

**ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
MINUTES**

June 22, 2015, 5:00 PM.

Assembly Chambers

I. ROLL CALL

Jesse Kiehl called the meeting to order at 5:02pm.

Members Present: Jesse Kiehl; Jerry Nankervis; Mary Becker

Members Absent: Kate Troll

Other Assembly Members Present: Mayor Sanford; Loren Jones; Karen Crane; Debbie White

Liaisons Present: Chris Mertl, Parks & Recreation Advisory Committee; Bill Peters, Planning Commission

Liaisons Absent: Mike Peterson, Docks & Harbors Board

Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Jessica Beck, Lands Specialist

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

A. June 1, 2015

The minutes of the June 1, 2015 Lands Committee were approved.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda changes.

V. AGENDA TOPICS

A. Mobile Home Down Payment Assistance Program

Mr. Chaney: The Affordable Housing Commission has been working very hard to figure out ways to incentivize construction and purchasing of homes. The mobile home is the entry level home ownership market. It's been difficult for people to get mobile home loans in part because of the down payment. Another factor is that there aren't very many lenders willing to work in this market. We have at least one that is interested in participating. The Affordable Housing Commission is proposing this loan program. It would be up to 50% or \$10,000 of what the lender is requiring for the down payment. The loan would only require 1% interest over 5 years. The funds would be issued to the lender at the time of closing. A secondary lien would be placed on the mobile home to secure the loan. The mobile home would have to be owner occupied for the term of our loan. The loan approval would be determined by the Affordable Housing Commission and subject to funding availability. There's a possibility that we'll get more applications than what we have funding for. It would be first come first served up to a certain number of loans. The total number of loans would vary depending on the amount loaned to each person, so we would continue to issue loans until the fund is depleted. As money is repaid, more loans would become available. It's a loan program, not a grant program. It would lubricate the mobile home ownership market, allowing people to get equity to move out and up. It's the first level of home ownership. We have Tamara Rowcroft from the Affordable Housing Commission here as well.

Ms. Becker: These do not have to be new mobile homes?

Mr. Chaney: That is correct. We weren't requiring that they be new. They do need to be in a mobile home park, which is difficult to get a loan on because they don't own the land.

Mr. Kiehl: If I understand right, the commercial market has been reluctant to participate in loans.

The down payment assistance program is going to free up the commercial market's interest how?

Mr. Chaney: A lot of people trying to get into this rung of home ownership have a hard time getting the down payment together. It helps reduce a little bit of the risk to the lender. It helps the buyer get the down payment together, which has been a barrier to entry.

Mr. Peters: Taking off my Planning Commission hat and putting on my True North Federal Credit Union job hat. One of the issues presented in the housing market in Juneau is financial institutions willing to lend on mobile homes. Alaska Housing does have a mobile home program, a type 1 and type 2 (on land or in a park). The barrier has been the 15% down payment requirement. In order to get into that entry level housing, if you have a \$100,000 mobile home, the borrower may qualify but doesn't have the \$15,000 cash down payment because the loan to value requirement is set at 85%. With this program stepping in and providing 50% of the down payment, that alleviates some of the down payment burden for the buyers.

Mr. Kiehl: We would anticipate that most of these would be placed through AHFC.

Mr. Peters: It could be AHFC or local area financing.

Mr. Kiehl: What is the process if we get a giant number of loan applications right off the bat, with huge interest, for choosing who gets the first set?

Mr. Chaney: We're going to do a first come first served. If there's a large number, we would be talking to the Affordable Housing Commission as to how they would like to prioritize the loans. I kind of doubt that will happen initially, but it's a new program, so who knows.

Mr. Kiehl: Application will be date stamped as they come into the lender partner or CBJ? Who puts the date stamp?

Mr. Chaney: We also have a representative from Finance if I get off track. We were hoping to have the borrower work with the lender and we are in the background offering the program. So, the lender would be putting the date stamp.

Motion: Ms. Becker: I move the Lands Committee adopt a motion of support to the Assembly for the CBJ to administer the Mobile Home Down Payment Assistance program as outlined in the June 16, 2015 memo presented to the Lands Committee.

Mr. Kiehl: Let me just check that neither Ms. Troll or Mr. Nankervis have joined us online?

Hearing no objection, the motion passes unanimously.

