



# Port of Juneau

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**From:** *Carl J. Uchytel*  
Carl Uchytel, Port Director

**To:** Docks & Harbors Board

**Via:** Docks & Harbors Operations & Planning Committee

**Date:** February 10<sup>th</sup>, 2023

**Re:** UAS PROPERTY – FUTURE LEASE AGREEMENT

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1. The lease agreement between CBJ and the University is set to expire on May 5<sup>th</sup>. Under the existing lease extension, Docks & Harbors could renew the lease for 33-years at fair market value, which is determined to be \$230,400/year. Existing revenue sources generated within the leased area by Docks & Harbors would cover less than 20% of the fair market lease rent payment to the University.
2. Over the past two years, numerous ideas to secure this property for harbor use have been considered by the Docks & Harbors Board and others, including the Assembly appropriating \$2M towards the purchase of the 2.77 acre property currently under lease. The Board of Regents, through the UA Land Management Office, is firm on its position not to entertain a fee simple sale of the land; however, they remain open to negotiating a lease at less than fair market value, if “educational benefits” can be presented.
3. The Port Director, Board Chair and CBJ Manager has met on multiple occasions with the UA Land Management Director, UAS Chancellor and UAS Vice-Chancellor. The most recent negotiations have centered on opportunities and services which the City & Borough of Juneau can offer to UAS. After consulting with CBJ Directors, the following in-kind educational benefits are proposed:
  - A. Eaglecrest:
    - (a) offers deep discounts or free services for lift tickets and gear rental;
    - (b) offers entering into an internship with UAS students pursuing outdoor recreation degrees;
  - B. CBJ Transit: offers free CBJ bus passes to UAS students.
  - C. CBJ Parks & Recreation:
    - (a) offers free access for Treadwell Area Rink to UAS students;
    - (b) offers free access for CBJ Pools to UAS students;
    - (c) offers free access for CBJ Dimond Park Fieldhouse to UAS students.
  - D. CBJ Docks & Harbors:
    - (a) offers kayak storage and no cost launch use at Statter Harbor for UAS students;
    - (b) offers entering into paid internships with UAS students desiring to work in the maritime industry including harbor operations, harbor marketing or harbor administration;
    - (c) offers active and engaged relationship within the UAS/CG CSPI program;
    - (d) offers snow removal at the 5.34 acre downtown facility.

4. The University leadership team has reviewed the proposed “educational benefits” with a general consensus to support the reduction of the lease rate to \$100,000/year for a lease term not exceeding five years. This would provide the University time to explore solutions on a broader scale that may involve relocation of UA programs from the Vo-Tech Building and adjoining 5.34 acre facility.
5. In the cursory discussion with the University, they indicated a new lease would be required and that their General Counsel would initiate the lease. Most likely, the terms of the educational benefits would be negotiated and included in the new lease. CBJ Law would also be involved in the crafting of the terms of the lease. The proposed lease terms of less than five years will hamper Docks & Harbors competitiveness in federal grant opportunities for the Juneau Fisheries Terminal.
6. Docks & Harbors also sub-leases to three sub-lessees (Harri Commercial Marine, Juneau Hydraulics & Alaska Memories). CBJ Law has been consulted and is exploring whether “preference privilege” exists to the three existing sub-lessees pursuant to CBJ Code 53.23.100. This privilege is available to a lessee under an existing lease which expires or terminates is to re-lease the same lands as long as all other factors are substantially equivalent. If Law determines preference privilege exists, this would allow Docks & Harbors to continue the sub-lease relationships without further competition.
7. The question before the Docks & Harbors Board is to determine whether to accept a proposed less than fair market value of \$100,000 per year for continued lease of 2.77 acres with the University of Alaska? This decision, if affirmed, will place into motion drafting of a new lease agreement which will require future Board and Assembly approvals. A decision not to accept the proposal most likely would result in the termination of the lease on May 5<sup>th</sup>.

