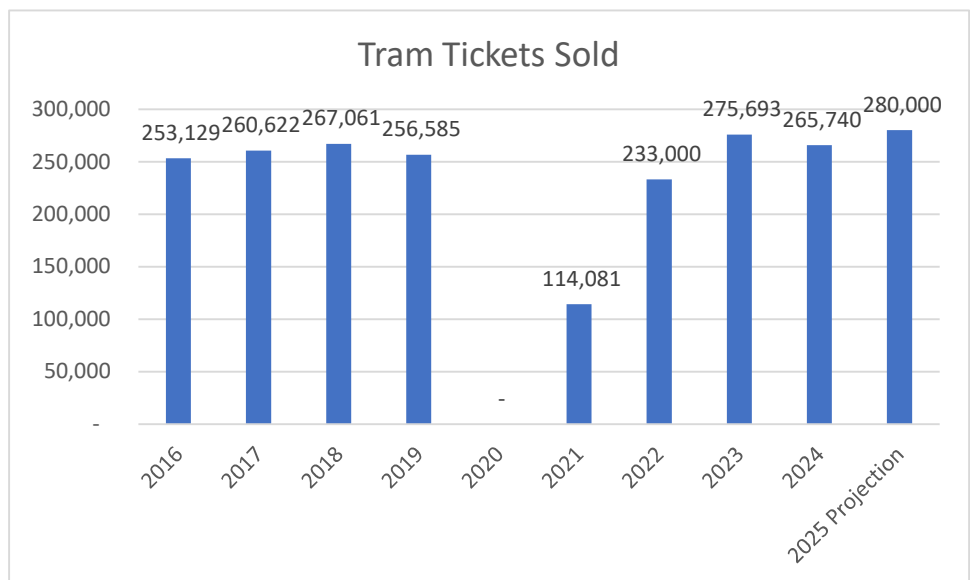
passengers walking off the cruise ships and bus pickup/drop off traffic. There is a good blend of open space and tourist venues especially for retail sales, the Mount Roberts tram, parking/transfer areas, the public library, etc. Figure 2.5 shows the subject's position within this heavy traffic flow area.

The subject lower tram site is well located in this area which also reflects the highest rents in the market. A current survey of retail rents in this prime competitive area indicates the 2025 season has monthly retail rents between \$5.50/SF to over \$7.50/SF. The best located quality buildings with small space rented to jewelry shops have achieved the highest rents. The lesser quality buildings with larger spaces or with obsolete features are at the lower end. With some exceptions north of the Red Dog Saloon toward the end of the 200 block of South Franklin Street, rents are in the \$3.00/SF to \$5.00/SF range for first floor retail. The survey indicates rents in the 300 to 400 South Franklin Street blocks across from the subject achieve the highest rents. Our survey shows a comparison of rents between the pre COVID years 2018 and 2019 and the current expected rents have increased from 2% to 15%. In some cases, the rents have remained nearly the same resulting from the landlord consideration that the market has settled out and property owners are looking for stability rather than achieving the maximum rent with high turnover. This lesson was learned from the COVID years and the recovery from 2020 through 2022. The forecast is for stability to moderate growth.

### Tram Ridership

The tram ridership experience has mirrored many of the visitor indications in the subject neighborhood. The numbers were steady then dropped off to zero in 2020 and grown steadily through 2022 then leveling off at had a bit stronger than the pre COVID numbers.

The tourist visitation numbers impact the tram ridership and revenues, but the tram numbers tend to fluctuate less. The tram may be near practical operating capacity although weather and other elements impact ridership and revenue.



**FIGURE 2.6 MOUNT ROBERTS TRAM RIDERSHIP 2016 THROUGH 2025 PROJECTION. SOURCE GOLDBELT.**

South Franklin Retail Sales

The retail core area is along South Franklin Street, with primary retail activity closer to the city docks where more passengers are concentrated in the drop off and pickup areas.

Overall retail spending in the area has increased to coincide with the increased visitation from cruise ships. According to the City and Borough of Juneau Sales Tax Office records for tourism spending reflected in Figure 2.7 below. This shows the steady build up to 2019 and then the crash of COVID years 2020 recovering through 2023 and exceeding the 2019-year numbers in the last few years.

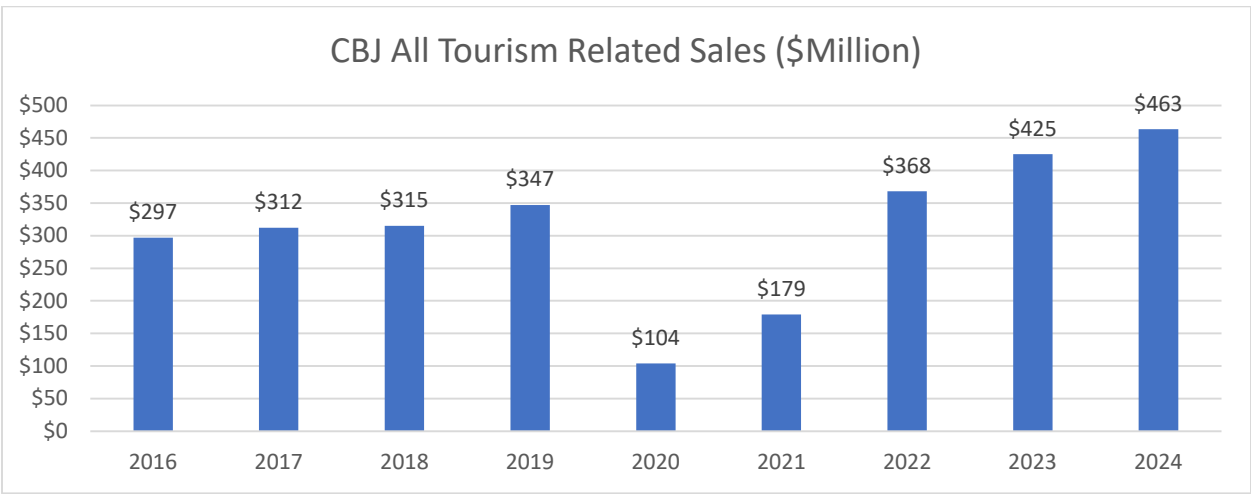


FIGURE 2.7 TOURISM RELATED GROSS RETAIL SALES REPORTED BY CBJ FINANCE DEPARTMENT

Isolating just the jewelry stores and art galleries retail sales, which are predominant in the 300 to 500 block of S Franklin Street, show a leveling of gross sales over the last three years after an increase from the highs of 2018 and 2019. See Figure 2.8. Anecdotally retailers indicate that cruise ship passengers, although increasing, in numbers, are not necessarily spending as much as they had in the pre COVID years. This confirmed a moderate increase we observed in the retail rental market in this part of S Franklin St.