B. Gastineau Apartment Demolition

Mr. Chaney: I would say Amy Mead is in the house so she's available to answer the tough questions.

Ms. Mead: There's no real update other than Mr. Barrett (and his mother presumably) have filed an appeal of the demolition order. The first things that are going to happen will be the Building Code Board of Appeals meeting to engage in the same analysis the Assembly does under 01.50.030e, where you determine whether to accept or reject the appeal. That is going to happen hopefully very soon. As far as the purpose of tonight, which was to explain Mr. Watt's funding request of the first stage, which was the getting a contractor in place that can develop the RFP, and to put out the RFP for the actual demolition. What I told the Public Works and Facilities Committee earlier was that there was no legal impediment to move forward at this time with those plans.

Mr. Chaney: What we were proposing, since if we do take over demolition, we're going to need some funding to do it. Our current rough estimate is \$1.8 million. We have a contractor that gave us an estimate of \$1.2 but we added some contingency to that, so that's why we're asking for \$1.8 million. We had the West Juneau/North Douglas access study that was a CIP that has been on the books for a while, and we haven't pursued that one. We are recommending that we take money from that and transfer it to that for the demolition project. If we don't spend it all we return it to the CIP. If we sell the property we can redirect that money as well. I would hope we don't lose all that money, as a land sale once the property is vacant.

Mr. Mertil: What's the risk of not getting the money back?

Mr. Chaney: First, we don't know how much it's going to cost to demolish the building. There was one estimate of \$800,000. Another one at \$1.2 million. It's an old building with unknown issues. The risk is that we hit something expensive, that had to be remediated and we'll only see the value of the property in the end. Right now the latest appraisal for the property was \$800,000. We'll probably lose some money but we don't know how much. And we have to have a willing buyer to get the \$800,000 back.

Mr. Kiehl: Procedurally, the CBJ doesn't go out for a demolition contract until the Building Code Board of Appeals has finished and made a ruling, correct?

Ms. Mead: That is correct. I don't see that timing to be a problem.

Mr. Kiehl: And so what is envisioned here is that the first draw on this transfer if the committee recommends and Assembly approves it, would be for a contractor to put together an RFP in the event the Building Code Board of Appeals sides in Mr. Ford's favor.

Ms. Mead: That is correct, assuming they accept the appeal and decide in Mr. Ford's favor. There's also the option that Mr. Barrett decides to move forward with the demolition should the Building Code Board of Appeals rule in the CBJ's favor. That could happen as well. At some point Mr. Barrett could step back in and start doing the work himself.

Ms. Becker: No action required because it's going to the Assembly anyway, right?

Mr. Kiehl: Is there a recommendation to forward?

Ms. Becker: Recommend we keep moving forward and not hold it back.

Mr. Kiehl: Motion to recommend approval?

Motion: Ms. Becker: I recommend we keep marching forward with the process we were involved in and not let this hold us back.

Mr. Kiehl: I'm going to choose to read that as a recommendation to recommend approval. Mr. Nankervis to you have questions, comments, objections to the motion?

Mr. Nankervis: No, I would have the same stance. I respect Mr. Mertl's comment. I expect that when all is said and done with the property we will lose money.

Hearing no objections, the motion passes unanimously.

C. Fisheries Development Committee - Potential Land Trades

Mr. Chaney: Greg Fisk with the Fisheries Development Committee is here. This is mostly his show. We wanted to bring this up so the committee is aware of developments on this issue.

Mr. Fisk: We have two items we wanted to bring to your attention, which will hopefully advance over the next period of time. The first one is something that needs attention in regards to the development of more roadside fisheries opportunities, which is one of the priorities of the committee. Doug Trucano had contacted Jim Becker to trade some land between some land that Trucano owns, patented tidelands and uplands at the end of Channel Drive. He is interested in exchanging it for lands he leases in front of his property over by the bridge. The committee's idea was to develop the area for road side fisheries opportunities. It's already used by people but it's not very safe for them to access the tidelands. We also see this as a potential opportunity to consolidate ownership on the site that the city would own on Channel Drive, and create a larger site for development opportunities. We also think it would have some benefits for fisheries development. It would also have some benefits for Mr. Trucano in that it would further develop his site on the other side of the bridge. We recognize there are some issues here in terms of value for value swap. There's a City ordinance dealing with non alienation of tidelands so it would have to be determined that it's an equal swap. This slide shows the two pieces are that are owned by Trucano and where the end of the road is. That would consolidate City ownership back quite a ways. Four lots that would all belong to the City. Trucano leases all the sites owned by CBJ. He leases a little more than double of the pieces on the other side, so it would be subject to negotiation. Another complicating factor is that Docks and Harbors receives about \$25,000 a year from leasing this site. Carl Uchytel is concerned about losing revenue for that site, so that needs to be factored into the overall deal if there is one. We think it's worth the City investigating the potential. We don't have a hard and fast recommendation for you, but it's worth some staff time. These land swaps can get complicated and there's a price tag with just doing them.

