



DOCKS AND HARBORS BOARD MEETING AGENDA

May 30, 2024 at 5:00 PM

Port Director's Conf. Room /Zoom Webinar

<https://juneau.zoom.us/j/83856903848> or 1-253-215-8782 Webinar ID: 838 5690 3848 Passcode: 781870

A. CALL TO ORDER (5:00pm in the Port Director's Conference Room & via Zoom)

B. ROLL CALL: (James Becker, Paul Grant, Debbie Hart, Matthew Leither, Annette Smith, Shem Sooter, and Don Etheridge)

C. PORT DIRECTOR REQUESTS FOR AGENDA CHANGES

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED.

D. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS (not to exceed five minutes per person, or twenty minutes total time)

E. APPROVAL OF MINUTES

- [1.](#) April 25th, 2024 Board Minutes

F. NEW BUSINESS

- [2.](#) Trucano Family LLC ATS 750 New Lease

Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/ Action

MOTION: TO APPROVE THE NEW LEASE FOR TRUCANO FAMILY LLC FOR ATS 750 AND FORWARD TO THE ASSEMBLY FOR FINAL APPROVAL.

- [3.](#) Trucano Family LLC ATS 842 New Lease

Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/ Action

MOTION: TO APPROVE THE NEW LEASE FOR TRUCANO FAMILY LLC FOR ATS 842 AND FORWARD TO THE ASSEMBLY FOR FINAL APPROVAL.

- [4.](#) Resolution in Support of Statter Harbor Break Water.

Presentation by the Port Director

Board Questions

Public Comment

Board Discussion/ Action

MOTION: TO APPROVE THE RESOLUTION IN SUPPORT OF THE US ARMY CORPS OF ENGINEERS AUKE BAY FEASIBILITY STUDY.

G. ITEMS FOR INFORMATION/DISCUSSION

- 5. Grant Strategy & Grant Updates
 - Presentation by the Port Director
 - Board Discussion/Public Comment
- 6. Seadrome Bank- Beach Access
 - Presentation by the Port Director
 - Board Discussion/ Public Comment
- 7. Douglas Boat Fire
 - Presentation by the Harbormaster
 - Board Discussion/ Public Comment

H. COMMITTEE AND MEMBER REPORTS

- 1. Operations Committee Meeting Report
- 2. Assembly Lands Committee Liaison Report
- 3. South Douglas/West Juneau Liaison Report
- 4. Member Reports

I. PORT ENGINEER'S REPORT

J. HARBORMASTER'S REPORT

K. PORT DIRECTOR'S REPORT

L. ASSEMBLY LIAISON REPORT

M. BOARD ADMINISTRATIVE MATTERS

- a. Ops/Planning Committee Meeting - Wednesday June 19th, 2024
- b. Board Meeting - Thursday June 27th, 2024

N. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.



DOCKS AND HARBORS OPERATIONS MEETING MINUTES

April 17, 2024 at 5:00 PM

Port Directors Conference Room/Zoom Meeting

- A. **CALL TO ORDER:** Mr. Ridgway called the meeting to order at 5:00pm in the Port Director's Conference Room and via Zoom.
- B. **ROLL CALL:** Don Etheridge, Paul Grant, Debbie Hart, Matthew Leither, Annette Smith, Shem Sooter, and Mark Ridgway
Absent: Jim Becker

Also in attendance: Carl Uchtyl – Port Director, Matthew Creswell - Harbormaster, Emily Wright – CBJ Law, and Leah Narum – Administrative Assistant.
- C. **PORT DIRECTOR REQUESTS FOR AGENDA CHANGES** - None
MOTION By MR ETHERIDGE: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.
Motion passed with no objection.
- D. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS** – None

Mr. Uchtyl introduced the AELP contractor that is here doing a site survey for the cruise ship dock electrification.
- E. **APPROVAL OF MINUTES**

1. Hearing no objection, the March 20th, 2024 Operations Meeting Minutes were approved as presented.
- F. **UNFINISHED BUSINESS**

2. Vessel Disposal Surcharge (VDS) – Next Steps
Mr. Creswell said this starts on page eight in the packet. We have talked about this over the winter and the surcharge regulation which is the charge assessed to uninsured vessels. Currently that surcharge is only applied to assigned stall holders that are uninsured. Approximately 19% of the vessels of assigned moorage are uninsured. From April 1 last year to April 1 this year there was approximately \$20K collected for vessel surcharge. Discussion from previous meetings was along the lines that we should be assessing vessel surcharge to certain transient vessels including non-stall holders. They may be here all year but are non-stall holders. His direction from the Board was to figure out how to assess the VDS to transient vessels wanting to pay the monthly, semi-monthly, and annual rate. If we applied the VDS to these transient vessels, we would be collecting just over \$30K. If vessels are paying the daily rate, it is a much higher rate and the VDS would not be applied. We spent over \$100K for disposal of vessels in the last year and there will probably be another \$50K before the fiscal year end. If we were to collect more VDS revenue to get closer to our current disposable costs, it would be a \$.97 VDS fee. We would need to charge about \$1.50 to recover all our disposals costs expected to the end of the fiscal year. An average uninsured vessel would pay about \$51 per month. If the VDS was raised to \$1.50, it would be about \$75 per month.

Committee Questions

Mr. Ridgway asked how the personnel time spent on these vessels is handled?

Mr. Creswell said it is in our Lucity software program.

Mr. Ridgway asked if staff is proposing the \$.97 per foot or the \$1.50 per foot?

Mr. Creswell said the \$.97 per foot would get us to our current disposal expense, but the \$1.50 would be to recover the anticipated disposal expense to the end of the fiscal year. He said he will take direction from the Board on what fee the Board would like to charge. It could be \$.97, \$1.00, \$1.25, or \$1.50 per foot.

Ms. Smith asked if Wrangell increased their VDS fee to \$3.00 per foot?

Mr. Creswell said they were proposing that fee, but he does not know if that was implemented.

Mr. Leither commented that this was an exceptionally bad year for vessel disposal and wanted to know if past years there was as high disposal costs?

Mr. Creswell said winter was bad this year, but those boats were not the expensive ones to dispose of. The big expense vessels were the 55' ferro cement (Halana), 43' power troller (Norther Star), 56' (Silver Lady) which were all transient vessels paying monthly rates and not assessed the VDS fee. With the annual sea trial notifications, there could be a potential for more vessel disposals if the vessels do not meet the sea trials and are impounded. He is not sure if this is the normal disposal costs for a bit until all the vessels meet their sea trials or if it will get better now.

Mr. Etheridge asked where this year compares to the last couple of years?

Mr. Creswell said this year was worse due to not selling the impounded vessels and having to dispose of larger vessels. He does not have a number to compare this year to.

Mr. Grant asked if staff could look back ten years to see the trends or have our procedures changed so looking back is not a good comparable number?

Mr. Creswell said pre COVID, we had a way to track vessels. During COVID we took a pause on impounding vessels, and we are paying the price for that now. We could be in for a couple of tough years.

Ms. Smith asked if the Board approved an increase, and our vessel disposal expense goes down in a couple years, can we reduce the rate at that time?

Mr. Ridgway said yes, and this fee could be adjusted year to year.

Mr. Etheridge commented that we would still need to go through the Assembly for all rate increases.

Mr. Ridgway said the Board should take all our expenses for the previous year or two years to determine the VDS fee so we would need to go back to the Assembly.

Mr. Grant asked why this is not an insurable event. If someone leaves a junk car in my yard, he believes he could call his insurance and tell them to take it away. He asked if getting rid of boats could be covered by our insurance.

Mr. Creswell said he does not believe any of these boats would be insurable unless they sank. Claiming this on our insurance may increase our insurance even more.

Mr. Etheridge commented that being public property is the difference from being able to use our insurance.

Ms. Smith asked if we collected more VDS than our expense, could we refund the excess money evenly to the people we collected it from?

Mr. Uchytal commented that he would be cautious about having a fund balance for vessel disposal. That may send a message to the boating community that Docks & Harbors has money to dispose of vessels and anyone wanting to get rid of their vessel would leave for us to dispose of. We want people to be responsible for their own property.

Mr. Ridgway said the Board has two questions to answer, what is a good rate for the VDS, and what do we do with the money if we charge more than our disposal costs?

Mr. Creswell said over the years of FY20 and FY21 we were just over \$100K for those two years and we were not even very active with impounds and disposal.

Mr. Hart said this is a statewide issue. Often these vessels are sold to people who do not have the means. Are current patrons who have the vessels in question of future impound having trouble paying their moorage and paying the current VDS fee?

Mr. Creswell said most of the vessels we sell are transient vessels and per regulation do not pay the VDS fee. He does not see the VDS fee as a problem for the boaters.

Mr. Grant asked if the proposed \$.97 rate total revenue includes the transient vessels also.

Mr. Creswell said if we include the transient vessels over the April 2023 to April 2024 and raised it to \$.97 it will cover our current cost of disposal.

Mr. Grant commented that we will never be current with the recovering our costs but always a year behind. Even if we adjust the rate every year.

Mr. Creswell said that is the way he sees it.

Mr. Ridgway commented that staff provided all the information needed to determine a rate to make use whole. If we want to move something to the full Board, we should determine a rate. We cannot go forward as an enterprise without these costs addressed.

Mr. Leither said this seems like a lot for some people, especially with the rate increase that just happened. He wants to know how the Assembly might feel about this fee being increased. One of the ways to have a variable rate is the wording could be the same as the CPI wording that it will be adjusted unless the Board decides not to and that way we would not need to go to the Assembly every time. If we keep track of things, and have collected over what our costs are, we could reduce the fee.

Mr. Ridgway recommended updating our rate setting policy and have a formula this Board wants to apply to the VDS fee. Look at this fee every couple of years and raise or lower it to what makes Harbors whole.

Mr. Leither commented it is a lot of time and work to raise the fee with advertisement timeline, public hearing meetings, Assembly meetings, and if that does not have to happen each time it would be better.

Mr. Ridgway recommended staff come back to the next Operations meeting with a cost-setting proposal.

Mr. Etheridge wanted to check with CBJ Law to see if we could have a fee set at a rate, but if our costs are "x" it would be one rate and if they are "x" it would be a different rate. Could it be based on our expense?

Mr. Ridgway asked Ms. Wright if the Board could have some flexibility in our rates so we would not have to come back to the Assembly to have the VDS fee adjusted.

Ms. Wright said yes, we can do this any way you want. We can have the wording like the CPI and have this fee adjusted annually or you could go to the Assembly every time.

Mr. Ridgway commented that he would like to see a proposed rate/formula from staff before moving this to the full Board and would not need a motion tonight.

Ms. Smith commented that the Boards responsibility is to Harbors and to make sure we have the funding to take care of any issues. Owning a boat is expensive. It is cheap housing for people, but we do not get City assistance.

Mr. Creswell clarified that he would come back to the next Operations Committee with a formalized formula that he used as an example tonight, and work through CBJ Law to come up with language for regulation change. After the Operations Committee approves the formula and regulation wording, it will be forwarded to the full Board for approval.

Mr. Etheridge recommended coming up with a top number to give to CBJ Law to work with.

Mr. Ridgway commented that if it is a formula number it will not be rounded. It will be a representation of what is owed.

Mr. Etheridge said that is the final number, but if the Committee recommends a top number not to go over or not to exceed, they could work with that.

Mr. Leither recommended leaving the formula out of the motion but say this is our current needs for boat disposal. He does not want to be bound to a specific formula but have the wording more like the CPI. We can adjust up to a certain fee or we do not have to and decide based on what needs to happen.

Ms. Hart recommended for staff to also show a timeline. If this is approved at the next meeting, what does that mean when it would be implemented if it was approved by the Board and Assembly.

Mr. Creswell said Ms. Wright will work on different languages for the Committee to review and decide on. He said rate changes are best at the beginning of the new fiscal year (July 1st) or January 1st.

Mr. Uchytel said staff is also working on several other regulation changes and this would be added to those changes.

Ms. Smith asked, including assessing this to transient vessels, do we need to start public notice now?

Mr. Creswell said no, this would go through our standard process.

Public Comment - None

Committee Discussion/Action

NO MOTION

3. PIDP Grant Update – Local Matching Grant Amount

Mr. Uchytel said the question here is, how much do we want to commit for the local match. Like last year, we are going to pursue a small project, small port, which limits our ask to \$11.25M. Brandon Ivanowicz with PND Engineers is working on the Grant application with his team. Part of our scope of work is for PND to come and provide an overview of what efforts have been provided. Last month, the Committee discussed providing a local match of up to 20%. Last year, the Committee decided on \$500K which was closer to 5%. No match is required for this grant but during our debrief in January, one of the suggestions was that we would be more competitive with 20% match money. Harbors will have approximately \$4M at the end of June in our Harbor fund balance.

Brandon Ivanowicz (PND Engineers)

He said PND was contracted by Docks & Harbors to provide concept development and grant writing assistance for the Aurora Harbor drive down float. The grant being pursued is the Maritime Administration Port Infrastructure Development Program Grant (PIDP). Our team is working on the concept drawings, cost estimates, and technical project descriptions that will go into the grant narrative. We have graphic designers that are working on providing an eye-catching application document. We have a sub-consultant, Marine Coast Data, who will prepare the BCA, or cost analysis for the application. That will be the overall cost of the project and the long-term benefits the project will create over its lifespan. We met with MARAD to get an idea where the application needs to be approved from last years. Our application was strong, but just not to the level of being selected. The team is focusing on the areas that need to be improved from last year's application. The grant is due May 10th. We will

submit a draft on May 2nd for review. On May 4th Docks & Harbors will provide comments. May 6th, the final draft will be submitted to Docks & Harbors for their submission to Grants.gov by May 10th. He went over the location and what the drive down float would look like. The total construction cost is estimated to be \$12.6M.

Mr. Uchytel said the only way we would do this is with a federal grant so this would be buy American and hopefully that has been considered in the estimate. The other thing about this grant, small project, small port, is the most the governments will give us is \$11.25M. Anything over that will be on us to pay. PND does have great experience building drive down floats, but none have been post pandemic numbers.

Committee Questions –

Mr. Grant commented that the location for the drive down float could alter the traffic pattern for boats coming into Aurora and will that create any problems that will need to be thought about?

Mr. Ivanowicz said he does not see any issues. This is located at the best place to still have usable space on that inside edge.

Mr. Grant asked if there would need to be a red marker on the end of the float?

Mr. Ivanowicz said PND would submit the project to the Coast Guard, and they would provide the requirements for markers and lights.

Mr. Creswell said going around the breakwater in Douglas is much tighter than this opening. We currently have 100 plus feet boats in Douglas.

Mr. Uchytel said we did have a good turnout at the Infrastructure fair. There was commercial fisherman that saw this layout and thought it looked good.

Ms. Smith asked if this is on Docks & Harbors property?

Mr. Ridgway said yes.

Ms. Smith asked if there are concerns for cost overrun with these numbers or does PND believe the contingency is a good number?

Mr. Ivanowicz said it is tough estimating, but we have a good level of confidence with this estimate for 2024 numbers. It would not hurt to redo the estimate with 2027 numbers.

Ms. Hart asked if height restrictions have been considered for house boats to leave the area they are located in?

Mr. Ivanowicz said if the houseboat got into the area where they are, they will be able to get out.

Mr. Leither asked how often the anodes need to be replaced.

Mr. Ivanowicz said 15 to 20 years of service life. That is the same for the galvanized coating.

Mr. Leither asked if the Auke Bay Facility supports itself?

Mr. Creswell said the Auke Bay Loading facility does bring in a substantial amount of money but has not been compared to cost. He does not believe it pays for itself but does pay for the operations.

Mr. Uchytel said none of our facilities pay for themselves. We have to subsidize everything.

Mr. Ridgway questioned if the turn has been looked at to see what size trailers can make the turn.

Mr. Uchytel said in final design the turn calculations can be looked at but not at this level.

Mr. Ridgway how wide is the elevated approach dock?

Mr. Ivanowicz said about 20' and it is rated for a slightly smaller semi-truck. If it needs to hold more weight, we could modify the existing structure.

Ms. Smith asked how much more that would cost?

Mr. Ivanowicz said it would probably increase by about five or ten percent.

Public Comment - None

Committee Discussion/Action

MOTION By MR. ETHERIDGE: TO COMMIT FROM HARBOR FUND BALANCE - 20% OF PROJECT COST TOWARDS THE LOCAL MATCH FOR THE PIPD GRANT APPLICATION AND MOVE TO THE NEXT FULL BOARD AND ASK UNANIMOUS CONSENT.

Mr. Leither objected for the purpose of discussion.

He asked if the contingency can be added in, or do we need to say exactly what it costs?

Mr. Uchytel said for grant purposes, we need to tell MARAD what we are committed to.

Mr. Ivanowicz said based on the projects estimate, the federal match would be \$10.12M, the 20% local match would be \$2.53M and if they gave us the \$11.25M without the match, we would be responsible for \$1.4M which is the project cost over the \$11.25M.

Mr. Leither clarified that we are going to pay 20% on the entire proposed budget for the drive down float project. Mr. Leither withdrew his objection.

Motion passed.

G. NEW BUSINESS

4. Angoon Trading Company Lease Assignment

Mr. Uchytel said on page 14 in the packet is a simple lease with Angoon Trading Company. Back in the October time frame, we were aware of Angoon advertising to sell their warehouse building. They own the building, and we own the lease property. Marine Exchange of Alaska wants to purchase the Angoon trading building and they need the approval by CBJ to make the assignment of Angoon Trading to Marine Exchange of Alaska. The lease allows them to assign, but it shall be approved by CBJ.

Committee Questions

Mr. Grant asked if this is the lot next to the CBJ lot?

Mr. Uchytel said we own the parcel but not the building. The next couple parcels are leased to DJG (Hugh Grant) and owned by CBJ. The area south of Angoon Trading needs a lot of fill to be useable. The two lots after that are owned by Mr. Doug Trucano.

Mr. Ridgway asked what is paid in lease rent.

Mr. Uchytel said he was unsure.

Mr. Grant asked what is Marine Exchange going to use this area for?

Mr. Coutu, Marine Exchange representative, said this will be for our Marine safety site, light industrial, and light welding.

Mr. Grant commented that the Board has an obligation to ensure the operations are marine or water related.

Mr. Coutu said Marine Exchange of Alaska builds and places marine safety sites all over the state of Alaska. We are in the automated identification system process for vessels. Our marine safety sites are equipped with weather sensing data which is available to ships across Alaska.

Mr. Ridgway asked Mr. Uchtyl if there is any reason this Board should not approve the assignment of this lease?

Mr. Uchtyl said only if the Board had a better use.

Public Comment - None

Committee Discussion/Action

MOTION By MR. ETHERIDGE: TO APPROVE ANGOON TRADING COMPANY LEASE PROPERTY TRANSFER TO MARINE EXCHANGE OF ALASKA AND ASK UNANIMOUS CONSENT.

Mr. Grant objected for a brief comment.

He wanted the Board to remember that this may be giving up one of our location options for a boatyard.

Mr. Grant withdrew his objection.

Motion passed.

5. Boat Shelter Sale of AF-019

Mr. Uchtyl said on page 16 in the packet, the Harbors Admin supervisor received a notification from a boat shelter owner that he sold his boat shelter. He did not go through the requirements of Board approval. The boat shelter is already sold, and this has happened before.

Committee Questions - None

Public Comment - None

Committee Discussion/Action

MOTION By MR. ETHERIDGE: THAT THE BOARD WAIVE ITS RIGHT OF FIRST REFUSAL TO PURCHASE BOAT SHELTER AF-019 AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

6. US Army Corps of Engineers - Feasibility Cost Sharing Agreement for Auke Bay Wave Attenuator

Mr. Uchtyl said on page 19 in the packet is a template for the feasibility cost sharing agreement. Ever since the senate passed the budget for water and energy, Senator Murkowski has \$500,000 earmarked for the Statter Harbor Breakwater feasibility study. Since then, the Alaska Army Corps District in Anchorage has been moving forward with documents back and forth to consummate the agreement. This commits us to half of a \$3M study as a local sponsor. This needs to be approved by the Board. He

also said it could be more than \$3M so we could end up paying more. These are big projects and big decisions that will impact our fund balance.

Committee Questions –

Mr. Etheridge asked if we could use our Docks funds because of all the whale watching boats that moored at Statter Harbor?

Mr. Uchytel said we currently have \$1.6M in the Statter Harbor improvements phase III. We could legitimately pull from that for the Breakwater and continue to ask for Marine Passenger fees for the curb/gutter/paving project for the Statter Harbor uplands. However, Docks fund balance is going to be close to \$3M. Instead of asking for marine passenger fees to support the breakwater, that would need to go through the Tourism Manager and the Assembly, we could just pay for the breakwater with our Docks fund balance.

Mr. Ridgway asked if there has ever been a small cruise ship tied to the Breakwater?

Mr. Creswell said no.

Mr. Ridgway asked how critical it is to move this to the full Board next week?

Mr. Uchytel said he would like to get this moving as quickly as possible to let the Corps of Engineers know we want to do this. This agreement really says we are committed to working with the Army Corps and we know we have costs.

Mr. Ridgway asked what is this agreement buying us?

Mr. Uchytel said with our local share, we will get a full design from the Army Corps. It goes from feasibility study to construction, and we will have to come up with a 20% local match. With the feasibility study, they say three years, and \$3M cost. Half of the cost is shared with the local sponsor. This buys us that process. We have applied for congressionally directed spending that Senator Murkowski earmarked and our lobbyist in DC has already asked for the rest of the \$2M. The study has to say that it makes sense to replace the breakwater to protect a private marina, Statter Harbor, and all the revenue generated from whale watching.

Ms. Smith commented that we are committed to a local match of \$2M, if this goes through, we are committed to another 20% match for the construction which will be substantially more than \$2M. She wanted to know where that money would come from?

Mr. Uchytel said the way he would structure it is the ADOT Harbors facility grant does allow for grant match for floating breakwaters. They have been working to increase the cap of \$5M to a cap of \$7.5M and if we could get the \$7.5M we would be at \$15M. We would still need to come up with \$7.5M for local match. But that would be \$15M of the \$20M project.

Mr. Etheridge said getting this raised to \$7.5M is looking good. Getting it funded is something different.

Mr. Uchytel suggested not ask for marine passenger fees for the feasibility study, but if we need to for the floating breakwater construction, to ask at that time.

Public Comment - None

Committee Discussion/Action

MOTION By MR. ETHERIDGE: TO RECOMMEND THAT THE BOARD ACCEPT THE US ARMY CORPS OF ENGINEERS AGREEMENT FOR A FEASIBILITY COST SHARING AGREEMENT FOR THE AUKE BAY WAVE ATTENUATOR AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

H. ITEMS FOR INFORMATION/DISCUSSION

7. Goldbelt Seadrome Property Swap

Mr. Uchytal said on page 38 is a letter from Goldbelt saying they want to start the discussion again on the proposed property swap. On page 45, there are alternative property relocations. It will be best for Steve Sahlender to come and talk and explain what he wants.

Committee Discussion

Mr. Leither asked if the Title 85 changes, will this be something we can do?

Mr. Uchytal said Title 85 changes are in front of the Assembly on the 28th.

Public Comment - None

8. Title 85 Changes

Mr. Uchytal said this is on page 51 in the packet. On the 28th, this will go in front of the Assembly. He said it is an excellent point to ask, "what does the Assembly want the Board to do". It has been stated before that they are not able to put everything in ordinance as far as expectations. The management of this property is one of the questions. By taking out the limitations of authority, what is the Assembly signaling to this body. Are they saying they do not want the Board's input? This was brought up as an information item just to keep on our radar.

Committee Discussion

Mr. Etheridge commented that he thought the downtown waterfront property was already taken away from us.

Mr. Uchytal said his recollection was only for the Norwegian Cruise Line dock. The Title 85 changes cause confusion on what this body should be doing.

Mr. Etheridge said his understanding from the Mayor was they were taking over all the downtown waterfront property.

Mr. Grant said considering the Title 85 changes, maybe we should tell Goldbelt to go talk to the Assembly.

Ms. Hart commented that the Board is good to work with the Tourism Manager and work for the greater good of the community, but the Title 85 changes hinders the Docks & Harbors Board and the Port Director. It does not give any guidance to the new Tourism Manager. Now the changes throw Goldbelt into chaos because who do they go to now. The Assembly does not even know what these changes will cause.

Mr. Grant commented that these changes are taking away our ability to answer the question that we are being asked by Goldbelt. Why would Goldbelt come to us when Docks & Harbors Board no longer can comment on these projects. Does the Assembly want us to do anything on this topic?

Ms. Smith commented that this is either our responsibility or it isn't. If this is not ours to deal with, then they should get it all and not just the good stuff.

Mr. Uchytal said he has tried to work with the Tourism Manager very closely. He sends tourism related requests to her, and she decides what she will work on what he will work on.

Mr. Ridgway commented that this is a very frustrated Board and the language in the changes does not make anything clear on our roles.

Public Comment - None

9. Proposed Camping Resolution

Mr. Uchytal said on page 58 is the most recent version that the Committee of the Whole adopted on Monday. No decision is being made in the short term. They have punted to the City Manager Robert Barr to come up with a new proposed location.

Committee Discussion

Mr. Ridgway asked if they were still talking about moving it to the little rock dump?

Mr. Etheridge said he heard that was not going to happen.

Ms. Smith said she is not in favor of letting the Assembly use any of our property for a homeless camp.

Mr. Uchytal said the dispersed camp idea will probably mean we have a lot of dispersed camping along the seawalk. He can see Docks & Harbors dealing with it in one way or another.

Public Comment - None

I. STAFF REPORTS -

Mr. Creswell reported –

- At all locations, Staff is deep into summer preparations. Everything is looking great.
- Doug Liermann is retiring on April 30th. There will be a gathering at the Buoy Deck at 4:45 to wish him well.

MEMBER REPORTS -

Mr. Etheridge reported –

- He attended the Assembly Finance Meeting with Mr. Creswell on Saturday where he presented the budget. The Assembly was very pleased with our budget.

Mr. Leither said he will not be attending the Board meeting next week.

Mr. Ridgway said he will resign from the Board after the next Board meeting. He wants to take a year off.

J. COMMITTEE ADMINISTRATIVE MATTERS

Next Operations/Planning Committee Meeting - Wednesday, May 22nd, 2024

K. ADJOURNMENT - The meeting adjourned at 7:40pm.

Recorder return to: City and Borough of Juneau
Attn: Carl Uchytel
155 Heritage Way
Juneau, AK 99801

TRUCANO LEASE AGREEMENT FOR ATS 750

PART 1. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter “City,” and Jeff Trucano dba Trucano Family, LLC. a corporation organized under the laws of the State of Alaska, hereafter, “Lessee.”

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party’s own risk.

City:
Attn: Carl Uchytel
Port Director
City and Borough of Juneau

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-0282
Fax:
Email:

Lessees:
Attn: Jeff Trucano
Trucano Family LLC.
Lessee

P.O. Box 21223
Juneau, AK 99802
Phone: (907) 586-2444; (907) 321-3988
Fax:
Email:

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Trucano Lease Agreement for ATS 842 Tracts A&B. The following appendices are attached hereto and are considered to be part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

- Appendix A: Property Description & Additional Lease Provisions
- Appendix B: Lease Provisions Required by CBJ Chapter 53.20
- Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. LEASE EXECUTION. City and Lessee agree and sign below. This contract is not effective until signed by the City.

City: _____

Lessee Trucano Family LLC.:

Date: _____

Date: _____

By: _____
Carl Uchytel, Port Director

By: _____
Jeff Trucano

CITY ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the ____ day of _____, 2024, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carl Uchytíl to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to executive said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

Notary Public in and for the State of Alaska
My Commission Expires: _____

LESSEE ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the ____ day of _____, 2024, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Jeff Trucano to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Trucano Family LLC., as Lessee, which executed the above and foregoing instrument; who on oath stated that they were duly authorized to execute said instrument; who acknowledged to me that they signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

Notary Public in and for the State of Alaska
My Commission Expires: _____

Risk Management Review: _____, Risk Manager

Approved as to Form: _____, Law Department

APPENDIX A:

PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as “the Leased Premises” or “the Property.” The Leased Premises are described as follows:

ADL36091/ATS750 - The north lot line is 260.59’ wide, the north south length of the east lot line is 82.72’, the southern property line yields an approximate frontage of 290.70’, the west lot line is 59.63’, approximately 18,469 SF or 0.424 AC more or less. Juneau recording district plat map 2001-11.

The Leased Premises are depicted on **Exhibit A to CBJ Ordinance No. 2024-XX**, a copy of which is attached to and made a part of this lease by this reference.

2. AUTHORITY

This lease is entered into pursuant to the authority of City Code: CBJ 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. **2024-XX** enacted by the Assembly on **XXX, 2024** and effective on **XXX, 2024**.

3. 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. The 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 the City during the first six months of the last year of the underlying lease term.

4. LEASE PAYMENTS AND ADJUSTMENTS

(a) Lessee shall pay City an annual lease payment for the Lease Premises. Except as provided in this section, the annual lease payments shall be made by Lessee to City at the start of each year of the term, with the first payment due on **June**, 2024.

(b) The annual lease payment for the first five-year period of the lease term shall be Eleven Thousand Two Hundred-Sixty-Seven Dollars (\$11,267.00) per year, plus sales tax.

(c) Beginning with the first year after the initial five-year period of the term, the Port Director will re-evaluate and adjust the annual lease payment for the Leased Premises for the next five-year period of this lease, and then every five years thereafter, pursuant to Appendix B, Section 3(2) of this lease, CBJ 53.20.190(2), CBJ 85.02.060(a)(5), and the Docks and Harbors lease administration regulations, 05 CBJAC Chapter 50. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period.

(d) Lessee shall pay all appraisal costs associated with re-evaluating and adjusting the annual lease payment.

5. AUTHORIZED USE OF PREMISES

Lessee is authorized to use the Lease Premises for Waterfront Commercial operations. Lessee shall be responsible for obtaining all necessary permits and approvals for Lessee’s development of the Leased Premises. Lessee is required to obtain approval of its construction plans from the City Docks and Harbors Board prior to the start of any construction.

6. INSURANCE

Commercial General Liability Insurance

Lessee shall maintain at all times during this lease commercial general liability insurance, including marina operator’s liability insurance, in the amounts of \$1,000,000 per occurrence and \$2,000,000 general aggregate. The insurance policy shall name City as an “Additional Insured” and shall contain a clause that the insurer will not cancel or change the insurance without first giving City 31 days’ prior written notice. Lessee will provide evidence of this insurance to the City in a form acceptable to the City Office of Risk Management.

Property Insurance

Lessee acknowledges that City carries no fire or other casualty insurance on the Lease Premises or improvements located thereon belonging to Lessee, and that it is the Lessee’s obligation to obtain adequate insurance for protection of Lessee’s buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.

**APPENDIX B: LEASE PROVISIONS REQUIRED BY
CBJ CHAPTER 53.20 and CBJ CHAPTER 50**

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by City of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by City or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease. Modifications of the provisions of Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(1) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of City code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the City has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value.

(a) **Adjustment Dispute Resolution.** Should the Lessee disagree with the lease rent adjustment proposed by the Port Director, the Lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. In the event the Docks and Harbors Board disagrees with an appraisal, and the Board can not reach an agreement with the lessee on the lease rent adjustment, the Board shall pay for an additional appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The Board shall establish the lease rent adjustment based on this additional appraisal. In the event the Lessee disagrees with the lease rent adjustment, the lessee may appeal to the Assembly. The decision of the Assembly shall be final.

(3) **Subleasing.** Lessee may sublease Leased Premises, or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to City for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease. The Parties agree that any subleases in effect at the date of signing of this agreement may continue. The

Lessee must provide a copy of any subleases in effect to the Lessor prior to the execution of this agreement.

(4) **Assignment.** Lessee may assign its rights and obligations under this lease; provided, that the proposed assignment shall be approved by City prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(5) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture.**

(a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and City.