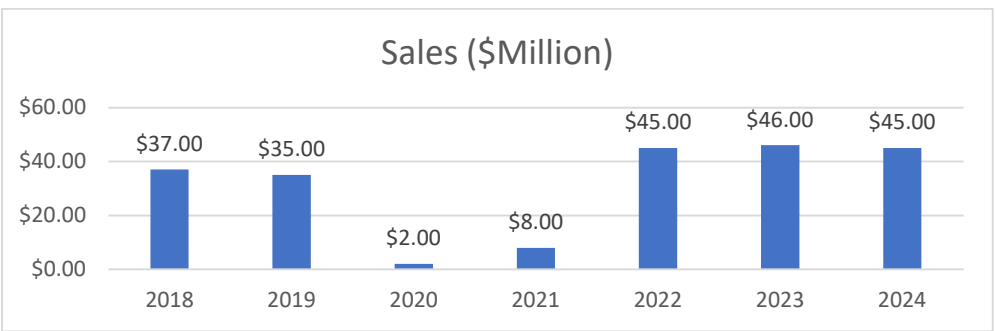
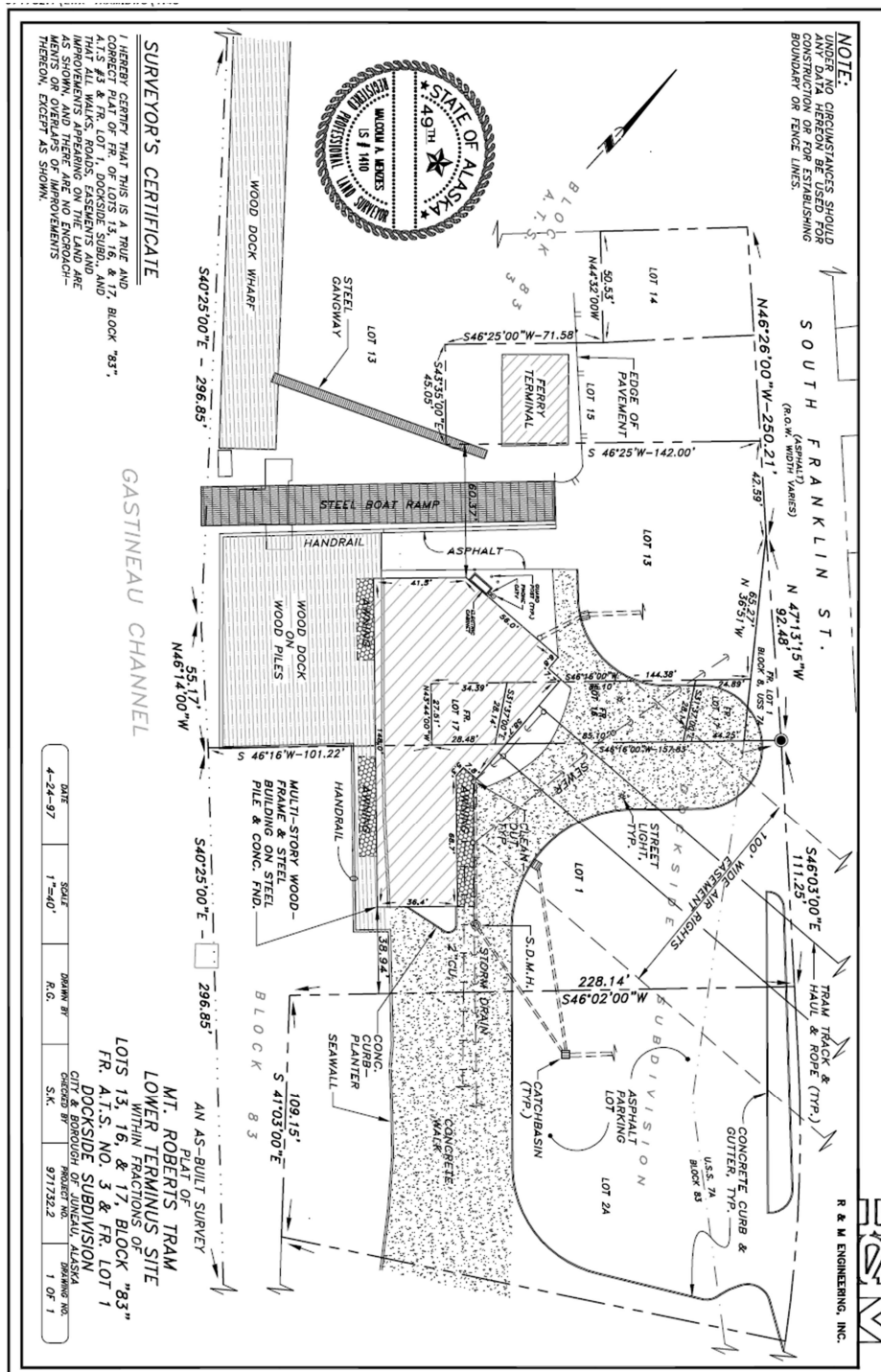


FIGURE 2.8 JEWELRY STORES AND ART GALLERY SALES.

## 25-024 | Goldbelt Aerial Tramway Lands Leased from the CBJ

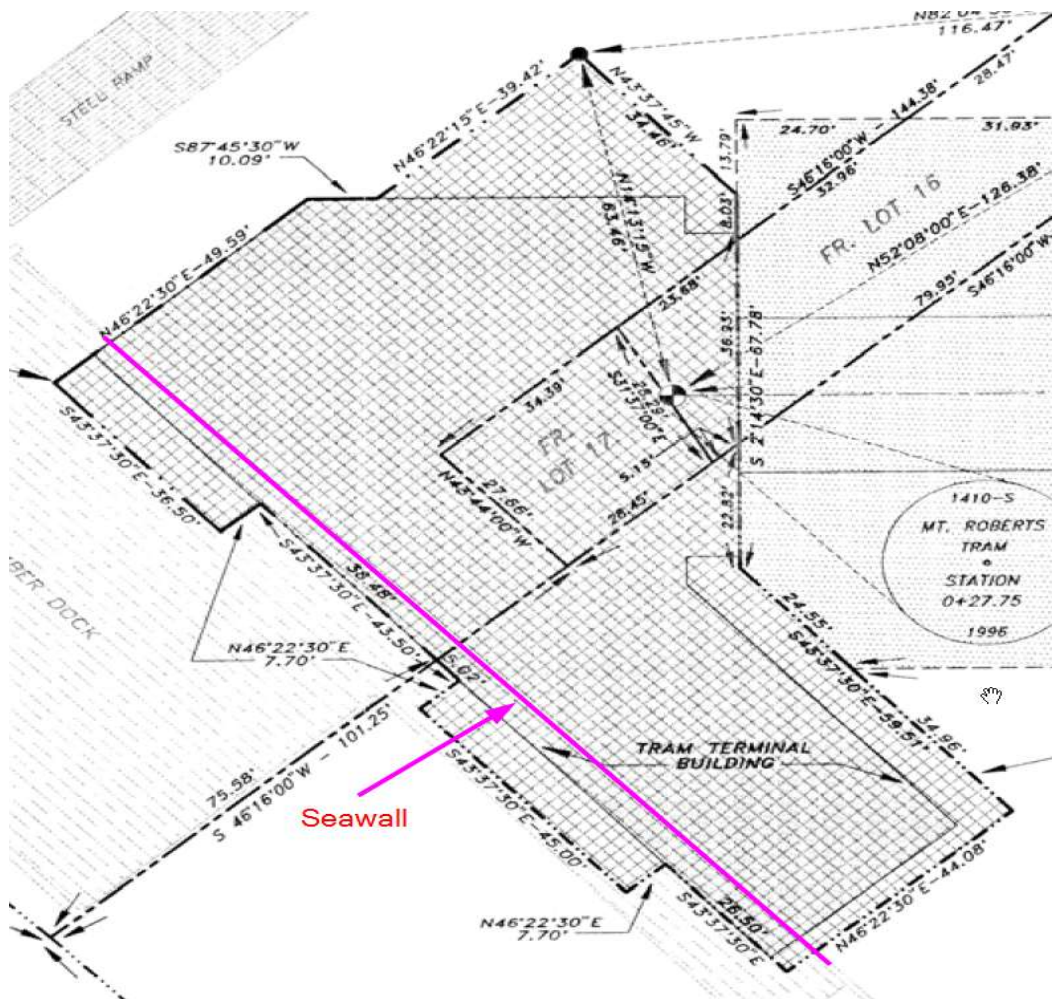




This appraisal is made to establish the base value for annual rent calculations of the land without consideration to the improvements, Section 4(e) states:

“The basis of the appraisal shall be the fair market value of the unimproved land of the Leased Premises including the Air Rights Easements at its highest and best use. The appraisal shall not consider any buildings or structural improvements above or below ground, landscaping, or paving. -The appraisal shall consider the Leased Premises as unimproved land without consideration of any lease restriction.”

As instructed by the lease, a record of survey was completed to establish the lower tram terminus site at 10,000 SF and the air rights easement area 100' wide covering various City properties as described in Figure 1.1 being 21,815 SF. An as-built survey was also completed; shown in Figure 3.1 showing the approximate location of the lower tram terminal site and the air rights easement over City lands.



**FIGURE 3.2 - Close up Excerpt Lower Tram Site Record of Survey Showing site size and approximate location of Seawall.**



### 3.1 LOWER TRAM TERMINUS SITE

This parcel is a combination of uplands, filled tidelands, and a limited amount of sloping uplands. The original shoreline has long been filled by the AJ Mine tailings and obscured. Filled tidelands have similar characteristics and utility as uplands. The subject is an irregular, roughly six-sided parcel, containing 10,000 square feet.

The appraiser has reviewed various Jensen Douglas architectural construction documents dated June 1995, prior to the tram development, which helps in understanding the pre-lease condition the site. Copies for reference are included in the addenda noted as; C-1 Lower Tram Existing Site Conditions, C-2 Site Plan, C-3 Retaining Wall Extension, S101 Lower Tram-lower Floor Foundation Plan, S201 Existing Seawall Section detail. An understanding of the site after construction is informed by the Record of Survey and the As-Built Survey Plat of the Mount Roberts Lower Terminal by R&M Engineering dated 1997, and the appraiser's walkthrough inspection of the site.

The requirements of the appraisal for the base rent adjustment considers the site be valued as unimproved land and "shall not consider any buildings or structural improvements above or below ground, landscaping or paving." Subsequent to the lease, the development of the land included significant site improvements to anchor the lower tram terminus and the terminal building.