The second item is something that's been in the works for a long time. It's at the University site at what we call the crane dock. This has been a really important industrial development site for the City. Both Taku Seafoods and Alaska Glacier Seafoods already use this site. Docks and Harbors has had an interest in developing this location as a fisheries terminal site. The site has been under lease for some time. There have been two rounds of discussions about doing a direct land swap for lands closer to the University. One of those was initiated by Chancellor Pugh when he was still in office. He was interested in lands near the University. The idea is that there's potential to get developable lands into the hands of two different agencies so we'd have a win-win situation. Two engines driving the negotiations and benefiting from land swaps. The University Lands Office has their own motivations. Fortunately this April, they have said they are interested in a swap for Tracts A and B which are the tidelands out in front which would allow for development. They're willing to discuss an outright exchange. The Fisheries Development Committee recommends strongly that the City pursue this. It's in the long term interest of both parties and especially the fisheries industry in Juneau.

Ms. Becker: The University wants to keep the building with classes, right?

Mr. Fisk: Correct. It's only the tracts that are indicated as tidelands. Particularly with Tract B, we could fill it and create an area for vessels with a much larger capacity. We currently only have a 35 ton lift but need at least 130 ton lift to service vessels in town.

Mr. Kiehl: As we think about potential land swaps, have you had an opportunity to work with University Lands and staff, to get an idea of what City lands they're interested in.

Mr. Fisk: Not as much as we'd like. There have been various indications. I know Greg Chaney took Tina Shimshat from the University Lands Office to look at some lands. Chancellor Pugh indicated some lands that he thought were of interest to the further development of the campus. The University Lands Office has a different take than UAS themselves. The Lands Office is also looking at lands that are of value. Some of the things discussed have included partnering with CBJ on Pederson Hill Development; there's another piece of property caddy corner from the University on Fritz Cove Road. But, they haven't said yes.

Mr. Mertl: I think they're both great projects. Is there any funding down the pipeline that would make these projects real? Are they 5 years away or 20 years away?

Mr. Fisk: The university site first work began on that in the late 80s and there was an agreement on a mutual development concept. \$500,000 went to the Egan Library and this long term lease was entered into, which is extendable for another term. So there was a vision there. Without having ownership of the site it's difficult to get funding sources. Two potential funding sources are EDA, which we're normally not eligible for because our unemployment rate is low in Juneau. We have been able to apply in the past, because it was fisheries oriented we were able to get it past that rule. The other one is the USDOT TIGER Grants, but again, ownership is preferred. It's much easier developing a funding package if we have ownership.

Mr. Kiehl: Do you know what Docks and Harbors pays to lease those two parcels?

Mr. Fisk: It's not a lot. It's a small sharing arrangement, but it's not great.

Mr. Kiehl: Returning to the other Channel Drive tidelands, Mr. Chaney, you talked about the two parcels under long term lease. Was there another parcel to the further north of those?

Mr. Chaney: DIPAC is further to the north. Who owns the 5th lot, I'm not sure.

Mr. Fisk: I believe the two lots are leased to Hugh Grant. They were leased for Channel Marina.

Mr. Kiehl: For either of you, how about seaward of the patented tidelands, are those state submerged tidelands?

Mr. Fisk: Yes.

Ms. Becker: The trade that Mr. Trucano is talking about. For that land, he would no longer pay lease for the property on the other side?

Mr. Fisk: These are patented tidelands and a little uplands that he's proposing for the lands he currently leases. Since they don't equal out, there would have to be other compensation. There's a potential here. The City would get consolidated ownership here that is potentially developable and perhaps for fisheries purposes.

