

Presented by: The Manager
Introduced:
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2019-02

An Ordinance Authorizing the City Manager to Execute a Purchase and Sale Agreement with Archipelago Properties LLC for Real Property located at Lots 1, 2 and 4, Archipelago Subdivision, Plat No. 2013-22, Juneau Recording District, near 356 South Franklin Street.

WHEREAS, Archipelago Properties, LLC (“Archipelago”) owns certain property located near the Alaska Steamship Dock and legally described as a portion of Lots 1 and 2, Archipelago Subdivision, Plat 2013-22, Juneau Recording District, as depicted on Exhibit A of the proposed Purchase and Sale Agreement, included as Attachment A; and

WHEREAS, the number of passengers disembarking from cruise ships onto downtown Juneau docks increased from 36,536 passengers in 1973 to an anticipated 1,360,000 passengers in 2019; and

WHEREAS, from 2010 until 2016, the number of cruise ships calling at the Alaska Steamship Dock in downtown Juneau averaged 81, representing approximately 95,000 disembarking passengers, and increased to 117 ships by 2018, representing approximately 270,000 passengers; and

WHEREAS, although the number of cruise ships calling at the Alaska Steamship Dock has increased 44% since 2010, the number of passengers has increased 182% since 2010; and

WHEREAS, the increase in the number and size of vessels, and corresponding increase in ship passengers, has not been met with proportionate dock infrastructure investment; and

WHEREAS, the growth of passengers has overwhelmed the existing shoreside port infrastructure and construction of this facility would benefit the cruise ships and passengers and allow for their use of the port; and

WHEREAS, in order to accommodate the greater number of cruise ships bringing an increasing number of passengers onto the downtown docks, the City and Borough of Juneau (“CBJ”) proposes to expand the deckover and transportation staging area at the Alaska Steamship Dock; and

Whereas, the cruise ship companies or their subsidiaries or affiliates own, operate, or sell a significant number of the tours accessed by the disembarking passengers from the dock according to studies by the McDowell Group; and

WHEREAS, this proposed conveyance and associated infrastructure project will provide a service to cruise ship passengers and a service to the cruise ships calling at the Alaska Steamship Dock; and

WHEREAS, the proposed expansion of dock infrastructure will provide a service to the cruise ships and a service to the cruise ship passengers because it is an extension of the recently completed floating berth serving visiting cruise ships and vessels with safe and efficient ship to shore connections; and

WHEREAS, this investment into the expansion of dock infrastructure will provide a service to the cruise ships and passengers by increasing the safety and efficiency of commerce on the dock and its facilities, by allowing ships to discharge and embark passengers more efficiently, and thus allowing the vessels to depart on a safe and predictable schedule, which is necessary for the safe operation of the harbor due to the multiple ships embarking each day; and

WHEREAS, a representative of the cruise ship and tourism industry has commented in support of the proposed development at the Alaska Steamship Dock by stating: “the responsible development of additional pick up and drop off space along the waterfront is indeed necessary and prudent. There is currently inadequate space for vehicles to service what will likely very soon be some 6,000 – 8,000 passengers at the Cruise Terminal and Alaska Steamship Dock combined. Not moving forward with this development will simply cause and increase vehicle congestion in the downtown core and send us back to impacts we were dealing with some 15 years ago.”; and

WHEREAS, a representative of the cruise ship and tourism industry has further commented in support of the proposed development at the Alaska Steamship Dock by stating: “there are peak times when we currently do not have space to handle the transport needs and those vehicles end up transiting downtown in circles for sometimes 10-15 minutes waiting for a space. This adds to downtown traffic and also causes tours to run late and creates passenger dissatisfaction [to the cruise ship]”; and

WHEREAS, without this conveyance and associated infrastructure development necessitated by the increased cruise ships and the resulting passengers, the cruise ship marine enterprise would suffer harms like passenger dissatisfaction, negative trip reviews, and departure delays; and

WHEREAS, Archipelago and the CBJ have been working together to create a mutually beneficial purchase and sale agreement whereby the CBJ will acquire submerged lands to expand the deckover at the Alaska Steamship Dock and upland portions to improve ingress and egress to the cruise ship facilities; and

WHEREAS, as part of this purchase and sale agreement, Archipelago will acquire approximately 4,193 square feet of land from the CBJ on the Archipelago Subdivision for commercial development; and

WHEREAS, the value of the property to be acquired by the CBJ has been appraised and is reduced by the sale of CBJ property to Archipelago and other adjustments as considered in the Purchase and Sale Agreement; and