#### Pre-Development Site

A study of the various documents and interviews with knowledgeable people suggest these filled tidelands were outside (above) the intertidal floodplain at an elevation of about 24 feet, gently sloping and drained. Originally the site was used for dumping raw waste from the AJ Mine and had been used as a sawmill with sawdust and woody debris likely encroaching on the shoreside portion of the site. Just prior to the tram development the site was used for parking for the nearby docks. The site had asphalt pavement and a seawall partially constructed of timber and partially precast concrete. The

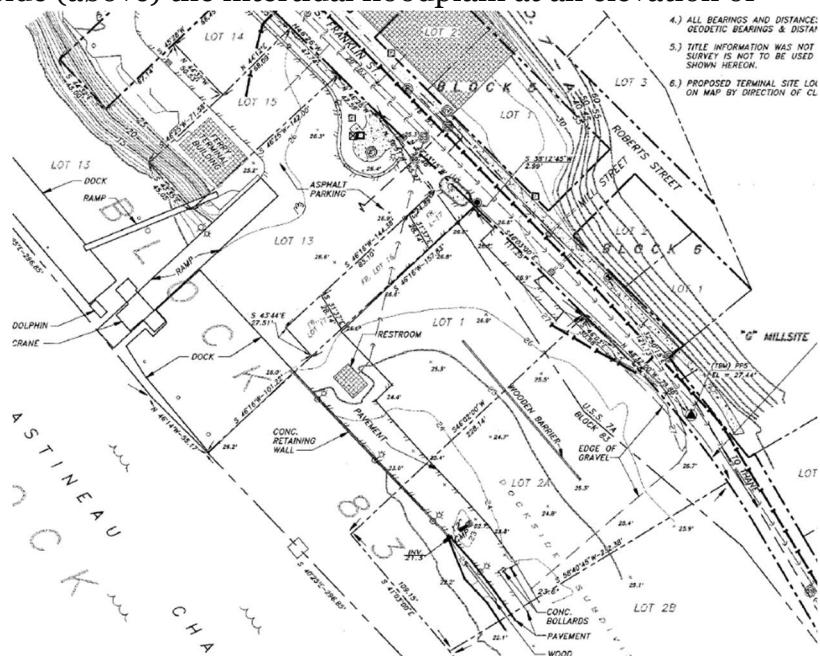


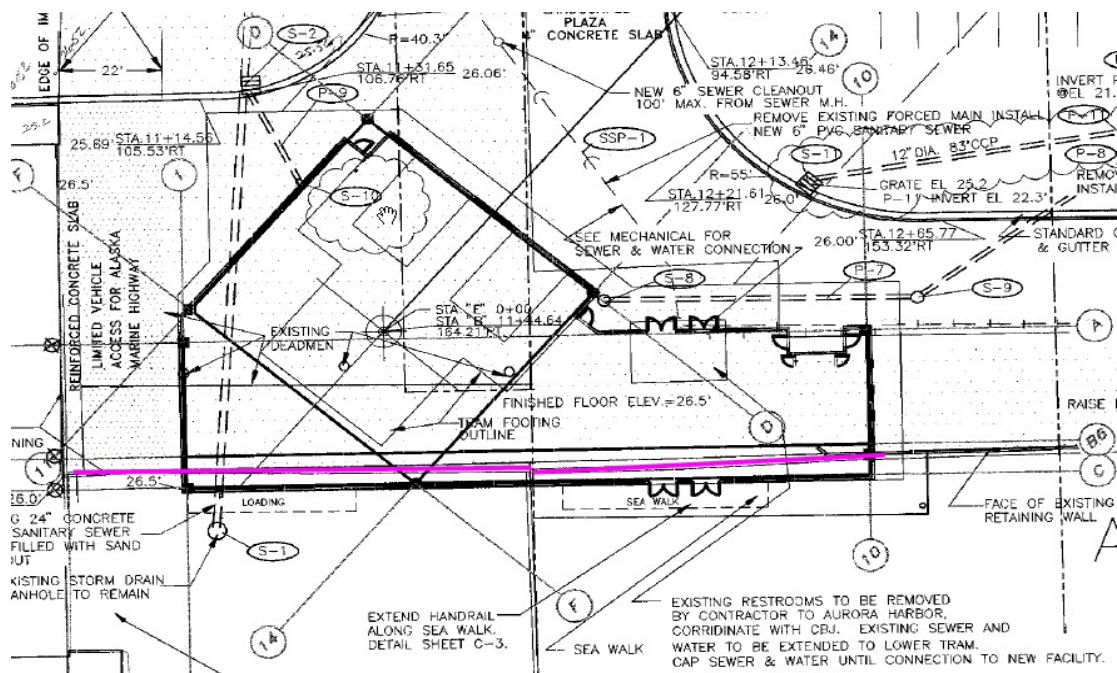
FIGURE 3.3 - Excerpt from Lower Tram Existing Conditions drawing C-1 Jensen Douglas architects

southwesterly strip of the site had sloping riprap fill probably ranging up to 6 to 8 feet inside the edge of the present building encompassing about 17% of the site.

The site was improved with a public restroom which was serviced by city water, sewer, and private electrical service. The site had good access to South Franklin Street to the north approximately 100 feet through the paved parking lot and dock access travel ways.

### Post Development Site Description

After development the site was built out with lower aerial tram foundation works in supporting the building. The final elevation was raised several feet which included an extension of the seawall height, additional compacted fill and pilings. The appraisal does not consider the in-ground improvements made by the lessee.



**FIGURE 3.4 - Excerpt from 1995 Site Plan drawing C-2 Jensen Douglas Architects showing existing utility hookups and proposed replacements and other off-site developments maintained by the City. Note seawall location highlighted by Horan and Company.**

## **Off-Site Amenities**

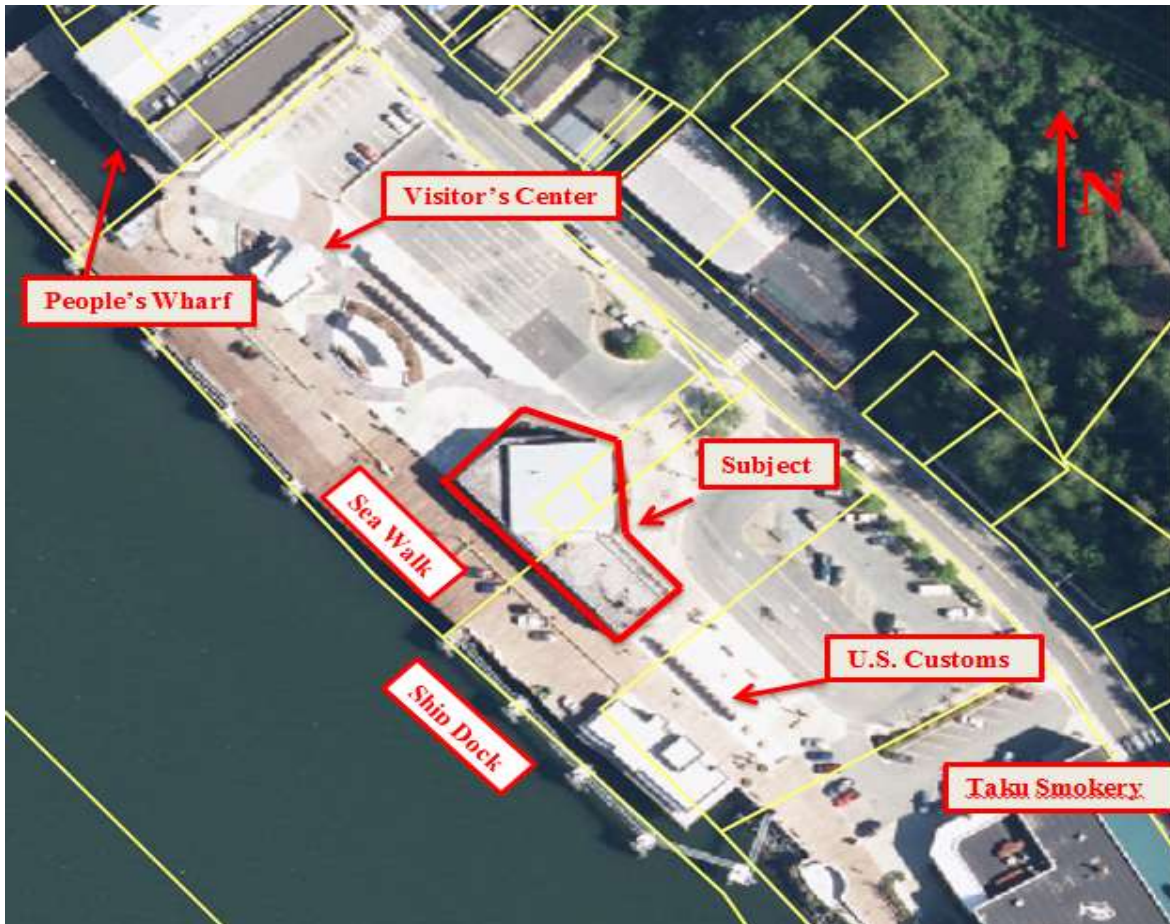
The sewer and water lines had been upgraded and replaced. The parking lot and access to South Franklin Street had been upgraded by the City with wide sidewalks, vehicle travel ways, bus turnarounds and other amenities to accommodate the flow of pedestrian traffic and tours into and out of the area. This included extensive offsite landscaping, paving, and sidewalk development. Dock access behind the building had been maintained by the City. These off-site public infrastructure improvements are considered as appraised as they influence the current neighborhood and provide public off-site amenities.

Over time the adjacent public areas around the Lower Tram and South Franklin Street have been upgraded by the City. Figure 3.5 show the Seawalk which connects three cruise ship berths behind the South Franklin Street corridor, the extensive concrete walkways, vendor booths for selling tours, bus pickup and drop off areas, landscaping, etc.

The neighborhood was further improved with two new Neo-Panamax class floating docks, the southern one in 2016 and the northern one in 2017 (see Figure 3.6).