Mr. Kiehl: I am particularly intrigued by the proposal by the University's Vocational Technical Center and the possibility for some exchange of value. I share your concern that the University of Alaska Land Office has a somewhat different mission than UAS. We are undergoing a development project and access to CBJ lands that abut developable University lands. It strikes me that there is a potential here to work some sort of arrangement for great benefit especially if the benefits to the University Lands Office brings more housing to the University which brings us a

broad community development. I would be interested in pursuing that further and asking the Lands Staff to add that to their work list in terms of working with Docks & Harbors. I would be interested in pursuing this further with all the parties involved and bringing it back to the committee.

Mr. Nankervis: I thought doing something where Channel Marina used to be is a good spot for a roadside fishery... (and then it became too difficult to tell what he was saying over the teleconference line)... It's all good stuff to keep talking about.

Mr. Kiehl: We lost the second half of your comments. If you wouldn't mind putting your thoughts in an email and sending them to Mr. Chaney, he can distribute them. I did catch at the end that we should proceed with both proposals?

Mr. Nankervis: Yes, I think we should proceed with both discussions...

Mr. Fisk: Thanks for the opportunity to update you. We've been working as close as we can with Docks and Harbors and we've been working with Greg Chaney. We wanted to let you know where things stood.

D. Authorization to Begin Negotiations for a Lease with Pacific Coast Paving for an Asphalt Plant

Mr. Chaney: Pacific Coast Paving has applied to lease City property at Lemon Creek. The first question that comes with a request to lease City property is whether the proposal shall be reviewed by the Assembly as it was proposed, ask for further proposals or not to lease that land. There are three choices. The proposal was for this area of Lemon Creek behind Home Depot. This is their site plan. It's a fairly straight forward proposal. We're requesting a motion to recommend to the Assembly whether it should be considered and if so, whether by direct negotiation or by competition after invitation by other proposers. We have a representative from the applicant and their competitor here tonight.

Mr. Kiehl: At our last meeting you brought us a Land Use Permit, that needs to go to the Planning Commission. That would be one year and this would...

Mr. Chaney: A use permit can be for up to one year but its temporary. And then there's the long term lease, which would be for many years.

Mr. Kiehl: That continues to proceed to the Planning Commission. This is not replacing that. Should we invite the applicant and their competitor to discuss this issue or should we proceed with our normal course of discussions?

Ms. Becker: I'm willing to wait until the Assembly level.

Mr. Kiehl: Staff needs direction in terms of forwarding the proposal to the Assembly on what terms.

Ms. Becker: Are these movable? If we have a lease and we don't want them there. It seems to me it was easy to pack them up.

Mr. Chaney: They're designed to be mobile. It's not cast with concrete foundations.

Ms. Becker: That's true for both?

Mr. Chaney: Yes. They're designed to be mobile somewhat.

Mr. Mertl: As part of the lease process, does the application have to go through a conditional use process?

Mr. Bleidorn: Yes

Mr. Mertl: So there would be the standard procedure of getting the public hearing and getting the big red signs up?

Mr. Bleidorn: At this time it's a little premature to look at the specifics, but once we get that direction from the Assembly, we will work with CDD and moving in the direction that's best for the City.

Mr. Kiehl: I have a little familiarity with some of our tidelands leases. In terms of industrial lands, are there other industrial lands we are leasing?

Mr. Chaney: Yes, the City does own other industrially zoned property, but Lands is not leasing them for industrial uses at this time.

Ms. Becker: Is there more information you would provide at the Assembly level?

Mr. Chaney: We've given you what the applicant has given us, which is a high overview. If you have a specific question, we can delve into that.

Ms. Becker: I would like to see what the other applicant has provided. Are there two applicants?

Mr. Chaney: There's no other applicant at this point. The question is whether to further consider this proposal or ask for additional proposals. This particular proposal has come in, but we could open it up for other proposals if you want.

Mr. Kiehl: In the ones I've seen in the past using this ordinance or similar clause, I think generally my own take, if someone has come forward with a proposal and their \$500, my thought is that it's worth giving them a shot to pursue it. In the past this committee has elected, with sale proposals to put it out to the public. My thought would be if someone came in there's nothing wrong with negotiating with them directly. I'm open to the will of the committee on this one.