WHEREAS, through this proposed purchase and sale agreement, the CBJ has an opportunity to invest in port facilities to meet demand by the cruise ships at the downtown port given the existing cruise ship volume and anticipated growth of the cruise ship tourism market; and

WHEREAS, such investment in the development of transportation staging and expanded deck space on the dock in downtown Juneau will enhance service to the cruise ship vessels and passengers by providing a highly valued port destination to facilitate commerce and facilitate the marine enterprise of the cruise ships; and

WHEREAS, the use of marine passenger fees to purchase this property, to construct transportation staging, and to expand deckover space is consistent with federal law because this project provides a service to the cruise ships, provides a service to cruise ship passengers, enhances the safety and efficiency of commerce, and facilitates the marine operations of the cruise ships and the owners of the cruise ships.

THEREFORE BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a non-code ordinance.

Section 2. Authorization to Purchase. The Manager is authorized to execute a purchase and sale agreement with Archipelago Properties LLC that is substantially similar to the agreement provided as Attachment A.

Section 3. Archipelago Property to be Purchased. The Manager is authorized to purchase the real property located at or near the Alaska Steamship Dock for fair market value as follows:

(A) Fair Market Value: \$2,850,135.00 (Two million, eight hundred fifty thousand, one hundred thirty-five dollars).

(B) Description of the Property: 24,104 square feet portion of Lots 1 and 2, Archipelago Subdivision, Plat No. 2013-22, Juneau Recording District, First Judicial District, State of Alaska, which is further described in Exhibit A of the Purchase and Sale Agreement.

Section 4. CBJ Property to be Sold. The Manager is authorized to sell the real property located at or near the Alaska Steamship Dock for fair market value as follows:

(A) Fair Market Value: \$1,252,400.00 (One million, two hundred fifty-two thousand, four hundred dollars).

(B) Description of the Property: 4,193 square feet portion of Lot 4, Archipelago Subdivision, Plat No. 2013-22, Juneau Recording District, First Judicial District, State of Alaska, which is further described in Exhibit A of the Purchase and Sale Agreement.

Section 5. Minimum Essential Terms and Conditions. The Purchase and Sale Agreement is subject to the following minimum terms and conditions:

- (A) Transaction Value. The net balance due from the CBJ to Archipelago is \$922,175 (Nine hundred twenty-two thousand, one hundred seventy-five dollars), which was determined by appraisal, given the following:
1. Archipelago land value of \$2,850,135.00;
 2. Minus \$1,252,400.00 for CBJ's land value;
 3. Minus \$420,935.00 for Archipelago's benefit of fill behind retaining wall;
 4. Minus \$60,000.00 for Archipelago's benefit of access along northern property line;
 5. Minus \$194,625.00 for Archipelago's right to object to development on a portion of Lot 1.
- (B) Retaining Wall. The CBJ, in conjunction with the construction of a piling-supported structure over its real property and subject to appropriation, intends to construct and maintain a retaining wall to develop the infrastructure on CBJ property. This retaining wall would create uplands for Archipelago, which the appraisal valued as a \$420,935.00 benefit to Archipelago.
- (C) Archipelago Access Easement along Northern Property Line. The CBJ agrees to provide a public access and utility easement to Archipelago, as owner of the abutting real property, consistent with paragraph #12 of Exhibit A. The appraisal valued this easement as a \$60,000.00 benefit to Archipelago.
- (D) Archipelago Right to Object. Archipelago has requested preserving a right to object to development on a portion of Lot 1 sold to the CBJ. The appraisal valued that right to object as decreasing the property value by fifty percent or \$194,625.00. The Manager may execute the purchase and sale agreement with Archipelago's right to object language, which is in paragraph #14 of Exhibit A.
- (E) Title Insurance, Subdivision, and Closing Costs. Archipelago shall obtain title insurance. Archipelago and the CBJ shall share equally in the cost for survey and subdivision of the property and title insurance. All reasonable and customary closing costs shall be split evenly between Archipelago and CBJ at time of closing. Each party shall pay its own separate attorney fees incurred in negotiations, drafting, and documenting this transaction.
- (F) Type of Deed. The Manager is only authorized to sell the CBJ property by quitclaim deed.

Section 6. Other Terms and Conditions. The Manager may include such other terms and conditions as may be in the public interest and in accordance with CBJ Title 53.

Section 7. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this ___ day of _____, 2019.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk