

ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT MINUTES

January 23, 2023 at 5:00 PM



Assembly Chambers/Zoom Webinar

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A. **CALL TO ORDER** - Chair Hughes-Skandijs called the meeting to order at 5:00 pm.

B. **LAND ACKNOWLEDGEMENT**

C. **ROLL CALL**

Members Present: Chair Alicia Hughes-Skandijs, Wade Bryson, Christine Woll, Wáahlaal Gíidaak

Liaisons Present: Chris Mertl, Parks and Recreation

Liaisons Absent: Lacey Derr, Docks and Harbors; Mandy Cole, Planning Commission

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Jill Maclean, CDD Director;; Rorie Watt, City Manager

Members of the Public: Kirby Day

D. **APPROVAL OF AGENDA** – approved as presented, no changes

E. **APPROVAL OF MINUTES - December 19, 2022 Draft Minutes** approved as presented, no changes

F. **AGENDA TOPICS**

2. **Southeast Alaska Food Bank Lease Amendment Request**

Mr. Bleidorn discussed this item. Mr. Bryson noted a possible conflict of interest as he sold the food bank their walk-in refrigerator. Chair Hughes-Skandijs noted Mr. Bryson's objection and confirmed the committee was fine with Mr. Bryson voting on the motion.

Wáahlaal Gíidaak asked about the timeframe of the lease. Mr. Bleidorn replied that city code dictates that the maximum term for any lease is 35 years. We would talk with them to see what they would want as far as lengths of terms.

Mr. Bryson moved that the LHED Committee forward a motion of support to the Assembly for adoption of an ordinance to authorize the leased area of 1.50 acres to Southeast Alaska Food Bank under 53.09.270. Motion passed unanimously.

3. **General Communications Inc. Lease renewal for Thane Earth Station Site**

Mr. Bleidorn discussed this item. Mr. Mertl asked about light pollution from the building. Mr. Bleidorn replied that we could work with CDD to ensure they are meeting city code as far as light pollution is concerned.

Mr. Bryson moved that the LHED Committee forward a motion of support to the Assembly for adoption of an ordinance to authorize a new lease to the General Communications Inc. for the Thane Earth Station site. Motion passed unanimously.

4. **Consideration of Accessory Apartments in Industrial Zoning Districts**

Ms. Maclean and Mr. Watt discussed this item. Mr. Bryson asked if we are receiving complaints from accessory apartments that are already in these areas. Mr. Watt and Ms. Maclean noted neither have not received any complaints. Mr. Bryson asked if we could skip the Planning Commission because we are just changing one of the policies rather than dealing with changing overall planning. Having accessory apartments in industrial areas has proven to not be a problem. Mr. Watt replied that the Assembly could adopt an ordinance and change Title 49 without going through the Planning Commission, but a better

question is should they. Current city code says that all Title 49 changes are to go through the Planning Commission. I think you want to avail yourselves of the public process and the efforts of the Commission, even though it is not the shortest distance between two points. Without a draft ordinance in front of us, someone will have to draft that and propose some flexibility.

Ms. Woll asked about the caretaker unit provision, how that is being used right now. Ms. Maclean replied that the caretaker units were created to be either the owner or a manager of the property living in that unit and providing security and eyes on the site. That was the intent, and is still being used as a living unit, but staff does not have the means to see that the owner or manager is living in it.

Mr. Mertl commented that he supports the idea of getting additional housing in the community but is a little worried about conflicts. If this is industrial land, and you have auxiliary dwellings, and if someone does want to set up a new business that is going to create a lot of noise and light pollution. Do those residents in the adjacent property have the ability to say no to this. He is concerned about setting a precedence, industrial land is meant for industrial use, and thinks people are taking advantage of it in terms of residential use. He is concerned about the potential conflicts and maybe we look for opportunities to modify the comp plan and the zoning maps and agrees with Mr. Watt that there needs to be a public process as part of this if there are changes.