(b) City may cancel the lease if it is used for any unlawful purpose.

(c) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or service of written notice by City without remedy by Lessee of the conditions warranting default, City may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of City with approval of the Assembly constitute grounds for default.

(7) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(9) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, City or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by City shall be deemed an acceptance of a surrender of the lease.

(10) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, City may offer the land for lease or other appropriate disposal pursuant to the provisions of City code.

(11) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by the City as partial or total damages for the breach.

(12) **Written Waiver.** The receipt of rent by City with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by City unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of City to enforce the same in the event of any subsequent breach or default. The receipt, by City, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by City of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by City to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by City.

(13) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender, and yield up to the City all of the leased land on the last day of the term of the lease.

(14) **Renewal Preference.** Any renewal preference granted Lessee is a privilege and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that City may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of the City, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the City pro rata lease rentals for the period.

(a) If any improvements and/or chattels not owned by City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed such improvements and/or chattels on the lands, after deducting for City rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in City.

(b) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed such improvements and/or chattels shall revert to, and absolute title shall vest in, City.

(16) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and

remaining upon the premises after the termination date of the lease shall entitle City to charge Lessee a reasonable rent therefor.

(17) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the city and borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases the sloughing off or loss of surface materials of the leased land.

(19) **Inspection.** Lessee shall allow an authorized representative of the City to enter the lease land for inspection at any reasonable time.

(20) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoil, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the City.

(21) **Rights-of-Way.** City expressly reverses the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the City to do so. If the City grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(22) **Warranty.** The city does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit.** When authorized in writing by City prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in City and shall not be removed by Lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

- (1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.
- (2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 10.5 percent per annum if no rate has been set by ordinance.
- (3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.
- (4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.
- (5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.
- (6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.
- (7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, City shall have the right to terminate the lease.
- (8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.
- (9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment, or verdict, and includes the award of any attorneys' fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to the City of any action, claim, or lawsuit. City Hall notifies Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual notice. This agreement applies and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the City.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and City.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.

**APPRAISAL REPORT MARKET RENT OF
TRUCANO BARGE LANDING, 1.43 AC,
ADL 36091, AND ADL 51488
3560 NORTH DOUGLAS HIGHWAY, LOCATED IN
GASTINEAU CHANNEL, JUNEAU, ALASKA**



(111720(145))

PREPARED FOR: City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

PREPARED BY: Slater Ferguson
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, Alaska 99835

EFFECTIVE DATES: April 16, 2024

REPORT DATE: May 1, 2024

OUR FILE NO.: 24-019

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN, MAI, JOSHUA C. HORAN, AND SLATER FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835
PHONE NUMBER: (907)747-6666 FAX NUMBER (907)747-7417 commercial@horanappraisals.com

May 1, 2024

Carl Uchytel, P.E., Port Director
City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

VIA Email teenalarson@juneau.org

Re: Appraisal Report Market Rent of Trucano Barge Landing, ADL 36091 and ADL 51488, 1.43 Acres, Located in the Gastineau Channel, at 3560 North Douglas Highway, Juneau, Alaska; Our File: 24-019

Dear Mr. Uchytel,

We have contacted the lessee, inspected the property and made a market analysis of the tidelands and waterfront real estate market to determine the market rent for the two separate tideland leases referenced above and identified in the following table. The effective dates are reflective of the inspection date, given that the existing leases are set to expire. The tidelands are valued in the condition in which they were leased. They are both partially filled. Based on our analysis, the estimated annual market rent value is as follows:

| Subject Sites | Effective Date | Annual Market Rent | SF Area | Pre-Leased Condition |
|--------------------------------|----------------|--------------------|-----------|----------------------|
| ADL 36091 -ATS 750 | 4/16/2024 | \$11,267 | 18,469 SF | 50% filled |
| ADL 51488- ATS 842 Tr A & B | 4/16/2024 | \$20,909 | 43,865 SF | 33% filled |

These market rental rates are based on 21¢/SF for unfilled tidelands and \$1.01/SF for the filled tidelands in their “as was” pre-leased condition.

Your attention is invited to the remainder of this report which sets forth the Assumptions and Limiting Conditions, Certification of Appraisal and the most pertinent data considered in estimating the market rent of the subject property. Some of this material is included in the addenda. This appraisal report is intended to comply with the rules and regulations as set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) and the City and Borough of Juneau's Appraisal instructions.

Thank you for this opportunity to be of service. If you have any questions or comments, please feel free to contact us at your convenience.

Sincerely,



Slater Ferguson, 133619
Horan & Company, LLC

TABLE OF CONTENTS

1 Introduction 5

1.1 Purpose of Appraisal, Intended Users and Intended Use 7

1.2 Parties to the Transaction 7

1.3 Lessee Contact, Inspection & Effective Date..... 8

1.4 Appraisal Methodology 8

1.5 Alaska Tidelands Valuation and Rent Market 8

2 Area Analysis 10

2.1 Juneau Area Analysis 10

2.2 Industrial Waterfront Land Market - North Douglas 11

2.3 COMPETING NEIGHBORHOODS 13

3 Description 17

3.1 Overall Description 17

3.2 Zoning 17

3.3 Assessed Valuation and Taxes 18

3.4 Functional Utility of Site..... 18

4 Property Description - ADL 36091 19

4.1 Subject Photos 20

5 Property Description - ADL 51488 21

5.1 subject photos – ATS 842 22

6 Valuation 23

6.1 Highest and Best Use 23

6.2 Tidelands Lease Valuation..... 23

ADDENDA..... 30

Certifications of Appraisal

Assumptions and limiting condition’s including a hypothetical condition

Definitions

Area Analysis

Lease ADL 36091 Leases and Amendments and Plats

ADL 36091 ATS 750 Plat 2001-11

ADL 51488 Leases and Amendments and Plats

Comparable Write ups

Qualifications

1 INTRODUCTION

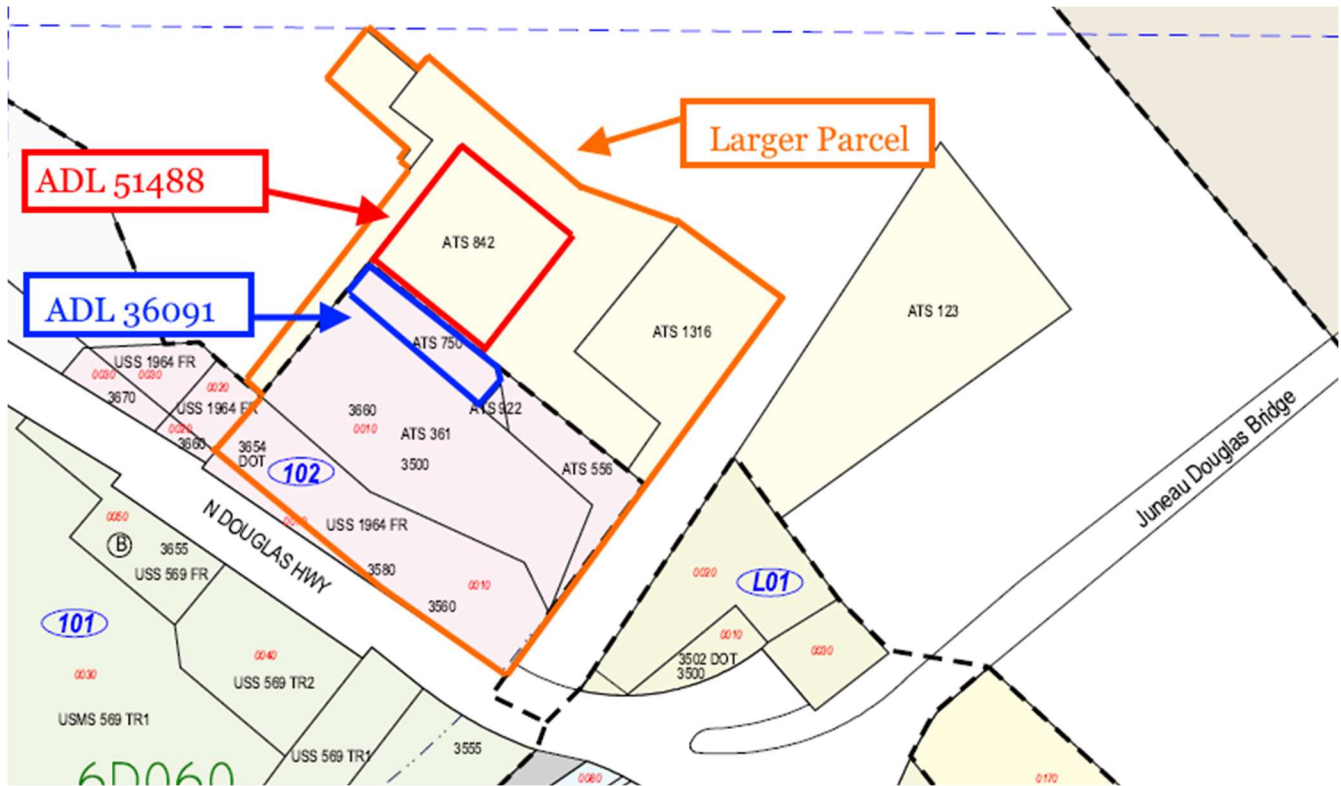


FIGURE 1.1 – The two subject leases; ADL36091, 51488 and the larger Trucano site of which they are part of.

The purpose of this appraisal is to estimate the current market rent of the subjects for the purpose of negotiating new leases for both properties. These leases are identified in the following table which includes their various renewal dates and other information. They are identified in Figure 1.1.

| TABLE 1.1 – Lease Summaries | | | |
|------------------------------------|----------------|-----------|----------------------------------|
| Identification of Subject Sites | Lease End Date | SF Area | Comments on Pre-Leased Condition |
| ADL 36091 -ATS 750 | 6/29/2024 | 18,469 SF | 50% filled |
| ADL 51488- ATS 842 Tracts A & B | 8/18/2026 | 43,865 SF | ~33% filled |

The subject leases are portions of the Trucano barge landing construction company site which is just over 7 AC in total. The overall property address is 3560 North Douglas Highway, Juneau, Alaska.

This site has been developed in phases over time, extending seaward from the North Douglas Highway. As development occurred over time, tidelands were dredged and filled. Some of these lands were filled by successive owners with and without tideland leases. Some leases lapsed and were re-let as partially filled. Today, this site estimated at about 7.2 AC, is well-developed with a tank farm and marine fueling facility, a barge landing, a dock and dredged harbor. There

are offices and warehouse structures on the upland as well as filled yard area for equipment storage and fabrication. The subject tidelands are appraised for their market value rent, in their “as was” conditions at the time of the lease, as variously indicated in the table above.

The effective dates of the appraisals are reflective of the inspection date (04/16/2024). The effective dates do not correlate with a lease renewal date, as both leases are set to expire within the next couple years. (6/29/24 & 8/18/26)

The lease terms are summarized as followed below. Please see the addenda for a complete copy of the lease.

Synopsis of Lease ADL 36091

| | |
|---|--|
| <i>Legal Description/Leased Premises:</i> | ADL 36091, ATS 750 |
| <i>Lessor:</i> | City and Borough of Juneau, as successor to the State of Alaska |
| <i>Lessee:</i> | J.E. Trucano |
| <i>Original Lease Date:</i> | June 30, 1969 |
| <i>Ending Lease Date:</i> | June 29, 2024 |
| <i>Rental Adjustment Period:</i> | Every five years |
| <i>Last Lease Review Date:</i> | April 23, 2021, |
| <i>Last Annual Lease Payment</i> | \$11,082.00 plus sales tax |
| <i>Use:</i> | Barge Terminal |
| <i>Property Rights Included:</i> | Normal rights conveyed by lease. |
| <i>Property Rights Excluded:</i> | No mineral or timber rights are conveyed by lease. |
| <i>Other Terms of Lease:</i> | Typical fully net lease indemnifying lessee. |
| <i>Reversion of Improvements:</i> | Not specified but typically able to be retained by lessee or its successor if all obligations of lease have been fulfilled, and lease extended. Improvements must be removed if lease is terminated. |
| <i>Easements:</i> | None noted on Plat. |
| <i>Improvements Included:</i> | There are no building improvements however the site had been filled about 50% as leased and currently appraised. This site has since been completely filled however these additional improvements are not included in our appraisal. |

Synopsis of Lease ADL 51488

| | |
|---|---|
| <i>Legal Description/Leased Premises:</i> | ADL 51488, ATS 842, Tracts A and B |
| <i>Lessor:</i> | City and Borough of Juneau, as successor to the State of Alaska |
| <i>Lessee:</i> | Trucano Family Partnership |
| <i>Original Lease Date:</i> | August 19, 1971 |
| <i>Ending Lease Date:</i> | August 18, 2026 |

Rental Adjustment Period: Every five years
Last Lease Review Date: April 23, 2024,
Last Annual Lease Payment \$20,470 plus sales tax
Use: Barge Terminal
Property Rights Included: Normal rights conveyed by lease.
Property Rights Excluded: No mineral or timber rights are conveyed by lease.
Other Terms of Lease: Typical fully net lease indemnifying lessee.
Reversion of Improvements: Not specified but typically able to be retained by lessee or its successor if all obligations of lease have been fulfilled, and lease extended. Improvements must be removed if lease is terminated.

Easements: None noted on Plat.
Improvements Included: There are no building improvements, however, the site had been filled about 1/3 as leased and currently appraised. This site has since been completely filled, however, these additional improvements are not included.

1.1 PURPOSE OF APPRAISAL, INTENDED USERS AND INTENDED USE

The purpose of this appraisal is to determine the annual market rent for the subjects. The market rent estimate is for the property in fee simple interest less mineral rights in their **Pre-Lease Condition**.

Intended Use: This valuation is to be used to set market rent for several tideland leases as administered by the City and Borough of Juneau.

Intended Users are the City and Borough of Juneau and Trucano Family Partnership, Doug Trucano, owner and lessee.

Please see the addenda for the summary of assumptions and conditions, certification of appraisal, definitions and other important information relative to the appraisal analysis.

1.2 PARTIES TO THE TRANSACTION

Client and Ostensible Owner

City and Borough of Juneau (CBJ) is the client and ostensible owner, successor to The State of Alaska which retains subsurface minerals, revert interest if CBJ dissolved, and a condition of title is that CBJ cannot sell the tidelands.

Lessee

Trucano Family Partnership, Doug Trucano, owner and lessee.

1.3 LESSEE CONTACT, INSPECTION & EFFECTIVE DATE

Slater Ferguson, appraiser inspected the property on April 16, 2024 and met with Jeff Trucano at the property. The effective date is reflective of the inspection date, April 16, 2024.

1.4 APPRAISAL METHODOLOGY

The most direct way to estimate market rent is by the Rent Comparison Approach. In this approach, the annual rent of similar properties is considered on a price per square foot basis. In some instances we allocated rents of industrial properties to the tideland and upland portions. We also considered sales of fee simple and leasehold commercial and industrial property and developed an indicated annual S.F. rent by applying a market rental percentage rate to the nominal square foot value.

We identify comparable information through interviews with knowledgeable participants in the real estate markets such as local appraisers, other lessors and lessees, discussions with municipal property assessment personnel, and others who are familiar with the real estate market in Southeast Alaska. Information was also collected from the Port of Juneau for comparable land leases. A search was performed of similarly used properties in the communities throughout Juneau, Alaska.

Our office maintains market data information on sales, transfers and on a geographic location basis for those rural properties not connected to a road system, and those connected. Within each of these areas, the data is further segmented into commercial and residential properties. Within these divisions of separation are divisions for zoning and whether the properties are waterfront or upland parcels. Horan & Company, LLC maintains and continually updates this library of sale transactions throughout Alaska by region and has done so for over 30 years.

1.5 ALASKA TIDELANDS VALUATION AND RENT MARKET

Estimating market value or market rents for tidelands has always been a challenge in the State of Alaska. In terms of the overall real estate market, transactions for tidelands alone are very infrequent. When Alaska became a state in 1959, the state acquired ownership of most navigable water-tidelands. Prior to that there had been a few patented tidelands sites and municipalities had some patented tidelands which they could lease or sell. The Constitution of the State of Alaska prohibits the state sale of tidelands. The state and most municipal governments view tidelands as a critical component for public access to the waterways and economic development. As a result they are generally leased to ensure continual productive use and public access.

When tidelands do sell, they are usually associated with waterfront uplands forming a functional property unit between the water and public roadways. This would be the case, for instance, where there is a dock or barge landing facility requiring tidelands for marine improvements and an upland staging area. Sometimes these combination sites sell where the uplands are owned in fee simple and the tidelands are leased. In these instances the

contributory value of the tidelands can be estimated as the residual of the allocated value of the uplands portion of the sales price. There are more market transactions to indicate the value of the uplands than tidelands. It has become a common practice over the years to value tidelands as a percentage of the unit value of their adjoining uplands.

Conclusion Tideland Value Ratios and Land Percentage Rent

Over time we have studied the relationship between upland and tidelands unit values observing that there are typical ratios indicating tidelands unit values of 5% to 50% or more of the adjacent upland values depending on the effective utility of the tidelands. Also, we have studied a percentage rent range that tideland owners are achieving as a percentage of the estimated tideland values. Commercial property generally rents as a percentage of the market value. These percentage rents have ranged from 6% to 12% over the last 20 years. In the last 10 years or so these rates have narrowed to a range of 7% to 10% and are predominately 8%. For most private commercial leases these rates have not changed in the past several years and are best described as stable. A market rate of 8% is well supported.

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

Please see the addenda for the expanded Juneau Area Analysis. The population and employment in Juneau have been declining over the last few years but it appears that the decline is diminishing. The population is aging. There is a housing shortage with prices rising due to supply and demand issues as well as inflationary pressure for materials. There have been no large-scale multifamily housing projects developed for the last several years. It appears that feasibility for new rental housing may be difficult. With the increase in values for condominiums and other forms of home ownership, there may be some more potential in the future for this type of feasible housing. It is beyond the scope of this report to make this determination at this time.

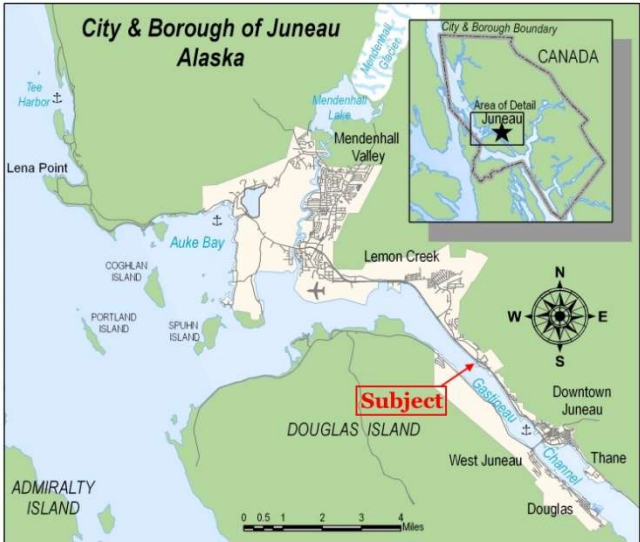


FIGURE 2.1 – Juneau subject map

Tourism has recovered significantly for the independent traveler and more recently, in 2022/2023, the cruise ship passenger. Actual passenger count for 2023 was approximately 1,650,000 or 130% of the previous high in 2019. The passenger count is projected to increase again in 2024. Tourism-related sales have also rebounded as seen in gross tax receipts. These totals have not been updated since 2021, however, they are expected to have been similar to, or have exceeded 2019 numbers in 2023. The independent travel market appears to be stronger based on bed tax receipts which in 2023 may have outpaced the 2019 season. Education, government, fishing, and other industries that have lagged in the last several years appear to be recovering if not to prior levels. State Government continues to shrink but may be leveling off.

The overall real estate market in Juneau is strong. The population has declined somewhat but income remains steady. Parts of the commercial service sector serving mining and construction remains strong. Housing also remains strong. Retail and tourist-oriented properties have rebounded since the pandemic and are benefiting from record high visitor totals. The outlook for the general real estate market in Juneau is positive with values expected to increase or stay steady.

2.2 INDUSTRIAL WATERFRONT LAND MARKET - NORTH DOUGLAS

The subject lands are part of the Trucano Industrial site on the Douglas side of the Juneau-Douglas Bridge. The immediate area is zoned waterfront industrial (WI) bisected by Kowee Creek as indicated on Figure 2.6. It is surrounded by residential property along the steep hillside to the southwest and Gastineau Channel to the northeast. This 7 AC industrial waterfront site has developed over the years. It originally had a smaller footprint with additional tidelands leases successively added, filled, dredged, and developed. The site presently hosts a tank farm and marine fueling facility, construction yard, storage and fabrication facilities, a dredged harbor barge landing and dock facility. Other than the tank farm and marine fueling operation, the property is primarily owner occupied by the businesses of Trucano Construction. The subject's three tideland leases are portions of this 7 AC+ site. The lease rental values are estimated for the land in its "As-was" condition prior to the lease and further development.

This site has good proximity to downtown Juneau being convenient for transfers of goods and services throughout the community. This marine fueling-tank farm facility is convenient for fuel distribution along the road system and marina access with close proximity to Harris and

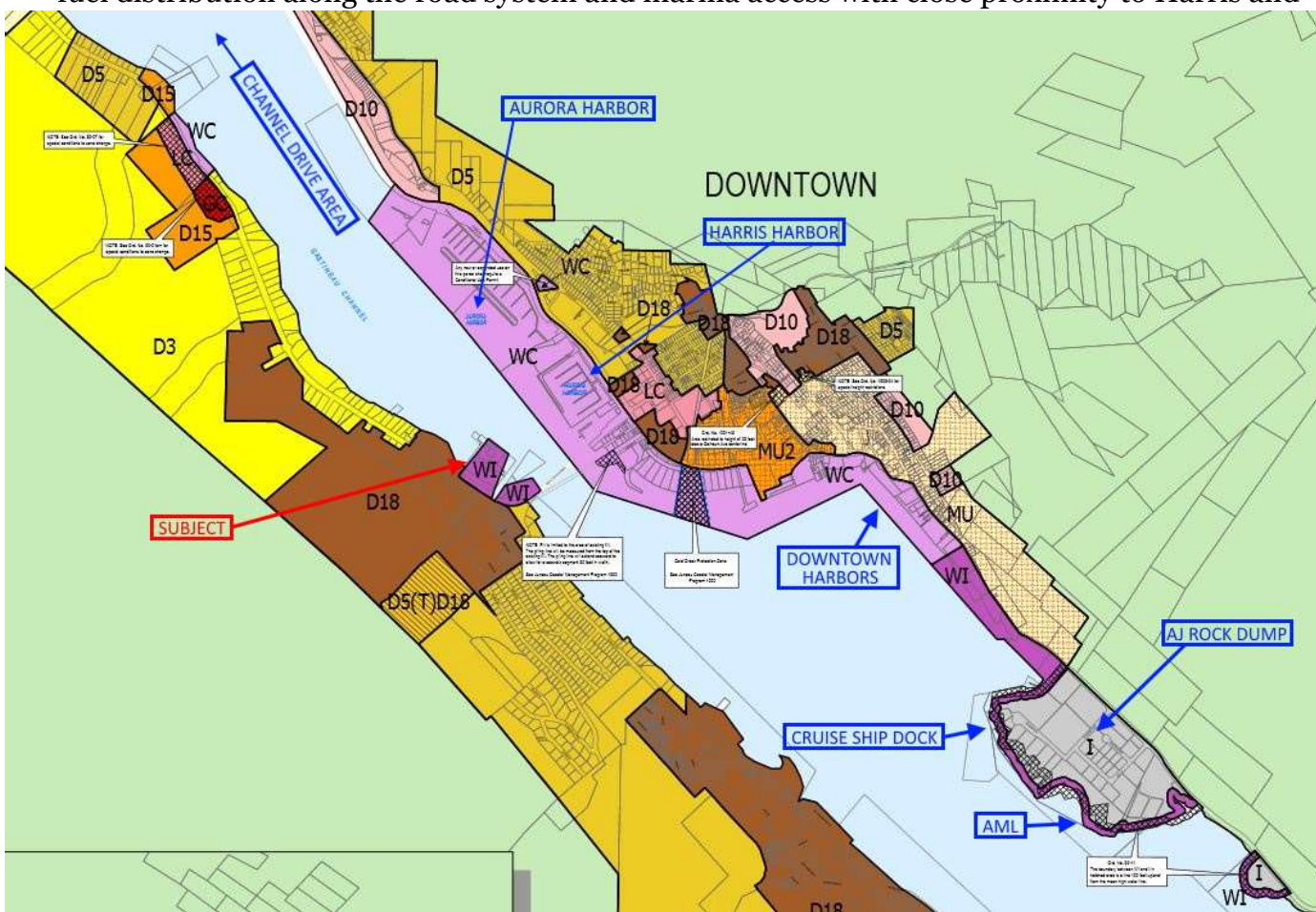


FIGURE 2.6 - Zoning map showing the location of the subject property and proximity to downtown Juneau and other commercial and industrial waterfront areas.

Aurora Harbors, as well as the downtown Juneau Harbors. Gastineau Channel marina access to the north is limited and truncated by shallow waters of Channel Drive about 3 miles northwest. Oceangoing vessels and marine traffic access to the Inside Passage is down Gastineau Channel to the southeast. The site is relatively well protected by the tidal flats and buttress of the Juneau-Douglas Bridge. It is also somewhat limited by the height of the bridge for oceangoing traffic to and from the southeast. This was recently affirmed by the purchasers of Crowley Taku Oil tank farm at the AJ Rock Dump by Petro Marine who will now be able to unload larger barges at that site south of the bridge. Petro Marine will still use the subject site for gasoline off loaded by smaller barges that can go under the bridge.

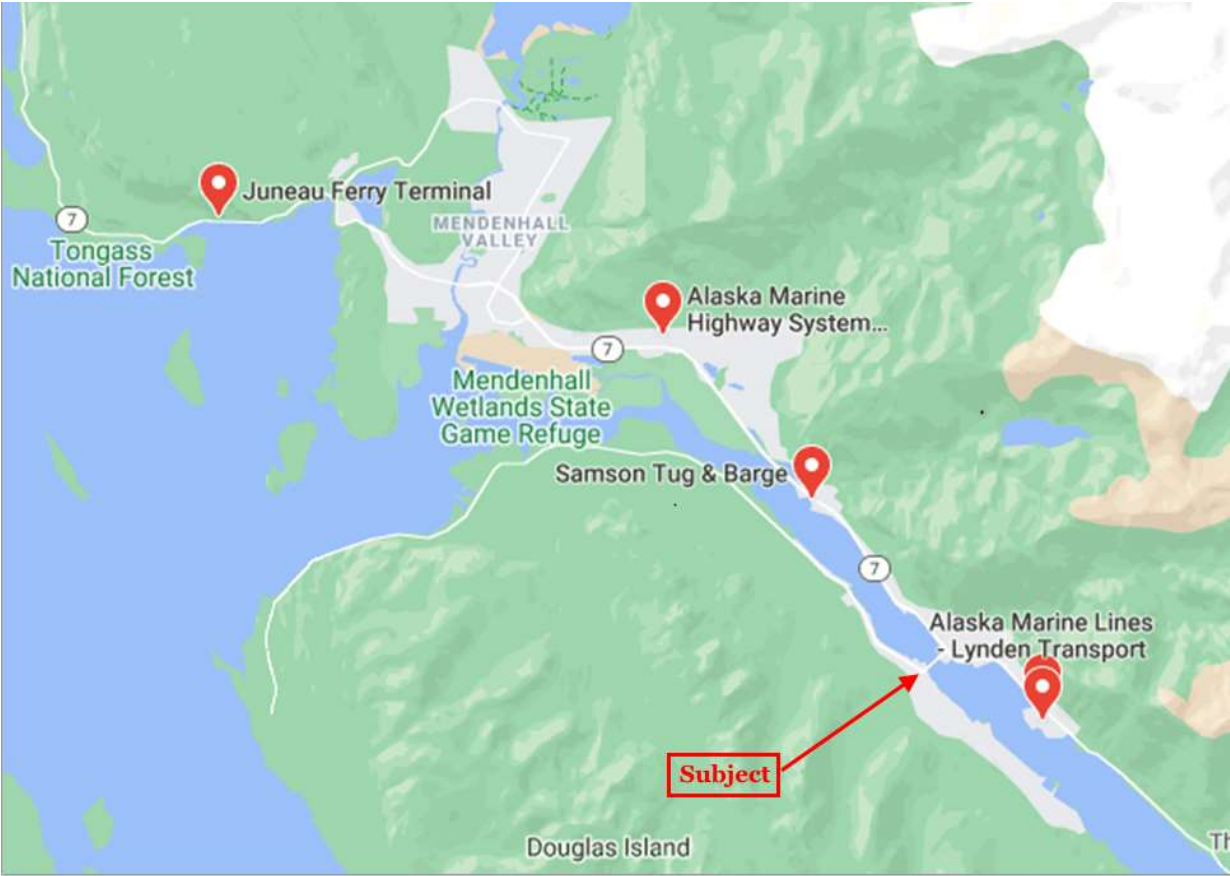


FIGURE 2.7 - Juneau road system map showing subject and competitive transfer sites. Note Juneau Ferry Terminal ferries carry containers with limited sailings. Alaska Marine Highway label shows the office location only. Samson Tug and Barge shows their warehouse facility but barges are off loaded at the AML site.

Competitive Barge Landing Sites

Over the last 10 years, Alaska Marine Lines has joined Lynden Transport as a sister company and they jointly use the barge landing facility at the AJ Rock Dump site off Thane Road. See their location on Figure 2.7. AML purchased Northland Services barge company and moved its business away from Channel Drive to the same facility. The only other remaining shipping/barge company in Juneau is Samson Tug and Barge which contracts AML to deliver its Juneau destination goods at its facility. Therefore, all the barge business is consolidated at

this time to AML's facility at the AJ Rock Dump. It is beyond the scope of this appraisal to determine the demand for barge landing facility capacity in Juneau, but it appears that the 23-acre AML site has satisfied the current demand.

Juneau, being the central commercial hub for Southeast Alaska, is the staging area for commerce in various communities and remote areas in the region. There are two major mines operating out of Juneau; Greens Creek and Kensington. These and other general construction projects create a steady demand for transfer sites along the Juneau Road system. A construction yard and barge landing facility use would be the most likely near-term use for the subject as it has been being used. There are several contractors who are seeking these types of transfer/barge landing sites confirming a persistent demand in this relatively small market. Also, it is noted industrial uplands at the AJ Rock Dump area and in the Mendenhall Valley have had persistently high demand level in part for contractor storage.

2.3 COMPETING NEIGHBORHOODS

The uses for the uplands or filled tidelands in this area would compete with other industrial neighborhoods. The most similar industrial upland neighborhoods to the Trucano Barge Landing area include the Salmon Creek/Channel Drive, Industrial Boulevard and Lemon Creek areas. Demand for non-waterfront commercial/industrial land in these areas has been relatively persistent. The most competitive waterfront areas include the Salmon Creek/Channel Drive waterfront, the AJ Rock Dump area and Auke Bay, which is split into two areas, one by the Statter Harbor Marina complex and the other by the ferry terminal.

Land along **Channel Drive** includes uplands and water frontage. It is zoned WI, Waterfront Industrial. The access road is paved and all utilities are present. All but two parcels are developed. Developed uses include a moving company, several barge landing sites, contractor yards, fish hatchery and fish processor, and a park. There are less than 12 sites along the waterfront.

The water frontage in this neighborhood is generally leased tidelands which range from an annual lease amount of \$0.16/SF to \$0.20/SF implying \$2.00/SF to \$2.50/SF fee simple at a rate of 8%¹, in their natural condition before fill.

