



# Port of Juneau

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City & Borough of Juneau • Docks & Harbors  
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**From:** *Carl Uchytel*  
Carl Uchytel, P.E.  
Port Director

**To:** Assembly Lands, Housing & Economic Development (LHED) Committee

**Via:** (1) Lands Manager  
(2) CBJ Manager

**Date:** July 9<sup>th</sup>, 2024

**Re:** ORDINANCE 2024-11 & 2024-12

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1. At the [June 17<sup>th</sup>, 2024 regular Assembly meeting](#), Ordinance 2024-11 (Alaska Tideland Survey 750 lease) and Ordinance 2024-12 (Alaska Tideland Survey 842 lease) were introduced. This action follows the [May 30<sup>th</sup> recommendation by the Docks & Harbors Board](#) for the Assembly approve to lease language, drafted by CBJ Law. The language in the initial CBJ Law draft included a stipulation stating:

*TERM AND RENEWAL OPTION*

*The effective date of this lease shall be the date this lease is signed by the City. The term of the lease is 35 years, commencing on the effective date of the lease, unless sooner terminated. City grants **Lessee an option to renew this lease for one, successive period of 35 years.** Lessee shall exercise this option, if at all, by written notice given to City during the first six months of the last year of the underlying lease term.*

The ability for lessees to have an option to extend a lease one time has been included in all leases since Docks & Harbors began managing CBJ tidelands in 2001.

2. Subsequent to the Board's action, the ordinance for introduction added the following statement:

*...subject to the following minimum essential terms and conditions:*

***The lease shall be for a maximum term of 35 years** ([CBJC 53.20.080](#));*

This leaves Docks & Harbors staff puzzled to the intent. Presumably, with this limiting language, the lessee will not have an expectation to renew the lease following the initial 35-year period with CBJ. Existing code does indeed limit the maximum term to 35 years (53.20.080); however, the next two paragraphs in CBJ code speaks to renewal and preference privilege:

*53.20.090 - Renewal of lease.*

*If at the expiration of the lease of any lands under this chapter the lessee desires a renewal lease of the lands, properties or interests covered thereby, the lessee shall, not sooner than 60 days prior to the expiration, and not later than 30 calendar days prior to the expiration, make application for the renewal lease in writing on forms provided entitled "Application for Renewal of Lease," certifying under oath as to the character and value of all improvements existing on the lands, properties or interests, the purpose for which the lessee desires a renewal lease and such other information as the manager may require to evaluate the renewal. The applicant shall deposit \$25.00 if the lease does not require public bidding or \$50.00 if the lease does require public bidding. The manager may thereupon lease the lands in compliance with all sections of this chapter with a preference being allowed to the former lessee if all other pertinent factors are substantially equivalent. The date that the application for renewal of lease is presented to the manager, as evidenced by the City and Borough receipt date stamped thereon, whether delivered or forwarded by regular mail, certified or registered mail, shall be conclusive.*

*53.20.100 - Preference privilege.*

*A lessee under an existing lease shall, upon the expiration or the termination by mutual agreement, be allowed a preference privilege to re-lease those lands previously leased by him or her if all other factors are substantially equivalent. If the lease offered the preference privilege holder does not exceed a term of ten years, the manager may permit the preference privilege holder to re-lease the subject lands under the same procedure, conditions and terms as the expired lease, except that the rental rate shall be reviewed and adjusted before re-leasing, and the assembly must approve the re-lease. The preference privilege holder shall exercise that right within 30 calendar days after the lease is offered by the manager. Failure to do so shall result in forfeiture and cancellation of the preference privilege. If the lease is put up for public bidding, the preference privilege holder shall at the close of the bidding indicate if the preference privilege holder wishes to exercise that preference privilege and meet the highest bid. If the preference privilege holder does so choose, all the requirements of this title shall be met. If the preference privilege holder does not choose to exercise that preference privilege at this time, or if the requirements of this title are not fulfilled, the preference privilege is then forfeited and canceled. No preference privilege shall inure to a lessee whose lease has been canceled or terminated for cause.*

3. The LHED should recognize that CBJ tide land leases are virtually all with private investors who require certainty in making long-term capital investments. Limiting lease terms to only one lease, without an option to renew, will adversely affect marine business investors. As examples, if a lease can only be made for a maximum 35-years then the following will require changes to their business plans (i.e.):
  - a. Goldbelt – Tram lease
  - b. Goldbelt – Seadrome Dock
  - c. Alaska Glacier Seafood
  - d. DIPAC
  - e. South Franklin Street Dock
  - f. Future Huna-Totem Cruise Ship Dock
  - g. Andrew's Marina
  - h. Tee Harbor Marina
  - i. CCTHITA – Cultural Immersion Center
4. In the case of the Trucano Family LLC (TFL). The State of Alaska had awarded a 55-year lease with an option to renew. This is consistent with [AS 38.05.070](#) currently in place:

*(c) A lease may be issued for a period up to 55 years, if the commissioner determines it to be in the best interests of the state. The commissioner shall consider the useful life of any improvements proposed and approved under AS 38.05.075 in determining the term of the lease. If the commissioner determines that the land or a part of it which is the subject of a grazing lease is not being used for the purpose issued, the lease may be declared void.*