Chair Hughes-Skandijs commented that with accessory apartments, she is thinking of a single family home with an accessory apartment. Looking at the memo, it is described as still a primary industrial use on the lot. She is supportive of this idea and understands the nuance of someone owning a home and there might be more of a problem with somebody who has to negotiate with the owner of the lot where they decided to rent. Could somebody in an industrial zone area put up multiple accessory apartments, rather than just a single expansion of the caretaker unit. Ms. Maclean replied that currently, you could have one caretaker unit per lot. There are no restrictions on that so you can essentially build a detached single family home, or what looks like a detached single-family home on 2,000, 3,000, or 4,000 square feet, there is no limit; it just cannot be sold to someone else. It has to be in common ownership, and it is supposed to be accessory to the use. Depending on how big the warehouse is, maybe 4,000 is accessory to a 10,000 or 12,000 square foot building. The other thing to note is that under the current industrial zoning it is a minimum 2,000 square feet for the lot size, so you could have ten-2,000 square foot lots and they can each still have a residential unit above it. When it comes to single-family homes and accessory apartments, those are easy, if you are on a standard size lot, 600 square feet is what the minimum lot size you can have. Those are limited to in residential zoning districts. I think there is opportunity to improve the code while protecting the industrial land that that we need.

Mr. Bryson noted that this has been discussed in the past and the assembly denied a zoning request change. Ms. Maclean said she spoke with Mr. Bryson about this and some of these units exist, but we cannot get in the buildings. This is an opportunity to make some of those units potentially compliant, and bring them online. Mr. Bryson commented that industrial land is not our greatest need; there just was not a demand for that. The request for housing is high, and to be able to shove a home in almost any location. Housing is attached to every single economic activity that we have and has prevented economic growth. There is no problem in Juneau that is remotely close to the housing shortage. We are moving in the right direction and this is a solution. If we were in a different environment, let say that logging had come back, but we are not; we are in environment where we do not have enough houses. There is not enough land to put all the housing. Mr. Watt pointed out that over time the industrial zoning district has been permissive and have units like storage units, boat condos. The State of Alaska Vital Records office in Lemon Creek would not be bad to live next door to for most people. I think it is a worthy path, but, as he said earlier, the Planning Commission can also add value.

Ms. Woll moved that the LHED Committee direct the City Manager to have staff draft the accessory apartment ordinance to provide greater flexibility for accessory apartments in Industrial zoning districts. Ms. Woll objected for a comment, that she thinks this should go through the normal process carefully. Objection withdrawn. Motion passed unanimously.

G. STAFF REPORTS

5. Cruise Ship Visitation Trends

Mr. Watt discussed this item. Ms. Woll asked about the cruise industry impact on Juneau and surrounding communities. Mr. Watt replied that to some communities and operators it is an opportunity. Cruise ship companies that are interested in growth have to ask themselves hard questions; does Juneau have to be on every itinerary, maybe not for every ship, but we have some of the highest percentage of ship sails that come to our port. Community impact depends on different scenarios. We only have one downtown waterfront and we need to be doing 50-year thinking; maybe we want six ships in 30 years. I think we should think about the gulf crossing activity, which I do not know how big of a market share that is or will pick up but could be a path we take.

Chair Hughes-Skandijs noted it is important for us to be mindful of how this affects us at different times during the week. Connecting that to the principles of getting somewhere by collaboration or voluntary agreement is better than getting there by regulation. For instance, thinking of working with the industry, the assembly in the past has expressed interest in more collaboration with our southeast neighbors in dealing with the industry, the concept of solidarity and unions, more power together than separately. Thinking of Skagway's economy versus ours, we might have different viewpoints, especially going into the future. One of our neighbors might want more ships than we do and that might affect their footprint. Is Ms. Pierce involved setting up those relationships, or do we focus more on our relationships with the industry. Mr. Watt replied that we regularly talk to all of the municipal governments in southeast that have cruise ships and visitors.

Chair Hughes-Skandijs followed up to ask if we are comparing schedules and notes with other, checking assignments against each other, and discussing that at the beginning of season. Mr. Watt replied that is a lot of it, and everybody's issues and municipal ownerships are slightly different. We try to connect the dots with the industry players as well, because you have cruise ship companies that are trying to rationally plan and communicate with communities. Take Ketchikan, they recently added two berths at Ward Cove, which is in the borough. They have four berths in the city and two in the borough, two different governments. They have a general lack of tour opportunities at Ward Cove but that is growing. There is also transportation issues where the downtown merchants and the City of Ketchikan would like people to get downtown, but that shuttling is inefficient. Ketchikan is in a little bit of a difficult spot, and because of their geography, they get very short port visits, such as seven to noon. In Juneau we like to think our goal is people have time to go on a tour and come back downtown and go shop, or vice versa, and get both ends of it. Ketchikan is doing one or the other, and as a result, there is not as a robust amount of tour packages available and are more focused on shopping. There are improvements that Ketchikan would like to do on their downtown docks but they do not have a funding stream, and they have been questing after a negotiated agreement with industry on how and what to charge and what to build. There is always a fear that if they charge too much at the downtown docks the ships will go out to Ward Cove. Sitka has a private dock outside of downtown and it seems like they have figured out their transportation issues and are growing quickly. In some ways, it feels like Juneau in like 1998. Icy Strait Point has a little different dynamic outside of the city of Hoonah. They have done a nice job developing their facility, providing tour opportunities, and pushing vehicle transportation to the back of house. Skagway wants to control their destiny, there is an expiring legacy lease on the waterfront for the two