Land values in the **Industrial Boulevard** area do not have water frontage and are zoned Industrial. Most of the neighborhood has been or is being developed with warehouses, mechanic shops, boat repair shops, wholesalers, boat condominiums, open contractor storage, and specialty services requiring that zoning. Most of the land is filled and leveled at street grade. All utilities are present. There are several dozen individual lots with the total neighborhood bounded by the Mendenhall River to the north, Gastineau Channel and Mendenhall Wetlands to the west and south and the Airport boundary to the southeast. On the

¹ \$0.10/SF / 8% = \$1.25, \$0.16/SF / 8% = \$2.00

north boundary is the Glacier Highway. Land in this neighborhood ranges from \$6/SF to a high of \$16/SF.

Lemon Creek commercial and industrial area is located between downtown and the Mendenhall Valley and has been steadily developing with owner-occupied service type structures. Mini warehouse units, storage buildings, some modified retail buildings, apartments, and larger tracts with large retail structures, and in the GC zone more retail type buildings, car lot, banks etc. From Anka St on the NW portion of the neighborhood to Commercial Blvd. is zoned Industrial, and land sales are in the \$15/SF to \$21.00/SF range for smaller fully prepared lots. That land is zoned Industrial and includes Concrete Way, location of the Police Station, and several small commercial buildings. Further to the west is the landfill, and associated uses, but also commercial uses. It has similar land values. There has been one known land sale that closed in October of 2021 for \$155,000 or \$17.30/SF. This property is an assemblage of two vacant lots which are approximately half filled and total 8,962 SF. It sold again in January of 2024 for \$184,000 or \$20.53/SF, indicating a ~19% increase in value over approximately 2 years.

The A.J. Rock Dump neighborhood is located about 1/2 mile east of downtown, along the water frontage. Many lots are inside the subdivision without water frontage. Many of those developed lots are used for commercial and industrial activity. AML barge lines moved here from a site closer to downtown. Now they have a large barge landing site, offices, and yard space. It may take up 1/3 of the area neighborhood. Bulk tank farms and storage structures fill the remaining lots. Finished lots along Mill Street held by one group of property owners sold a lot for \$20/SF in 2015. In 2017 they sold a lot for \$21/SF. Between April, 2019 and March 9, 2020 they sold six contiguous lots totaling 129,012 SF to five buyers for \$2,838,264, \$22/SF. The last of these lots closed days before the worldwide pandemic was declared in March of 2020. Most buyers were building tour bus repair and storage facilities or using the land as open storage taking advantage of proximity to their existing businesses within the subdivision and being close to the downtown and cruise ship docks. Three buyers were expanding use for existing locations in the area. Although some developments were stalled most owners continued on through the questionable pandemic years watching and waiting for recovery. In August of 2023 one of the lots resold (Lot 5A #12320) for nearly \$28.00/SF but the seller had put about four feet of fill he valued at \$100,000 on the lot to bring it to Mt. Roberts Street grade where it had previously been at Eastaugh Street grade. This value increase is predominantly due to this upgrade but also shows some strengthening in the market. Most of this area is developed and land values for the upland portion are over \$20/SF. Tidelands are developed with a cruise ship dock, moorage for private work boats, and marine improvements since the water depth offshore is sufficient for that use. The tidelands in this neighborhood are considered superior to the subject neighborhood given their deeper waters/moorage potential, and location outside of the Juneau Douglas Bridge.

The Auke Bay neighborhood is quite small, with five major developed sites, including the Glacier Seafoods dock and processing plant, the Alaska Marine Highway terminal, the Gitkov dock, the Delta Western fueling station & tank farm, and the Allen Marine transfer site. These uses require deeper water offshore for deep draft vessels. They share good access and all utilities. The waterfront sites are fully developed. Any expansion now will be seaward on leased tidelands. The water frontage in this neighborhood is generally leased tidelands which range from an annual lease amount of \$0.22/SF to \$0.24/SF implying \$2.75/SF to \$3.00/SF fee simple at a rate of 8%², in their natural condition before fill.

Tidelands on the Douglas side of the **J.D. Bridge** form a relatively small, somewhat competitive area. Again, there are very few transactions. Unfilled tidelands have been leased in this area ranging from \$.05/SF to \$0.20/SF depending on accessibility, land character and title encumbrance. Partially filled tidelands are leased at between \$0.40 and \$0.60/SF.

The competing neighborhoods are filling in with land at 75%-90% developed. In general, it appears that demand for industrial land (both waterfront and uplands) has remained strong, and values have increased somewhat since 2020.

² \$0.10/SF / 8% = \$1.25, \$0.16/SF / 8% = \$2.00

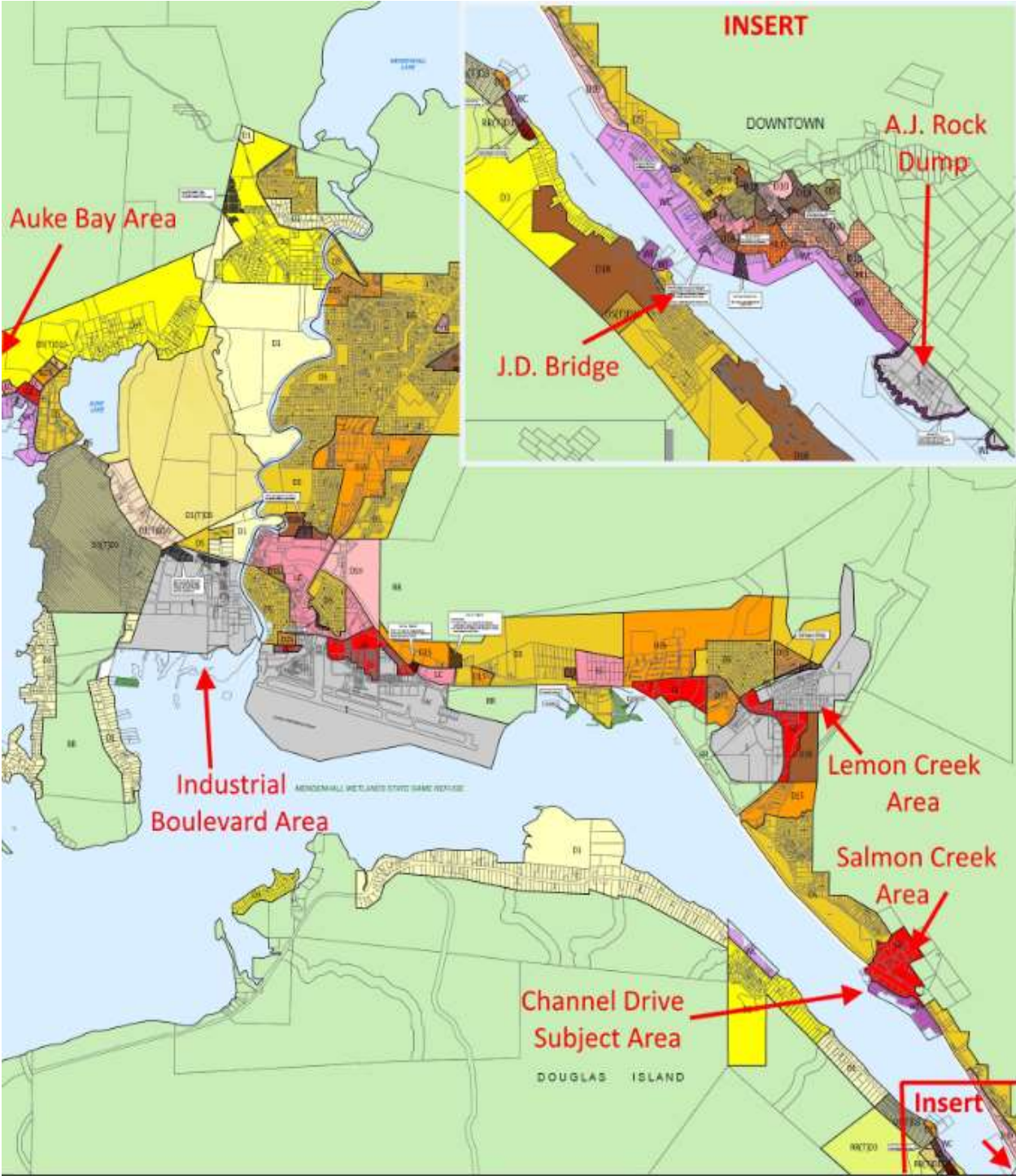


FIGURE 2.4 – COMPETING NEIGHBORHOOD LANDS

3 DESCRIPTION

3.1 OVERALL DESCRIPTION



FIGURE 3.1 – Subject properties ADL 51488 and 36091 outlined. ADL 105460 is not included in the analysis of this report.

The subject properties consist of three lease sites in the Trucano Construction Complex immediately north of the base of the Juneau Douglas Bridge on the Douglas side. The address of the complex is 3560 North Douglas Highway. These parcels, identified by their ADL numbers, are listed described below. Figure 3.1 shows the outline of these parcels on an aerial photo of the complex. Common elements, which all three leased parcels share, will be described next, followed by an individual description of each parcel.

Access

Both parcels as presently developed, have vehicular access via common ownership and control of adjacent parcels. Access via saltwater is via the Gastineau Channel. Water depth in their prelease condition was deep enough to moor barges for loading and unloading of materials although dredging and tides continue to be factors.

Utilities

All those available within the City and Borough of Juneau.

3.2 ZONING

The property is zoned Waterfront Industrial (WI). The WI district, is intended for industrial and port uses, which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the Waterfront Commercial (WC) district, are also allowed in the WI district. The WC district allows for both land and water space for commercial uses, which

are directly related to or dependent upon a marine environment. Such activities include private boating, commercial freight and passenger traffic, commercial fishing, floatplane operations, and retail services directly linked to a maritime clientele. Other uses may be permitted if water-dependent or water-oriented. It appears the subject's current use as a barge landing complies with the zoning. See Figure 2.6 for zoning map.

3.3 ASSESSED VALUATION AND TAXES

The two subject lease parcels each have their own Assessor Parcel Number (APN) however the assessed values associated with possessory interest are included under one master parcel number 6D0601020014-15 for the entire project.

3.4 FUNCTIONAL UTILITY OF SITE

These tidelands function well for the intended use as a marine fueling facility, barge landing, and marine construction staging area. The water depth is adequate for this use.

4 PROPERTY DESCRIPTION - ADL 36091

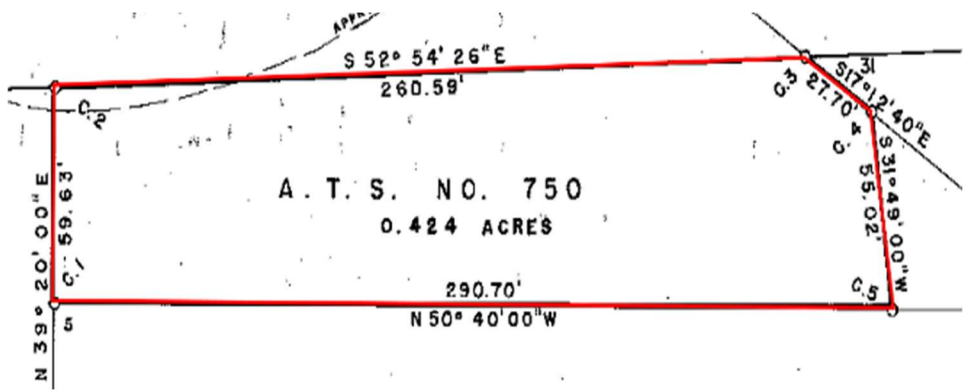


FIGURE 4.1 – ADL 36091 Excerpt from Plat Map 2001-11 with dimensions.

Legal Description: ATS 750, Juneau Recording District, First Judicial District, State of Alaska.

Assessor’s Parcel Number: 6D0601020013

This property is 18,469 SF or 0.424 AC in size. It is currently filled and used as a staging area for the barge complex and tank farm. It was 1/2 filled in its pre-lease condition. It has a slightly irregular trapezoidal shape which is shown on Figure 4.1. This parcel lacks road frontage, but adjacent lands owned by the lessee have road frontage on N. Douglas Highway. The north lot line is 260.59’ wide. The north south length of the east lot line is 82.72’. The southern property line yields an approximate frontage of 290.70’. The west lot line is 59.63’. Water depth in its prelease condition was deep enough to moor barges for loading and unloading of materials, although it goes dry at low tides.

Easements and Other Restrictions

We are unaware of any easements or restrictions. See Figure 4.2 for plat notes.

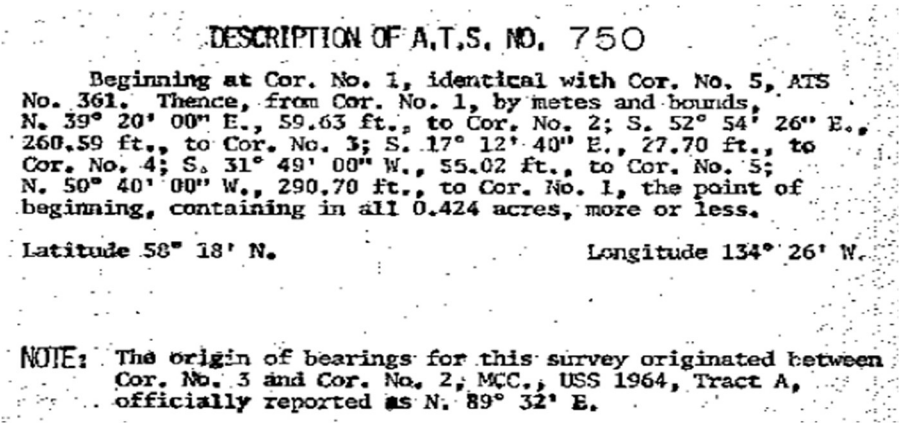


FIGURE 4.2 – Plat notes from Plat map 2001-11.

4.1 SUBJECT PHOTOS



ADL 36091 Looking NW. (20240416_152450)



ADL 36091 – Looking SE with JD Bridge in background. (20240416_152241)

5 PROPERTY DESCRIPTION - ADL 51488

Legal Description: ATS 842, Tracts A & B, Juneau Recording District, First Judicial District, Alaska

Assessor's Parcel Number:
6D0601020014 & 6D0601020015

This lease is comprised of two tracts, Tract A, a larger "L" shaped lot, and Tract B a smaller, square shaped lot. Together, they form one nearly square shaped lease parcel totaling 43,865 SF or approximately one acre. The west lot line is 208.41'. The north lot line is 214.83' wide. The north south length of the east lot line is 200'. The southern property line yields an approximate frontage of 215'. This property was 1/3 filled in its prelease condition.

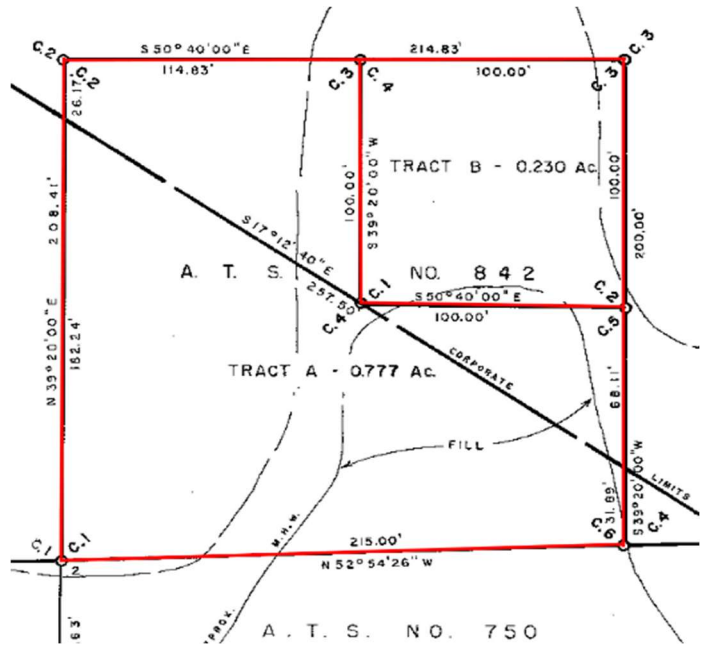


FIGURE 6.1 – ADL 51488 Excerpt from Plat Map 2001-10 with dimensions.

Easements and Other Restrictions

No easements or encroachments are noted on the plat. The appraiser is unaware of any easements or restrictions. The plat notes for Plat 2001-10 are included below.

DESCRIPTION OF ATS NO. 842

Beginning at Cor. No. 1, identical with Cor. No. 2, ATS 750. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E, 214.83 ft. to Cor. No. 3; S 39° 20' 00" W, 200.00 ft. to Cor. No. 4; N 52° 54' 26" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less.

DESCRIPTION OF TRACT A

Beginning at Cor. No. 1, identical with Cor. No. 1 of ATS 842 described above. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E, 114.83 ft. to Cor. No. 3; S 39° 20' 00" W, 100.00 ft. to Cor. No. 4; S 50° 40' 00" E, 100.00 ft. to Cor. No. 5; S 39° 20' 00" W, 100.00 ft. to Cor. No. 6; N 52° 54' 26" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.777 acres, more or less.

DESCRIPTION OF TRACT B

Beginning at Cor. No. 1, identical with Cor. No. 4, Tract B, ATS 842 described above. Thence, from Cor. No. 1, by metes and bounds, S 50° 40' 00" E, 100.00 ft. to Cor. No. 2; N 39° 20' 00" E, 100.00 ft. to Cor. No. 3; N 50° 40' 00" W, 100.00 ft. to Cor. No. 4; S 39° 20' 00" W, 100.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.230 acres, more or less.

Latitude 58° 18' N. Longitude 134° 26' W.
at Cor. No. 1, ATS No. 842

FIGURE 6.2 – Plat notes from recorded Plat 2001-10.

5.1 SUBJECT PHOTOS – ATS 842



ADL 51488 looking SE at ATS 842 with JD Bridge and Gastineau Channel in background. (20240416_152238)



ADL 51488 looking SW down center of ATS 842 in its developed condition toward Douglas Island. (20240416_152631)

6 VALUATION

6.1 HIGHEST AND BEST USE

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, page 109

Marine-related industrial uses are the defining use for the subject parcels and are also the highest and best use. The subject’s current use as a tank farm, barge landing site and staging area meets all four tests of highest & best use.

6.2 TIDELANDS LEASE VALUATION

The most direct way to value the subject’s lease is on a rent per square foot basis. Most of the industrial and commercial tidelands along the Juneau road system are leased by the City & Borough of Juneau or the State of Alaska. In the Channel Drive area, we have six observations of CBJ rents to various industrial users ranging from 16¢/SF to 21¢/SF per year with most recent rent adjustment dates ranging from 2020 to 2023. The subject leases at the Trucano industrial facility just inside the bridge were established roughly five years ago based on 20¢/SF for the unfilled tidelands and \$1.00/SF for the allocated filled areas. Current market conditions suggest these rates are low.

The real estate market has improved in the last several years as both the Juneau and Southeast Alaska economies have strengthened since the pandemic. This is reflected in the commercial waterfront and upland industrial rents we have observed (See comps 1, 2, 4 & 5). It is also apparent in the upland industrial land market. Industrial subdivisions at the AJ Rock Dump had seen sales in the \$22.00/SF range for upland industrial sites in 2020. In 2023, the most recent lot sale sold for \$28.00/SF which is partially due to added fill. Lots in the new Honsinger Subdivision (Mendenhall Valley) sold in the \$22.00/SF to \$25.00/SF range. In 2024, a two-lot assemblage sold for \$20.53/SF in the Lemon Creek Industrial area. This property previously sold for \$17.30/SF in 2021, indicating an increase in value of nearly 20%. As land rents at 8% of fee simple value, this would suggest a range of \$1.60/SF to \$2.24/SF annually.

For comparison purposes we have considered some typical tideland lease rents (Comps 1 and 2) outlined in the following table together with an industrial waterfront rent (Comp 3), an allocated waterfront leasehold purchase (Comp 4), and industrial upland rent used for storage (Comp 5). The most helpful comps are summarized in the following table.

| TABLE 6.1 - Summary of Most Comparable Rental Observations | | | | | | |
|--|---|---------|----------------|------------------------------|----------------------|---------------------|
| Comp & Rec # Use/Transaction | Location - Juneau Abbreviated Legal | Date | Annual Rent | SF Size | Rent/ SF Tideland | Rent /SF Uplands |
| Comp 1- (#2046) Unfilled tidelands rent | 2681 Channel Dr ATS 1277 | 09/23 | \$15,943 | 79,715 | \$0.20 | |
| Comp 2- (#12387) Unfilled tidelands rent | 13395 Glacier Hwy Ptn of ATS 1170 & Trct B, ATS 1525 | 02/23 | \$12,438 | 56,540 | \$0.22 | |
| Comp 3- (#9960) Barge facility rent | 3155 Channel Dr ATS 1277 & ATS 877 | 04/24 | \$149,460 | 158,306 | | \$0.94 |
| | | | \$9,540 | 45,694 | \$0.21 | |
| Comp -4 (#11142) Leasehold purchase | 2691 Channel Dr Lt 1 ATS 217, Lt 2 ATS7 & ATS 1503 | 04/17 | \$85,280 | 85,989 | | \$0.99 |
| | | | \$16,320 | 82,514* | \$0.20* | |
| Comp 5 - (#11923) Upland Industrial rent (Confidential) | Industrial Blvd Area | 04/23 | \$27,000 | 20,000 to 30,000 SF | | \$1.02 |
| Subject | ADL 36091 | ATS 750 | Solve | 18,469 | Solve | Solve |
| | ADL 51488 | ATS 842 | | 04/23 | | |
| *Leasehold & fee sale adjusted to fee simple with allocated tidelands at \$204,000 capitalized at 8%= \$16,320 annual rent, uplands value at \$1,066,000 at 8% indicates rent of \$85,280. | | | | | | |

Comps 1 and 2 are a sampling of the recent CBJ leases for discussion and analysis of the current market annual rent per square foot. **Comp 3** is the lease of the Salmon Creek Development barge landing facility at 3155 Channel Drive, and **Comp 4**, a purchase of the leasehold interest in the barge landing at 2691 Channel Drive in 2017. These two comps have been adjusted to indicate their price per square foot annual rent. **Comp 5** displays the nominal annual S.F. rent for an upland lot in the Industrial Blvd area of Mendenhall Valley, reflecting raw land rent used for open storage.

Please see addenda for details of these comparables. Note details of comp 5 have been omitted for confidentiality purposes.

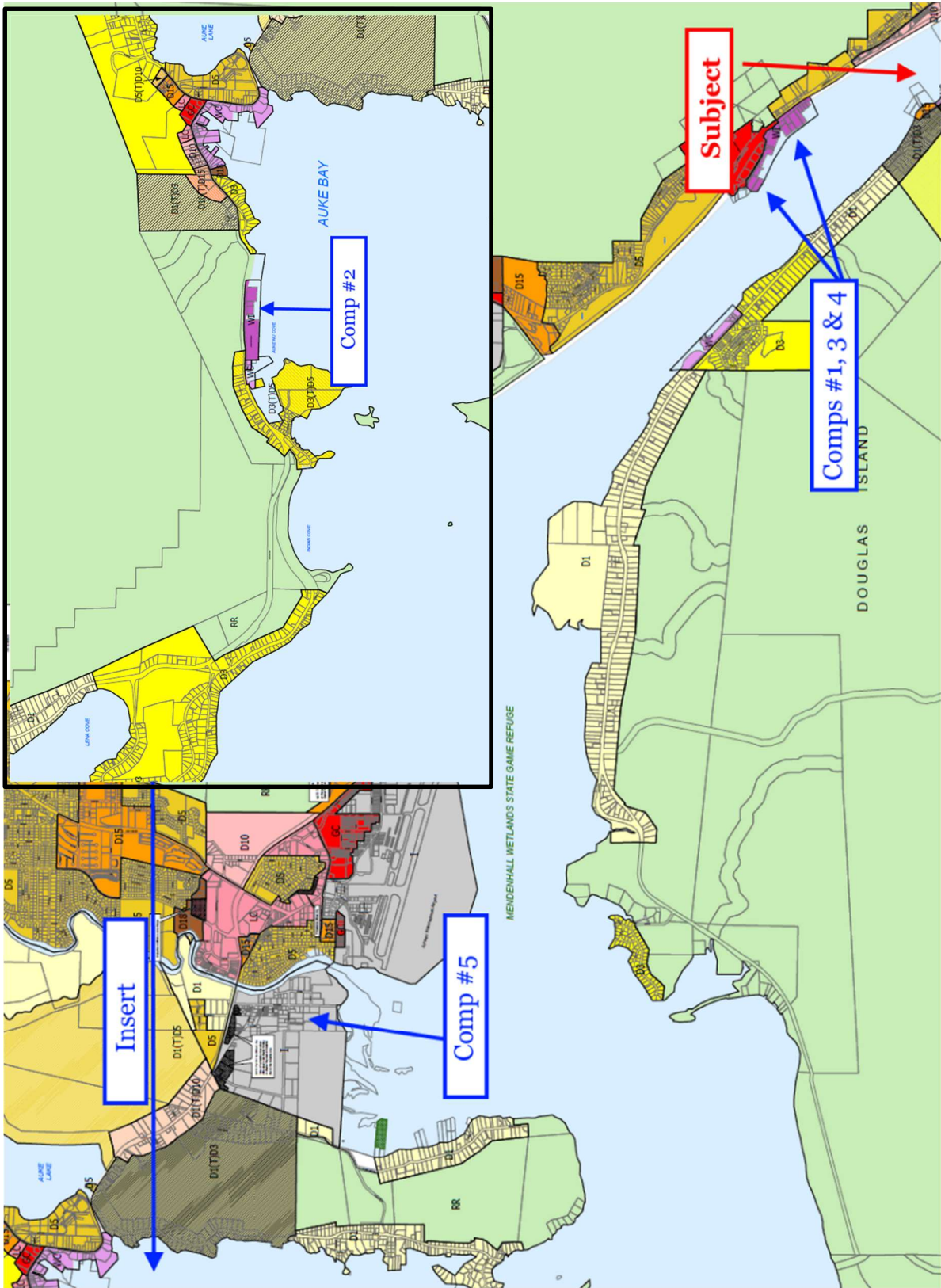


FIGURE 6.1 – COMPARABLE RENT/SALES MAP - JUNEAU

Quantitative Adjustments

Comp 1 and 2 are straight tidelands rents and require no quantitative adjustments. Comp 1 is rated qualitatively inferior, while Comp 2 is rated superior. This will be further discussed in the following paragraphs.

Comp 3 requires quantitative adjustments since it is the rent of a fully developed barge landing facility. We have made a quantitative allocation of the tidelands, uplands and of improvements. The most recent annual rent \$288,000 is about \$1.41/SF for the land area used. The total area is adjusted for the loss of use for the cell tower (688 SF) land rent. This leaves a net site area of 204,000 SF. The \$1.41/SF land rent is adjusted downward 22¢ for expenses paid by the landlord for tax, insurance, dredging etc. and there are significant yard improvements, such as paving, an office building and a ramp that would require an additional adjustment of 35¢/SF per year capitalizing their depreciated cost. This leaves net rent to land only at \$0.84/SF per year for 204,000 SF for an adjusted annual rent of \$171,360. This rent is apportioned out with sloping tidelands contributing about 6% of the unit value as compared to the uplands. This analysis indicates the upland rent at \$148,808, (158,306 SF) or \$0.94/SF and the tidelands rent at \$9,540, (45,694 SF) at \$0.21/SF.

Comp 4 is the adjusted indicated fee simple value per SF of the sloping and tidelands based on our analysis of the purchase of leased tidelands that had been partially filled and fee simple uplands. The quantitatively adjusted price per SF, has been allocated to the tidelands is what is expressed in the table and will be used for analysis.

Comp 5 is the land rent of an industrial uplands lot located in the Industrial Boulevard area of the Mendenhall Valley. It is currently rented for use as open storage. It does not require quantitative adjustments.

Qualitative Ranking

Attributes of the sales that would influence value not readily quantifiable in the market are ranked qualitatively. A qualitative rating has been developed to weigh market differences between the subject and the comparables whereby, if a comparable attribute is superior to the subject, a minus rating of -1, -2, or -3 is given, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating of +1, +2, or +3 is given, depending on its severity, to weigh this with other attributes towards the subject. The gradation of weighting 1 to 3 is used since all qualitative attributes are not, in the appraisers’ opinion, equally weighted within the market.

The following Table 7.2 summarizes the salient characteristics of the subject and the comps and provides for a weighted rating of the comps to the subject.

In the subject instance the comps after adjustments are relatively homogeneous. They form a narrow range of annual square foot rent between 20¢/SF and 22¢/SF for the tidelands. They indicate an upland annual rents of \$0.94/SF to \$1.02/SF.

Market conditions for the comparable sales range from April of 2017 to April of 2024. One of the significant events which have occurred during this time is the Covid pandemic declared by the World Health Organization in March of 2020. The travel restrictions and social separation mandates put a cloud over many investments. The waterfront commercial and industrial properties, however, continue to have persistent high demand as indicated by sales before and after the onset of these restrictions. Comparable 4 sold prior to the Covid pandemic in 2017, before real estate values generally increased. It is rated inferior in market conditions. All other comparables are rated similar in this regard. Attributes such as **zoning, size, street access & utilities and the pre-developed conditions** are all rated similar in the subject instance as well.

One of the significant differing issues among the comps and the subject are the **conditions of the rent**. In two cases, Comps 3 and 4, the rents are developed as adjustments to open market transactions. In these cases, due to the adjustments, it is felt that they are superior or on the high side of what the subject indicated rents might be. They are rated superior -1 for **conditions of rent**. On the other hand, Comps 1 and 2 are the nominal SF rental values based on other CBJ leases. This circumstance in our opinion creates the possibility of an understatement of rent especially in light of the recent active market. Comps 1 and 2 are rated inferior +1 in this instance. Comp 5 is an unadjusted market rent and is considered similar on a price per squarefoot basis.

The **location** is rated similar among the subject and the Juneau Comps 1, 3 & 4 on the inside of the Juneau Douglas bridge. The location for comp 2 is in the Auke Bay area of Juneau. It is more accessible for larger ships, as it is not under the Juneau-Douglas Bridge within the Gastineau Channel. Comp 5 is also rated similar in location in the Mendenhall Valley within another industrial neighborhood.

The **waterfront quality** is influenced by the need for occasional dredging along the strip of waterfront on Channel Drive due to the outflow of the Salmon Creek and the uplift of the Gastineau Channel mud flats. This makes Comps 1, 3 and 4 inferior by +1. Comp 3, although in the same area, one condition of its rent is that the landlord provide dredging of the ship basin. This is however, somewhat negated due to the surrounding shallow tidelands that make access more difficult. It is rated slightly inferior by +1. Comp 5 is an uplands comp that is not considered applicable to this comparable element.

Public **street access and utilities** are available to the subject through its adjacent develop larger parcel and is similar to the case of Comps 1 through 5. All comparables are rated similar in this regard.

These ratings apply to both the allocated tideland rent/SF and the upland rent/SF. They are ranked and summarized in the following Table 7.2.

| TABLE 6.2 – Qualitative Rating Grid | | | | | | | | | | | |
|--|---|---|----|---|----|--|----|---|----|---|---|
| Comparable Elements | Subject- 3560 N. Douglas Hwy | Comp 1 (#2046) 2681 Channel Dr | | Comp 2 (#12387) 13395 Glacier Hwy. | | Comp 3 (#9960) 3155 Channel Dr. | | Comp 4 (#11142) 2691 Channel Dr. | | Comp 5 (#11923) Industrial Blvd Area | |
| Annual Rent/SF | TIDELAND | \$0.20/SF | | \$0.22/SF | | \$0.21/SF | | \$0.20/SF | | N/A | |
| | UPLAND | N/A | | N/A | | \$0.94/SF | | \$0.99/SF | | \$1.02/SF | |
| Conditions of Rent | Typical | Inferior | +1 | Inferior | +1 | Superior | -1 | Superior | -1 | Similar | 0 |
| Market Conditions | 4/24 | 09/23 | 0 | 02/23 | 0 | 04/24 | 0 | 04/17 | +1 | 04/23 | 0 |
| Location | Inside Bridge | Similar | 0 | Superior | -1 | Similar | 0 | Similar | 0 | Similar | 0 |
| Zone | WI | WI | 0 | WI | 0 | WI | 0 | WI | 0 | I | 0 |
| Size of TL's | 1.43 AC (62,334 SF) | 1.83 AC | 0 | 1.3 AC | 0 | 4.7 AC | 0 | 3.1 AC | 0 | ~.5 AC | 0 |
| Waterfront Access Quality | Good Typical | Inferior | +1 | Superior | -1 | Inferior | +1 | Inferior | +1 | N/A | 0 |
| Street Access & Utilities | Paved/All | Similar | 0 | Similar | 0 | Similar | 0 | Similar | 0 | Similar | 0 |
| Pre-lease condition | Undeveloped | Similar | 0 | Similar | 0 | Similar | 0 | Similar | 0 | Similar | 0 |
| Overall Rating | Solve | Inferior | +2 | Superior | -1 | Similar | 0 | Inferior | +1 | Similar | 0 |
| The indicated value of the subject TIDELAND market rent/SF is | | More than \$0.20/SF | | Less than \$0.22/SF | | Similar to \$0.21/SF | | More than \$0.20/SF | | | |
| The indicated value of the subject UPLAND market rent/SF is | | | | | | Similar to \$0.94/SF | | More than \$0.99/SF | | Similar to \$1.02/SF | |

If a comparison is **Superior**, a Minus rating of -1, -2, or -3 is given depending on severity.

If a comparison is **Inferior**, a Plus rating of +1, +2, or +3 is given depending on severity.

The comps essentially form a range for the tidelands portion of the subject between 20¢/SF and 22¢/SF. Given this generally tight range, the sloping/submerged tideland value is placed towards the middle. Their ranking suggests the subject would be worth approximately **21¢/SF**. The uplands portions of these sales suggest a range of \$0.94/SF to \$1.02/SF. This range is also relatively tight. Two of the three indicators suggest a rent of between \$0.99/SF and \$1.02/SF, while Comp 3 is a lower indicator at \$0.94/SF. Because Comp 3 involves allocating out the contributions of improvement income, it is given less weight. Considering the weighting of the data **\$1.01/SF** seems reasonable for the rent of the upland portions of the property. This is a slight increase from the previous rent at \$1.00/SF which is further justified in the market over the last 5 years, as is further discussed in Section 2 and the beginning of Section 6. Based on these conclusions the annual rent for each of the properties can be calculated based on their pre-developed characteristics as originally rented summarized in the following tables.

| Table 6.3 parcel rent calculation | | | | | |
|-----------------------------------|----------------------------|---------------|-----------|---------|--------------------|
| Lease | Legal Description | SF Areas | Land Type | SF Rent | Annual Rent |
| | ADL 36091 ATS 750 | 9,235 | Tideland | \$0.21 | \$1,939.35 |
| | | <u>9,235</u> | Upland | \$1.01 | <u>\$9,327.35</u> |
| | | 18,469 | Blended | \$0.61 | \$11,266.70 |
| | | | | | |
| | ADL 51488 ATS 842 Tr A & B | 29,243 | Tideland | \$0.21 | \$6,141.03 |
| | | <u>14,622</u> | Upland | \$1.01 | <u>\$14,768.22</u> |
| | | 43,865 | Blended | \$0.48 | \$20,909.25 |

The annual rental adjustment value by lease is rounded and summarized in the following table by effective date of the rental adjustment.

| Subject Sites | Effective Date | Annual Market Rent | SF Area | Pre-Leased Condition |
|-----------------------------|----------------|--------------------|-----------|----------------------|
| ADL 36091 -ATS 750 | 4/16/2024 | \$11,267 | 18,469 SF | 50% filled |
| ADL 51488- ATS 842 Tr A & B | 4/16/2024 | \$20,909 | 43,865 SF | 33% filled |

ADDENDA

CERTIFICATION OF APPRAISAL

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- I made a personal inspection of the property that is the subject of this report on April 16, 2024. A representative of the lessee, Jeff Trucano, met me on site.
- No one else provided significant real property appraisal assistance to the persons signing this certification.
- I have not performed any services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.

Slater Ferguson

April 16, 2024
Effective Date of Appraisal

May 1, 2024
Date of Report

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and valuation contained herein are expressly subject to the following assumptions and/or conditions:

Hypothetical Conditions

HC 1 – This report is made under the hypothetical condition that the subject is in its unimproved prelease condition.

General Assumptions and Limiting Conditions

1. It is assumed the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraisers' estimate of the highest and best use.
5. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraisers.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraisers.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.
10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.
11. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The

separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.

12. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

TERMINOLOGY

Market Rent

The most probable rent that a property should bring in a competitive and open market.

Rental Rate

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Page 113

The use of hypothetical conditions or extraordinary assumptions may affect the assignment results.

Tidelands

All areas which are at or below mean high tide and coastal wetlands, mudflats, and similar areas that are contiguous or adjacent to coastal waters and are an integral part of the estuarine systems involved. Coastal wetlands include marshes, mudflats, and shallows and means those areas periodically inundated by saline waters.

Market Value is defined as:

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restriction of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.”

The Appraisal of Real Estate Appraisal Institute, 14th Edition, Page 447

2 AREA ANALYSIS

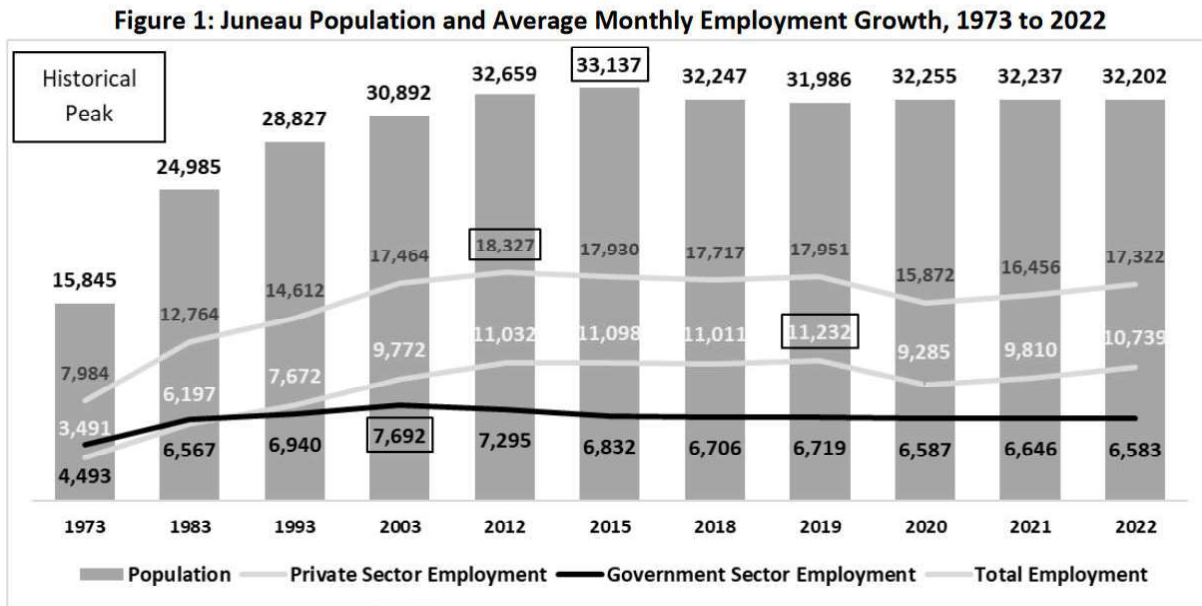
2.1 JUNEAU AREA ANALYSIS

Demand for real estate is generally driven by population, and the population is sustained by employment. The Juneau economy has historically been driven by state government which has been shrinking. Region wide state jobs have declined 25% between 2012 and 2023 as contrasted by state jobs outside the region which are down only 12%¹. This is an indication of the continued shrinkage in state employment in Juneau due to overall reduction in state government budget, moving of employee positions from Juneau to the Anchorage area, and the high percentage of funded, unfilled positions.

Jobs and Population

Juneau Economic Development Council’s (JEDC’s) October 2023 report of the 2022 data on Juneau employment and earnings indicated- “Juneau's average monthly employment increased by 866 jobs (+5.3%) in 2022 based on preliminary jobs numbers. This follows an increase of 573 jobs between 2020 and 2021. The private sector added 929 jobs (+9.5%) in 2022. Government jobs (Federal, State, and Local) decreased by 63 (-1.0%) from the previous year. Most of the decrease occurred within State Government, which lost 142 jobs (4.1%) from 2021 to 2022.”²

Figure 2.1, copied below, shows the population and employment trend.



Source: Alaska Department of Labor and Workforce Development, Quarterly Census of Employment and Wages

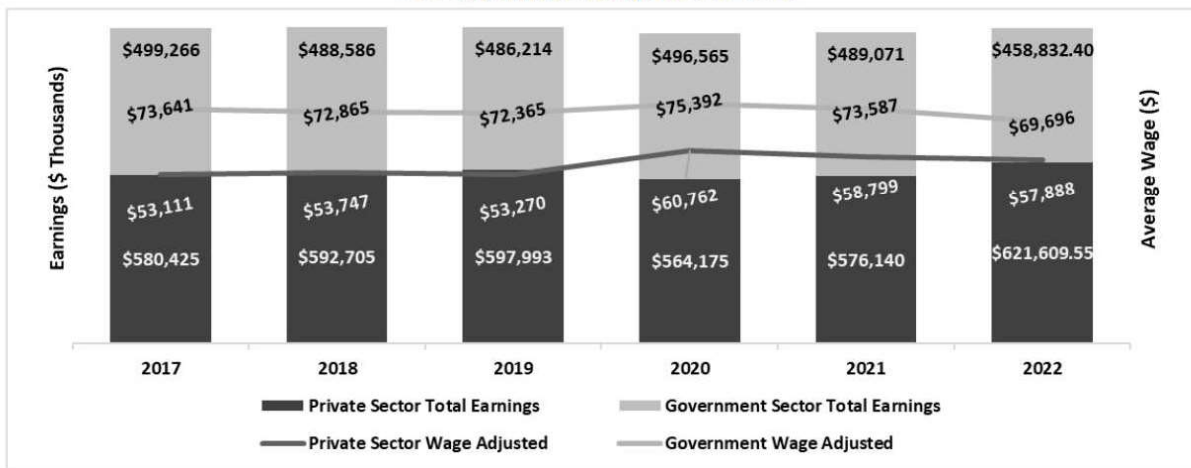
FIGURE 2.1 - Population And Employment Trends From JEDC December 2023.

¹ Publication; SE Alaska by the Numbers 2023, page 8, published by the Southeast Conference

² JEDC Dec 2023 Report page 6.

The report says, “Juneau's trade industries (like mining, tourism, and manufacturing – including seafood processing) bring revenue into the community from outside. Juneau's trade industries grew by 705 jobs (+20.3%) in 2022, a significant rebound since the loss of 1,411 traded jobs in 2020. The number of jobs in Juneau's trade industries is 310 jobs below what it was in 2019. Mining saw an increase of 82 jobs (+9.7%), a second consecutive year of increases. Manufacturing saw an additional 29 jobs (+7.8%) in 2022, bringing the number of jobs above 2019 numbers. Tourism added 213 jobs (+16.4%) in 2022, bringing the job count to 87.3% of what it was in 2019. Juneau's non-trade industries (goods and services consumed where they are produced) saw an overall increase of 235 jobs (+3.7%) in 2022. With this increase, the number of jobs in the non-trade sector is 189 below what it was in 2019.”

Figure 3: Juneau's Total Earnings (Thousands) and Average Annual Wages for Private and Government Sectors, Inflation Adjusted to 2022



Source: Alaska Department of Labor and Workforce Development, Quarterly Census of Employment and Wages. (Note: Earnings are for wage and salary jobs, including full and part-time, temporary or permanent, for all employers. Government sector earnings are exclusive of active-duty Coast Guard employment.)

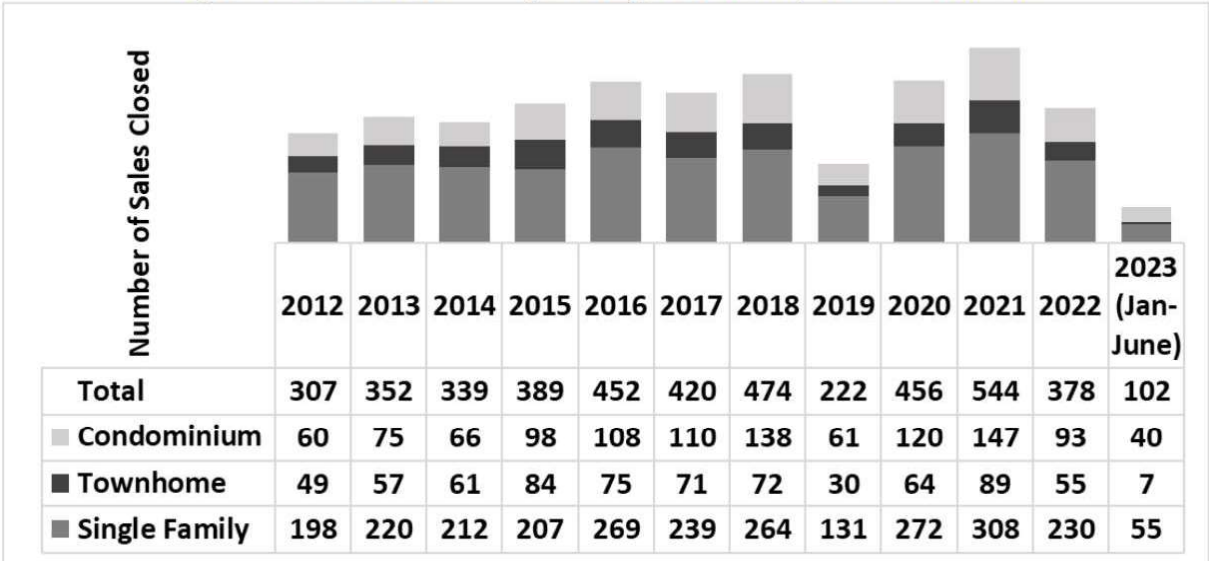
FIGURE 2.2 - JEDC Figure 3 from page 9 of the September 2023 Report

The report continues on page 10, “In 2022, Juneau continued to experience a decline in the number of State Government jobs. Average monthly state government employment decreased by 142 jobs (compared to losses of 48, 143, and 29 in preceding years). Local and Tribal Government employment increased by 85 jobs. Federal Government employment decreased by six jobs. The Health Care & Social Assistance, Financial & Real Estate, and Construction industries all experienced job losses, most significantly within the Health Care & Social Assistance industry, which saw a decrease of 79 jobs from 2021. Most other industries saw modest to significant increases for the second consecutive year, which is a good sign after the pandemic-induced job losses of 2020. The Travel & Hospitality industry continued to experience a rebound in employment, increasing by 159 jobs in 2021 and 213 in 2022 after losing 591 in 2020.”

Housing

Juneau has an apparent housing shortage as do many Alaska communities. The JEDC report continues on page 49, “Juneau’s home sale volume decreased in 2022 after reaching an all-time high for the decade across all home types in 2021. Total sales volume decreased 31% from 2021 to 2022. Single-family home sales decreased 25% from the previous year, condominiums decreased 37%, and townhomes 38%. If sales continue at the same pace as the first half of 2023, there will be a significant decrease in home sales volume in 2023. This trend lines up with the Federal Reserve beginning to institute interest rate hikes in March of 2022.”

Figure 42: Sales Volume of Single Family, Townhomes, and Condominiums



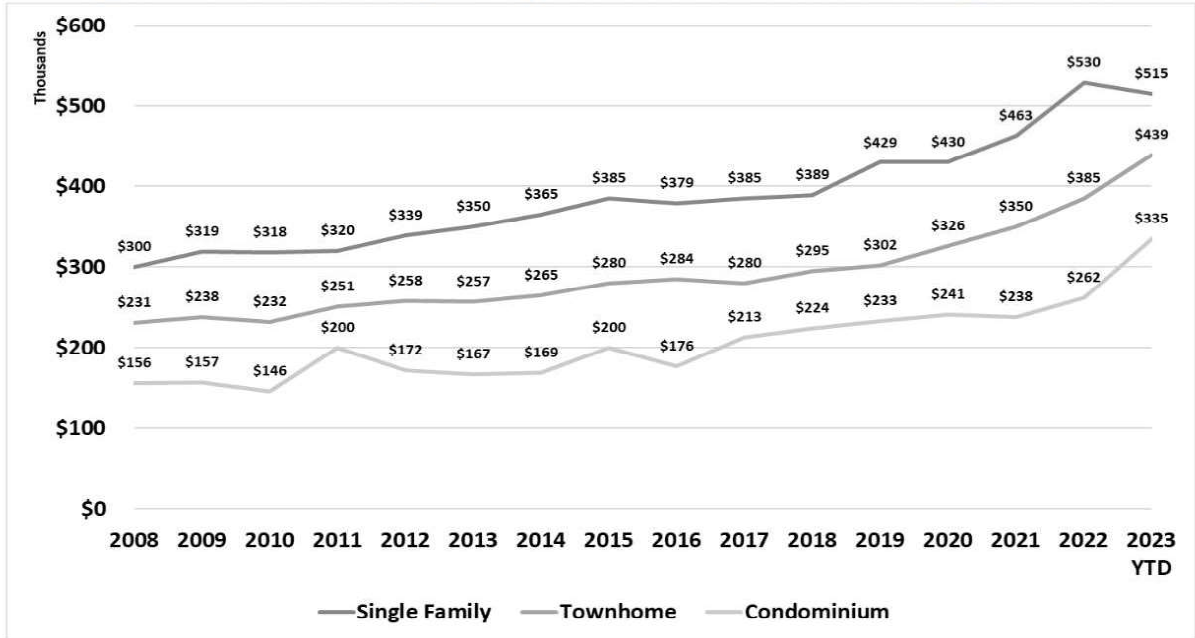
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, Alaska Housing Market Indicators, "Quarterly Survey of Lenders" Dataset. (Note: Single Family includes attached units; multi-family includes properties with two or more dwellings.)

Figure 2.3 JEDC 2023 Study Figure 42.

The average number of days on the market decreased dramatically over the last several years from the highs of 2016 to 2019 averaging from 28 to 18 days. It dropped to 8 days in 2020 and five days in 2021 and 2022. This confirms the continued increase in demand and limited supply for housing. The first six months of 2023 show a slight uptick averaging 6 days versus 5 days for the entire previous two years. While the housing shortage still persists, higher interest rates may dampen demand.

The following trend shows the steady increase in average house prices since 2008. The year-to-date numbers for 2023 for single families appear to have slightly declined.

Figure 44: Median Price of Single Family, Attached Homes and Condominiums, 2013 – 2023



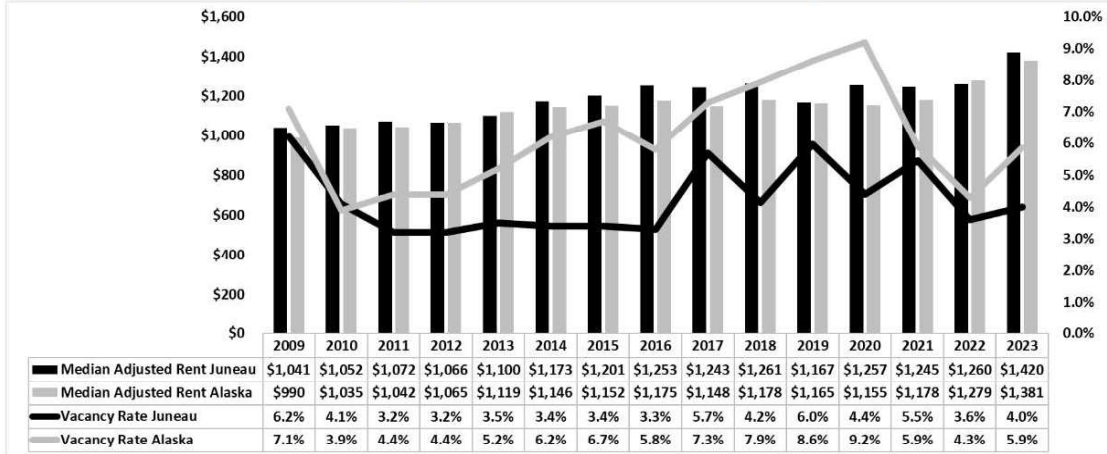
Sources: Southeast Alaska Multiple Listing Service.

Figure 2.4 JEDC 2023 Study Figure 44

The JEDC report comments on rentals, page 50; “Every March, the Alaska Department of Labor and Workforce Development surveys Alaska’s landlords for rental housing costs and vacancy rates for the Alaska Housing Finance Corporation. In March 2023, Juneau’s median rental price for all units increased by 12.7% to \$1,420, the biggest one-year increase on record. Vacancy rates in Alaska rose to 5.9% while those in Juneau increased to 4.0%. According to the Alaska Department of Labor and Workforce Development, the ideal vacancy rate for a community is between 6 and 7%. This is because more vacancies allow renters more choice on where to live, putting pressure on landlords to keep units in good repair and keep prices competitive.”

Juneau’s residential vacancy rates still remain relatively low even after a rise in rents as seen in the Rental and Vacancy Rate figure from JEDC below.

Figure 45: All Units Median Adjusted Rental Prices and Vacancy Rate, March 2009 – 2023



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation, 2021 Rental Market Survey (March). (Note: Rental price is adjusted to include heat, light, hot water, water, garbage, sewer, and snow removal, if one or more of these utilities is not included in the rent.)

Figure 2.5 JEDC 2023 Study Figure 45

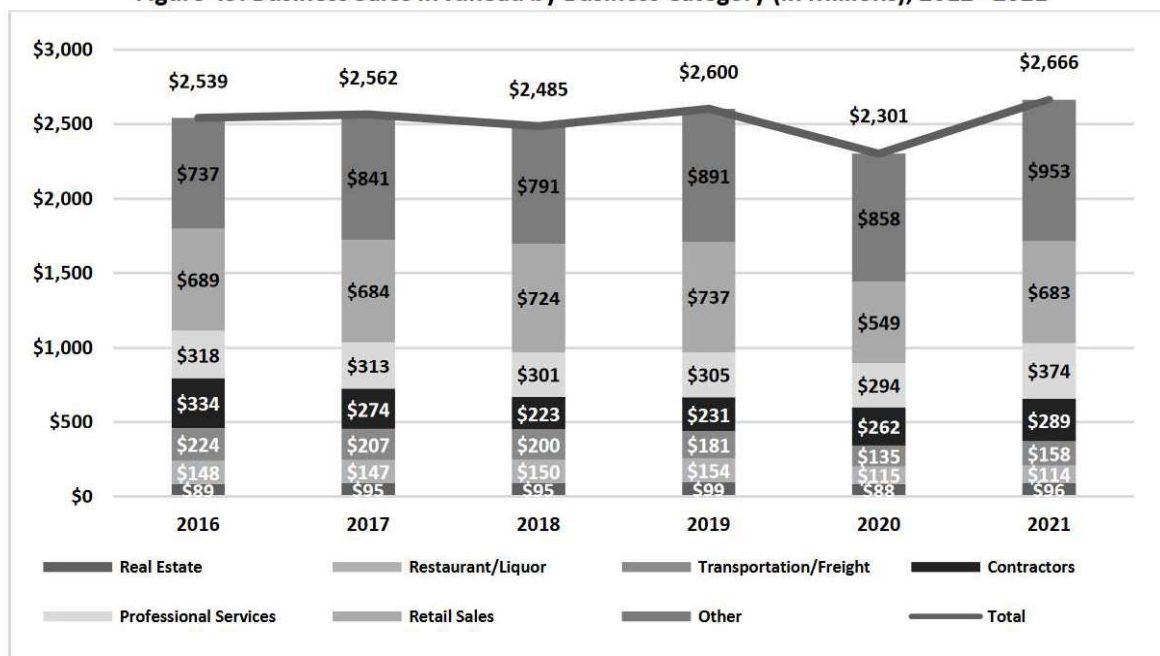
Business Activity

Gross business sales are a good sign of market activity and a latent demand for certain types of real estate. For instance, gross retail sales drive the ability of businesses to pay rents. Growth in the service sector impacts the demand for commercial rental space.

The 2023 JEDC report section on gross business sales indicates; “Total gross business sales in the City and Borough of Juneau rose by 16% in 2021, following a 14% decrease in 2020. The business categories of Contractors, Professional Services, and ‘Other’ all had higher sales in 2021 compared to 2019. All business categories saw an increase in sales in 2021 versus 2020 except the Restaurant/Liquor subgroup, which observed a small ~ 1% decrease in business sales compared to 2020. 2021 Retail Sales, while still down 7% compared to 2019, saw a 24% increase from 2020. Professional Services had even higher growth, increasing 27% from 2020 to 2021.”

See the following figure.

Figure 49: Business Sales in Juneau by Business Category (in Millions), 2012– 2021

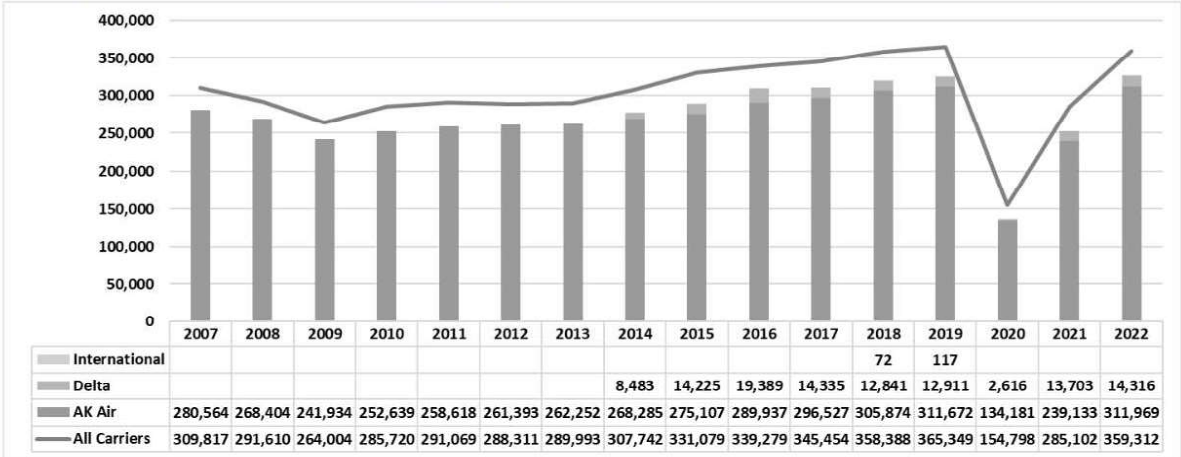


Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, Statistical Section. (Note: “Other” category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.)

Figure 2.6 JEDC 2023 Study Figure 49

Tourism is a significant private sector economic driver as it brings in new dollars from outside the community. It has been hardest hit by the restrictions involved with the COVID Pandemic which shut down most travel in 2020. Independent travelers have recovered from the height of 2019 as indicated in the following air passenger trend which also includes business travel.

Figure 54: Scheduled Air Passenger Enplanements at Juneau International Airport, 2007-2022

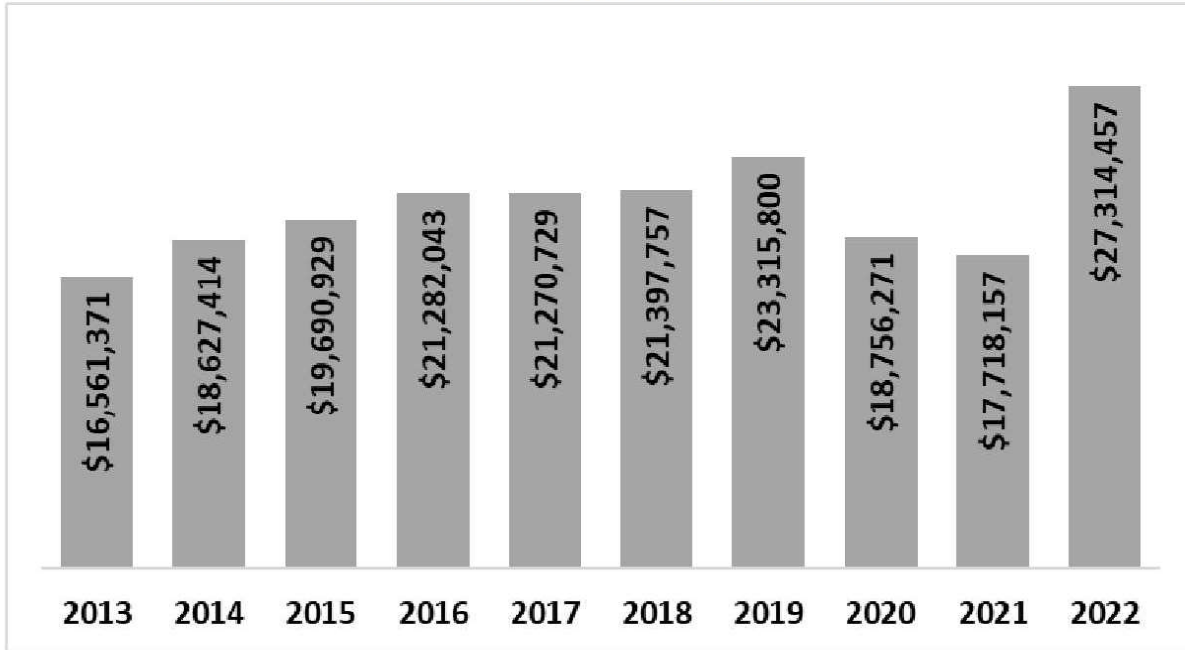


Source: Bureau of Transportation Statistics, T-100 Market Data, ACAIS

Figure 2.7 JEDC 2023 Study Figure 54

Independent travel was stronger during the pandemic and following years. The JEDC 2022 study shows the bed tax revenue from the independent tourism sector of the economy. Effective January 1st 2020 the bed tax was increased from 7% to 9%. The figures from the JEDC 2022 study show the drop in 2020 and 2021 was not as significant as reflected in other travel segments of the economy. The recovery of 2022 appears to be close to the prior levels signifying a significant recovery in this sector.

Figure 57: Juneau Revenue Taxed by Bed Tax by Fiscal Year, FY13 – FY22



Source: City and Bureau of Juneau Comprehensive Annual Financial Report, Statistical Section

Figure 2.8 JEDC 2023 Study Figure 57

Cruise ship visitation had been rising in general for some time and peaked in 2019 before it collapsed in 2020 due to the COVID pandemic. It has more than recovered during the 2023 season as indicated in the following figure. The high number has apparently strained the town’s capacity to adequately handle this volume in a manner conforming to the community’s quality of experience expectations. In April of 2023 CBJ signed a Memorandum of Agreement with Cruise Lines Agency International (CLIA) targeting the five ships per day limit for the 2024 season. As of February of 2024, the estimated volume for the 2024 season is projected to be similar to the 2023 season.

