



City & Borough of Juneau
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From: Port Director
To: Assembly, Committee of the Whole
Via: City Manager
Date: May 19th, 2023
Re: UAS Property – CBJ Docks & Harbors Lease Options

1. Since 1988, CBJ Docks & Harbors has enjoyed a favorable 2.77-acre lease arrangement for property between Aurora and Harris Harbors with the University of Alaska (Lease Parcels A, B & C in encl (1)). This arrangement, which will expire on June 5th, allowed CBJ to pay only \$12K/year in rent payments in consideration for a \$500K grant made to the UAS Egan Library in the original agreement. The lease allows for a one-time renewal but only at fair market value, determined to be \$230,400. This property adjoins the two downtown harbors and provides service and water access for commercial fisheries and other maritime users, including a sub-lease to a commercial boatyard. As far back as 2020, Docks & Harbors has been in communication with the University in an attempt to purchase the leased property at fair market value. The negotiation goal has now matured to achieving a workable lease agreement which enables the University to fulfil its fiduciary responsibilities with Docks & Harbors continuing to subsidize marine services as not to severely impact its operational budget.

2. The Port Director, City Manager and Docks & Harbors Board Chair, have met on several occasions with UAS leadership and the UA Land Management Director. Broadly speaking, the University position is that the Vo-Tech property is both financially valuable and operationally necessary for the programs served at this location. It is also factual that UAS desires to achieve efficiencies by consolidating programs, perhaps away from the Vo-Tech campus, but the pending appointment of a new chancellor does not align with pursuing a property sale of the leased lands at this time. The UAS leadership was amenable to entering a new short-term lease and was willing to offer financial considerations for “educational benefits” offered by CBJ.

3. The Port Direction, upon consulting with the Public Works Director, Parks & Recreation Director, Eaglecrest Manager and the City Manager, proposed ideas to UAS to improve the quality of life for its students and to enable the college to offer these education benefits as recruiting tools. The Docks & Harbor Board considered the proposal and, with reluctance, approved this offer at its February 23rd Board meeting (encl 2). The UAS leadership and UA Land Management Director drafted a four-year lease amendment with a reduction to \$100K/year from the fair market value which includes educational benefits previously considered (encl 3). In reviewing Amendment 4, the Eaglecrest Manager has expressed concerns that his budget may not be able to support lucrative benefits to the UAS student but has proposed more modest discounted rates.

4. The Docks & Harbors Board believes the maritime community is best served with a downtown boatyard and waterfront connection between Aurora/Harris Harbors providing access for commercial fisheries. The Board has literally spent dozens of hours on this topic over the past three years. The preferred Board option is to secure this property through purchase and sales agreement and leveraging the \$2M appropriation provided by the Assembly (encl 4). Docks & Harbors believes termination of the lease will cause financial harm to Juneau mariners who rely on these services and that CBJ's reputation for commercial fisheries will be tarnished. At the May 17th, Operations-Planning meeting some Board members expressed fiscal support to cover what Eaglecrest is unable to provide. At the April 27th meeting, the Docks & Harbor Board voted in favor of extending the lease four years.

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Encl: (1) UAS Vo-Tech Property - Aerial Map

(2) Port Director Memo to Docks & Harbor Board dated February 10th, 2023

(3) Lease amendment #4

(4) [Ordinance 2021-08\(b\)\(am\)\(P\)](#)