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Encl: Aerial Photo of Leased Area

Copy: CBJ Manager

Eaglecrest Manager

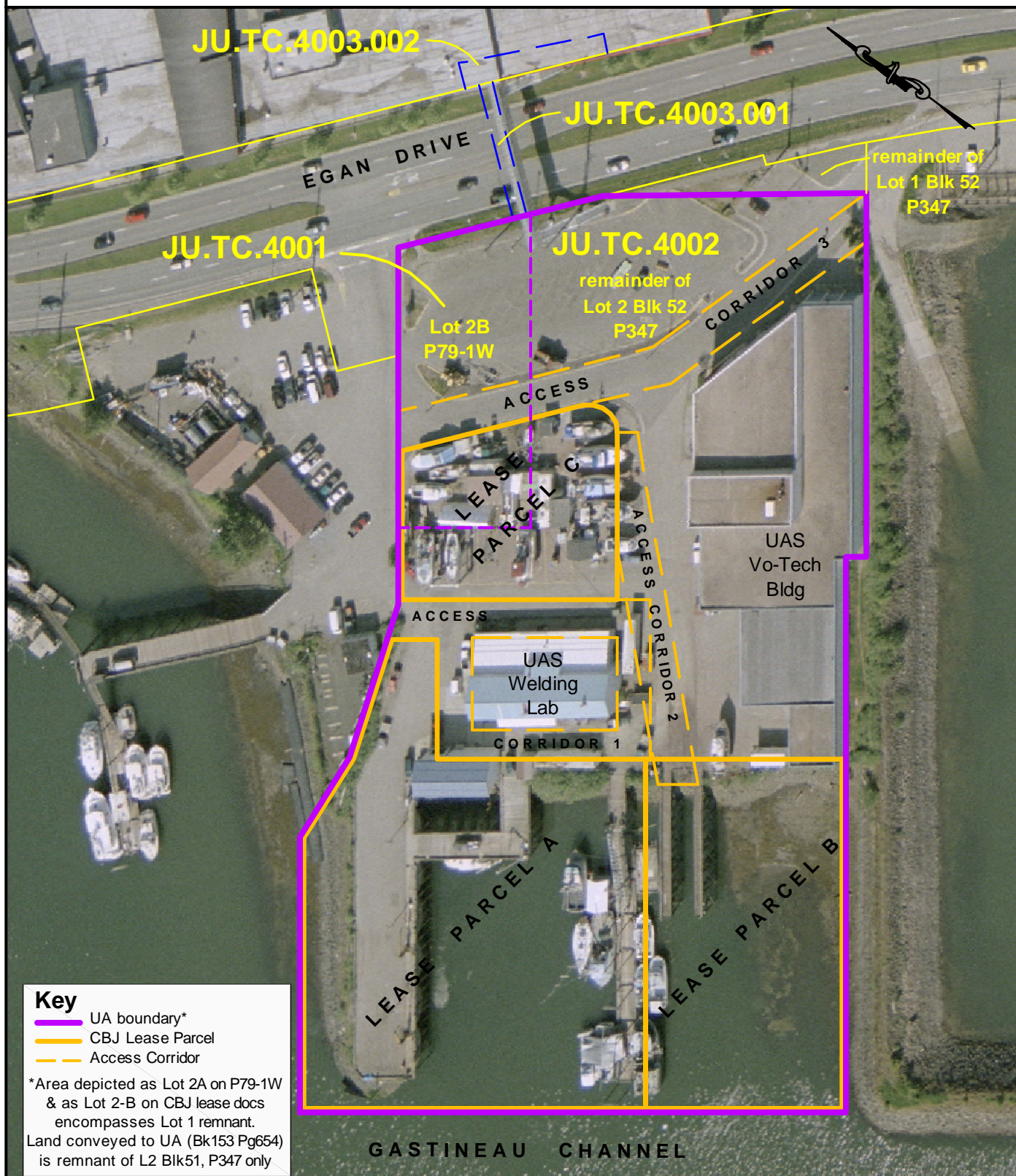
CBJ Engineering & Public Works Director

CBJ Parks & Recreation Director

# Juneau Tech Center

JU.TC.4001

JU.TC.4002



UA LAND MANAGEMENT  
March 2009

0 100 ft  
Scale

Meridian C.R. Township 41S Range 67E  
Date of photo: 6-09-06 Source: Aero-Metric Anchorage  
(Photography is unrectified; Distortions exist.)