



City and Borough of Juneau
City & Borough Manager's Office
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DATE: June 10, 2019
TO: Chair Becker and Lands Committee
FROM: Rorie Watt, City Manager
RE: Recommendation for CBJ to Bid on Subport Lot C1

As we discussed at the Lands Committee meeting on 4/29, the Subport parcel Lot C1 is for sale. The parcel under discussion is here:



And the Trust Land Office's website for the sale of this parcel is here:

<https://alaskamentalthrust.org/trust-land-office/juneau-waterfront-parcel/>

Along with numerous Assembly members, persons in the business community and staff, I have worked on implementing the Long Range Waterfront Plan (LRWP) since its adoption in 2004. We all have many successes to be proud of that stem from the adoption of that plan. The LRWP can be found here:

http://www.juneau.org/cddftp/documents/CBJ_Waterfront_Plan_FINAL_112204.pdf

In furtherance of implementing the LRWP, I believe that it is in the public interest to acquire the parcel. The waterfront development and management opportunities are significant for Juneau, and the Borough Assembly is best situated to make those community decisions. A well-managed downtown waterfront, managed in alignment with community values, is critical for supporting Juneau's economy and the cruise ship industry.

I understand there may be interest from the private sector for acquiring the parcel as a foothold for a potential 5th large cruise ship berth. A fifth berth at this location was carefully considered in the early 2000's during the extensive public process that lead to the adoption of the LRWP *and was rejected*. If Juneau is ever ready for additional large berths, the Assembly is the body that should make that decision; the community should not be put in the position of reacting to a speculative investor.

Uses for the parcel include continuation of the waterfront seawalk, access to tidelands and marine facilities necessary for ships and passengers (including lightering and small cruise ship berthing), and associated uplands area to support those marine enterprise functions. Given the growth in cruise ship passenger visitation we must become more dynamic in our management of the transportation of our visitors. This property could serve as a transportation hub, reducing pressure on the downtown roads. As is indicated in the LRWP, the time has come to seriously consider a water taxi/harbor shuttle. This parcel is key to such a system.

The minimum required bid for the property is \$3,643,000. Bidders must submit a bid deposit of \$100,000 and bids will only be accepted between August 15th and September 6th of this year. If the two highest bidders (meeting the minimum) are within 5% of each other, there will be a subsequent auction process in which all bidders may participate. Closing on the sale must take place within 12 months.

As a public institution, we are inherently less nimble than other potential bidders and we must plan accordingly. I recommend the following process:

- Lands Committee Consideration: 6/10/19
- Assembly Consideration: No Later Than 8/19/19
- Assembly Executive Session to give Direction on Bid: No Later Than 8/19/19
- Second Assembly Executive Session, as Needed: Schedule Special Meeting

Adjacent Land Ownership:

CBJ owns the adjacent tidelands to the west and south of the property. AVISTA owns the historic fuel dock. I have communicated with AVISTA/AELP and they are very supportive of coordinating sale/development of the dock parcel in coordination with CBJ's waterfront plans and goals. AVISTA/AELP expects to work cooperatively with any party which acquires the Mental Health Trust property. The US Coast Guard and NOAA own the historic wharf to the east. NOAA also coordinates usage of its portion of the old wharf with Alaska Fish & Game. In order for Lot C1 to be developed to maximum best use, development coordination between this parcel, the CBJ, the State and the Federal agencies is necessary. The CBJ is ideally and uniquely suited to coordinate and maximize the development potential.

Fund Source:

I recommend that we pursue acquisition with passenger fees from the port development fee fund balance and/or the FY21 budget of CBJ Marine Passenger Fees and/or the State Commercial Passenger Vessel fees. Use of these fees is consistent with the intent of the recently settled CLIA litigation. The land is within the geographic and programmatic scope of the settlement agreement.

It is possible that full use of the parcel may not be necessary for the provision of services to vessels and/or passengers. In that event, if acquisition is successful and if excess land is available for private sector commercial use, then portions of the land could be disposed. In that case, it would be appropriate to remit proceeds of any disposals back into passenger fee fund balances. It is also appropriate to use passenger fees for acquisition as we would not attempt to acquire this parcel but for the need to provide support and services to passengers and/or vessels.

Recommendation:

Forward an appropriation Ordinance of \$100,000 from the port development fee fund balance directly to the Assembly (or Finance or COW for further consideration) for introduction no later than the July 22nd and public hearing no later than the August 19th Assembly meetings. Anticipate an executive session on August 19th to give direction on price to submit.