Mr. Nankervis: No questions. I think we should move forward with Lands Department to enter into negotiations with the original person. I don't think we should open it up to the competitor. That defeats the purpose of being the person with first idea first. If we don't like the negotiations, then we don't have to make a deal.

Mr. Mertl: I think if we're going to the conditional use permit, just a general comment. I would think the land should come back in as good as or better condition. So making sure there's a bond or process where if there's cleanup that need to be done, the lessee can be held accountable - making sure the City doesn't get a piece of land that's less valuable or have cleanup or you have to demo a building.

Motion: Ms. Becker: I move the Lands Committee forward a recommendation to Assembly that the proposal to lease CBJ land in Lemon Creek for an asphalt plant should be further considered with the original proposer.

Hearing no objection, the motion passes unanimously.

VI. STAFF REPORTS

A. Renninger Subdivision Update

Mr. Chaney: We received our Army Corps of Engineers permit for the Renninger Subdivision, also known as Switzer 2A. They way that played out, we are not required to set aside this land as a separate lot. That would be part of the larger lot. Overall that means we can use it as density for the property. Theoretical zoning allows for 189 dwelling units. The area will still be preserved as preservation easement. We're going to move forward with the owner of that lot, who will be the owner of this preservation easement. The preservation easement will be a no build area. We're working out the details of the final plat. If everything goes as hoped, the project will be ready by the beginning of July. We hope to have the project advertised by mid-July and bids due early August. If there are no issues, a notice to proceed could be issued by the end of August. With the work being done by the end of summer. It will be up to the contractor to determine if they can do it within the building season or wait for paving in the spring. There is one issue worth thinking about. As it's laid out, there are six building lots. The lots are roughly sized to accommodate 8 unit complexes. One of the additive alternatives, would be what would it cost to have the sites cleared of trees and a pad put down. The pads would be something you could drive on. It would not be engineered for a foundation, just a clear building site. There are several advantages. In a lot of places in the country, this is the normal procedure. One of the advantages is that if you leave the trees in place and someone removes some trees on the neighboring lot the remaining become unstable and start to fall over. It's more efficient to clear all at once. It increased the value and you get the value back. Hauling and clearing can be done prior to paving so you save wear and tear on the road. It's easier to sell a property that's been cleared. It takes less time. If a builder wants to go in, it's one less thing they have to do. Once we fill those areas, we don't have to worry about the Army Corps anymore. The Corps permit is good for 5 years and then we'll have to renew. Every time we renew the Corps permit, it's a risk. It's an unknown in the future as to what we will have to do. There are disadvantages. It costs more. We'll have some engineering estimates before we start the bidding process. We won't know the actual costs until we get the bids back. The surrounding neighborhoods may complain because more trees are being removed initially. That's unfortunate but that's the game we're in. There's still a buffer below and above. It's something to consider. I'm happy to answer questions.

Mr. Mertl: The green hatched along the bottom of the site. Does that represent the existing trail?

Mr. Chaney: Correct. There is a boardwalk trail that continues to Switzer wetlands.

Mr. Mertl: That would be maintained as part of this development.

Mr. Chaney: It's already part of the parks system and will continue to be maintained. We'll actually be adding a little spur from the cul-de-sac down to the trail. It's the line of the sewer and we asked the engineers put a gravel layer to form a trail.

Mr. Mertl: Has there been any discussion about adding a community playground. You have a high density of housing in this area.

Mr. Chaney: Not an improved park. We have this natural area set aside here which is right against Switzer Natural Area Park. On the other side we have Dzentiki Heeni Middle School and they have playgrounds. We haven't proposed to put an improved park.

Mr. Mertl: Is it something you would consider?

Mr. Chaney: It's a little late at this point. We're going out to bid soon. It might be a difficult thing to add and we'd have to get very specific direction to do that.

Mr. Mertl: I'm always hesitant for us to start clearing pads without a master plan and start clearing until we know what we're getting into without understanding what we're going to put in there. There are advantages but I see there's a lot more disadvantages. I'm more a proponent that you get the most out of your land and your property through a master plan.

Mr. Kiehl: My thinking was that it doesn't make sense to clear land when we don't know where the owner wants to put the building. There's room for further discussion on that topic when we know what the additive alternative is estimated to cost.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

There were no committee member or liaison comments.

VIII. ADJOURNMENT

The meeting adjourned at 5:55pm.