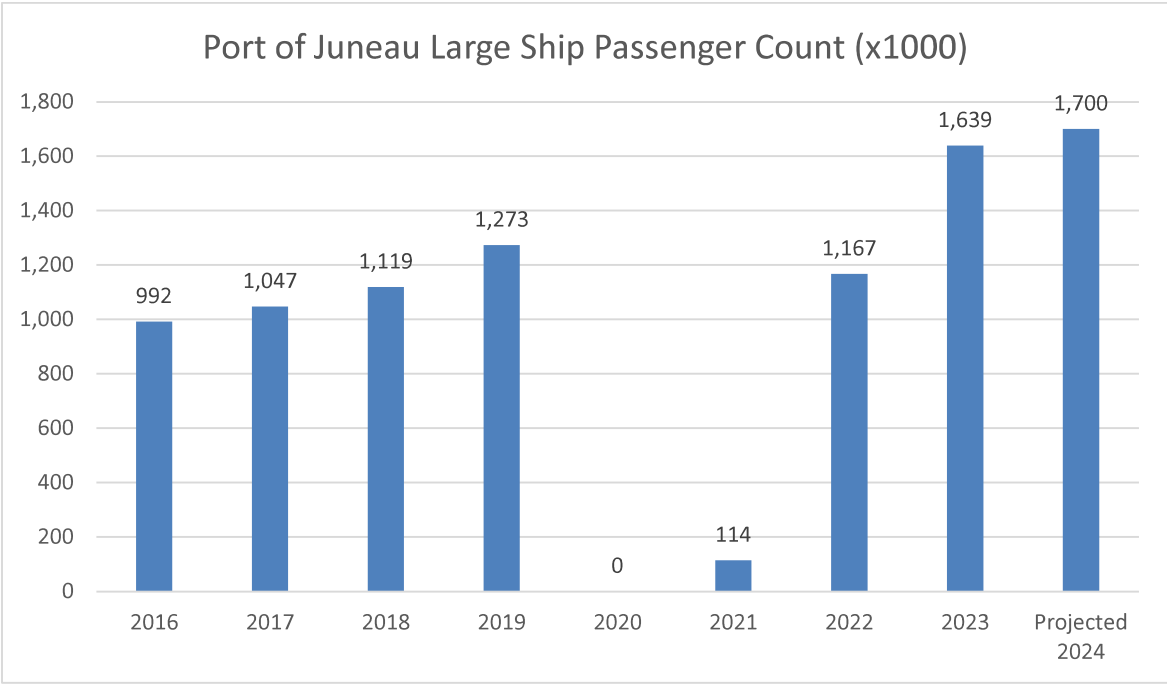


Figure 2.9 - Cruise ship passenger count provided by CBJ Docks and Harbor Department, and Cruise Line Agencies of Alaska.

Retail Sales- Tourism

The 2022 JEDC report continues on page 52, “Gross business sales from Juneau businesses involved in tourism saw a minor recovery in 2021, increasing by 69.0% from 2020. Gross business sales related to tourism were still down \$154 million (-46.7%) compared to 2019. Car Rentals (part of transportation) and hotel and motel gross sales saw the greatest recovery in 2021 while Tour Providers and Travel Agencies and Jewelry, Art, and Gift Shops were still down 74% and 80% from 2019, respectively. The strong recovery posted by Car Rentals and Hotels and Motels indicates a strong return of independent tourism in 2021.”



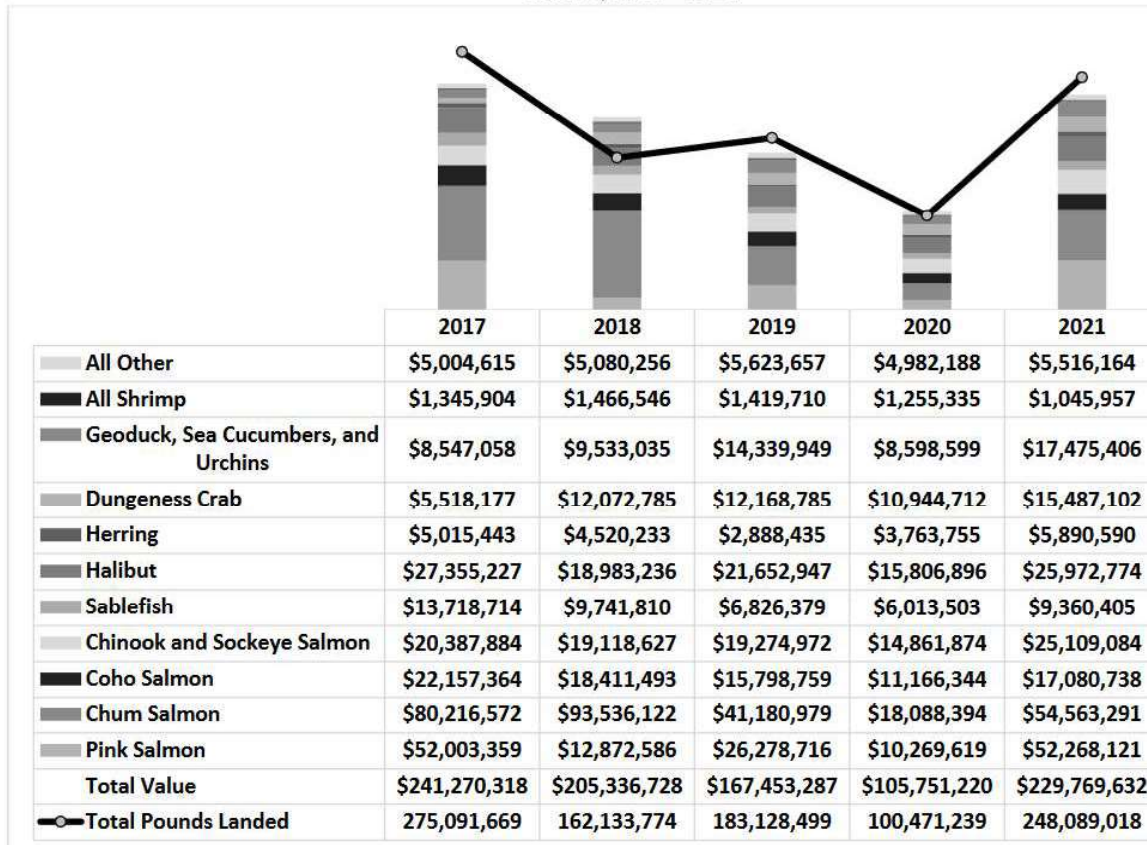
Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, Statistical Section. **Notes:** Data for 2021 was unaudited at the time of publication; Gross business sales related to tourism are determined by the type of business, not individual sales, and count sales at all times throughout the year. This data includes sales to locals.

Figure 2.10 2022 JEDC Study Figure 60.

Fishing

The fishing industry was also depressed as a result of the pandemic due to the drop in restaurant demand which reflected a decline in harvest value and volume in 2020. The value and the volume of fish landed at Juneau significantly dropped in 2020 but rose again in 2021. The value exceeded the 2019 value but the volume did not. The following figure from the JEDC study shows the southeast commercial seafood industry reflects this trend is region-wide.

Figure 75: Southeast Alaska Commercial Seafood Industry Ex-Vessel Value by Species and Pounds Landed, 2017 - 2021



Source: Alaska Department of Fish and Game personnel and "Commercial Operators Annual Report"

Figure 2.11 JEDC 2022 Study Figure 75.

Mining Industry

According to the Publication; SE Alaska by the Numbers 2023, page 6, published by the Southeast Conference; “The mining sector is growing steadily. Mining jobs and wages in Southeast Alaska were up by 12% in 2022, and has doubled since 2010.”

Two of the three major regional mines are in the Juneau area. The Hecla Greens Creek, just west of Juneau on Admiralty Island is one of the largest silver mines in the world. In August 2023, it had 506 full-time permanent employees, 32 more than in 2022. The Greens Creek is the largest private sector employer in Juneau as well as the highest taxpayer at \$2.4 million per year in property and sales taxes. The Coeur Alaska’s Kensington Mine, just north of the Juneau road system and Berners Bay, is exclusively a gold mine. It produced 109,000 ounces of gold in 2022. In 2023, Coeur Alaska Kensington had a full-time permanent staff of 383, down 20 from 2022.

A third mine, the Dawson Mine is a smaller gold and silver project on Prince of Wales Island. The Dawson Mine reported 54 full-time workers in 2022. Additional mining exploration projects are active in the region, including the Palmer Project in Haines, Herbert Gold in Juneau, Bokan Mountain, and Niblack, both on Prince of Wales.

Mining jobs in Southeast Alaska have increased by 3% in the first half of 2023. Metal prices continue to be strong as indicated in the charge from the SE Alaska by the Numbers 2023 report, page 6.

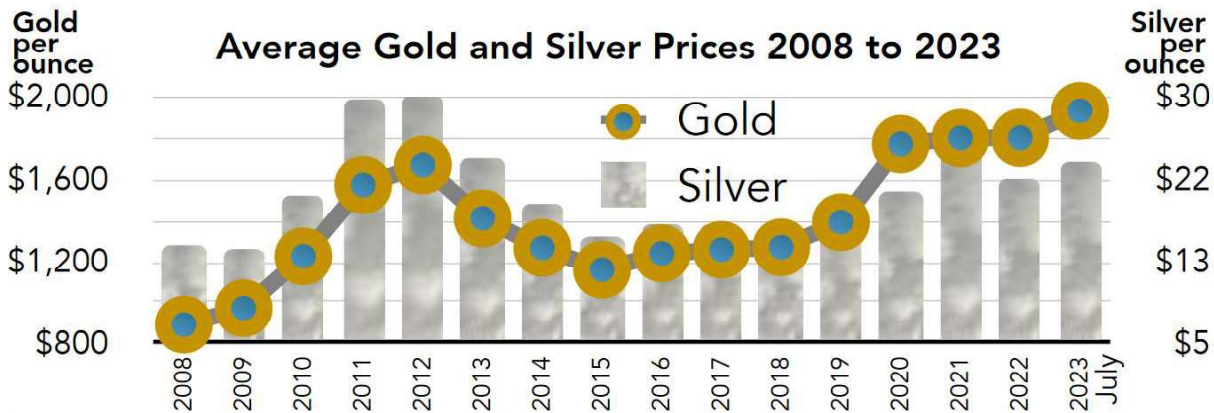


Figure 2.13 SE Alaska by the Numbers 2023, page 6, published by the Southeast Conference. Prepared

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

400 Willoughby Avenue, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400
FAX: (907) 586-2954

February 14, 2001

J.E. Trucano
P.O. Box 020870
Juneau, AK 99802

Re: Transfer of Tideland Leases No. **ADL 36091** and 51488 to the City and Borough of Juneau

Dear Lessee:

This is to inform you that land management authority for the tidelands on which the above referenced lease is located has been conveyed to the City and Borough of Juneau. The management authority, effective 2/8/2001, includes all the State of Alaska's rights, title, and interest in, and to, the tidelands. A state tideland patent will be issued to CBJ, subject to the lease.

Accordingly, the above referenced lease has been transferred to the City and Borough of Juneau. The administration of the lease now resides with the City and Borough of Juneau and all correspondence and rental payments for this lease should be made to:

Attn: Joe Graham
Port of Juneau
City and Borough of Juneau
155 South Seward
Juneau, AK 99801
(907) 586-5255

If you have any questions about the lease transfer please call me at 465-3513.

Sincerely,


Doug Sanvik
Natural Resource Officer

cc: Joe Graham, City and Borough of Juneau

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

TONY KNOWLES, GOVERNOR

400 Willoughby Avenue, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400
FAX: (907) 586-2954

November 3, 2000

J E Trucano
P.O. Box 020870
Juneau, Alaska 99802

Re: ADL 36091, ADL 51488

Dear Mr. Trucano:

The purpose of this letter is to provide notice pursuant to AS 38.05.945 of our preliminary decision to grant a tideland conveyance to the City and Borough of Juneau. ~~This conveyance will transfer approximately 265 acres of tide and submerged land to the city and borough.~~ Your tideland leases, ADL 36091 & ADL 51488 will be part of this conveyance. This will not effect the terms of your existing lease. Juneau will become the land owner and the only changes will be that your annual use payments will be made to the City and Borough of Juneau and any future lease modifications will be administered by them.

A copy of the preliminary decision may be obtained from our office. The deadline for making comments on this preliminary decision will be December 3, 2000. Persons that do not submit written comment during the comment period will have no right to appeal the final finding.

If you have any questions please let me know.

Sincerely,



Bob Palmer
Lands Officer

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
344 Sixth Avenue
Anchorage, Alaska

DL-37a (Tidelands)
Revised December, 1961

Lease No. ADL 36091

LEASE AGREEMENT

THIS INDENTURE made and entered into this 30th day of June 19 69, by and between the STATE OF ALASKA, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to Chapter 169, SLA 1959, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and J. E. TRUCANO of P. O. Box 870, Juneau, Alaska 99801 hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Commercial lands on October 3 19 68, pursuant to Chapter 169, SLA 1959, as amended; and

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after June 6, 19 69; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the within demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor all that lot, piece, or parcel of land more particularly bounded and described, as follows:
Known as ATS 750 - Beginning at Cor. No. 1, identical with Cor. No. 5, ATS No. 361, thence from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 59.63 ft., to Cor. No. 2; S 52° 54' 26" E, 260.59 ft., to Cor. No. 3; S 17° 12' 40" E, 27.70 ft., to Cor. No. 4; S 31° 49' 00" W, 55.02 ft., to Cor. No. 5; N 50° 40' 00" W, 290.70 ft., to Cor. No. 1, the point of beginning, containing in all 0.424 acres, more or less. Latitude 58° 18' N, Longitude 134° 26' W.

201 9-8-69

201 9-5-69

TO HAVE AND TO HOLD the said demised premises for a term of Fifty Five (55) years commencing on the 30th day of June, 19 69 and ending at 12 o'clock midnight on the 29th day of June, 2024, unless sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal Annual payments, in advance, on or before the 30th day of June of every year during said term at the rate of Seventy Five and No/100----- Dollars (\$75.00-----) per annum, such payments to be subject to adjustment at each five year interval from the effective date hereof, if the lease term hereof exceeds five years, such adjustment to be based primarily upon a reappraised annual rental value of land in a state of improvement similar to that of the land described herein at the time this lease was entered into.

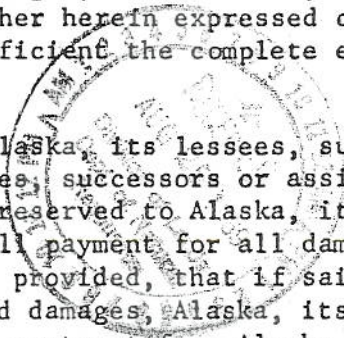
It is hereby mutually covenanted and agreed that this indenture is made upon the foregoing, and upon the following agreements, conditions, covenants, and terms, VIZ:

1. The word "Lessor" as and wherever used in the lease, shall be construed to include, and shall include, bind and inure to the benefit of, the State of Alaska, its successor and assigns, at any time during the term of this lease or any renewal thereof; and the word "Lessee" as and wherever used in this lease shall be construed to include and shall include and bind and inure to the benefit of the Lessee, his successors and assigns.

2. It shall be the responsibility of the Lessee to properly locate himself and his improvements within the confines of the property leased herein.

3. The Lessor, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by Alaska, its lessees, successors or assigns, until provision has been made by Alaska, its lessees, successors or assigns, to pay to the owner of the land, upon which the rights herein reserved to Alaska, its lessees, successors, or assigns are sought to be exercised, full payment for all damages sustained by said owner, by reason of entering upon said land; provided, that if said owner for any cause whatever refuses or neglects to settle said damages, Alaska, its lessees, successors or assigns or any applicant for a lease or contract from Alaska for



the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director in a company qualified to do business in Alaska or in a form as determined by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said owner full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on page 1 of this agreement and in accordance with the Classification Regulations, Title II, Division I, Chapter I, Subchapter I, and any use thereof which shall be in material conflict with said classification shall, if not remedied after due notice thereof has been served on the Lessee, constitute a breach of this lease and the Lessor may thereupon terminate same in accordance with provisions herein contained. The Lessor does not warrant that by such classification the land is ideally suited for the use authorized thereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction and utilization and all materials subject to Title II, Division I, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended are excepted from the operation of this lease. Viz: The Lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peatmoss, or any other material valuable for building or commercial purposes; provided, however, that material required in the enjoyment of this lease may be used after a written permit therefor has been obtained from the Lessor.

6. The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

7. The Lessee shall not commit waste or injury upon the lands leased herein. Any violation of this agreement shall not only subject the offender to civil liability, but upon conviction thereof he may be fined in any sum not exceeding \$1000.00.

8. If the lands leased herein are classified and leased as grazing or agricultural lands the Lessee shall not prevent or deny the lawful pursuit or the hunting of game or the taking of fish; provided, however, the Director, upon request in writing, may allow the lands leased herein, or portions thereof, to be posted to prohibit hunting and fishing when it appears necessary in order to properly protect the Lessee and his property.

9. Should the lands herein leased lie within the jurisdiction of any authorized building or zoning authority they shall be utilized in accordance with the rules and regulations promulgated by said authority.

10. The Lessee shall take all reasonable precaution to prevent, and take all reasonable action to suppress grass, brush and forest fires on the land herein leased.

11. The Lessee shall allow the Lessor, through its duly authorized representative, to enter upon the leased premises, at any reasonable time, for the purpose of an inspection thereof.

12. When the Lessee shall use the lands leased herein to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute or change the natural flow or bed of any river, lake or stream or that will utilize any of the waters of the State or materials from any river, lake or stream beds, the Lessee shall, prior to the commencement of any such operations, procure the approval of the Commissioner of the Department of Fish and Game and the original or an image copy thereof shall be filed with the Lessor prior to the commencement of such activity.

13. The Lessee may assign the lands, or portion thereof, herein demised, provided, he first makes application to the Lessor for a permit and the Lessor, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. Upon an assignment being granted, the assignee thereunder shall become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee.

14. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties hereto or their respective successors in interest.

15. This lease may be cancelled, in whole or in part, under one or more of the following conditions:

- A. While in good standing by the mutual agreement in writing of the respective parties hereto.
- B. If issued in error with respect to material facts.
- C. If the leased premises are being used for an unlawful purpose.

16. If the Lessee should default in the performance of any of the terms, covenants or stipulations herein contained or of the regulations promulgated pursuant to Chapter 169, SLA 1959, as amended, and said default shall not be remedied within 30 days after written notice of such default has been served upon the Lessee by the Lessor, the Lessee shall be subjected to such legal action as the Lessor shall deem appropriate including but not limited to, the forfeiture of this lease. No improvements may be removed by the Lessee during any period in which this lease is in default. In the event that this lease shall be terminated because of a breach of any of the terms, covenants, or stipulations contained herein the annual rental payment last made by the Lessee shall be retained by the Lessor as liquidated damages.

17. Any notice or demand which must be given or made by the parties hereto shall be in writing, and shall be complete by sending such notice or demand by United States registered or certified mail to the address shown on the lease or to such other address as the parties shall designate in writing from time to time. A copy of any such notice shall be forwarded by the Lessor to any lienholder who has properly recorded his interest in the lease with the Lessor.

18. In the event that this lease is terminated as herein provided, by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by the Lessee during the term of this lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said lands, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law; provided, however, that the words "entry" and "re-entry" as used herein, are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession,

dispossess, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or in part, from any liability hereunder.

19. Upon the expiration, termination or cancellation of this lease, unless the same has been renewed, the Lessee shall quietly and peaceably leave, surrender, and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

20. The receipt of rent by the Lessor, with or without knowledge of any breach of the lease by the Lessee or of any default on the part of the Lessee in observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such terms or covenants or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money or the termination, in any manner, of the term therein demised, or after giving by the Lessor of any notice hereunder to affect such termination, shall not reinstate, continue, or extend the resultant term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless expressed in writing and signed by the Lessor.

21. The Lessee, after written request therefor has been filed with the Lessor and prior to the commencement of such work, may receive credit toward current or future rentals, provided the contemplated work, to be accomplished on or off the area leased herein, in the discretion of the Lessor, shall result in increased valuation to other State owned lands. The Lessor's authorization to proceed with the work for rental credit, if granted, shall stipulate the type and extent of improvements, standards of construction to be followed and the maximum allowable rental credit therefor; provided further that no rental credit shall inure to the Lessee until the work has been completed and the Lessor has inspected same to determine compliance with the provisions of said authorization.

22. If, upon the expiration of this lease, the Lessee desires a renewal lease on the lands, properties or interests covered herein, he shall within 30 days before the expiration of this lease, make application to the Lessor on Form DL-74 entitled "Application for Renewal of Lease," in which he must certify under oath as to the character and value of all the improvements existing upon the land, the purpose for which he desires a renewal and such other information as the Director of the Division of Lands may require. Along with the application the applicant shall deposit a sum equal to 50% of the current annual rental, as provided herein, but in no event to exceed the sum of \$50.00. The Lessor may thereupon lease said lands in compliance with the provisions herein enumerated, Chapter 169, SLA 1959, as amended, and the rules and regulations promulgated thereunder, allowing a preference right to the Lessee herein.

23. The Lessee hereunder shall, upon the expiration of this lease or the prior termination thereof by mutual agreement, be allowed a preference right to re-lease the lands leased herein if all other pertinent factors are substantially equivalent. If the renewal lease does not require public auction the preference right holder shall exercise his right within 30 days before the expiration of this lease by written notice directed to the Lessor and failure to do so shall result in forfeiture and cancellation of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.

24. Improvements owned by a Lessee on Alaska lands shall within 60 days after the termination of the lease be removed by him; provided, such removal will not cause injury or damage to the lands; and further provided, that the Lessor may extend the time for removing such improvements in cases where hardship is proven. The retiring Lessee or permittee may, with the consent of the Lessor, sell his improvements to the succeeding lessee or permittee.

If any improvements and/or chattels having an appraised value in excess of \$10,000.00 as determined by the Lessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Lessor is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

25. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision, of this lease or constitute any cause of action in favor of either party as against the other.

HERRING SPAWN COVENANT:

This lease is issued subject to Section 2, Chapter 34, SLA 1959, as thereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands of the Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under Chapter 169, SLA 1959, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed; and executed said instrument, in duplicate on the 27th day of August, 1969.

APPROVED:

[Signature]

Director, Division of Lands
Chief, Water Resources

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

[Signature]

LESSEE(S)

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on the 27th day of August, 1969, before me, the undersigned Notary Public, personally appeared Edward J. Gray known to me and known by me to be the Director of the Division of Lands of the Department of Natural Resources, and acknowledged to me that he executed the foregoing lease for and on behalf of said State, freely and voluntarily and for the use and purposes therein set forth.
Chief, Water Resources Section

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Yvonne M. Alford
Notary Public in and for the State of Alaska
My commission expires 3-29-71

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on this 21st day of August, 1969, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared J. E. TRUCANO to me personally known to be one of the persons described in and who executed the within instrument and the said J. E. TRUCANO acknowledged to me that he signed and executed the same freely and voluntarily for the uses and purposes therein mentioned.

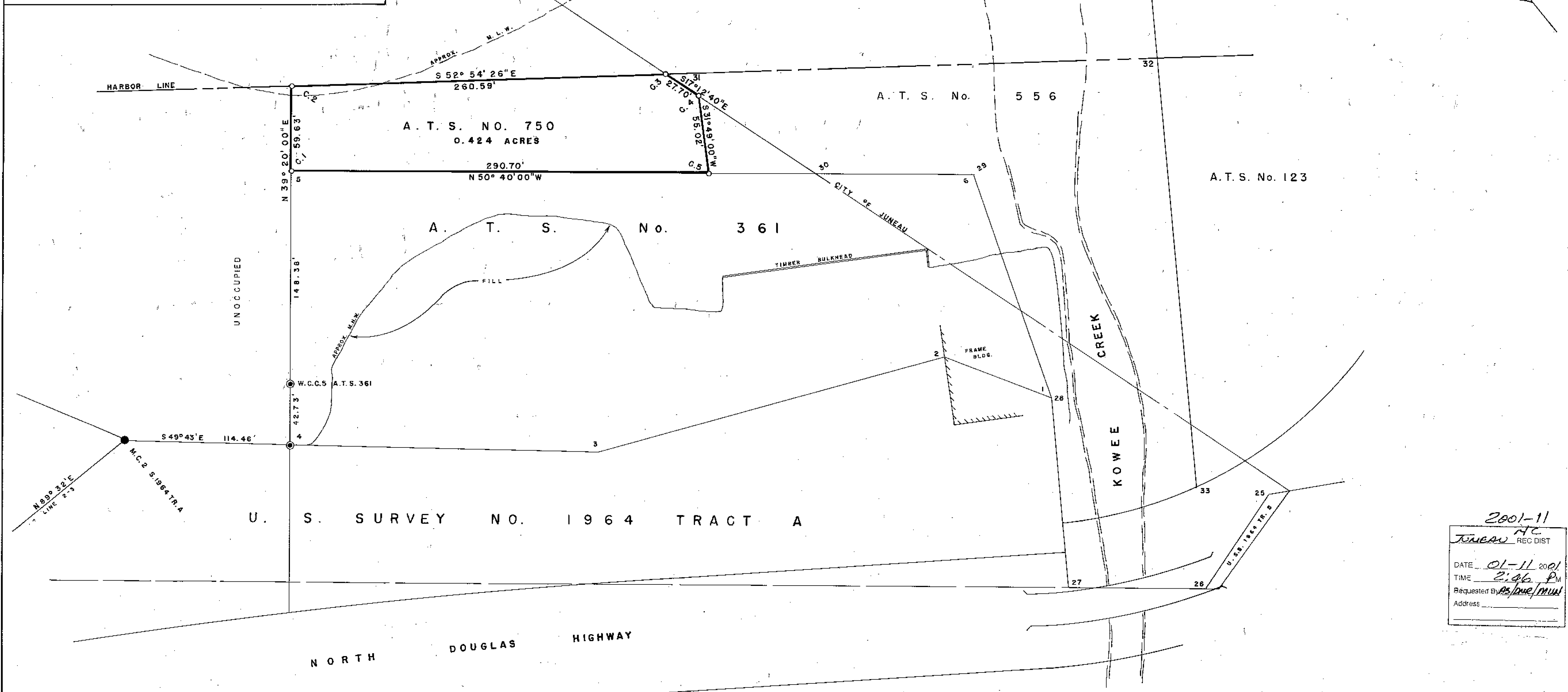
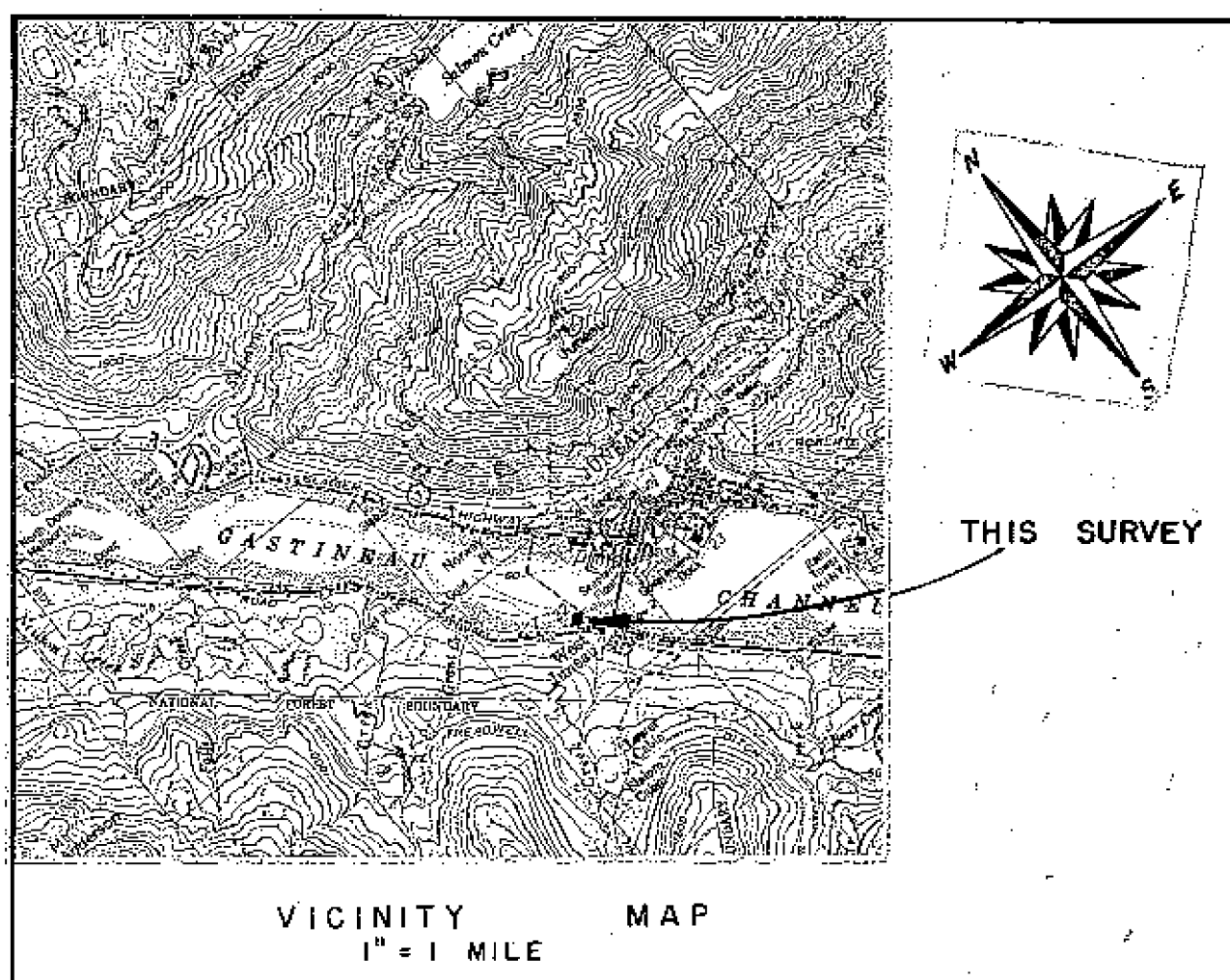
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

[Signature]
Notary Public in and for the State of Alaska
My commissioner expires 5-25-70

Approved as to Form:

Ralph E. Moody
Attorney General

By Richard A. Bradley
Title Assistant Attorney General



DESCRIPTION OF A.T.S. NO. 750

Beginning at Cor. No. 1, identical with Cor. No. 5, A.T.S. No. 361. Thence, from Cor. No. 1, by metes and bounds, N. 39° 20' 00" E., 59.63 ft., to Cor. No. 2; S. 52° 54' 26" E., 260.59 ft., to Cor. No. 3; S. 17° 12' 40" E., 27.70 ft., to Cor. No. 4; S. 31° 49' 00" W., 55.02 ft., to Cor. No. 5; N. 50° 40' 00" W., 290.70 ft., to Cor. No. 1, the point of beginning, containing in all 0.424 acres, more or less.

Latitude 56° 18' N. Longitude 134° 26' W.

NOTE: The origin of bearings for this survey originated between Cor. No. 3 and Cor. No. 2, MCC, USS 1964, Tract A, officially reported as N. 89° 32' E.

LEASE APPLICANT: J. E. Trucano
314 Highland Drive
Juneau, Alaska

ENGINEER'S CERTIFICATE

I hereby certify that I am registered to practice land surveying in Alaska and that this plat represents a survey made by me or under my direct supervision, and the amounts shown hereon actually exist as located, and that all dimensional and other details are correct to the best of my knowledge.

Aug 15 1967

2001-11
JUNEAU REC DIST
DATE 01-11 2001
TIME 2:46 PM
Requested by AS/one/mul
Address

- LEGEND**
- Existing brass cap monument set for A.T.S. No. 361.
 - Existing G.L.D. cross on rock.
 - No monument set or existing.

| | | | |
|---|--|---|--|
| Plot Prepared May 12, 1967 | | ADL 36091 | |
| DATE OF SURVEY | Beginning: April 21, 1967 | TONER & NORDLING REGISTERED ENGINEERS JUNEAU, ALASKA | |
| Ending: April 21, 1967 | ALASKA DIVISION OF LANDS STATE OF ALASKA ANCHORAGE, ALASKA | | |
| ALASKA TIDELANDS SURVEY NO. 750 (CR 415 67E) | | | |
| Drawn By: G.W. | Approved: <i>[Signature]</i> Acting Chief Cadastral Engineer | Date Approved: <i>[Signature]</i> Acting Director of Lands | |
| Scale: 1" = 40' | Checked: | File No. ATS 750 | |

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
323 E. 4th Avenue
Anchorage, Alaska

DL-37a
Revised 9/70

Lease No ADL 51488

LEASE AGREEMENT

THIS INDENTURE made and entered into this 19th day of August 19 71, by and between the STATE OF ALASKA, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to Chapter 169, SLA 1959, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and J. E. Trucano of P. O. Box 870, Juneau, Alaska 99801 hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Industrial lands on July 7 1971, pursuant to Chapter 169, SLA 1959, as amended; and

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after July 8, 19 71; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the within demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor all that lot, piece, or parcel of land more particularly bounded and described, as follows:
Known as ATS No. 842: Beginning at Cor. No. 1, identical with Cor. No. 2, ATS 750. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E., 214.83 ft. to Cor. No. 3; S 59° 20' 00" W., 200.00 ft. to Cor. No. 4; N 52° 54' 26" W., 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less in two tracts (A/0.777 acres, E/0.230 acres). Latitude 58° 18' N., Longitude 134° 26' W., at Cor. No. 1, ATS No. 842.