As appraised, the subject Lower Tram site is a 10,000 square foot irregular site. It is 151.5 feet wide with exposure to cruise ships to the southwest and the pedestrian traffic from South Franklin Street to the northeast. The northern border of the site is nearly 100 feet facing toward the Visitors Center and People's Wharf commercial building. The southern width of the site is about 44 feet facing the U.S. Customs and Border Protection Office and Taku Smokery/Twisted Fish restaurant and the parking area. The site's shape with extensive perimeter and exposure makes it ideal for retail store front development.

The site is mostly level (80% plus) and filled to grade with the exception of the southwesterly edge approximately 1,700 SF or 17% more or less which is riprap rock sloping toward the water.



**FIGURE 3.5 - 2013 Aerial Photography showing the subject's site and immediate area indicating approximate condition of area July 2012.**



**FIGURE 3.6 - Photo taken in February of 2020 showing the new Neo-Panamax docks relative to the SeaWalk and subject property.**

**Utilities and Access**

The site is serviced with city sewer and water, and private utilities including power, trash collection, phone, cable, internet, and fuel delivery available.

The site has public access on all sides. It has vehicular access through the adjacent municipal parking lot and tour bus staging area leading to the subject from South Franklin Street. It has direct access to the Seawalk and cruise ship offloading area along the southwest 151-foot border. The remaining perimeter of the site is developed with public sidewalk access.

**Site Improvements**

This appraisal does not include consideration for any pavement, sidewalk, dock, or structures on the site or in the site. This appraisal does not include the retaining wall along the southwest edge of the site. Nor does the appraisal include any utilities extended into the site. The site is appraised as filled uplands, mostly at grade, as further described in its pre-developed condition.

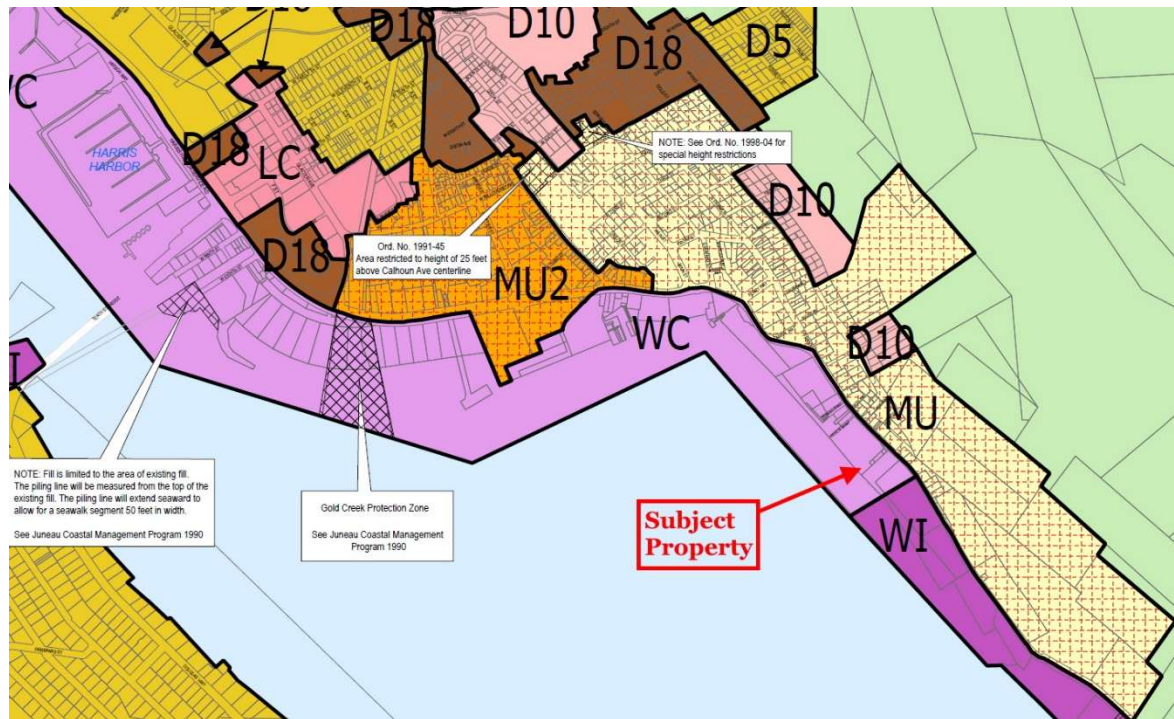
**Functional Utility**

The market would regard this as a typical upland commercial site with good exposure to cruise ship passenger traffic. The site is fully usable. The site has an excellent shape being over 150 feet wide with an average depth of about 67 feet (10,000SF/ 150'). This maximizes its exposure to retail, tourism traffic both from the Seawalk and South Franklin Street.



### 3.2 ZONING

The subject is zoned Waterfront Commercial (WC). The waterfront commercial district, is intended to provide both land and water space for uses which are directly related to or dependent upon a marine environment. Such activities include private boating, commercial freight and passenger traffic, commercial fishing, floatplane operations, and



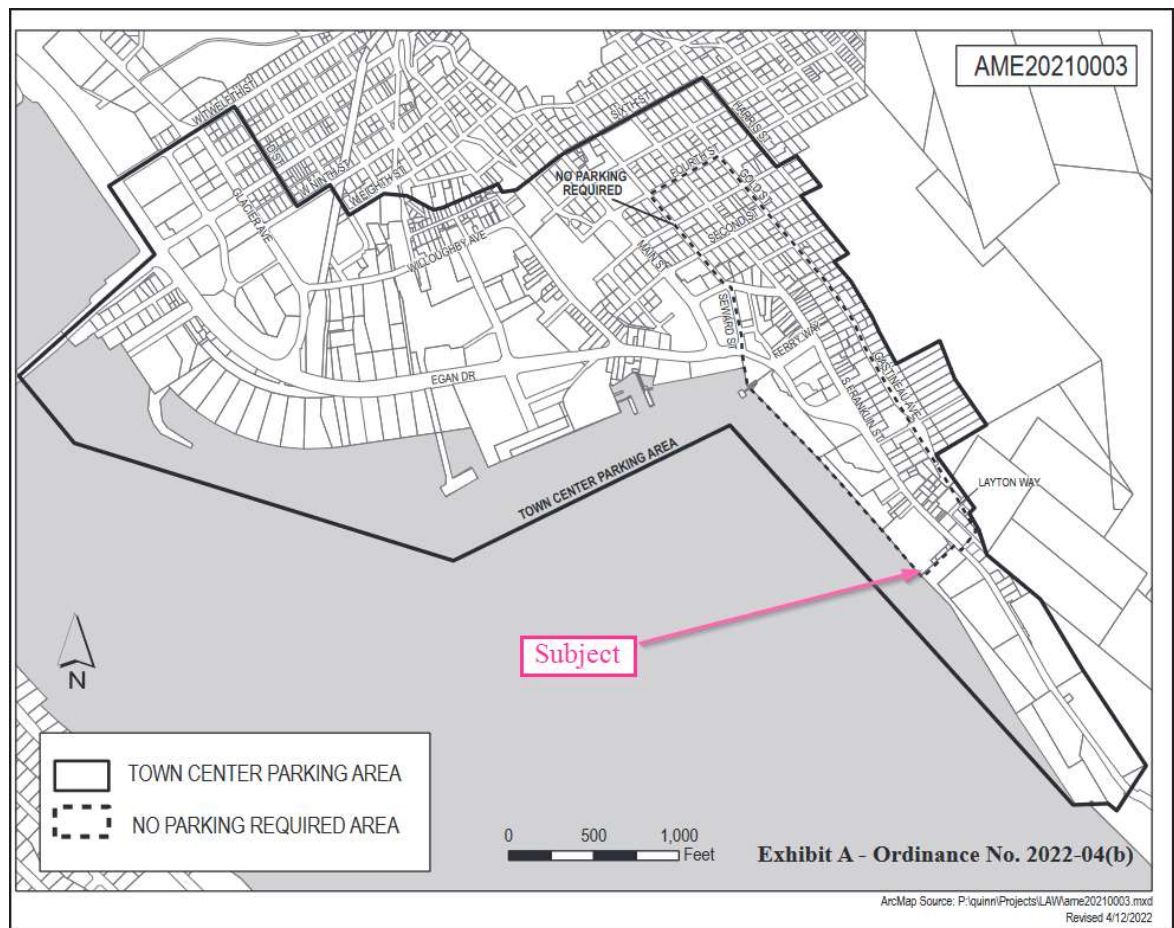
**FIGURE 3.7 - Zoning Map**

retail services directly linked to a maritime clientele. Other uses may be permitted if water-dependent or water-oriented. Properties of similar zone between Franklin Street and the docks have been developed with retail-oriented uses.

#### **Parking Districts**

The parking ordinance changed in March of 2022. The subject was in the former Parking District PD2, which allowed owners or property developers a reduction in the parking requirements of up to 30%. The new “No Parking Required” Area establishes an area where properties can be developed with no requirement for parking which in many cases enhances their development potential. The subject is in the Town Center Parking Area which addresses many issues that had to be dealt with on an individual basis and caused some confusion and development constraints within the area. For instance, it establishes the distance that off-site parking can be provided for development on a certain site. There is still a fee in lieu of opportunity to satisfy parking requirements. There is a mechanism for joint use parking where the requirement can be satisfied with parking provided at different times of day for instance evening theater users can get credit for the same space with daytime office users. The parking space requirements

were reduced 50% to 100% of the standard requirement depending on the use. Still many uses require parking to make them feasible to achieve the best economic rent for offices, some residential and some retail for instance.