docks, and there is no real plan for what is going to happen. Skagway had a dock redevelopment plan to replace one of the berths and as that moved forward, ship pilots and cruise ship companies looked at it, and they expressed that it is too tight; they cannot get two ships in there. There is a long running discussion between Municipality of Skagway and cruise ship companies and what to do and how to do it. Skagway is letting that lease lapse and are going to receive that property. How that moves forward we do not know. On the mountainside of Skagway, the east side, you get the landslide on the White Pass dock, which has some scary rock fall exposure. Ships did not tie up at the north berth. This is a dynamic situation in Skagway. All communities talk about the cruise ship industry and impacts. We all recognize that our communities are interested in different things and different outcomes. Nobody is trying to tell another town what they should do.

Mr. Mertl asked when the city knows what the future passenger visitation numbers will be. Mr. Watt replied that we have been talking to industry and cruise line agencies who does the scheduling, and everybody has agreed to provide that earlier, about 2 years would be about what we are getting at. Two things that are important on that front is from a cruise ship industry perspective, you could ask well, what Juneau really wants. We have articulated that well. We have cruise line agencies who are trying to do the mosaic of scheduling and make rational itineraries that that work. That is a fairly thankless and difficult task. One of our charges is to put them under contract and to schedule and talk about how this is going to work, so that we can have more clarity and we achieve community goals. I think what we want to do is achieve philosophical concepts putting a ship where it makes sense for congestion management. Getting for-profit businesses to move, to pay more money, and go to a worse location, or have somebody give up a better location for less money that is tricky. Step 1 and step 2 is putting our principles out there and establishing a formal relationship with cruise line agencies so that we can have predictability. If you are running a cruise ship company and buying billion dollar ships, the obvious thing you would want is to know where you could take your investment. What we want on the municipal front is to know that we can meet community goals. What we do not want to have happen is where we get to a point that the community does not support the industry-driven schedule and start thinking about Draconian things and tell that ship you cannot come into our city facility. We do not want to suffer some of the struggles of communities that have had ballot initiatives that, maybe are or not legally defensible, or we have not thought the consequences through. Bar Harbor, Maine has been in that struggle, and we have reached out, met the Bar Harbor manager, and discussed this issue.

Mr. Mertl followed up to comment about the chart in the packet, in the last 5 years, we have grown close to 50% and wondered what is happening this year, is it holding steady. Can we evaluate where we are sitting, or is that going to continue to grow and put us in a reactive panic mode, which we should avoid. We should negotiate and figure out what is coming down the pipeline because I think what is important is not only the visitor experience, but also lifestyle impacts for people in this town. Mr. Watt replied that he does not know but thinks the thing that makes the cruise ship industry different is they are portable and if they are making money and their customers are re-booking and paying good premium prices, they are going to keep coming, It seems like Alaska is a very strong destination. We are listed high on Trip Advisor as the number one trending destination. Juneau has a lot going for it and cruising is growing globally. CLAA did a presentation to the Chamber of Commerce recently, about worldwide trends and issues. To the extent that there is capacity in the region for ships, I think there is room for some growth. There are a couple of players out there that might want to come, we are going to see one of the MSC luxury ships this summer, they have big ships in other parts of the world. Virgin has a ship that will possible come. It all depends on the price of oil, inflation, pandemics, and worldwide civil unrest. I would not say that 2023 and 2024 are flat; I would dampen that trend down and anywhere there is a small ship somebody is probably going to be thinking if they can swap in a bigger ship.