Handwritten notes:
11-4-71
12-1-71
11-4-71
2-27-71



TO HAVE AND TO HOLD the said demised premises for a term of fifty-five years years commencing on the 19th day of August, 1971 and ending midnight on the 18th day of August, 2026, unless sooner of land terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal annual in advance, on or before the 19th day of August of every year during said term at the rate of Four hundred and no/100 Dollars (\$400.00) per annum, such payments to be subject to adjustment at each five year interval from the effective date hereof, if the lease term hereof exceeds five years, such adjustment to be based primarily upon a reappraised annual rental value of land in a state of improvement similar to that of the land described herein at the time this lease was entered into.

It is hereby mutually covenanted and agreed that this indenture is made upon the foregoing, and upon the following agreements, conditions, covenants, and terms, VIZ:

1. The word "Lessor" as and wherever used in the lease, shall be construed to include, and shall include, bind and inure to the benefit of, the State of Alaska, its successor and assigns, at any time during the term of this lease or any renewal thereof; and the word "Lessee" as and wherever used in this lease shall be construed to include and shall include and bind and inure to the benefit of the Lessee, his successors and assigns.

2. It shall be the responsibility of the Lessee to properly locate himself and his improvements within the confines of the property leased herein.

3. The Lessor, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by Alaska, its lessees, successors or assigns, until provision has been made by Alaska, its lessees, successors or assigns, to pay to the owner of the land, upon which the rights herein reserved to Alaska, its lessees, successors, or assigns are sought to be exercised, full payment for all damages sustained by said owner, by reason of entering upon said land; provided, that if said owner for any cause whatever refuses or neglects to settle said damages, Alaska, its lessees, successors or assigns or any applicant for a lease or contract from Alaska for

the purpose of prospecting for valuable minerals, or option contract or lease coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director in a company qualified to do business in Alaska or in a form as determined by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said owner full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on page 1 of this agreement and in accordance with the Classification Regulations, Title II, Division I, Chapter I, Subchapter I, and any use thereof which shall be in material conflict with said classification shall, if not remedied after due notice thereof has been served on the Lessee, constitute a breach of this lease and the Lessor may thereupon terminate same in accordance with provisions herein contained. The Lessor does not warrant that by such classification the land is ideally suited for the use authorized thereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction and utilization and all materials subject to Title II, Division I, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended are excepted from the operation of this lease. Viz: The Lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peatmoss, or any other material valuable for building or commercial purposes; provided, however, that material required in the enjoyment of this lease may be used after a written permit therefor has been obtained from the Lessor.

6. The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

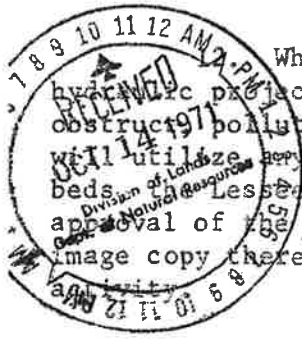
7. The Lessee shall not commit waste or injury upon the lands leased herein. Any violation of this agreement shall not only subject the offender to civil liability, but upon conviction thereof he may be fined in any sum not exceeding \$1000.00.

8. If the lands leased herein are classified and leased as grazing or agricultural lands the Lessee shall not prevent or deny the lawful pursuit or the hunting of game or the taking of fish; provided, however, the Director, upon request in writing, may allow the lands leased herein, or portions thereof, to be posted to prohibit hunting and fishing when it appears necessary in order to properly protect the Lessee and his property.

9. Should the lands herein leased lie within the jurisdiction of any authorized building or zoning authority they shall be utilized in accordance with the rules and regulations promulgated by said authority.

10. The Lessee shall take all reasonable precaution to prevent, and take all reasonable action to suppress grass, brush and forest fires on the land herein leased.

11. The Lessee shall allow the Lessor, through its duly authorized representative, to enter upon the leased premises, at any reasonable time, for the purpose of an inspection thereof.



When the Lessee shall use the lands leased herein to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct or change the natural flow or bed of any river, lake or stream or that will utilize any of the waters of the State or materials from any river, lake or stream beds, the Lessee shall, prior to the commencement of any such operations, procure the approval of the Commissioner of the Department of Fish and Game and the original or an image copy thereof shall be filed with the Lessor prior to the commencement of such

13. The Lessee may assign the lands, or portion thereof, herein demised, provided, he first makes application to the Lessor for a permit and the Lessor, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. Upon an assignment being granted, the assignee thereunder shall become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee.

14. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties hereto or their respective successors in interest.

15. This lease may be cancelled, in whole or in part, under one or more of the following conditions:

- A. While in good standing by the mutual agreement in writing of the respective parties hereto.
- B. If issued in error with respect to material facts.
- C. If the leased premises are being used for an unlawful purpose.

16. If the Lessee should default in the performance of any of the terms, covenants or stipulations herein contained or of the regulations promulgated pursuant to Chapter 169, SLA 1959, as amended, and said default shall not be remedied within 30 days after written notice of such default has been served upon the Lessee by the Lessor, the Lessee shall be subjected to such legal action as the Lessor shall deem appropriate including but not limited to, the forfeiture of this lease. No improvements may be removed by the Lessee during any period in which this lease is in default. In the event that this lease shall be terminated because of a breach of any of the terms, covenants, or stipulations contained herein the annual rental payment last made by the Lessee shall be retained by the Lessor as liquidated damages.

17. Any notice or demand which must be given or made by the parties hereto shall be in writing, and shall be complete by sending such notice or demand by United States registered or certified mail to the address shown on the lease or to such other address as the parties shall designate in writing from time to time. A copy of any such notice shall be forwarded by the Lessor to any lienholder who has properly recorded his interest in the lease with the Lessor.

18. In the event that this lease is terminated as herein provided, by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by the Lessee during the term of this lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said lands, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law; provided, however, that the words "entry" and "re-entry" as used herein, are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession,

dispossess, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or in part, from any liability hereunder.

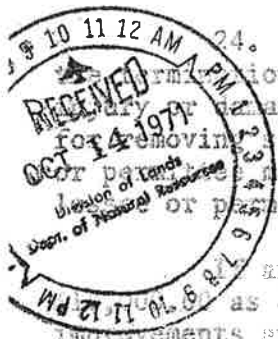
19. Upon the expiration, termination or cancellation of this lease, unless the same has been renewed, the Lessee shall quietly and peaceably leave, surrender, and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

20. The receipt of rent by the Lessor, with or without knowledge of any breach of the lease by the Lessee or of any default on the part of the Lessee in observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such terms or covenants or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money or the termination, in any manner, of the term therein demised, or after giving by the Lessor of any notice hereunder to affect such termination, shall not reinstate, continue, or extend the resultant term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless expressed in writing and signed by the Lessor.

21. The Lessee, after written request therefor has been filed with the Lessor and prior to the commencement of such work, may receive credit toward current or future rentals, provided the contemplated work, to be accomplished on or off the area leased herein, in the discretion of the Lessor, shall result in increased valuation to other State owned lands. The Lessor's authorization to proceed with the work for rental credit, if granted, shall stipulate the type and extent of improvements, standards of construction to be followed and the maximum allowable rental credit therefor; provided further that no rental credit shall inure to the Lessee until the work has been completed and the Lessor has inspected same to determine compliance with the provisions of said authorization.

22. If, upon the expiration of this lease, the Lessee desires a renewal lease on the lands, properties or interests covered herein, he shall within 30 days before the expiration of this lease, make application to the Lessor on Form DL-74 entitled "Application for Renewal of Lease," in which he must certify under oath as to the character and value of all the improvements existing upon the land, the purpose for which he desires a renewal and such other information as the Director of the Division of Lands may require. Along with the application the applicant shall deposit a sum equal to 50% of the current annual rental, as provided herein, but in no event to exceed the sum of \$50.00. The Lessor may thereupon lease said lands in compliance with the provisions herein enumerated, Chapter 169, SLA 1959, as amended, and the rules and regulations promulgated thereunder, allowing a preference right to the Lessee herein.

23. The Lessee hereunder shall, upon the expiration of this lease or the prior termination thereof by mutual agreement, be allowed a preference right to re-lease the lands leased herein if all other pertinent factors are substantially equivalent. If the renewal lease does not require public auction the preference right holder shall exercise his right within 30 days before the expiration of this lease by written notice directed to the Lessor and failure to do so shall result in forfeiture and cancellation of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.



24. Improvements owned by a Lessee on Alaska lands shall within 60 days after termination of the lease be removed by him; provided, such removal will not cause damage to the lands; and further provided, that the Lessor may extend the time for removing such improvements in cases where hardship is proven. The retiring Lessee may, with the consent of the Lessor, sell his improvements to the succeeding owner or possessor.

any improvements and/or chattels having an appraised value in excess of \$10,000.00 as determined by the Lessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Lessor is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

25. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision, of this lease or constitute any cause of action in favor of either party as against the other.

26. Special provisions Page 'A' attached hereto and made a part hereof.
HERRING SPAWN COVENANT:

This lease is issued subject to Section 2, Chapter 34, SLA 1959, as thereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands, Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under Chapter 169, SLA 1959, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed; and executed said instrument on the day and year first above written.

APPROVED:

Dean J. Natun
Chief, Water Resources Section
Division of Lands

Commissioner, Department of Natural Resources
~~SPECIAL STIPULATION: Upon removal of the contract and tenement, the purchaser shall cause the removal area to be left in neat, orderly condition, a satisfactory condition for this purpose defined as that condition deemed satisfactory by an authorized representative of the Division of Lands.~~

J. F. Trueman
LESSEE(S)

Deleted by Division of Lands

DJN 10/20/71

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on the 20th day of October, 1971, before me, the undersigned Notary Public, personally appeared Alvin J. Tustin known to me and known by me to be the Chief, Water Resources Section, Division of Lands, Department of Natural Resources, and acknowledged to me that he executed the foregoing lease for and on behalf of said State, freely and voluntarily for the use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Walter G. Wall
Notary Public in and for the State of
Alaska
My commission expires May 25, 1975

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY THAT on the 5th day of Oct., 1971, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared X E. Auneau to me personally known to be one of the persons described in and who executed the within instrument and the said X E. Auneau acknowledged to me that he signed and executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

X E. Auneau
Notary Public in and for the State of
Alaska
My Commission Expires
My commission expires May 29, 1974 X

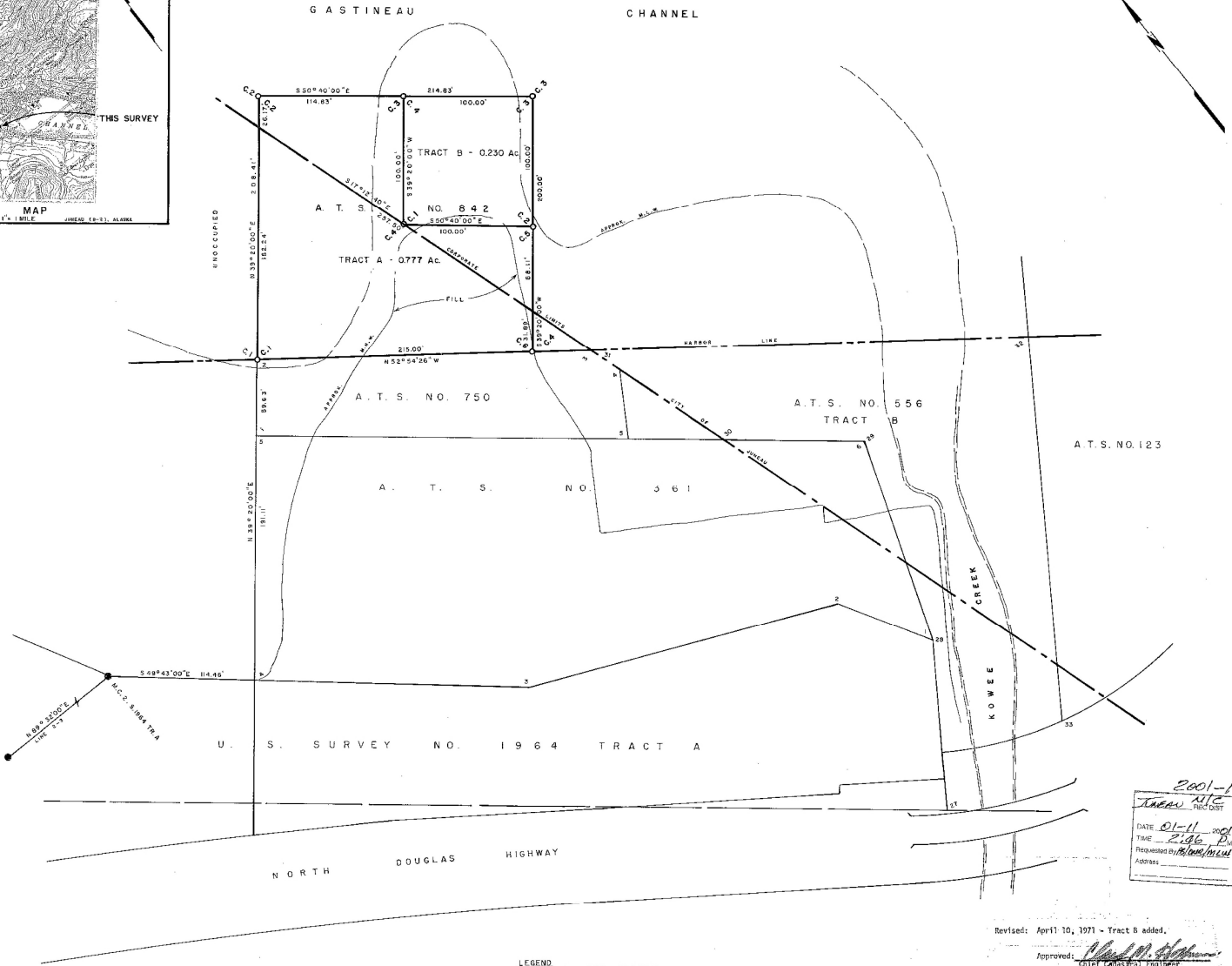
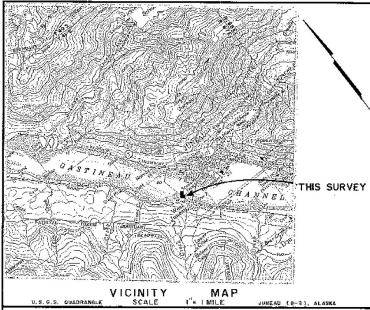


Page 'A'

SPECIAL STIPULATIONS:

The lessee shall dress or cover all areas of fill with appropriate materials i.e. sand and gravel in such a manner that car bodies or other waste matter will not be visible. Upon completion of the fill construction phase the lessee shall notify the lessor so that an inspection of fill area may be conducted to determine acceptability. Acceptability in this instance shall be determined by an authorized representative of the Division of Lands.





DESCRIPTION OF A.T.S. NO. 842
 Beginning at Cor. No. 1, identical with Cor. No. 2, A.T.S. 750. Thence, from Cor. No. 1, by metes and bounds, 0 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 30° 40' 00" E, 214.83 ft. to Cor. No. 3; S 39° 20' 00" N, 200.00 ft. to Cor. No. 4; N 54° 26' 11" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less.

DESCRIPTION OF TRACT A
 Beginning at Cor. No. 1, identical with Cor. No. 1 of A.T.S. 842 described above. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 30° 40' 00" E, 116.80 ft. to Cor. No. 3; S 39° 20' 00" N, 100.00 ft. to Cor. No. 4; S 50° 40' 00" E, 100.00 ft. to Cor. No. 5; S 39° 20' 00" N, 100.00 ft. to Cor. No. 6; N 54° 26' 11" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.777 acres, more or less.

DESCRIPTION OF TRACT B
 Beginning at Cor. No. 1, identical with Cor. No. 4, Tract B, A.T.S. 842 described above. Thence, from Cor. No. 1, by metes and bounds, S 50° 40' 00" E, 100.00 ft. to Cor. No. 2; N 39° 20' 00" E, 100.00 ft. to Cor. No. 3; N 50° 40' 00" W, 100.00 ft. to Cor. No. 4; S 39° 20' 00" N, 100.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.230 acres, more or less.

Latitude 58° 18' N. Longitude 134° 26' W.
 at Cor. No. 1, A.T.S. No. 842

LEASE APPLICANT:
 J.E. Truceno
 314 Highland Drive
 Juneau, Alaska 99801

CERTIFICATE OF REGISTERED LAND SURVEYOR
 I hereby certify that I am a registered land surveyor, and that this plat represents the survey made by me or under my direct supervision, and that all dimensional and other details are correct to the best of my knowledge.

July 29, 1970



2001-10
 TONER & NORDLING
 REGISTERED ENGINEERS
 DATE: 01-11-2001
 TIME: 2:46 PM
 Requested by: J.E. Truceno
 Address:

Revised: April 10, 1971 - Tract B added.
 Approved: *[Signature]*
 Approved: *[Signature]*

NOTE: The origin of bearings for this survey originated between Cor. No. 3 and Cor. No. 2, MC, USS 1964, Tract A, officially reported as N 89° 32' E.

LEGEND
 ● Existing G.L.O. cross on rock.
 ○ No monument set or existing.

Plat Prepared May 27, 1970 ADL 51488

| | |
|---|--|
| DATE OF SURVEY Beginning: May 8, 1970 Ending: May 8, 1970 | TONER & NORDLING REGISTERED ENGINEERS JUNEAU, ALASKA |
| ALASKA DIVISION OF LANDS STATE OF ALASKA ANCHORAGE, ALASKA | |
| ALASKA TIDELANDS SURVEY NO. 842 (T41S, R67E, C.R.M.) | |
| Drawn By: G. R. M. | Approved: <i>[Signature]</i> Chief, Coastal Group |
| Date Approved: 10-27-70 | Approved: <i>[Signature]</i> Director of Lands |
| Scale: 1" = 40' | Checked: <i>[Signature]</i> File No.: ATS 842 |

THIS PLAT IS BEING FILED UNDER AS 40.17.060 - JUNEAU RECORDING DISTRICT

HORAN & COMPANY, LLC

LAND COMPARABLE

Section F, Item 2.

12 CBJ - Salmon Creek

Recording District Juneau

Address: 2685 Channel DR

City: Juneau

State: AK

Zip: 99801

Location: Channel Drive

Legal: ATS 1503; Plat 96-62; originally ADL 106124
; Parcel Number: 7B0901010050

Instrument: Lease **Serial:** 2011-002493-0

Annual Rent: \$7,700

Trans.Type: Land Rent

Trans. Date: September 1, 2023

Rights: Lease Fee less Minerals, Easements (See

Grantor: CBJ

Terms: Annual rent

Grantee: Gastineau Landing, Kris Hart

Size (AC): 0.8800

Utilities: None

Frontage: 150' on Gastineau Channel

Access: Boat, See Comments

Zone: WI

Improvements: None included in lease

Topography: Submerged

Land Class: Waterfront, Commercial, Tidelands

Vegetation: Typical

Soil: Alluvial

Present Use: Barge landing

Intended Use: Barge Landing

Highest and Best Use: Commercial

Comments:

Lessee owns adjacent leases and uplands. The water depth is sufficient for barge landing operations. Piling noted on site are not part of lease, lease is for unimproved pre-lease condition. No 50' pedestrian easement per the plat.

Analysis:

As of 2024 - Rent increased to \$7,700 (\$0.20/SF)
\$ 6,900÷ 38,333 SF = \$0.18/SF

Marketing Info: Most recent appraisal adjustment was effective 9/1/23 at \$7,700/year. Market appraised 5 year rental adjustment effective 5/21/2018. (20-095). Last rent had been 9/1/2013 \$5749.95. This is a 35-year lease, beginning on 5/21/2008 and expiring on 5/22/2043.

Confirmed with: Teena Scovill CBJ Ports Teena Larson, CBJ
Confirmed date: 04/27/2015 10-6/2021
Confirmed by: J.Horan C.Horan

Revision Date: 4/23/2022
Record Number: 2046



Looking across subject tidelands in a southerly direction from its northerly corner, 11/17/20



FIGURE 2.6 - Channel Drive subject location map showing significant properties.

HORAN & COMPANY, LLC

UNDEFINED WORKS

Section F, Item 2.

03 CBJ - Auke Bay

Recording District Juneau

Address: 13395 Glacier Highway

City: Juneau

State: AK

Zip: 99801

Location: Gitkov Dock (near State Ferry Terminal) , Auke Bay

Legal: Part of ATS 1170, ADL 101598, 34,576.96 SF and Part of Tract B, ATS 1525, 21,963.32 SF ;

Instrument: Tidelands **Serial:**

Annual Rent: \$12,439

Trans.Type: Land Rent

Trans. Date: February 1, 2023

Rights: Lease

Grantor: CBJ Docks & Harbors

Terms:

Grantee: Delta Western, LLC

Size (AC): 1.2980

Utilities: All

Frontage:

Access: Road, paved

Zone: WI

Improvements: None Included

Topography: Submerged, Steep

Land Class: Tidelands, Waterfront, Commercial

Vegetation: None

Soil: Tidelands

Present Use: Had about 1000 SF fill per seller, a floating dock (old barge) and ramp not included in CBJ land rent

Intended Use: Build a tank farm, opened in July/August 2020.

Highest and Best Use: Water related commercial

Comments:

Analysis:

\$12,438.80 / 56,540.28 = \$0.22/SF

Marketing Info: Negotiated sale of lease hold. Seller said price confidential but no additional value assigned to tideland area rented. It was excess to his needs and he was happy to reduce his rent. Seller still retained TL for its Greens Creek employee transfer facility.

Confirmed with: Teena Larson CBJ

Confirmed date: 1/24/24

Confirmed by: Slater

Revision Date:

Record Number: 12387



HORAN & COMPANY, LLC**LAND COMPARABLE**

Section F, Item 2.

12 CBJ - Salmon Creek

Recording District Juneau**Address:** 3155 CHANNEL DR**City:** Juneau**State:** AK**Zip:** 99801**Location:** 3 miles north of downtown Juneau**Legal:** ATS 1277 (Plat 83-210) and ATS 877 Lot B2 within Portion of Section 9, T41S, R67E, ADL 102934 Parcel number: 7B090130101&0100 (File 20-101); Parcel Number: 7B0901300101**Instrument:** Lease **Serial:****Annual Rent:** \$288,000**Trans.Type:** Land Rent**Trans. Date:** April 1, 2024**Rights:** Lease**Grantor:** Salmon Creek Development LLC**Terms:** 6 year lease directly to Secon. Year 4-6, Annual increases scheduled of \$500/mo or \$6,000/yr.**Grantee:** COLASKA DBA Secon Inc**Size (AC):** 4.6985**Utilities:** Water, Sewer, Electric**Frontage:** 422 Water Front**Access:** Road, gravel**Zone:** WI**Improvements:** None**Topography:** Level, Submerged**Land Class:** Tidelands, Waterfront, Vacant, Commercial**Vegetation:** Cleared**Soil:** Gravel**Present Use:** Vacant- As leased**Intended Use:** Marina- Barge landing**Highest and Best Use:** Marine related Commercial/Industrial**Comments:**

The most recent annual rent \$288,000 is about \$1.42/SF of the land areas adjusted to use compensate for the loss of use for the cell tower (688 SF) for a net site area of 204,000 SF. The \$1.41/SF land rent is adjusted downward 22¢ for expenses paid by the landlord tax insurance dredging etc. and there are significant yard improvements paving office building and ramp that would require an additional 42¢/SF per year capitalizing the depreciated cost. This leaves net rent to land only at \$0.78/SF per year for 204,000 SF for an annual and rent of \$159,000. This rent is apportioned out to sloping and tidelands contributing about 20% of the unit value as compared to the uplands. This analysis indicates the upland rent at \$149,460, (158,306 SF) or \$0.94/SF and the tidelands rent at \$9,540, (45,694 SF) at \$0.21/SF.

According to Mr. Smith, the adjacent channel/tidelands was dredged in 2023. 20,000 yards of material was removed, at a cost of approximately \$400,000. AML is no longer involved. Salmon Creek Dev leases directly to Secon.

Analysis:

The annual rent is applied to 204,000 SF net of the cell tower land lease area. After deducting for the landlord expense and the capitalized value of the improvements the income to land is estimated at \$170,428 apportioned to 158,306 SF of uplands. See comments for break down.

Marketing Info: As of 4/1/24 - Secon leases directly from Salmon Creek Dev. 6 year lease. Went up to \$288,000 on April 1st. See terms above.

Previous Terms -5 year sublease \$21,494/month. Increase 1.5% each year April 1st. Rent the same May 2023 ~ \$25,000 per month including 5% Sales Tax. Per Joe Smith (907-321-2330) current 10/18/21 rent is \$24,000/mo.

Assume it starts 4/1/202.

4/1/2020 Last year of lease rent adjustment \$277,428. 3/31/2016 Rent \$257,928.

Original negotiated lease escalates annually (Gasteneau Construction-Smith to AML) and then sublet to AML. Re-sublet to Secon of Juneau at slightly adjusted rent mid 2015.

Confirmed with: City document

Joe Smith

Confirmed date: 09/02/16

2/1/2021

Confirmed by: C.Horan

C.Horan

Revision Date: 4/23/2022

Record Number: 9960



PHOTO 4 - VIEW LOOKING SOUTH ACROSS SUBJECT. (10114_02725)



HORAN & COMPANY, LLC

LAND COMPARABLE

Section F, Item 2.

12 CBJ - Salmon Creek

Recording District Juneau

Address: 2691 Channel Dr

City: Juneau

State: AK

Zip: 99802

Location: Adjacent to Hatchery on Channel Dr

Legal: Lot 1, ATS 217; Lot 1, ATS 7; and Leasehold interest in adjacent tidelands, ATS 1067 & ATS 7 Lot 2 (ADL 80526) and an Assignment of lease for ATS 1503, dated March 13, 2017, Doc # 2017-001090-1, JRD; Parcel Number: Multiple

Instrument: SWD - **Serial:** 2017-001528-0

Sale: \$1,100,000

Trans.Type: Sale

Trans. Date: April 6, 2017

Rights: Fee Simple, Leasehold

Grantor: Channel Construction, Inc. (William Tonsgard Jr.)

Terms: Assume cash

Grantee: Gastineau landings, LLC (Western Marine)

Size (AC): 3.0763

Utilities: All

Frontage: 484.21' Water Front

Access: Road, paved, Boat

Zone: WI

Improvements: Block retaining structures and gate

Topography: Submerged, Level

Land Class: Tidelands, Waterfront, Commercial

Vegetation: Cleared

Soil: Buildable

Present Use: Industrial, construction yard, contoured barge landing

Intended Use: Barge landing, added a barge ramp and more fill area

Highest and Best Use: Barge Landing/Marine Construction

Comments:

This sale consists of a combination of filled, fee simple owned uplands and leasehold tidelands which are filled and submerged. The area breakdown is as follows: Fee owned uplands: 38,041 SF, Leasehold filled tidelands: 47,948 SF, Leasehold submerged tidelands: 82,514 SF. An access easement on the subject's southeastern border which in turn connects to an access easement (30'x120') benefitting the subject, across ATS 13. This easement provides access to the barge landing on ATS 1503, the lease assignment of which is part of this transaction.

Analysis:

Land Value = \$1.1 million minus \$70,000 site improvements (Concrete blocks gate) = \$1,030,000 indicated fee simple & lease hold land value.

Add lease fee interest (cap land rent) \$244,736 for capitalized tidelands leases = \$1,270,000(Rnd)/168,503 SF = \$7.57/SF

Tidelands Value \$204,000/ 82,514 SF = \$2.48/SF

Uplands \$1,066,000/85,989 SF = \$12.39/SF

Marketing Info: Negotiated sale. Buyer had been using it and owner was in risk of default so sold it to buyer/user who felt it was market. Buyer wanted to keep control of the land. Price was based on debt owed to the lender plus an unknown percentage. Buyer knowledgeable of the market. Sale included easement (30'x120') over ATS 13.

Seller also gave first right of refusal on adjacent 2681 Channel Dr. ATS 13, fee owned land improved with house and shop.

Confirmed with: Kriss Hart

Kriss Hart

Confirmed date: 12/31/2020

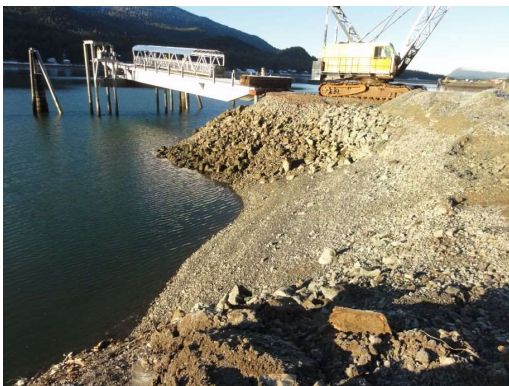
4-13-2021

Confirmed by: C.Horan

C.Horan

Revision Date: 4/14/2022

Record Number: 11142



111720 (134)

QUALIFICATIONS OF SLATER M. FERGUSON

Education:

2008 - Graduated from Sitka High School, Sitka, Alaska

2012 - Graduated with a BS in Geography from Western Oregon University, Monmouth, Oregon

Real Estate Appraisal Experience:

November 2018 to Present – Certified General Real Estate Appraiser – Horan & Company, LLC

June 2014 to November 2018 - Real Estate Appraiser Trainee - Horan & Company, LLC

- In-depth assistance of Commercial/Residential Appraisal Development and Market Data Research
- Leadership role in the 2015 Mass Appraisal/Revaluation for the City of Craig, AK

Oct 2012 to June 2014 – Office Admin/Appraiser Assistant – Horan & Company, LLC

Certification & Approvals:

Certified General Real Estate Appraiser, State of Alaska License #133619

VA approved, January 2020

FHA approved, January 2019

Appraisal Education:

7 Hour Hotel/Motel Valuation Course, June 2023

14 Hour UASFLA Course, May 2023

7 Hour USPAP Update Course, February 2023

Rural Area Appraisals: Freddie Mac Guidelines and Property Eligibility Requirements, May 2021

The Cost Approach: Unnecessary or Vital to a Healthy Practice, April 2021

7 Hour USPAP Update Course, June 2021

Cool Tools: New technology for Real Estate Appraisers, Jan 2021

General Appraiser Market Analysis with Highest and Best Use, Aurora, CO, August 2018

2016-2017 7-Hour Equivalent USPAP Update Course, Online, June 2017

Residential Sales Comparison and Income Approaches, Louisville, KY, October 2017

General Appraiser Report Writing and Case Studies, Woburn, MA, November 2017

General Appraiser Income Approach/Part 1, Houston, TX, September 2016

General Appraiser Income Approach/Part 2, Houston, TX, September 2016

Real Estate Finance Statistics and Valuation Modeling, Las Vegas, NV, February 2015

General Appraiser Site Valuation & Cost Approach, Chicago, IL, October 2015

Appraisal Procedures, Appraisal Institute, Online Course, April 2014

General Appraiser Sales Comparison Approach, Chicago, IL, October 2014

Appraisal Principles; Appraisal Institute, Online Course, October 2013

15-Hour USPAP, Tigard, OR, November 2013

Types of Property Assessed for Taxation:

City of Craig real property assessment roll; single-family, multi-family and mobile homes

City of Skagway real property assessment roll, single-family, multi-family and mobile homes

Types and Location of Properties Appraised:

Residential – Single/multi-family homes, condos, mobile homes, island properties and vacant lands in Sitka, AK

Commercial – Warehouses, office buildings, retail buildings, mini-storage facilities, lodges/apartment buildings and vacant lands in Sitka, AK; Mixed-use commercial buildings, tidelands, and vacant lands in Juneau, AK; A Lodge in Haines, AK; vacant lands in Gustavus, AK; vacant lands in Petersburg, AK; vacant lands on Prince of Wales Island and Admiralty Island.