**FIGURE 3.8 - PARKING DISTRICT MAP SHOWING THE SUBJECT.**

### **FEMA Requirements**

Legal constraints on this site include a FEMA prohibition on non-waterfront dependent uses below the 15.4' high tide mark, not precluding the construction of a dock.

### **3.3 ASSESSED VALUATION AND TAXES**

Although the subject property is owned by the City and Borough of Juneau (City), the extent of the private leaseholder's possession is assessed and taxed according to state law as a possessory interest. Typically, the possessory interest is calculated as the difference between the current fee simple value and the present value of the reversion of the exempt owner (the value returned to the City) at the end of the term of possession.



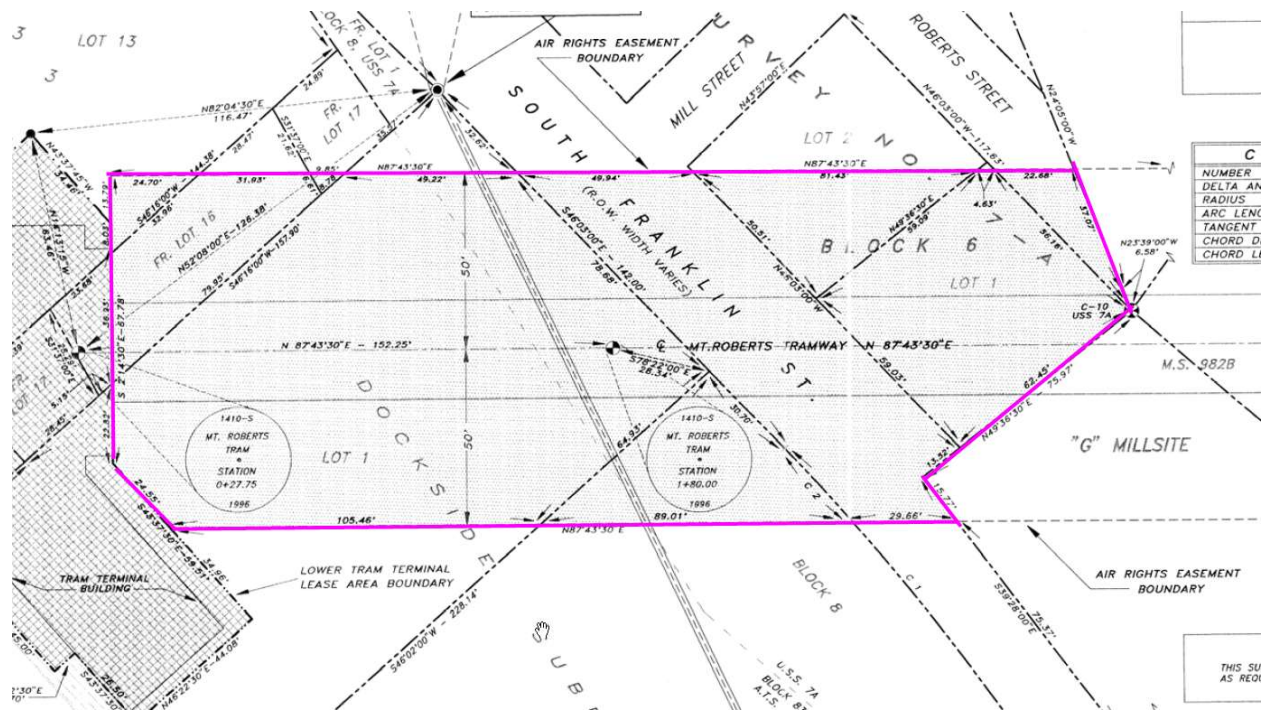
The subject is identified by the assessor's office as 490 South Franklin Street. Its assessor parcel number is 1C100K830011.

Land	\$2,201,721
Improvements	<u>\$1,669,138</u>
Total value	\$3,870,859

The 2024 mil rate for Juneau 10.16 mils indicating annual real estate tax of \$39,328.00.

### 3.4 DESCRIPTION OF AIR RIGHTS

As indicated in Figure 3.6, the air rights extend due east of the irregular-shaped lower tram landing site. These air rights extend 50' north and south of the center line of the tram and run over portions of Lot 13, Block 83, a fraction of Lot 15, portions of Lots 1 and 2A of the Dockside Subdivision, portions of Lots 1 and 2 of Block 6, and the Roberts and South Franklin Streets' rights-of-way. The air rights apparently terminate to the east where they enter AJT Property's land they encompass. The subject easement area is 21,815 SF. The approximate center line length of the tramway is about 275 feet based on the northern line of the aerial lease area outlined below.



**FIGURE 3.9 - Drawing of air rights excerpted from the lower tram site record of survey.**

These air rights are unspecified as to their exact height or what the aerial box or three-dimension corridor may include. Apparently, the air rights do not inhibit other uses along the ground being of a sufficient height to allow other normal activities.

A significant portion of the air rights, (over half), go across the City Dock and Harbor parking lots between the waterfront and South Franklin Street. The air rights use then

continue to rise steeply up Mt. Roberts across Franklin Street to vacant lots and a portion of Roberts Street as the topography begins to rise. The lots across South Franklin Street and Roberts Street are not developed; they are brushy with small trees.

As part of the tram operation, they would be an important part of the aerial corridor to get from the lower to the upper site.

### **Composite Tram Aerial Easement**

Figure 3.10 below shows the three property ownerships over which an aerial easement or lease has been acquired to complete the aerial tram corridor. The red outlined area to the left (west) roughly approximates where the CBJ aerial easement defined as approximately 100 feet wide extending approximately 275 feet. The aerial easement continuing easterly noted by the blue line roughly defines the AJT Mining Properties lease which continues through DNR lease area (green) onto the upper tram landing, restaurant, gift shop, and nature center complex. We scaled the aerial tram centerline through AJT Mining Properties land at approximately 1,575'. The AJT lease is broken by DNR lease, approximately 750' long and 100' wide. As rented the DNR lease appears to be overstated at 2.35 acres. The estimated overall tram aerial easement length is about 2,600'.



**FIGURE 3.10 - CBJ Ariel GIS overlay with various easement areas noted by appraiser. Area to the left in red reflects the location of the CBJ area lease. Central area in green shows the DNR area lease and the blue line represents the AJT lease area. These drawings are approximate and not to scale.**

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## 4 VALUATION

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### 4.1 HIGHEST AND BEST USE

Highest and Best Use is defined as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

*The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, page 93*

The lease requires the property be appraised at its Highest and Best Use without consideration of the lease use limitations or other requirements of the lease. The following discussion considers the lower tram site's 10,000 square foot parcel's Highest and Best Use.

The subject site is mostly level at grade (80% +) in a prime location, having a wide 150-foot exposure to the cruise ship dock wharf to the southwest and to the heavily trafficked retail opportunities of South Franklin Street to the northeast. Historic development confirms that zoning allows tourist-oriented retail sales. The site is available for a variety of legally permissible commercial retail uses and is physically suitable for such development.

There are a number of feasible possible commercial uses oriented towards the cruise ship trade such as the development of various attractions, tour sales, retail sales, and related uses. The 300 and 400 Block along South Franklin Street generates some of the highest rents in the market area. The most financially feasible and maximally productive use would be for development of a retail building typical of similarly situated properties in the immediate area.

### 4.2 LAND VALUATION

We have observed dozens of transactions over the last 30 years in the subject neighborhood. Over the last 10 years several transactions occurred that suggest nearly \$100/SF to well over \$300/SF. The following three indicators were found to be most helpful in establishing SF value for the subject lower tram site. These transactions are summarized in the following table and detailed in the addenda of this report.