Wáahlaal Gíidaak wondering the intent of this report is it going to be heard in front of the assembly. Mr. Watt replied that he would have liked to get this in front of the COW, because this is a whole body type material and thinks that the COW needs to find time to work on tourism issues, whether it is this exact presentation or some more refined piece. Wáahlaal Gíidaak followed up to comment that she would appreciate a conversation about this, since we're talking about visitor trends and what are the trending things that visitors want to see. She is curious about the cultural connectedness and revitalization as a strong connecting factor to tourism in Alaska. She would like to see how those two integrate in the cultural practices of the indigenous people from the places where tourism is strong. Mr. Watt replied that one of the things that came out of the visitor task force was to survey citizens about visitor industry issues. We have done that in the past two years in this year's passenger fee proposal, the tourism manager is going to be proposing funding for two pieces of work that will come to the assembly for decision. One of those pieces is to poll visitors about how they find Juneau. We have a lot of opportunity to learn from what tourists are interested in. You will get a funding request to have somebody on the dock to poll cruise ship passengers. We have heard anecdotally from cruise ship companies who survey their customers, they tell us that Juneau has always rated very high but we want to know that ourselves. We are also going to have in the passenger fee list, or request for some funds, to better analyze the effect of cruise ship industry, the economy on our housing market, and what, if anything, we can learn about that. Wáahlaal Gíidaak followed up to include the community itself and gave an anecdote that growing up in Ketchikan tourism spurred and created the traditional theater at the Heritage Museum in Ketchikan, and that created a wave of new indigenous oratory in that community, which in turn paid for the Heritage Center to continue to function. What she is thinking of community impact, she is thinking about those connecting pieces of how the community is revitalizing traditional practices and cultural means by way of tourism connections. Mr. Watt replied that at the staff and assembly level, we have made quite a bit of an effort to coordinate with the Sealaska Heritage Institute, and hope that we can strengthen our relations and connections. The assembly did provide financial support for both the Heritage Institute and the Arts campus. Mr. Watt hopes we can coordinate and leverage that opportunity, and in all sorts of exciting ways.

Ms. Triem commented asked what we want out of the cruise ships that come here. We are seeing more cruise lines wanting to send more ships, and traditionally they have almost all stopped in Juneau, but we do not have room for everybody to come here every day. There are more ports around, so they do not necessarily all need to come here. They tend to stay longer in Juneau and with our immediate ability to meet that demand for tours; we might have a problem with that. Should we focus on what we have always had, which is these full day ships where they do tours or should we be open to ships that are here for less time, and they just spend their time on South Franklin Street. Would we want to do both, or focus on one. She had just never thought of this concept before and always assumed we would just keep doing what we do, but we have these other models. Mr. Watt replied that he thinks it is an interesting question. It depends on what we want. Our goals have to be that every person that comes here has a great time, we were a great host community, they go home and they say that the best place their cruise went was Juneau. People were nice and friendly; they had fun and spent a lot of money, and were happy to spending money here. The question is how that gets down into the ships and their profiles, there's a lot of different models in the cruise ship companies on who they're trying to attract as customers, and what those customers might want. They are all different products for everybody. Some of the smaller ships cater to a very different financial end of the spectrum. What is best for the community is a blend of all of those things, and the bigger the ships get, experiences might be get more homogenized. We have limited availability for docking or anchoring, and if you are in the industry, you are thinking that you might be motivated to swap out a smaller ship that supports certain kind of business or tour. They are also asking if it is economically better to bring in a bigger ship with more people. This is one of the reasons that we should do a visitor survey; we are data poor on this topic and

not smart enough to make a recommendation on what would be best for us. Ms. Triem followed up to ask a broad question of what Juneau wants as a community, do we want to target a specific part of the industry over others and how would we do that. Those would be interesting questions to ask ourselves.

Mr. Bryson noted that we have done a phenomenal job of talking about infrastructure, and we approach the problem from the community perspective. How do we solve this problem for our community. He noted that he has not met a human being that did not want to come to Alaska. We have the most desirable location, and as Mr. Day pointed out, this is the best city in the best destination that cruises to come to, but how do we handle the high demand. We are approaching it from the community perspective, but the one thing I like to point out is, if they do not come on a floating hotel, the cruise ship, that they come, and they do short term rental visits, which has plagued our city and caused a housing crunch. If we do not let them come on the ship, they now become part of our infrastructure and now have to use city infrastructure to support that tourism because they are living in our communities. We have had homes in neighborhoods turned into short-term rentals, apartments that have kicked people out to become short-term rentals. The demand to come to Alaska is so great; we need to think outside the box on how people are coming. If we put all these restrictions, we get it where nobody can berth, and we have a four or five ship limit. I have a feeling that our short-term market, or the ferry system, which is already inundated, will not be adequate to support and cover those demands. Nobody has denied the ability to ride on the ferry, every tourist that cannot come on the cruise ship has book a ferry ticket and taking it away from Alaskan citizens that need that. We have two roads we can go down, and this is where I am oversimplifying a little, but the two directions we are either encouraging growth in positive, healthy tourism, or we are dissuading it. We do not get to pick the number that we have for tourism. We either setting up an environment that is encouraging for the growth and tourism to exist here, or we are putting regulations and environmental restrictions and controls that dissuade tourism from coming. It is one direction or the other. All of these are factors in people coming to Alaska; we need to think just bigger and open up our thinking as we are developing our infrastructure for tourism.