Slater Ferguson has also aided other appraisers in the appraisal process of numerous properties located throughout Southeast Alaska. These properties include a variety of commercial buildings (office, retail, warehouse/shops, apartments, etc.) and vacant lands.

Rev. 6/2023

Recorder return to: City and Borough of Juneau
Attn: Carl Uchytel
155 Heritage Way
Juneau, AK 99801

TRUCANO LEASE AGREEMENT FOR ATS 842 TRACTS A&B

PART 1. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter “City,” and Jeff Trucano dba Trucano Family, LLC. a corporation organized under the laws of the State of Alaska, hereafter, “Lessee.”

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party’s own risk.

City:
Attn: Carl Uchytel
Port Director
City and Borough of Juneau

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-0282
Fax:
Email:

Lessees:
Attn: Jeff Trucano
Trucano Family LLC.
Lessee

P.O. Box 21223
Juneau, AK 99802
Phone: (907) 586-2444; (907) 321-3988
Fax:
Email:

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Trucano Lease Agreement for ATS 842 Tracts A&B. The following appendices are attached hereto and are considered to be part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

- Appendix A: Property Description & Additional Lease Provisions
- Appendix B: Lease Provisions Required by CBJ Chapter 53.20
- Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. LEASE EXECUTION. City and Lessee agree and sign below. This contract is not effective until signed by the City.

City: _____

Lessee Trucano Family LLC.:

Date: _____

Date: _____

By: _____
Carl Uchytel, Port Director

By: _____
Jeff Trucano

CITY ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the ____ day of _____, 2024, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carl. Uchytıl to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to executive said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

Notary Public in and for the State of Alaska
My Commission Expires: _____

LESSEE ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the ____ day of _____, 2024, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Jeff Trucano to me known to be the identical individuals described in and who executed the foregoing instrument for and on behalf of Trucano Family LLC., as Lessee, which executed the above and foregoing instrument; who on oath stated that they were duly authorized to execute said instrument; who acknowledged to me that they signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

Notary Public in and for the State of Alaska
My Commission Expires: _____

Risk Management Review: _____, Risk Manager

Approved as to Form: _____, Law Department

APPENDIX A:

PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as “the Leased Premises” or “the Property.” The Leased Premises are described as follows:

ADL51488 - ATS 842 Tracts A & B. This lease is comprised of two tracts, Tract A, a larger “L” shaped lot, and Tract B a smaller, square shaped lot. Together, they form one nearly square shaped lease parcel, The west lot line is 208.41’, the north lot line is 214.83’ wide, the north south length of the east lot line is 200’. The southern property line yields an approximate frontage of 215’. The lease area totals 43,865 SF or approximately one acre. Juneau Recording District, First Judicial District, Alaska plat map 2001-10

The Leased Premises are depicted on **Exhibit A to CBJ Ordinance No. 2024-__**, a copy of which is attached to and made a part of this lease by this reference.

2. AUTHORITY

This lease is entered into pursuant to the authority of City Code: CBJ 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. **2024-__** enacted by the Assembly on **(Date)** and effective on **June, 2024.**

3. 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.

4. LEASE PAYMENTS AND ADJUSTMENTS

(a) Lessee shall pay City an annual lease payment for the Lease Premises. Except as provided in this section, the annual lease payments shall be made by Lessee to City at the start of each year of the term, with the first payment due on **June 2, 2024.**

(b) The annual lease payment for the first five-year period of the lease term shall be Twenty Thousand Nine Hundred Nine Dollars (\$20,909.00) per year, plus sales tax.

(c) Beginning with the first year after the initial five-year period of the term, the Port Director will re-evaluate and adjust the annual lease payment for the Leased Premises for the next five-year period of this lease, and then every five years thereafter, pursuant to Appendix B, Section 3(2) of this lease, CBJ 53.20.190(2), CBJ 85.02.060(a)(5), and the Docks and Harbors lease administration regulations, 05 CBJAC Chapter 50. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period.

(d) Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.

5. AUTHORIZED USE OF PREMISES

Lessee is authorized to use the Lease Premises for Waterfront Commercial operations. Lessee shall be responsible for obtaining all necessary permits and approvals for Lessee's development of the Leased Premises. Lessee is required to obtain approval of its construction plans from the City Docks and Harbors Board prior to the start of any construction.

6. INSURANCE

Commercial General Liability Insurance

Lessee shall maintain at all times during this lease commercial general liability insurance, including marina operator's liability insurance, in the amounts of \$1,000,000 per occurrence and \$2,000,000 general aggregate. The insurance policy shall name City as an "Additional Insured" and shall contain a clause that the insurer will not cancel or change the insurance without first giving City 31 days' prior written notice. Lessee will provide evidence of this insurance to the City in a form acceptable to the City Office of Risk Management.

Property Insurance

Lessee acknowledges that City carries no fire or other casualty insurance on the Lease Premises or improvements located thereon belonging to Lessee, and that it is the Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.

**APPENDIX B: LEASE PROVISIONS REQUIRED BY
CBJ CHAPTER 53.20 and CBJ CHAPTER 50**

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by City of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by City or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease.

Modifications of the provisions of Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(1) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of City code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the City has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value.

(a) **Adjustment Dispute Resolution.** Should the Lessee disagree with the lease rent adjustment proposed by the Port Director, the Lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. In the event the Docks and Harbors Board disagrees with an appraisal, and the Board can not reach an agreement with the lessee on the lease rent adjustment, the Board shall pay for an additional appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The Board shall establish the lease rent adjustment based on this additional appraisal. In the event the Lessee disagrees with the lease rent adjustment, the lessee may appeal to the Assembly. The decision of the Assembly shall be final.

(3) **Subleasing.** Lessee may sublease Leased Premises, or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to City for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease. The Parties agree that any subleases in effect at the date of signing of this agreement may continue. The

Lessee must provide a copy of any subleases in effect to the Lessor prior to the execution of this agreement.

(4) **Assignment.** Lessee may assign its rights and obligations under this lease; provided that the proposed assignment shall be approved by City prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(5) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture.**

(a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and City.

(b) City may cancel the lease if it is used for any unlawful purpose.

(c) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or service of written notice by City without remedy by Lessee of the conditions warranting default, City may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of City with approval of the Assembly constitute grounds for default.

(7) **Notice or Demand.** Any notice or demand, which under the terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(9) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, City or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by City shall be deemed an acceptance of a surrender of the lease.

(10) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, City may offer the land for lease or other appropriate disposal pursuant to the provisions of City code.

(11) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by City as partial or total damages for the breach.

(12) **Written Waiver.** The receipt of rent by City with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by City unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of City to enforce the same in the event of any subsequent breach or default. The receipt, by City, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by City of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by City to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by City.

(13) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the City all of the leased land on the last day of the term of the lease.

(14) **Renewal Preference.** Any renewal preference granted Lessee is a privilege and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that City may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of the City, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the City pro rata lease rentals for the period.

(a) If any improvements and/or chattels not owned by City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed such improvements and/or chattels on the lands, after deducting for City rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in City.

(b) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed such improvements and/or chattels shall revert to, and absolute title shall vest in, City.

(16) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and

remaining upon the premises after the termination date of the lease shall entitle City to charge Lessee a reasonable rent therefor.

(17) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the city and borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases the sloughing off or loss of surface materials of the leased land.

(19) **Inspection.** Lessee shall allow an authorized representative of the City to enter the lease land for inspection at any reasonable time.

(20) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoil, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used if its use is first approved by the City.

(21) **Rights-of-Way.** City expressly reverses the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the City to do so. If the City grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(22) **Warranty.** The City does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit.** When authorized in writing by City prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in the City and shall not be removed by Lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

- (1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.
- (2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 10.5 percent per annum if no rate has been set by ordinance.
- (3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.
- (4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.
- (5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.
- (6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.
- (7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply with any of the above non-discrimination covenants, City shall have the right to terminate the lease.
- (8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.
- (9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment, or verdict, and includes the award of any attorneys' fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to the City of any action, claim, or lawsuit. City Hall notifies Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual notice. This agreement applies and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the City.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and City.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.

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Presented by: The Manager
Presented: 6/17/2024
Drafted by: Emily Wright

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 3065

A Resolution of the City and Borough of Juneau in Support of the U.S. Army Corps of Engineers Auke Bay Feasibility Study

WHEREAS, the City and Borough of Juneau has requested a feasibility study for a navigation project in Auke Bay within the City and Borough of Juneau; and

WHEREAS, the project would entail the installation of a floating wave attenuator to protect a number of public and private marine facilities from wind-driven waves and vessel wakes; these facilities serve a multitude of commercial and non-commercial users and include public and private moorage facilities, Juneau's most popular recreational launch ramp facility, and only one of two marine fuel facilities between Juneau and Haines; and

WHEREAS, the facilities are subject to westerly gales during the fall and winter months and are not adequately protected from the damaging effects of these large waves; and

WHEREAS, Auke Bay is one of the busiest waterways in Alaska; the extensive marine traffic produces wakes that damage the facilities; and

WHEREAS, the U.S. Army Corps of Engineers intends to undertake an Auke Bay feasibility Study under the Study Resolution on Rivers and Harbors in Alaska adopted on December 2, 1970; and

WHEREAS, the City and Borough of Juneau and the U.S. Army Corps of Engineers plan to execute a feasibility cost sharing agreement with the City and Borough of Juneau (as the non-Federal Sponsor) being responsible for 50 percent of the cost; and

WHEREAS, the estimated cost of the Auke Bay Feasibility Study is \$4M of which the City and Borough of Juneau would be responsible for \$2M, and if approved by the Congress, the U.S. Army Corps of Engineers would be responsible for \$2M; and

39 WHEREAS, the Docks and Harbors has sufficient funds and budget authority that
40 can be transferred to cover this project from the following sources: Statter Harbor
41 Improvements Phase 3, CIP H51-108 (~\$1.5M) and the recently approved budget that
42 includes \$500,000 in the Capital Improvement Plan for “Cost Share with ACOE for
43 Statter Breakwater Feasibility Study”; and
44

45 WHEREAS, the City and Borough of Juneau Docks and Harbors Board approved
46 this project on April 25, 2024 after public notice; and
47

48 WHEREAS, from execution of the feasibility cost sharing agreement, the study
49 process involves a period of three years to publish a Chiefs Report for consideration by
50 Congress for a construction authorization after which the City and Borough would be able
51 to proceed to construction within one year, if a feasible project is found; and
52

53 WHEREAS, CBJC 85.02.065 recently changed to require the Docks and Harbor
54 Department consult with the City Manager, instead of requiring a resolution, before
55 committing to a capital improvement project (Ordinance 2024-10am, effective May 29,
56 2024); and
57

58 NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF
59 JUNEAU, ALASKA:
60

61 **Section 1. Feasibility cost sharing agreement.** The Docks and Harbors
62 Department Port Director is authorized to execute a feasibility cost sharing agreement.

63 **Section 2. Local Match.** The Docks and Harbors Department may commit
64 50% as local match for the Auke Bay Feasibility Study as provided by duly
65 appropriated funds.
66

67 **Section 3. Effective Date.** This resolution shall be effective immediately after its
68 adoption.
69

70 Adopted this 17th day of June 2024.
71

72
73 _____
Beth Weldon, Mayor

74 Attest:
75
76 _____
77 Elizabeth J. McEwen, Municipal Clerk
78

Section 1: Project Summary and Approach

a. Overall Project and Proposed Impact

The City and Borough of Juneau (CBJ) aims to secure funding from the EPA Clean Ports Program: Zero-Emission Technology Deployment Competition. The goal is to install shore power at the city's two downtown cruise ship docks within the Port of Juneau, classified as a "Small Water Port" by the EPA for this funding opportunity.

The Port of Juneau Municipal Shore Power Project will provide renewable shore power for the growing number of cruise ships visiting the small community. This will eliminate the need for ships to use fuel-fired generators while in port, reducing local air and water pollution, as well as greenhouse gas emissions. By powering ships with shore electricity, the project aims to support a sustainable tourism industry and mitigate some of the social and environmental impacts associated with cruise ship visits.

Juneau's downtown hosts two community-owned cruise ship berths, designed for Neo-panamax vessels and inaugurated in 2017. The proposed project, backed by widespread community approval, aims to link these berths to electricity from local hydroelectric plants. This initiative lays the groundwork for transitioning the port to fully zero-emission operations and acts as a catalyst for transformative change in local and regional operations. Crucially, it will significantly reduce vessel emissions, particularly benefiting underserved communities in downtown and near-port areas.

During the summer months in Juneau, Alaska, up to seven ocean-class cruise ships visit daily from April to October. They typically spend 8 to 14 hours in port, during which they run generators to power onboard services. According to cruise line reports, these ships each generate around 4.5 megawatts of power. Juneau's location in a fjord, surrounded by mountains, glaciers, and an ice field, causes emissions from the ships' generators to become trapped, affecting the town due to the natural terrain.

Currently, ships dock at two privately owned piers and two owned by the CBJ. In 2001, the world's first cruise ship shore power facility was installed at one private dock through a successful collaboration with Princess Cruise Lines and the local utility, Alaska Electric Light & Power (AEL&P). This facility, operational since installation, supplies renewable electricity from Juneau's hydroelectric plants to ships at the Franklin Dock. As a result, there has been a notable decrease in fossil fuel usage for onboard generators, leading to reduced carbon emissions.

Through public and private collaborations and partnerships, significant investments have been made in Juneau's port and hydroelectric generation. AEL&P has played a key role by implementing programs to maximize the use of renewable resources, thus reducing the community's carbon footprint. Juneau stands out globally for its environmentally friendly electricity, with the utility boasting "100% hydropower, 99% of the time." Despite this, only 27% of Juneau's community-wide energy consumption is electricity¹ due to the high cost to convert from imported fossil fuel systems.

Aside from rare electrical outages, hydroelectric power fully meets Juneau's community electrical needs. Excess energy from hydroelectric facilities is diverted to non-firm loads, which have alternative generation options. Princess Cruise Lines' ships at Franklin Dock have utilized this arrangement for over two decades. The Juneau Cruise Ship Dock Electrification Project aims to expand on this success by providing renewable hydropower to more ships.

i. Detailed Project Summary

The proposed project includes activities classified as "ZE Infrastructure Serving Mobile Equipment," specifically, "shore power infrastructure for marine vessels." It also includes ZE Technology Deployment Support Activities, to support community engagement, workforce development and air quality monitoring and reporting.

¹ https://juneau.org/wp-content/uploads/2023/08/2021-GHG-reports_08012023_FINAL.pdf

WORKPLAN

The project faces two unique challenges not typically encountered in similar projects at other U.S. ports. First, unlike most projects, there's no access to a 12kV distribution voltage power grid; instead, it's directly fed from nearby 69kV transmission lines. None of the available off-the-shelf shore power systems can accept 69kV transmission lines, necessitating the construction of a dedicated CBJ-owned substation to convert to the voltage required for the ships. This novel system mirrors the one at Franklin Dock, operational since 2001, ensuring safety and performance. Lessons from Franklin Dock will inform efficient design and operations at the new docks, especially regarding tidal changes.

Second, the project's location within a fjord, surrounded by steep mountains and deep ocean water, limits available land for port infrastructure. Consequently, the substation must be placed near the transmission lines on the side of Mt. Roberts, rather than within the port. Components directly connecting the ships will be installed on new floating pontoons. The CBJ has extensive experience in designing and constructing pile-supported platforms and floating pontoons, demonstrated by recent projects in this challenging environment, including: *Juneau Cruise Ship Berths* (Completed 2017, Cost \$64 million), *Downtown Waterfront Improvements* (Completed 2021, Cost 12.4 million), and *Marine Park Deckover* (Completed 2023, Cost \$2.5 million).

Electricity will be fed from transmission lines that run along the mountain side above downtown to the ships and will include several components. These are defined below in sequence leading from the transmission lines to the ship connections, see Figure 1.

New Power Conversion Station: A new substation is essential to link the shore power system with the electricity distribution network. It will be situated on the hillside above the docks, adjacent to the existing transmission lines. The term "substation" in this context doesn't denote utility-owned infrastructure for local power distribution. Instead, it refers to CBJ-owned switchgear and transformers, converting the 69kV transmission voltage into ship voltage exclusively for powering the ships. The substation will include two transformers, switchgear, protective relays, and secondary circuit breakers, with each transformer dedicated to powering one cruise ship.

Cables from Substation to the Shore: Twelve 6-inch diameter conduits will descend the hillside, passing under S. Franklin Street before reaching the shoreline. More than half of the necessary conduit route and two vaults have already been installed underground at the Port of Juneau facility. These conduits will house high-voltage cables for electricity and fiber optic cables for instrumentation and control systems. The remaining 600 feet of new conduit will extend from the substation to connect with the existing conduits just uphill of S. Franklin Street.

Submarine Cable to the Electrical Deployment Floats: Submarine cables, designed for underwater use, will be routed from the shoreline vault to the Electrical Deployment Floats (EDF). These cables will rest on the seafloor, extending from the shore until they rise to meet the float. This cable routing approach is essential because of the water depth at the berth, which exceeds 100 feet, and the significant tidal range of up to 25 feet per tide change.

Electrical Deployment Floats and Switchgear: Following the substation, the next significant component of the shore power system will be the two Electrical Deployment Floats (EDFs) and their associated switchgear. Workers will access the floats via gangways attached to nearby approach docks. Each dock will have its own EDF to ensure a consistent level relative to the ships' electrical connection portals, facilitating the handoff and retrieval of shore power cables.

The EDF switchgear will enable shore power technicians to manage the connection and disconnection process in collaboration with the cruise ship's crew. Enclosed in cabinets to shield them from the corrosive marine environment, the switchgear will include disconnect and ground switches to safeguard workers from high voltage during the connection and removal process.

Cable Deployment Crane and Cables to Cruise Ship: Cable deployment cranes, positioned along the face of the EDFs, will feature extendable booms to reach vessels with differing portal locations. These cranes will assist in supporting the conductors and connections as they are inserted into the ship.

BABA Compliance: CBJ has conducted market research to understand the availability of BABA compliant materials required for the proposed project. All components are available domestically with the exception of the mobile shore power cable management system which is included in the recently published GA Public Interest Waiver for EPA's Clean Ports program.

Project Scalability: This project aims to electrify both municipal cruise ship ports, facilitating a transition to fully zero-emission (ZE) port operations. While initially designed for both ports, the project can scale down to electrify just one dock, still yielding significant community benefits and supporting the shift to ZE operations and renewable energy in the long term. The minimum EPA funding needed to electrify one dock is \$29,165,000.

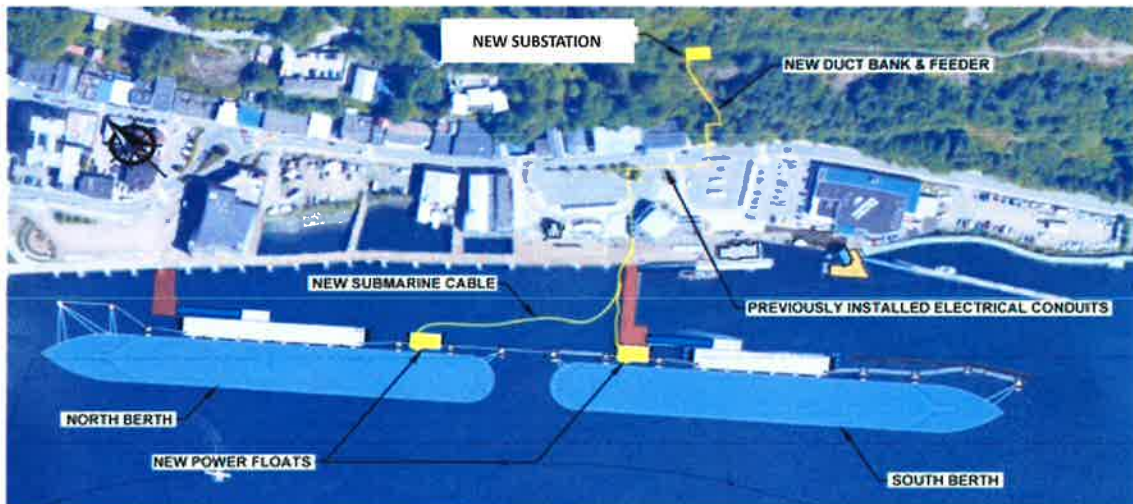


Figure 1. Project Map: The location of the substation designated for this project is identified. This illustrates the locations of the components involved in the electrical deployment system to both docks.

b. Partnerships and Collaboration

The Port of Juneau Municipal Shore Power Project is a collaborative effort between the CBJ, the local electric utility (AEL&P), **IBEW Local 1547**, the Juneau Commission on Sustainability, and community organizations representing the cruise tourism industry, including the Cruise Line Industry of Alaska (CLIA). Each organization has provided commitment letters included in this application.

IBEW will recruit, train, and provide skilled workers for constructing, installing, operating, and maintaining the shore power system. JCOS and CLIA will facilitate communication between CBJ and project stakeholders and affected communities.

CBJ has consulted with AEL&P throughout all project phases, as evidenced by the Utility Partnership Template signed by the electric utility. AEL&P will assist with electrical design and ensure the shore power infrastructure is compatible with the power grid. AEL&P will also communicate any changes to its capacity to provide hydroelectricity while ships are in port.

These partnerships are crucial for public engagement and workforce development, and CBJ has the staffing, experience, and resources to execute the project scope. CBJ will provide all local (non-federal) matching funding. The project does not involve subawards or distribution of funding to collaborating organizations or subrecipients, nor does it include statutory partnerships as described in the NOFO. CBJ will own and be responsible for operating and maintaining all infrastructure and technology funded through this project.

WORKPLAN**c. Coordination of Complementary Initiatives**

The Port of Juneau Municipal Shore Power project aligns with various local, regional, and global initiatives aimed at reducing greenhouse gas emissions at the port and in supporting port operations, as well as benefiting the broader Juneau community.

Local Initiatives:

The role of dock electrification for economic and environmental reasons has been the focus of several recent initiatives and significant planning efforts with robust public input. Dock electrification is the community-preferred solution to meeting the sustainability goals adopted by the city assembly.

Blueprint Downtown: The City and Borough of Juneau’s 2018 - 2024 planning effort known as “Blueprint Downtown” is a 20-year subarea plan and community vision for the downtown area surrounding and adjacent to the public cruise ship docks referenced in this application. The Blueprint Downtown Area Plan includes dock electrification (shore power) as part of its final report, as well as the plan’s vision statement: “Juneau has the opportunity to showcase best sustainable practices, focusing on a transition from fossil fuels to renewable hydroelectricity for heating and transportation. Mitigating cruise industry impacts, with steps such as increased shore-side power, is a key element of this shared focus on enhancing renewable energy.”² The plan also specifically recommends that CBJ, “Explore feasibility and funding opportunities to provide shore power to docked cruise ships, coordinating with electric companies to ensure adequate electrical capacity.”

Visitor Industry Task Force: The Juneau Mayor’s Visitor Industry Task Force (VITF) was created with the purpose of providing “helpful advice to the Assembly and to advance community thinking on a range of visitor industry topics.” The VITF’s 2020 final report mentions shore power specifically, and electrification of transportation generally, in eight places and recommends maximizing use of shoreside power by all cruiselines by assigning shoreside power configured ships to electrified docks.³

Low Emission Revolving Loan Fund: Subsequent recommendations from the VITF propose additional steps to transition the port to zero emissions. This includes encouraging the electrification of tourism vehicles, mainly operating in the downtown port area. In response, the CBJ Assembly endorsed a program to establish a low-interest loan initiative aimed at investing in cleaner energy equipment. CBJ previously succeeded in implementing a similar program in the early 2000s, focusing on converting to quieter float plane engines. Loans will be managed by a third-party economic development organization, with an initial funding of \$1 million from CBJ Marine Passenger Fees.

Juneau’s Climate Action & Implementation Plan: Municipal dock electrification directly supports the goals and recommendations of the CBJ’s climate action plan. The CBJ adopted the Juneau Climate Action & Implementation Plan (JCAP) in 2011. The JCAP provides an energy and GHG emission inventory and sets a goal of reducing GHG emissions by 25% by 2032. Juneau dock electrification is specifically identified in the plan as significantly contributing to Juneau in meeting this goal.⁴

CBJ has conducted several greenhouse gas emission inventories to guide its efforts to reduce GHG emissions and measure progress. While the 2021 and forthcoming 2023 studies are limited to energy consumed within Juneau’s community boundary and thereby provide limited data regarding energy consumption and emissions related to fuel purchased outside of Juneau for cruise ships and barge transport, the 2021 study identifies transportation as the most significant cause of GHG emissions

² <https://juneau.org/wp-content/uploads/2024/02/Blueprint-Downtown-Juneau-Area-Plan.pdf>

³ <https://juneau.org/assembly/visitor-industry-task-force>

⁴ <https://juneau.org/archive/entry/42260>

(47%)⁵. Given that marine transportation alone contributed 16% of 2021 emissions, reducing cruise ship emissions while in port is a critical step in achieving Juneau’s GHG emissions reduction goals.

Juneau Renewable Energy Strategy: The CBJ adopted the Juneau Renewable Energy Strategy (JRES) in 2018. It establishes a goal to have renewable energy provide 80% of Juneau's energy by 2045. Dock electrification (shore power) is identified as an action contributing to the goals.⁶

The 2021 Energy Use & Greenhouse Gas Emissions Inventory for Juneau, Alaska indicates progress toward Juneau achieving its JRES target, with renewable energy (hydroelectricity) providing about 29% of total community energy use in 2021, compared with 20% in 2010, however, the community has a long way to go. Electrifying Juneau’s cruise ship docks will provide a meaningful transition to renewable energy use in Juneau.

CBJ Docks & Harbors (D&H) ZE Transition: CBJ Docks & Harbors recently replaced all gasoline-powered port maintenance vehicles with electric vehicles (EVs), including a Cushman Hauler Pro EV purchased in 2023 for facilities maintenance and a Gator Moto Utility EV with the EMS/Rescue package bought in 2019 for emergency response.

Additionally, CBJ provides dockside power to smaller vessels in its four harbors via 400 vessel power pedestals. Without these, vessels would often need to rely on fossil-fuel-powered engines while in port.

Regional & Global Initiatives:

Alaska Energy Authority Funding: In 2023, the Alaska State Legislature allocated \$10 million to the Alaska Energy Authority (AEA) for implementing shore power at a planned cruise ship dock in Whittier, Alaska. The current legislative budget includes a similar \$10 million allocation to the AEA. Discussions with the AEA and members of the Alaska legislature suggest that over 50% of this state funding will be directed towards supporting CBJ's shore power implementation efforts. This demonstrates statewide support for and recognition of the importance of this project. The cruise industry backs the allocation of these funds to CBJ and acknowledges Juneau as the only other port in Alaska ready for implementation.

Southeast Alaska 2025 Economic Plan: The most recent regional economic Comprehensive Economic Development Strategy for the Southeast Alaska region prioritizes beneficial electrification as the #4 economic priority for the region, specifically including dock electrification.⁷

Pacific Northwest to Alaska Green Corridor (PNW2AK) Project: In March 2023, the City and Borough of Juneau signed on as a “First Mover” in the Project Charter⁸ for the Pacific Northwest to Alaska Green Corridor (PNW2AK) project – the first of its kind for the cruise sector. This collaborative partnership between the major cruise lines, homeports, and several ports of call in the Alaska was created to accelerate the deployment of zero GHG emission ships across sectors and decarbonize operations between Alaska, British Columbia, and Washington.

CBJ’s proposed shore power project aligns with the PNW2AK project charter’s voluntary commitment to “accelerate the pace of maritime decarbonization in the Pacific Northwest and Alaska, thereby demonstrating environmental leadership and sharing lessons learned with the global maritime community,”⁹.

Cruise Industry Global Decarbonization Commitments: The Cruise Line Industry Association represents 120 global cruise lines comprising 95% of the ocean-going cruise capacity. To meet the organization’s goal of net-zero emissions across its member cruise lines by 2050, all CLIA member ocean cruise lines

⁵ https://juneau.org/wp-content/uploads/2023/08/2021-GHG-reports_08012023_FINAL.pdf

⁶ <https://renewablejuneau.org/policies-for-renewables/cbj-renewable-energy-strategy/>

⁷ <https://www.seconference.org/publication/southeast-alaska-2025-economic-plan/>

⁸ https://www.portseattle.org/sites/default/files/2023-03/Charter_PNW2AK_Final-ForWeb.pdf

⁹ Ibis.

WORKPLAN

have committed to equipping all ships that call at ports “capable of providing shoreside power” with the ability to utilize shoreside power by 2035, “or to be able to use alternative low-carbon technologies, as available, to reduce emissions in port.”¹⁰

While nearly half of ocean-going ships are currently shore power enabled, only 2% of ports worldwide have shore power facilities. As is stated in the attached letter of commitment from CLIA, the Alaska cruise industry supports the CBJ’s efforts to provide shore power at the city’s municipally owned cruise ship docks.

d. Project Risk Mitigation

CBJ has made comprehensive efforts to identify, understand and mitigate any potential project risks and/or barriers to successful execution. Details regarding the identified risks and mitigation strategies are outlined below.

- **Technical Risks:** CBJ has evaluated the technical risks and determined that technology behind the proposed high voltage shore power connection (HVSPC) has matured in the 23 years since the first HVSPC in the world was installed on the nearby Franklin Dock. The project will be designed to comply with IEEE/IEC 80005-1-2019 which describes the requirements that high voltage shore power connections must adhere to, thus ensuring ship compatibility and lowering risk.
- **Systems integration:** The local utility (AEL&P) is leading the electrical design process using a grant already provided by CBJ outside the scope of this application. Placing the utility in a leadership role in design ensures that it will be compatible with the utility’s internal systems.
- **Infrastructure & Engineering risks:** CBJ plans to mitigate engineering risks by engaging local design consultants well-versed in the area’s distinct conditions. The project site, characterized by steep terrain, rocky landscapes, and 25-foot tides, presents unique challenges. Local consultants bring decades of experience designing structures tailored to these conditions.
- **Financial Risks:** CBJ utilizes funds from the Marine Passenger Fee Program, collected from the cruise industry, to cover the electrical design and utility connection costs of the shore power system. This program will also provide the 10% match required for the grant. With secured matching funds and ongoing access to Marine Passenger funds, the project faces low financial risks.
- **Cyber security risks:** The project’s controls that integrate with the utility’s systems will meet the Critical Infrastructure Protection Standards approved by the Federal Energy Regulatory Commission. These standards mandate that owners, operators, and users of critical infrastructure adhere to a baseline of cybersecurity measures.
- **Physical security measures:** All grant-funded infrastructure will be installed in secure locations: either within a fenced and monitored substation on the hillside or at the port in an area accessible only to employees with security credentials. None of the infrastructure will be accessible to the public.
- **Organizational Risks:** CBJ has an experienced staff with decades of experience handling projects of this magnitude. Furthermore, CBJ collaborates with several seasoned local engineering consultants specializing in managing large marine projects.
- **Execution Risks:** The project site is situated in a bustling port with a history of continuous development and expansion spanning over a century. The challenges posed by the site conditions are well-documented. The civil/structural designer will scrutinize existing geotechnical reports and conduct investigations to preempt any unforeseen conditions during the construction phase.
- **Project Scheduling:** The project is situated in a port that welcomes 1.6 million cruise passengers annually, from early April to late October. Consequently, all construction activities will occur during

¹⁰ https://cruising.org/-/media/CLIA-Media/StratCom/Charting-the-Future-of-Sustainable-Cruise-Travel_1115_Oct-2023

the winter months, spanning November to March. To avoid disruption, the project is scheduled over multiple winters. Local contractors are experienced in executing construction projects during the winter season. The two CBJ-owned berths slated to receive shore power connections through this grant were constructed during the winters of the 2015/2016 and 2016/2017 seasons, confirming that scheduling challenges are anticipated and the risk can be managed.