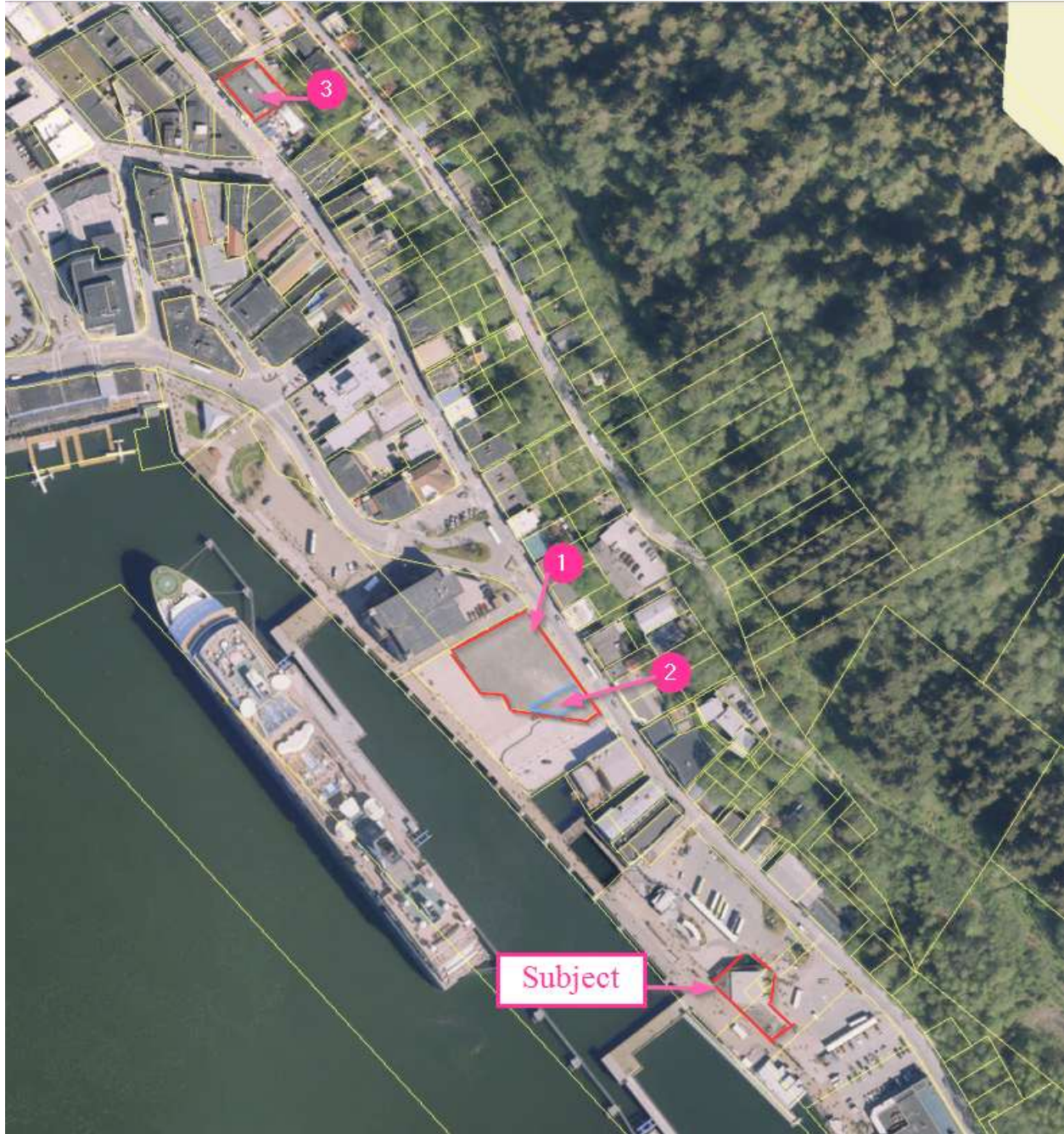


FIGURE 4.1 SUBJECT AND COMPARABLE TRANSACTIONS LOCATION MAP

<b>TABLE 4.1 - Summary Market SF Value Calculations</b>						
<b>Comp No.- (ID No.)</b>	<b>Address</b>	<b>Sales Date</b>	<b>Transaction Type</b>	<b>Price</b>	<b>SF Size</b>	<b>Adjusted SF Value</b>
1 - 12504	356 S. Franklin	5/2025	Listing	\$11,000,000	33,875	\$324.72
2- 11511	346 S Franklin	4/2019	Trade- Sale	\$1,252,400	4,193	\$298.69
3 - 12423	109 S. Franklin	6/2023	Sale + Demo	\$2,660,000	11,048	\$240.77

### Quantitative Adjustments

Quantitative Adjustments are made to **Comp 2** to allocate that portion of the exchange/sale that related to the level filled area along S Franklin that was acquired by Archipelago. Quantitative adjustments were also made to **Comp 3** which was the purchase of a building for \$1,160,000. The building was torn down and retaining walls were constructed for another \$1,500,000. This sale is adjusted to \$2,660,000 for what would be characterized as uplands. About 75% of the site is usable at road grade.

### Qualitative Analysis

The remaining elements of comparison, change in market conditions, conditions of sale, location, and development potential are made in a qualitative manner since discrete adjustments discerned from the market to make quantitative adjustments are not reliably available. The indicated price per SF is qualitatively ranked in the following discussion. If a comparable attribute is superior to the subject, a minus rating of -1, -2, or -3 is made, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating is made to weigh this with other attributes towards the subject with a +1, +2, or +3, depending on the severity. The gradation of weighting 1 to 3 is used since all qualitative attributes are not equally weighted within the market.

The **market conditions** are similar among all the transactions. Comps 1 and 3 occurred since 2023 and Comp 2 occurred in 2019 where the market conditions were similar pre COVID.

**Conditions of sale** is rated similar between the subject and Comps 2 and 3 as appraised. These transactions were based on rational market criteria of competitive sales or supported by appraisal or other economically driven market-related factors. Comp 1 is a recent listing at a price that reflects an increase of 22% over its allocated purchase/trade price in 2019 and 16% over the 2025 assessment. This unique, vacant

property in this built out neighborhood does not appear to be excessively overpriced but the current asking price would represent the top end of the market reflecting a superior -1 conditions of transaction (sale) rating.

**Property rights** are considered similar among the transactions as there were no significant inhibitions to use of these properties for their highest and best use.

**Location** considers site prominence as exposure to pedestrian or vehicular traffic and ease of access. Comp 1 is in the 100 block of S Franklin St. which is inferior +1 for pedestrian tourist exposure although this area is increasing in popularity with the current high volume of cruise ship passengers. Comps 2 and 3 are in the subject competitive area in the 300 block of S Franklin and are rated similar.

**Development potential** is related to the physical characteristics of the site. The subject as appraised slopes downward towards the water at seaward edge and had some soft soil/fill issues. Comp 1 is level and had been recently excavated and back filled with good material during the construction of the marine improvements by the CBJ in 2020. It is rated superior -1 to the subject. Comp 2 had not been excavated and prepped at the time of the transfer and is rated similar in this regard. Comp 3 even after development had a significant part of the site hillside not readily available for development and is rated interior +2.

### **Summary and Relative Ranking**

The rankings discussed above relative to the lower tram site on S Franklin St. indicate the relative ranking of the square foot value of the subject and brackets it as summarized in the following Table 4.2.

<b>Table 4.2 – Qualitative Rating Grid Values per SF</b>							
<b>Characteristics</b>	<b>Subject</b>	<b>Comp 1 #12504 356 S Franklin</b>		<b>Comp 2 #11511 346 S Franklin</b>		<b>Comp 3 #12423 109 S. Franklin</b>	
Price		\$11,000,000		\$1,252,400		\$2,660,000	
Size (SF) Tot 19,916 SF	10,000 SF	33,875 SF		4,193 SF		11,048 SF	
Indicated SF Value of Upland	Solve	\$324.72/SF		\$298.69/SF		\$240.77/SF	
Market Condition (Time)	5/2025	5/2025	0	4/2019	0	6/2023	0
Condition of Sale	Typical	Superior	-1	Similar	0	Similar	0
Property Rights	Fee	Similar	0	Similar	0	Similar	0
Location	Good Prominence	Similar	0	Similar	0	Inferior	+1
Development Potential	Some Sloping Soils	Superior	-1	Similar	0	Inferior	+2
Net Rating		Superior	-2	Similar	0	Inferior	+3
The Subject Value Is:		Less Than \$324.72/SF		Similar to \$298.69/SF		More Than \$240.77/SF	

The data brackets the subject between \$240/SF and \$325/SF. The most similar indicator is at nearly \$300/SF is given most weight. The appraiser has considered this in the background of dozens of other comparable indicators including capitalized leases and building allocations from recent past sales. Based on this market evidence the indicated value of the lower tram site is estimated at \$300.00/SF as of May of 2025. The value is summarized as follows.

**10,000 SF at \$300.00/SF equals \$3,000,000**

The calculated annual rent value at 9% is \$270,000 for the tram site.



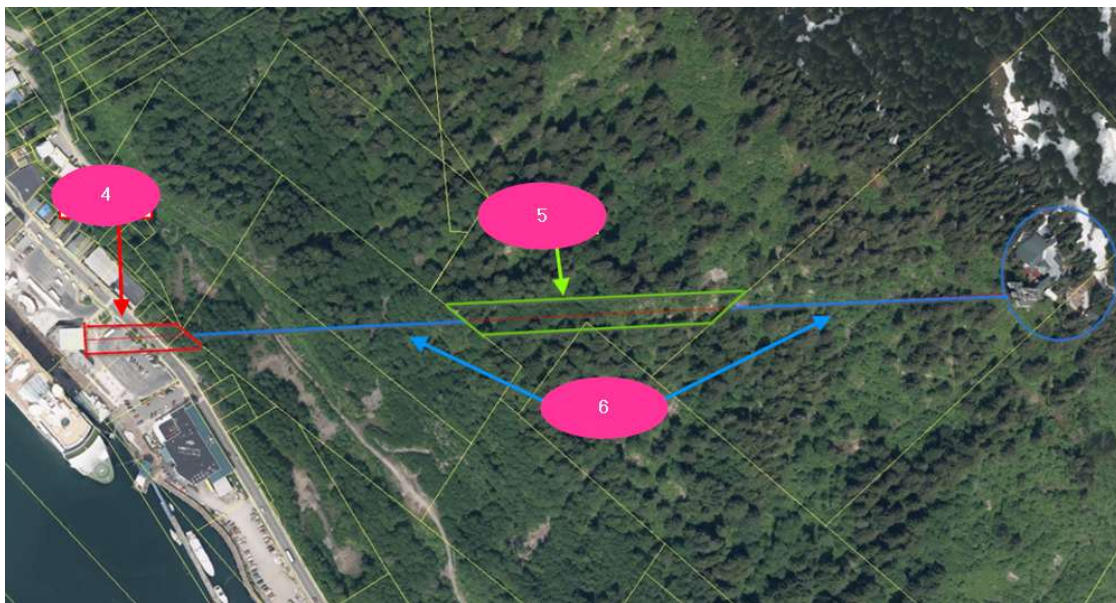
### 4.3 AIR RIGHTS VALUE

The Highest and Best Use of the air rights would be for the tram use as leased. It appears the tram operation produces a positive cash flow and therefore the tram use would be the highest and best use of these air rights.