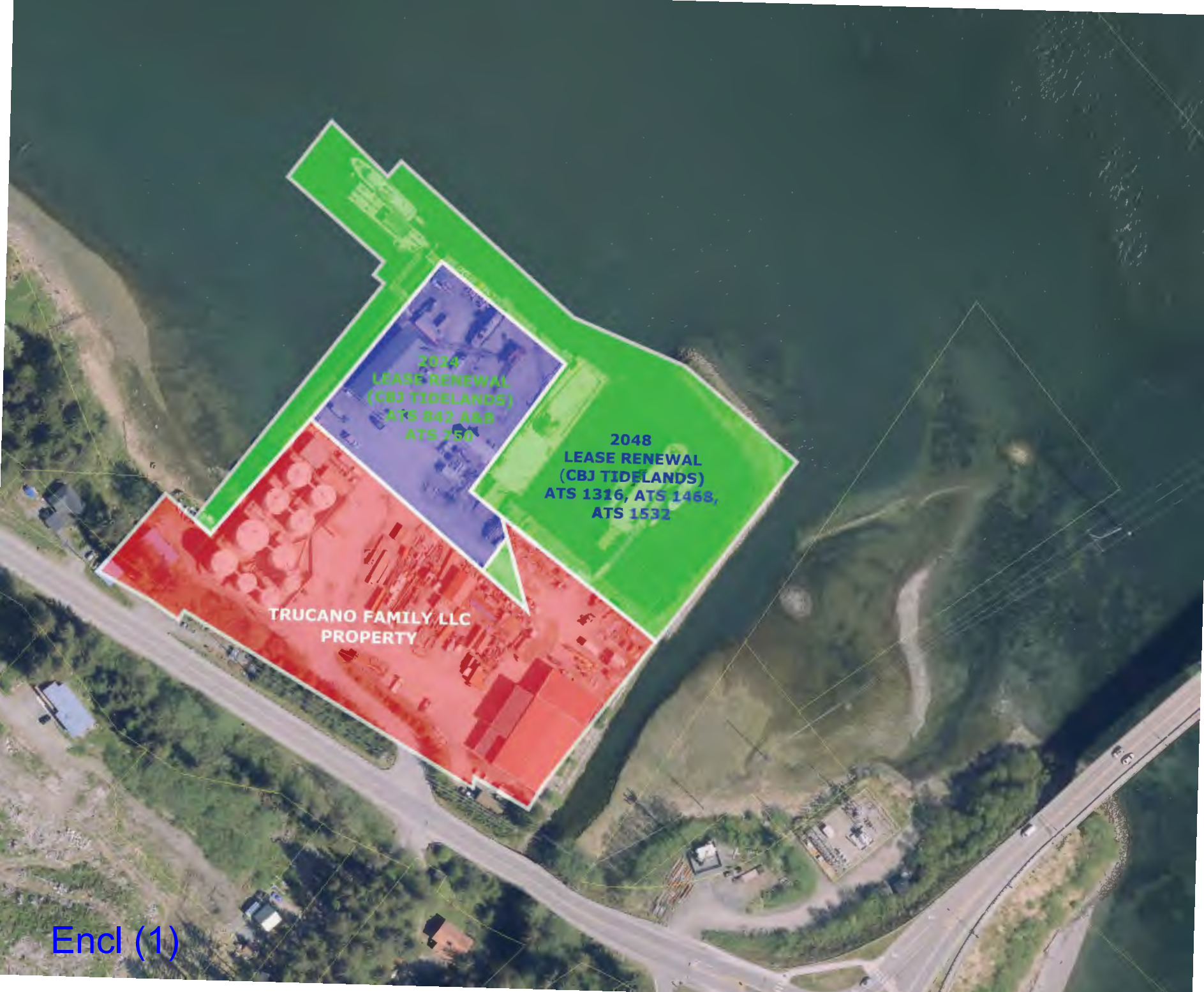
*(e) The director may renew a lease issued under this section, AS 38.05.075, 38.05.083, or 38.05.810 upon its expiration if the lease is in good standing and the lease renewal is determined to be in the best interests of the state. A renewal issued under this subsection is not subject to AS 38.05.035(e). A lease under this section, AS 38.05.075, 38.05.083, or 38.05.810 may be **renewed only once for a term not longer than the initial term of the lease**. The director shall provide notice of the lease renewal decision.*

5. Enclosure (1) depicts the property ownership with the red highlighted being owned without encumbrance by TFL. It should be noted that TFL has all the adjacent uplands connected to the CBJ owned tide lands. The tide lands leased to TFL, at fair market value, has limited value except to the upland's property owner. To remove the ability for the lessee to renew future CBJ tide land leases is not in either party's best interest. It is recommended that appropriate language be added to the ordinance and lease which is not as limiting as "the lease shall be for a maximum of 35 years".

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Encl: (1) Map depicting ownership of parcels

Copy: CBJ Law  
Docks & Harbors Board Members  
Trucano Family LLC



2024  
LEASE RENEWAL  
(CBJ TIDELANDS)  
ATS 842 A&B  
ATS 750

2048  
LEASE RENEWAL  
(CBJ TIDELANDS)  
ATS 1316, ATS 1468,  
ATS 1532

TRUCANO FAMILY LLC  
PROPERTY