Ms. Woll commented that she believes we do not have a binary choice between growth and restrictions. There is sustainability in between these two things and we can figure out how to balance that. She asked about this topic at the retreat and if this memo is meant to be in that direction or is this just coloring that discussion. Mr. Watt replied that it is coloring that discussion from the retreat. He also thinks that everybody in the cruise ship industry and the owners to the private docks need a little notice served if we cannot figure out a way to negotiate solutions to issues before they become problems, nobody is going to like the solutions we come up with. He has worked on municipal issues related to cruise ship tourism for over 20 years, a complicated topic. When we were at the retreat, he thought he was too close to the problem and needed to zoom out to paint a better picture and is thinking of the long haul.

Chair Hughes-Skandijs noted that she does not think we have had a normal year going from no ships during Covid and then a summer with them back. Everybody is excited to have people back in town. She does not feel like we have had a normal summer-to-summer experience. She is thinking about the shoulder seasons, because we have seen those extend, and that is another way to increase numbers, starting earlier, going later, to fit ships in that way. Historically thinking about this, the best ship at best dock, and what CBJ's involvement on that is. Are we seeing more of that at the private docks, or if CBJ docks are available, do the early ships and the late ships come to CBJ docks. Mr. Watt replied that if you live on the water and watch boats go by you never get a break and that increases if you are in a flight path. If you are a parent and your kid comes back for their best college job and they might bring a couple of college buddies, and they have the time of their life and their chances of that kid that went away to college, making their home in Juneau skyrockets. There are many perspectives on the shoulder season. Tour operators and retail shops that need staff in April and October, can they even hire people.

You also wonder is at what point does that leverage year round activity. So if somebody is coming here to Juneau to work a four month season and starts to feel more like a six month season, rather than an itinerant workforce maybe Juneau starts to become more of a home base for some of those people. Tourism manager, Pierce and I regularly look at this issue and may need an intern or somebody to do a deep dive into the data of the scheduling.

Ms. Triem asked about the shoulder season, can the cruise ships keep sending people here in October, when the weather is miserable, and we have atmospheric rivers. It seems like it is a new thing for cruises. She is wondering if they will continue to keep doing that. Mr. Watt replied that shoulder season comes with a discount and some people coming from a place like Phoenix may not mind the rain. The ships themselves are a discount and part of the attraction, so cruise companies, as long as they are able to market shoulder season they will keep doing it to some degree. It is a better option than going to the Caribbean for hurricane season or being somewhere with drought or excess heat. Mr. Day commented that he has run into people here in October and they enjoy it. There is a group of folks out there that just as happy to come up here in October or April for whatever different reason. Then there are those that come in July because that is when they have been told is the best weather. I do not know how much those shoulder will grow. Quick overview of numbers in 2023, if you take three weeks in April and the first week of May and last week of September and most of October, it is about 111,000 passengers. This is vastly different when he started in this industry in the 1980s with the first ship in around June 1 and last ship was Labor Day. So with about 111,000 in the extreme shoulder season, I think that will continue. I am not quite sure how much it will grow.

6. Schedule of Upcoming Land Use Code Work

Ms. Maclean discussed this item. No comments.

H. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS - no comments

I. STANDING COMMITTEE TOPICS

7. Telephone Hill Updates – Mr. Bleidorn noted an RFP for a property manager is finalizing and more information will follow.

8. LHED Committee Goals – Mr. Bleidorn noted he presented at the Chamber of Commerce Housing and Development meeting on Friday, January 20, 2022. It was a good event and they were responsive, and I think they made a point to say how much they appreciate Staff and the assembly moving forward with that and including them in the conversation.

J. NEXT MEETING DATE - February 13, 2023 – additional LHED Committee Housing Work Session on Friday, February 17, 12:00 p.m. – 2:00 p.m.

K. ADJOURNMENT - adjourned at 7:09 p.m.