Value of the air rights are estimated based on the capitalized rent for nearby air rights. Transactions of air rights are very infrequent. The following three rental comps are the best guidance for estimating their values. Comp 4 is the CBJ Docks and Harbor Board allocation of the subject aerial rights in 2015 of \$2,000 per year capitalized at the current contract lease rate of 9%. Comp #5 are the adjacent DNR air rights which were most recently reevaluated in 2021 at \$8,000 per year capitalized at the market lease rate of 8%. Comp 6 is the AJT base rent rate for the upper tram site reported for 2024, \$27,163 per year capitalized at the contract lease rate of 10%. Implicit in the upper tram lease with AJT Mining Properties is the air rights and utility easements.

These capitalized value indicators are summarized in the table below.

<b>TABLE 4.5 - Aerial Tram Rents Capitalized to Indicate SF Values</b>					
<b>Comp No- (Rec. No.)</b>	<b>Lessor</b>	<b>Transaction Date</b>	<b>Capitalized Value</b>	<b>S.F. Area</b>	<b>S.F. Value</b>
Comp 4 – (#12515)	CBJ	Mar-2015	\$22,222	21,815	\$1.02
Comp 5 – (#7633)	DNR	Jul-2021	\$100,000	98,010	\$1.02
Comp 6 – (#7879)	AJT	Jan-2024	\$271,630	49,597	\$5.48



**FIGURE 4.4 – Comp location map**

**Comps 4 and 5** are most similar and were set nearly 10 years ago. Comp #4, the subject air rights, were set at \$2,000 a year nearly 10 years ago. The market has gone up and then down since then and this older value is felt to be relevant in today's market. The official 2021 DNR review of Comp 5 for rental adjustment has repeatedly affirmed that there is no reason to reevaluate the rent for this type of unusual transaction, since the market has not shown any positive appreciation over this period of time. A recent interview with DNR personnel<sup>3</sup>, who would oversee this process, did not see a reason to reevaluate the easement rental in the current market. Comp #6 is the renegotiation of the base rent for the upper tram site which has limited utility as compared to the lower tram site because of lack of alternative uses. This base rent also has not changed significantly over these market fluctuations. Comp 6 is given least weight. Comps 4 and 5, at \$1.02/SF each, are given most weight suggesting a nominal value at \$1.02/SF.

Applying this adjustment to the nominal \$1.02/SF value suggests the aerial rights would have a value of as follows.

$$21,815 \text{ SF at } \$1.02/\text{SF} = \$22,251.30$$

The indicated annual rent at 9% is \$2,002.62

#### **4.4 BASE LAND VALUE RENTAL ADJUSTMENT**

Based on this appraisal, the base land value for lease calculations effective May 15, 2025 can be summarized as follows:

Lower Tram Site Terminal 10,000 SF	\$3,000,000
Air Rights Easement 21,815 SF	<u>\$22,300</u>
Total Indicated Value	\$3,022,300

Based on the amended contract rent rate of 9% this indicates an annual adjusted rent of \$272,007.

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<sup>3</sup> March of 2025 Kevin Hindmarch DNR review appraiser.

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# **ADDENDA**

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**SUBJECT PHOTOGRAPHS 05/12/25**



**PHOTO 1 – Looking northwest at the intersection of Second St (left) and Summit St(right) with Block 9 photo center. (134)**



**PHOTO 2 – Looking northeast from the intersection of West St and Second St at the subject. The unimproved section of West St is approximately where the boats and trailer are. (131)**



**SUBJECT PHOTOGRAPHS 05/12/25**



**PHOTO 3 – Looking east across the prepared Block 10 with the subject, Block 9, in the background. (128)**



**PHOTO 4 – Subject's frontage on First St. (123)**



**SUBJECT PHOTOGRAPHS 05/12/25**



**PHOTO 5 – Rocky outcrop along the frontage of Second St. The site has several outcroppings in the southern portion that may require blasting. (133)**



**PHOTO 6 – Lot interior looking northwest down the gradual slope. (136)**



**HORAN & COMPANY, LLC****LAND COMPARABLE NUMBER 1****Community:** 303 POW - Klawock Area**Address:** NHN A Street**Location:** Mary Jackson Subdivision**Recording District:** Ketchikan - POW  
**City:** Klawock**State:** AK**Zip:** 99925**Legal:** Lot 9, Block 2 Mary Jackson Subdivision, Plat 91-65, Ketchikan Recording District, First Judicial District, Alaska; Parcel Number: None**Instrument:** WD - **Serial:** 2020-001712-0**Sale:** \$39,000**Trans.Type:** Sale**Trans. Date:** July 22, 2020**Rights:** Surface**Grantor:** Michael A. Melendrez**Terms:** Cash**Grantee:** Belo Enterprises LLC (Chris Balovich)**Size (SF):** 12,500**Frontage: 100 ft** Road**Zone:** Residential**Utilities:** All**Access:** Road, gravel**Improvements:** None**Land Class:** Non-WTFT, Vacant, Residential**Topography:** Level**Vegetation:** Brushy, Wooded**Soil:** Organic Material**Present Use:** Vacant**Intended Use:** Multi-family**Highest and Best Use:** Residential**Comments****Analysis:**

\$3.12/SF

**Market Info:**

Listed 03/28/2019 at \$44,900. Lowered to \$42,900 on 12/04/2019. Lowered to \$40,000 on 5/22/2020.  
 Had been listed previously as 18-13075 on 07/30/2018 at \$50,000,  
 Total DOM: 614.

Confirmed with: AK FlexMLS

Confirmed date: 10/08/2020

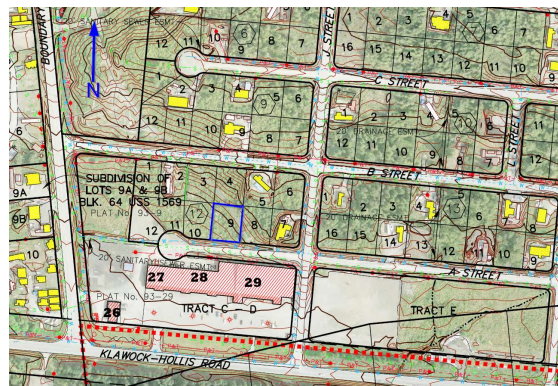
Confirmed by: J.Horan

Revision Date: 11/6/2020

Record Number: 11650



101020 (6)



Record Number: 12514

**HORAN & COMPANY, LLC****LAND COMPARABLE NUMBER 2****Community:** 35 POW - Craig City - West & East**Address:** 500 Cedar Street**Recording District:**  
**City:** Craig**Ketchikan - POW****State:** AK**Zip:** 99921**Location:****Legal:** Lot 4, Block 9, USS 1430; Parcel Number: WC-117-040**Instrument:** QCD - **Serial:** 2024-002057-0**Trans.Type:** Sale**Rights:** Fee Simple**Terms:** Cash**Sale:** \$88,000**Trans. Date:** October 9, 2024**Grantor:** Fred & Wendy Hamilton**Grantee:** Frederick III & Anjuli Hamilton**Size (SF):** 6,875**Frontage:****Zone:** HDR**Utilities:** All**Access:** Road, paved**Improvements:** None**Land Class:** Non-WTFT, Residential**Topography:** Sloping**Vegetation:** Cleared**Soil:** Buildable**Present Use:** Vacant**Intended Use:** Unknown**Highest and Best Use:** Residential**Comments****Analysis:**

\$12.80/SF

**Market Info:**

Family sale appears to be at market

Confirmed with: City of Craig/MARS

Confirmed date: 05/14/25

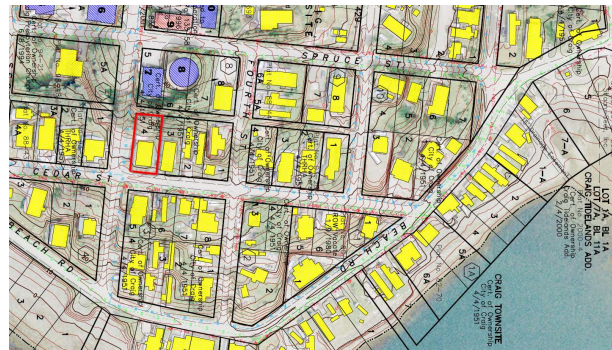
Confirmed by: J.Horan

Revision Date:

Record Number: 12514



Photo 3-8-2025



**HORAN & COMPANY, LLC****LAND COMPARABLE NUMBER 3****Community:** 33 POW - Klawock Town**Address:** Cemetery Road**Recording District:**  
**City:** Klawock**Ketchikan - POW****State:** AK**Zip:****Location:****Legal:** Lots 5A, 5B, 5C, 6A, 6B, 6C, and 7B, Foxglove Subdivision, Plat 2018-36;**Instrument:** WD -**Serial:****Sale:** \$500,000**Trans.Type:** Sale**Trans. Date:** December 20, 2021**Rights:** Surface**Grantor:** Francine Weatherford**Terms:** \$166,667 down, \$333,333 seller  
financed**Grantee:** Alaska Power & Telephone**Size (SF):** 151,599**Frontage:****Zone:** None**Utilities:** Electric**Access:** Road, gravel**Improvements:** None**Land Class:** Waterfront, Vacant, Commercial**Topography:** Level**Vegetation:** Cleared**Soil:****Present Use:** Storage**Intended Use:** Storage**Highest and Best Use:** Industrial**Comments****Analysis:**

\$ 143,668.49 /AC

\$3.30/SF

**Market Info:**

Confirmed with: Bill Farrell

Confirmed date: 04/24/2024

Confirmed by: J.Horan

Revision Date:

Record Number: 12421



2024-04-24

**HORAN & COMPANY, LLC****LAND COMPARABLE NUMBER 4****Community:** 35 POW - Craig City - West & East**Recording District:**

Ketchikan - POW

**Address:** 601 Main St**City:** Craig**State:** AK**Zip:** 99921**Location:** Harborview Trailer Park, Corner of 5th and Main in West Craig**Legal:** Lots 1-8, Block 13, USS 1430, Plat 81-68, Ketchikan Recording District, First Judicial District, Alaska; Parcel Number: WC-123-010**Instrument:** WD - **Serial:** 2023-000705-0**Sale:** \$470,000**Trans.Type:** Sale**Trans. Date:** April 11, 2023**Rights:** Assumed Fee Simple**Grantor:** Ronald Umland, SR**Terms:** Seller financed \$163,500**Grantee:** Misty Sea Charters & Lodging LLC**Size (SF):** 58,300**Utilities:** All**Frontage:** 750**Access:** Road, paved**Zone:** HDR**Improvements:** 10 mobile home spaces**Land Class:** Non-WTFT, Residential, Commercial**Topography:** Level, Sloping**Vegetation:** Cleared**Soil:** Buildable**Present Use:** Mobile Home Park**Intended Use:** Unknown**Highest and Best Use:** Residential**Comments**

The plat notes that the 15 foot city alley was vacated, creating eight lots each 7,287.5 SF. The MLS notes that there are 10 mobile home spaces with space for four more.

**Analysis:**

\$8.06/SF

**Market Info:**

Confirmed with: Assessor/MARS card

Revision Date: 5/14/2025

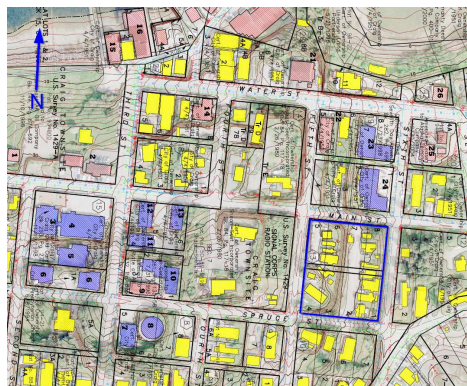
Confirmed date: 05/14/25

Record Number: 12512

Confirmed by: J.Horan



100920 (107)





## OPTION AGREEMENT AND RIGHT OF FIRST REFUSAL

This OPTION AGREEMENT AND RIGHT OF FIRST REFUSAL (this “**Agreement**”) dated as of March \_\_, 2025 (the “**Effective Date**”) is between CITY OF KLAWOCK (“**Optionor**”), and SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM, an Alaska nonprofit corporation (“**Optionee**”).

### RECITALS

- A. As of the Effective Date, Optionor has agreed to allow Optionee to have an appraisal completed and an ALTA and TOPO Survey the following property known as Block 9: See exhibit A
- B. Optionor wishes to grant to Optionee, and Optionee wishes to obtain from Optionor, an irrevocable and exclusive option to purchase the Property (the “**Option**”) and a Right of First Refusal (“**ROFR**”) on the Property on the terms set forth herein.

### AGREEMENT

NOW, THEREFORE, in consideration of the One Dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Optionor and Optionee agree as follows.

1. **Grant of Option.** Subject to the terms of this Agreement, Optionor hereby grants to Optionee the Option and ROFR to purchase the Property.
2. **Option Period.** The term of the Option (the “**Option Period**”) commences on the Effective Date and expires on the two-year anniversary of the Effective Date (the “**Option Termination Date**”), unless duly extended, exercised or sooner terminated as provided below in this Option Agreement.
3. **Exercise of Option.** At any time during the Option Period, Optionee may exercise the Option by timely sending Optionor a written notice of Optionee’s intention to exercise the Option (“**Exercise Notice**”). Optionee shall have the right to purchase the Property, and the Optionee shall portion of the Property to be purchased in the Exercise Notice. Within 15 days of the date of Exercise Notice, the parties shall execute a purchase and sale agreement for purchase of the Property which will provide for: (i) not less than a 30-day due diligence period; (ii) conveyance of the Property by statutory warranty deed; and (iii) a purchase price for the Property reasonably agreed by Optionor and Optionee. If Optionee does not timely exercise the Option in the manner described herein on or before the Option Termination Date, this Agreement shall terminate and neither party shall have any further obligations hereunder except for those that expressly survive termination of this Agreement.
4. **Right of First Refusal.** In the event that Optionor receives, during the Option Period, an bona fide offer from a third-party to purchase the Property (or any portion of or lot of the Property), then Optionor shall first offer the Property to Optionee for sale on terms and conditions no less favorable than those offered by the third party purchaser. Optionor and



Optionee shall have 30 days to complete a purchase and sale of the Property provided that, irrespective of any purchase price offered by a third party for the Property, Optionee shall have the right to purchase the Property for the appraised value.

**5. Assignment of Option.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs or successors and permitted assigns. Optionee may assign its interest under this Agreement without the prior consent of Optionor.

**6. Recording.** This Agreement may be recorded by the parties in the records of the Ketchikan Recording District.

**7. Notices.** Unless specifically stated otherwise in this Agreement, all notices shall be in writing and delivered by one the following methods: (a) personal delivery, whereby delivery is deemed to have occurred at the time of delivery; (b) overnight delivery by a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the business day following deposit with the courier, (c) registered or certified mail, postage prepaid, return receipt requested, whereby delivery is deemed to have occurred on the third business day following deposit with the United States Postal Service, or (d) electronic transmission (facsimile or electronic mail) provided that such transmission is completed no later than 5:00 pm on a business day and the original is also sent by personal delivery, overnight delivery or by mail in the manner previously described, whereby delivery is deemed to have occurred at the end of the business day on which the electronic transmission is complete. Unless otherwise specified from time to time, delivery addresses for notices are as follows:

To Optionor:

City of Klawock  
PO Box 469  
Klawock, AK 99925  
Attn: Don Nickerson, Jr.; Mayor

To Optionee:

Southeast Alaska Regional Health Consortium  
Attention: Michael Douglas or General Counsel  
3100 Channel Drive  
Juneau, AK 99801  
Email: [mdouglas@searhc.org](mailto:mdouglas@searhc.org)  
Phone: (907) 463-6643

**8. Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

**9. Time of Essence.** Optionor and Optionee hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement as of the Effective Date.

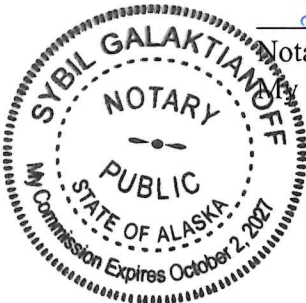
**Optionor:** City of Klawock

By: Patricia M Cottle  
Name: Patricia Cottle  
Title: Vice Mayor

STATE OF ALASKA                     )  
  )ss.  
FIRST JUDICIAL DISTRICT         )

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of April, 2025 by Patricia Cottle of the City of Klawock.

S. P. Galaktianoff  
Notary Public in and for the state of Alaska  
My commission expires: October 2, 2027



[Signature page to Option Agreement and Right of First Refusal]

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement as of the Effective Date

**Optionee:** SOUTHEAST ALASKA REGIONAL  
HEALTHCONSORTIUM

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ALASKA                    )  
  )ss.  
FIRST JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2025 by \_\_\_\_\_ of the Southeast Alaska Regional Health Consortium, an Alaska nonprofit corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for the state of Alaska  
My commission expires: \_\_\_\_\_

*[Signature page to Option Agreement and Right of First Refusal]*

Exhibit "A"