- **Procurement Concerns:** CBJ understands the extended lead times for custom electrical components. A new shore power transformer for the nearby Franklin dock was procured by CBJ almost two years ago and is set to arrive this fall for installation during winter. The project's construction schedule accounts for these lead times, with provisions for delays, including a six-month contingency period.
- **Construction/Permitting:** Local contractors are well-versed in winter construction conditions, while CBJ's experienced design consultants will conduct thorough site investigations to prevent delays. In terms of permitting, CBJ is experienced in obtaining permits for large construction projects and foresees no issues with permitting for this project.
- **Utility Provider Capacity and Interconnection Timelines:** The utility's capacity to supply power to cruise ships hinges on rainfall, as the electrical grid relies solely on hydroelectric plants. In the short term, rising rainfall and temperatures associated with climate change improve the utility's ability to cater to visiting ships. In the long term, there are plans to construct additional hydroelectric plants to enhance capacity.
- **Availability of qualified personnel:** Qualified personnel to operate the High Voltage Shore Power System are ensured by mandating the use of union electricians and linemen who are qualified to maintain and operate the shore power equipment.

e. Applicant Fleet and Infrastructure Description

Please see the "CBJ Shore Power Infrastructure Description" included in the "Other Attachments."

Section 2 - Environmental Results—Outcomes, Outputs and Performance Measures

The proposed Port of Juneau Municipal Shore Power project supports both Goal 1, Objective 1.1 and Goal 4, Objective 4.1 of the EPA's FY 2022-2026 Strategic Plan by reducing greenhouse gases, increasing energy efficiency and the use of renewable energy, thereby reducing air pollution in our local and regional community to provide healthy air quality for our people and the environment.

a. Expected Outputs and Outcomes

| Anticipated Outputs and Outcomes | | |
|---|---|--|
| Activities | Outputs | Outcomes |
| Electrification of two (2) public cruise ship docks | Two (2) shore power pedestals installed with 11kV capacity each (6.6 kV options) | Reduction of GHG and NOx/SOx/PM2.5 air emissions in Juneau by nearly 33,500 metric tons; Displacement of 3 million gallons of diesel fuel used over a 20-year period; Increase in number of port visits utilizing shore power by 100-200%; Improvement or air quality for disadvantaged communities and near-port residents, decarbonization of critical sector of the local economy; creation of 10-20 high-quality positions to install, staff and maintain the shore power infrastructure |
| | Main Switchgear which is controlled remotely to energize or disconnect the shore power system. | |
| | Capacitor Bank which protects the electrical grid by providing power factor correction. | |
| | Conduits, Conductors and Vaults which transmit power from the transmission lines to the port. | |
| | Grounding Switchgear shorts the system to ground to protect personnel handling the cables. | |
| | Electrical Interconnection to direct power to each of the two floating docks. | |
| Floating Dock supports cable management crane. | | |

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|--|--|--|
| | Movable Cable Management Crane handles the cables and make the final connection to the ship. | |
| <i>Community engagement activities to ensure meaningful participation and understanding of the benefits of the installation, implementation and performance of the project</i> | One project specific website to serve as a central resource for project information and collecting feedback; | An increased understanding of the environmental or economic effectiveness of the shore power infrastructure; Public awareness of project and results |
| | 300+ local residents and impacted organizations participating in community outreach efforts involving the planning, installation and performance of the project | |
| | Printed and digital materials communicating the status/benefits of the project and opportunities to provide feedback | |
| | Dissemination of project information via CBJ and partner listservs, social media, news outlets, outreach events | |
| | Project updates and opportunities to gather feedback at public meetings of both the CBJ and other community organizations (minimum 7) | |
| <i>Development of a workforce training program to support safe operation and maintenance of the shore power infrastructure</i> | The designer of the shore power system will be contracted to produce an Operations and Safety Manual, serving as the foundation for at least two training sessions for the workforce responsible for constructing and installing the shore power infrastructure. | Development of a safe workforce skilled in the effective installation, operation and maintenance of shore power equipment and infrastructure |
| | 3-6 trainings provided to CBJ staff, AELP staff, longshoremen and workers hired to operate and maintain the shore power infrastructure. | |
| <i>Conduct one (1) Baseline Port Mobile Source Inventory</i> | One publicly available inventory of port mobile source greenhouse gas emissions, PM2.5 and/or NOx | Baseline community understanding of port mobile source emissions; accurate tracking and reporting of project benefits as they relate to emissions reduction air quality improvements |
| <i>Project Reporting</i> | Seven (7) semi-annual and one final report | Timely, comprehensive and publicly available reporting on project status, success and resulting benefits, as well as any potential setbacks or delays. |

b. Performance Measures and Plan

CBJ will measure and track the progress of each of the proposed project activities using existing data (and the to-be completed mobile source inventory) as a baseline, and measuring emissions, participation and energy use efficiencies to calculate and report on its success.

i. Performance Measures:

Shore Power Infrastructure at the Alaska Steamship and Cruiseship Terminal Docks

1. Performance will be measured by the efficiency and effectiveness of the competitive bidding processes for the construction of the project; the management of the selected contractor(s) and their ability to meet the proposed implementation timeline. A critical measurement of progress will be whether construction can begin in the spring of 2026.

2. Performance will also be measured by the efficiency and effectiveness of the design and construction processes themselves. A key measurement of design progress will be whether the

transformers can be procured by early 2026; key for construction will be whether and when the cruise ship(s) can plug in to the dock(s) for the summer 2028 cruise season.

3. Following construction, performance will be measured primarily by fuel use savings which, given that electrical power comes from renewable ZE hydroelectricity, will be translated to GHG reductions. Performance will also be measured via direct air quality monitoring:
 - a. To track and report on diesel fuel use reductions, CBJ will estimate the reduction of onboard diesel fuel usage by converting the electrical power usage in kW into equivalent values in gallons of diesel fuel. This calculation will utilize ship specific fuel efficiency information when available, and average fleet efficiency information otherwise.
 - b. To track and report on emissions reductions and air quality improvements, CBJ will utilize the existing Alaska Department of Environmental Conservation’s Air Quality Index data as well as the new sensors proposed in Section 5.a. of this application.
 - c. Calculated emissions reductions and air quality improvements will be communicated via the project web page and other relevant communications tools (Docks and Harbors newsletters, social media etc.), as well as the semi-annual and final reports required by this funding program.
 - d. Performance of community engagement activities will be measured by the number and frequency of communications and the diversity of the audience reached via all proposed communications channels.

Long Term Performance Measures

In serving as a leader and “First Mover” in the conversion to ZE technology, CBJ hopes to serve as a model for other port communities in Southeast Alaska and the broader Pacific Northwest. We also hope that the port conversion to shore power may lead to broader acceptance of ZE technologies and beneficial electrification in the maritime sector as well other sectors of our community. Long-term performance in this area will be measured by the number of other docks in Southeast Alaska committing providing shore power or other sources of renewable energy, as well as the conversion of the cruise and cargo fleets visiting Southeast Alaska to shore power and/or ZE technologies.

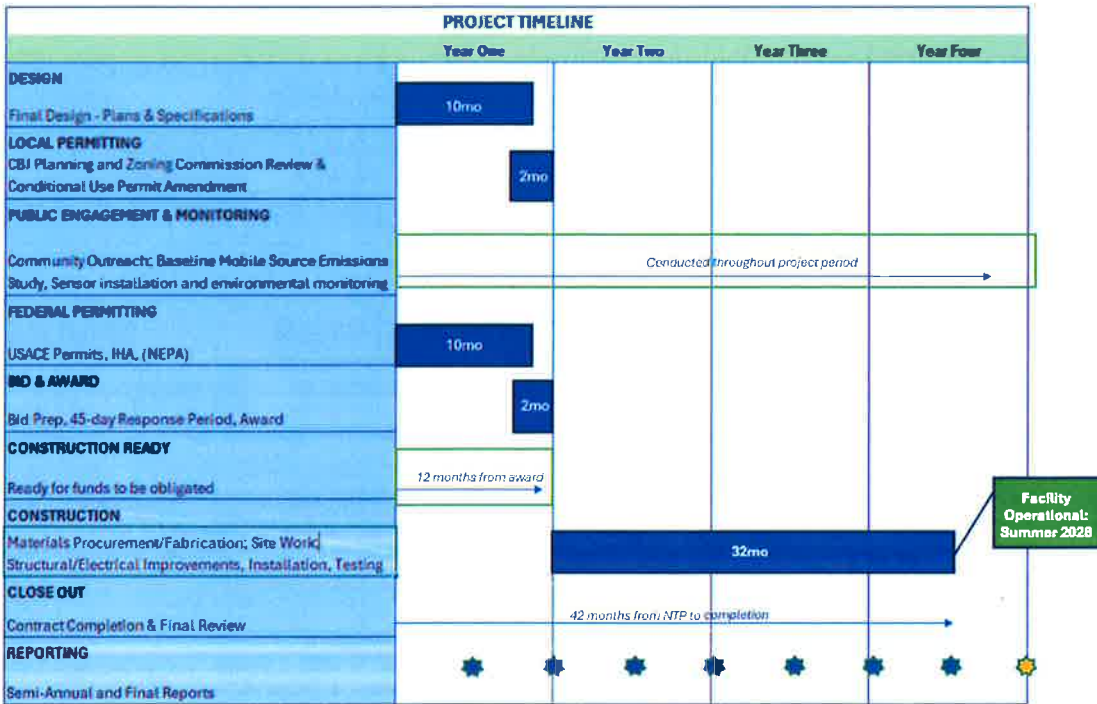


Figure 1: Project Timeline & Milestones

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c. Timeline and Milestones

The anticipated schedule for this project spans a 42-month timeframe, with time intervals measured from the Clean Ports Program award obligation date. Per section II.F of the NOFO, CBJ anticipates an estimated project start date of December 1, 2024. This schedule will easily accommodate the four year “estimated period of performance for awards,” and includes six months of contingency to account for any unexpected delays so that funds are not at risk of expiring prior to being obligated.

d. **Scrappage** While CBJ intends to continue replacing its port vessels and vehicles with ZE models, there are currently no CBJ vehicles which meet the scrappage requirements for this funding program.

Section 3 -Programmatic Capability and Past Performance

a. Past Performance & Reporting Requirements

CBJ has the programmatic capability and successful past performance of federal and non-federal assistance agreements from numerous awarding agencies. Several recent assistance agreements which CBJ is currently performing or has performed in the last three years are included below. The first three of the five examples provided include federal award agreement procedures, progress reporting requirements, procurement rules and other project and fiscal management processes which would directly relate to those outlined as part of the Clean Ports Program ZE Technology Deployment Competition. The fourth example (NREL Waste-to-Energy Technical Assistance Program) required project coordination and information sharing between the CBJ service departments (Engineering and Utilities), which is relevant to the needs of this application.

FY2022 FHWA Safe Streets and Roads for All (SS4A) Action Plan Grant

Project Title: *SS4A Action Plan Grant to the City & Borough of Juneau*

Assistance Agreement Number: *NA*

Agency and Listing/CFDA number: *USDOT FWHA, 20.939*

Description: *CBJ received SS4A funding to conduct a full road safety analysis, taking inventory of all previous crashes, historical trends, conditions, severity of injuries, community and partner input and other factors across the entire jurisdiction. The safety analysis will produce a list of projects prioritized by these data points to guide implementation of the Comprehensive Safety Action Plan.*

CBJ has a history of meeting all reporting requirements under our assistance agreements and of submitting acceptable final technical reports for those that are completed. CBJ worked closely with the FHWA to complete the grant agreement process and is reporting progress on the project in a timely manner and in accordance with the grant agreement guidelines.

FY2021 FTA Buses and Bus Facilities Projects Grant (5339b)

Project Title: *Reducing Harmful Emissions by Running on Rain; Capital Transit Harnesses Local Hydro Power to Fuel Electric Buses and Charging Infrastructure for a Resilient Capital City.* (Assistance Agreement Number: *2511-23-0200*)

Agency and Listing/CFDA Number: *Federal Transit Authority/ 20.526*

Award amount: *\$1,446,827*

Description: *The City and Borough of Juneau (Capital Transit) received funding to purchase on-route EV charging equipment for the Juneau Valley Transit Center to support the transition diesel to electric buses. This project will improve air quality as well as safety and reliability for the 32,000 residents who live in Alaska's capital city.*

FY2020 Low or No Emission (Low-No) Bus Program Project Grant (5339c)

Project Title: *Strengthening Renewable Energy with a Fleet of Clean Hydropower Fueled Electric Buses and Charging Infrastructure for a Resilient Capital City, Juneau, Alaska*

Assistance Agreement Number: 2511-20-0700

Agency and Listing/CFDA Number: *Federal Transit Authority / 20.526*

Award amount: *\$5,014,400*

Description: *The City and Borough of Juneau received funds to purchase new electric buses to replace aging diesel buses and associated charging infrastructure.*

Progress on the two active FTA agreements described above is being reported in a timely manner and includes progress on achieving expected outputs and outcomes.

FY2023 NREL Waste-to-Energy Technical Assistance Program

Project Title: *Biosolids Incineration and PFAS Destruction*

Assistance Agreement Number: *NA*

Agency and Listing/CFDA number: *National Renewable Energy Laboratory (DOE)*

Description: *NREL assisted CBJ by providing 40 hours of technical assistance to investigate whether a biosolids Waste-to-Energy incinerator would also be able to destroy or significantly reduce PFAS in the final waste product from CBJ’s wastewater treatment facility as well as economic and logistical feasibility for selected technologies.*

CBJ worked collaboratively to provide all information and meet all designated timelines for the technical assistance program and received the final report from NREL for the project in May 2024.

FY2023 Alaska DOT&PF Harbor Facility Grants Program

Project Title: *Aurora Harbor Rebuild Phase III*

ADOT&PF Grant Agreement Number: *23-HG-004*

Agency and Listing/CFDA number: *Alaska Dept of Transportation & Public Facilities*

Award Amount: *\$2,000,000*

Description: *The project includes the third phase of the Aurora Harbor Rebuild project, which replaces a float system that was demolished in 2020 after becoming unsafe with age. The project includes floats, piling, all-season potable water system, fire suppression system, ground fault protected electrical system, lighting, and safety equipment.*

CBJ D&H managed and executed the project utilizing the D&H engineering team, to perform design, project management and construction inspection for the \$4.25 million project. Progress on the active award agreement described above is being reported in a timely manner and in accordance with the grant agreement guidelines. Reporting includes progress on achieving expected outputs and outcomes under the agreement.”

CBJ and the relevant divisions have the technical, legal, and financial capacity to successfully deliver on the above-described active projects as demonstrated by fulfilling all the grant requirements for each respective funding opportunity. Through inter-agency and interdepartmental collaboration, CBJ is adeptly managing all aspects of the grants to manage the funds legally and in a fiscally responsible manner according to the respective grant agreement guidelines.

CBJ has a history of meeting all reporting requirements under our assistance agreements and of submitting acceptable final technical reports for those that are completed. Progress on the above-mentioned agreements is being reported in accordance with each respective assistance agreement, in a timely manner and includes discussion of progress on achieving expected outputs and outcomes. Project reporting is a collaborative effort between CBJ’s finance, procurement, engineering, legal departments, and the department leading the project management. CBJ believes close and transparent communication with the awarding agency is key to successful award management.

b. Staff Expertise

WORKPLAN

The City & Borough of Juneau encompasses 19 departments offering various services and expertise to support this project's success. These include the legal department, engineering division, finance department with purchasing, procurement divisions, and grant controller services. CBJ's Docks & Harbors (D&H) staff, including those involved in this project, have managed over \$180 million worth of infrastructure projects since 2012, covering conception through construction and operation, with extensive work at the Port of Juneau.

Regarding project execution, D&H Port operations staff possess extensive knowledge of the Alaska Steamship and Cruise Terminal docks, as well as the electrified Franklin dock. They will collaborate with project designers, contractors, and managers to efficiently achieve milestones and address potential operational impacts or scheduling conflicts.

Beyond D&H staff, CBJ has a team of experienced professionals for communication, community engagement, procurement, financial management, and project outcome monitoring and reporting. CBJ will adhere to EPA-compliant procurement guidelines, ensuring an open and competitive process to contract for electrical, civil, and utility engineering, design, and construction services alongside CBJ staff.

Project Team (CBJ Staff):

Carl Uchytel P.E.: Port Director, M.S. University of Rhode Island, B.S. United States Coast Guard Academy, 13 years with CBJ subsequent to retirement from the US Coast Guard where he served 4 tours aboard Polar Icebreakers, culminating as Commanding Officer of the USCGC Polar Sea from 2007-09.

Matthew Sill P.E.: Port Engineer, B.S. University of Alaska Fairbanks, 3 years with CBJ, 18 years of marine/waterfront engineering experience including condition assessment, civil/structural design, project management and construction inspection.

Matthew Creswell: Harbormaster, 7 years with CBJ subsequent to retirement from the US Coast Guard. Mr. Creswell oversees the daily operations of CBJ's marine facilities, which include a team of 50 employees and an annual budget of \$7m.

Alexandra Pierce, PMP: Visitor Industry Director; B.A. at University of British Columbia; MBA at Norwich University, 8 years with CBJ, 17 years' experience in project management, tourism management and development, grant administration, and public outreach.

Dianna Robinson: Environmental Project Specialist; BA Michigan State University; MSc Environmental Sustainability, University of Edinburgh; 13 years' experience in the sustainability field.

Denise Koch: Director of Engineering and Public Works; BA from University of Virginia; MS Public Health at University of Washington; 22 years' experience in environmental science and public health.

Ashley Heimbigner: Grants Manager; BA Willamette University, 15 years' experience in community engagement, public communications, and federal grant management.

Section 4 – Environmental Justice and Disadvantaged Communities

The Port of Juneau is centrally located, and any emissions generated in the port impact nearby residents, students, year-round and seasonal workers, travelers, longshore and cruise ship workers. The City and Borough of Juneau contains two census block groups in port and near port communities that are at or above the 90th percentile for multiple EJScreen Supplemental Indexes when compared to the nation or state. Importantly, neither of the tools specified regarding the first criteria for defining "disadvantaged communities" in this program (EJScreen and CEJST) include data for PM_{2.5} or Ozone, simply stating "Data not available," in the provided maps and reports.

EJScreen: Census Blockgroup 021100005003 – including the physical project area – is shown at the 90th percentile for Toxic Releases to Air. As noted, EJScreen does not include any data for PM_{2.5} or Ozone.

CEJST: The Climate and Environmental Justice Screening Tool (CEJST) is also "Missing Data" on PM_{2.5} for the borough and fails to accurately represent tribal lands in the area.

Tribal Lands: The City and Borough of Juneau acknowledges that our community is built the on the traditional homelands of the Áak’w Kwáan and T’aaku Kwáan Tlingit peoples represented by the tribal government and sovereign entity, Tlingit & Haida, as well as the Douglas Indian Association. The EJScreen tool represents these tribal lands with two small green dots representing a “one-mile ring” in Blockgroup 021100005002 (Central Council of Tlingit & Haida Indian Tribes of Alaska – Tlingit & Haida) and Blockgroup 021100006002 (Douglas Indian Association).

The CEJST tool designates census tract 02110000500 (which encompasses the project area) as “Partially Disadvantaged,” noting that the “The 2 Alaska Native Villages in this tract that are Federally Recognized are considered disadvantaged.” This mapping mistakenly restricts the tribal lands of both entities, and does not include the Douglas Indian Association in the area of Douglas Island (02110000600).

a. **Disadvantaged Communities: Nonattainment Areas**

While the City and Borough of Juneau is not included in the list of counties that meet the disadvantaged community’s definition based on meeting the criterion that they contain ozone or PM_{2.5} nonattainment or maintenance areas as noted on the Clean Ports Program website, the community has areas of air quality concern in port and near-port areas.

While docked in Juneau, cruise ships operate in hotel mode and continue to produce air pollution. 651 cruise ship voyages are expected to visit in 2025. The air quality enjoyed by residents in the community is at times degraded by cruise ship stack emissions. Downtown Juneau and the port area are periodically subject to air inversion that trap emissions in the area as well as to light winds that can bring cruise ship emissions up Gastineau Channel and concentrate them against the mountains. In a 2019 ambient air monitoring study conducted by the Alaska Department of Environmental Conservation, several Purple Air (PA) particulate monitors (PM_{2.5}) and passive sulfur dioxide monitors were placed within close proximity of the cruise ship docks. Throughout the cruise season (mid-April – early October 2019), the monitors observed hourly concentrations reaching levels that were “Unhealthy” and “Unhealthy for sensitive groups” on numerous occasions. According to the study, while emissions events were typically brief, “Short term emissions plumes from cruise ships were detected by the monitors in the form of widespread elevated PM2.5 concentrations affecting multiple sites simultaneously.”¹¹

b. **Disadvantaged Communities: Areas with Air Toxics Concerns**

While the City and Borough of Juneau is not included in the list of counties that meet the disadvantaged community’s definition based on meeting the criterion that they contain areas with air toxics concerns, the community does have areas of air quality concern as are noted in the EJScreen “Toxic Releases to Air” supplemental index described above.

c. **Community Engagement Prior to Application and During Project**

i. *Community Engagement Prior to Application:* The Port of Juneau Municipal Shore Power project has been a community priority for over a decade, as outlined in multiple community plans developed through extensive public input processes. Beginning with the Juneau Climate Action and Implementation Plan in 2011, numerous plans and initiatives have specifically referenced shore power or “dock electrification.” These references are detailed in Section 1.c “Coordination with Complementary Initiatives” on page 5 of this workplan.

Input from potentially affected stakeholders and communities has informed the project's prioritization through various public engagement activities and processes.

Discussions about the Port of Juneau Municipal Shore Power project have taken place at numerous public meetings of the city assembly, as well as various appointed boards, committees, and task forces.

¹¹ <https://dec.alaska.gov/air/air-monitoring/guidance/data-summaries/cruise-ship-monitoring/>

WORKPLAN

These discussions have focused on the project's benefits to the community, local financial commitments, and the associated grant applications.

- *The Juneau Commission on Sustainability (JCOS)* consists of nine members appointed by the CBJ Assembly, and is dedicated to promoting community sustainability, primarily by advising the assembly. JCOS holds regular meetings and subcommittee sessions each month, open to the public, where discussions, recommendations, and activities related to shore power and dock electrification are frequently conducted. (See attached letter of support)
- *The CBJ Docks & Harbors Board*, comprising nine citizens appointed by the CBJ Assembly, plays a crucial role in the shore power discussion as the manager of the Docks and Harbors enterprise fund. The board, representing stakeholders, has consistently shown support for the project, both in writing and financially. They funded the 2016 Shore Tie Feasibility Study and the 2023 Juneau Cruise Ship Dock Electrification Study. Reports from these studies, along with public comments, were shared through community meetings and documents.
- *The Juneau Assembly*, comprising nine elected members, governs the city and borough. It holds regular public meetings and subcommittee sessions, ensuring accessibility and offering opportunities for public comment. The electrification of Juneau's public cruise ship docks has been extensively deliberated at meetings of the Assembly Finance Committee, the Public Works and Facilities Committee, the Lands, Resources & Economic Development Committee, and the Committee of the Whole.
 - *Marine Passenger Fees*: Every year, CBJ invites project proposals from city departments and the public to allocate cruise ship Marine Passenger Fee (MPF) proceeds for the upcoming year. These recommendations are compiled into a draft proposal and made available for public feedback. All proposals and comments are then submitted to the Assembly for review during the budget cycle. Since FY23, the Assembly has deliberated and endorsed two requests for MPF appropriation for cruise ship dock electrification, including the approval of \$5 million in May 2024 for the FY25 budget.¹².

Other Community Engagement Practices Prior to Application: A top cruise ship destination, Juneau anticipates hosting 1.64 million cruise visitors in 2024, underscoring the sector's substantial economic influence on the community. Through collaborative efforts between the local visitor industry and CBJ, various community engagement initiatives have been implemented to gather input. This feedback is crucial for ensuring the sustainability of economic benefits and addressing potential environmental or other adverse impacts.

- *Tourism Best Management Practices (TBMP)*: Established in 1997, the TBMP is a collaborative effort among Juneau residents, the visitor industry, and CBJ aimed at minimizing the impacts of tourism while addressing both residents' and industry concerns. Residents can voice their concerns through a designated phone line, email hotline, or online form available at www.traveljuneau.com/tbmp/hotline. These concerns are categorized and published on the TBMP website. Notably, feedback often includes concerns about cruise ship emissions, which are formally reported to the Alaska Department of Environmental Conservation (ADEC) air quality program. According to ADEC's 2023 Air Compliance Annual Report, the ten-year average for public complaints was 34.8 per year, despite minimal cruise visitorship in 2020 and 2021 due to the pandemic.
- *Visitor Industry Task Force and Public Surveys*: (mentioned in Section 1.c) advised CBJ to conduct periodic public surveys on tourism impacts. In the 2023 telephone survey, which involved over 500 randomly selected Juneau residents, 36% of respondents indicated they were "somewhat" or "very

¹² <https://juneau.org/manager/marine-passenger-fee-program>

affected" by "Air emissions from cruise ships." Additionally, when asked to prioritize various CBJ tourism activities, shore power ranked second, with 40% of respondents considering it a "High Priority."¹³

- **CBJ and Docks & Harbors Stakeholder Communications:** Consistently disseminates information about upcoming and current projects, including shore power, through diverse channels. These include social media, websites, traditional media, public notices, email newsletters, printed materials like posters and flyers, and text message updates.

For this application, CBJ Docks & Harbors organized a "Juneau Harbors Infrastructure Fair" in April 2024. The public was invited to learn, ask questions, and voice concerns about proposed harbor projects, including cruise ship shore power. This widely promoted event, held at a central location, featured tables, project briefings, and a Q&A session. It attracted a diverse audience, including harbor users, local leaders, regulatory agencies, trade unions, and indigenous organizations like the Central Council of Tlingit & Haida Indian Tribes of Alaska, the Douglas Indian Association, and Goldbelt, Inc.

Additionally, JCOS hosted a Sustainability Session focused on the cruise ship shore power project. This panel discussion and Q&A session, held at the local library with virtual participation options, included representatives from CBJ, JCOS, and the local electric utility, AEL&P.¹⁴

Community members were invited to complete a survey to provide input on the project's priorities and benefits. The majority of respondents (55%) were from the downtown port area, of whom 82% supported dock electrification. Additionally, 79% agreed or strongly agreed that electrification would improve their quality of life. They identified benefits such as reduced greenhouse gas emissions, improved air quality, lower electricity costs, and job creation. CBJ also reached out to key stakeholders representing low-income and underserved groups, including Tlingit & Haida, Bartlett Regional Hospital, and Southeast Alaska Regional Health Corporation (SEARHC), among others. Goldbelt Corporation, an Alaska Native Urban Corporation, highlighted the emission impacts on their Native shareholder workers and downtown Juneau businesses in their letter of support.

"First and foremost, dock electrification provides environmental benefits and sustained reduction of smog, particulates, and harmful emissions that diesel exhaust can cause our shareholders and employees who work in the Juneau tourism industry.

The Goldbelt Tram (a Tlingit culture focused excursion) is an iconic part of Juneau's downtown tourism industry, and it is an electrically powered tramway located steps away from the public cruise ship terminals slated for electrification. Dock electrification eliminates all the cruise ship smoke and emissions, thereby significantly improving the visitor experience on our Tram and providing a healthier work environment for our shareholders and employees."

- McHugh Pierre, Goldbelt President and CEO

ii. **Community Engagement During Project**

If awarded, the project and corresponding funding appropriation will be reviewed, discussed and adopted by the Assembly at no less than two public meetings with opportunity for public testimony. All funding appropriations are also reviewed by the Systemic Racism Review Committee¹⁵ before adoption.

During the planning and prior to the implementation of the project, the CBJ will develop a robust communications plan including multi-channel outreach to key stakeholders as well as the broader community impacted by the project.

¹³ <https://juneau.org/wp-content/uploads/2023/12/CBJ-Tourism-Survey-2023-Report-12.11.23.pdf>

¹⁴ <https://juneau.org/newsroom-item/learn-about-dock-electrification-at-jcos-sustainability-session-on-april-18>

¹⁵ <https://juneau.granicus.com/boards/w/c9bbc06356d368e8/boards/38038>

WORKPLAN

Central to this plan will be the distribution of project updates and invitation for community input via an expansion of the successful communication tools and techniques deployed prior to the application.

These tactics include but are not limited to the following:

- Project briefings at public meetings, including all those noted in the previous section (Assembly, JCOS, Docks & Harbors Board) related to key project milestones noted in this application,
- Coordination with AELP (electric utility) to communicate project updates and benefits to their customers, including Cost of Power Adjustment credits¹⁶,
- Coordination with Travel Juneau, the Cruise Line Industry Association (CLIA), the Juneau Chamber of Commerce and the Downtown Business Association to communicate project updates and benefits to their membership,
- Continued monitoring of the TBMP hotline for community concerns and input,
- Creation of project-specific webpage and contact form to serve as the primary contact page and source of information for the project,
- Ongoing outreach via established CBJ and Docks & Harbors communications channels including social media, traditional media outreach, public notices, email newsletters, printed posters and flyers, and text messages and webpage updates.
- In addition to the budget for public engagement and outreach outlined for this application, the CBJ City Manager's Office and Docks & Harbors both have staffing and financial resources committed to the community engagement efforts noted above.

d. Long-Term Community Engagement

CBJ will employ various communication channels to update the community on the project status, benefits, and outcomes during and for at least five years after its completion. Community engagement is a priority for CBJ, exemplified by the Docks & Harbors division and outlined in Section 4.c. CBJ has established advisory committees like the Docks & Harbors Board and the Juneau Commission on Sustainability (JCOS) to facilitate two-way engagement with residents. These committees will be instrumental in sharing project outcomes and gathering feedback for ongoing improvement. However, CBJ recognizes the need to enhance the accessibility and inclusivity of its engagement methods. The City Manager is committed to enhancing meaningful, inclusive, and accessible community engagement efforts across all CBJ departments, including port operations, by increasing resources and implementing a formal communications and public outreach strategy. This expansion of resources will provide additional training and tools for the Docks & Harbors division and the shore power project.

Section 5 – Project Sustainability

The Port of Juneau Municipal Shore Power Project is a critical step forward in ongoing and future emission reduction planning. Existing and forthcoming studies and decarbonization plans will help to ensure that emission reduction planning continues to be a standard practice at the port.

a. Baseline port mobile source inventory for greenhouse gases, PM2.5 and/or NOx (5)

Existing data sources, including real-time data from the Alaska Department of Environmental Conservation (ADEC) Air Quality Index, offer insights into air quality at the Port of Juneau, supporting the rationale and objectives of this project. However, a comprehensive post-2019 baseline port-specific mobile source inventory for greenhouse gases (PM2.5 and NOx) is currently lacking. CBJ commits to completing this baseline inventory in alignment with EPA Port Emissions Inventory Guidance at least one year before the project period ends.

¹⁶ <https://www.aelp.com/Energy-Conservation/Cost-of-Power-Adjustment>

CBJ has successfully employed qualified contractors to conduct emissions inventories, exemplified by the multi-year Energy Use & Greenhouse Gas Emissions Inventories for the entire borough. However, these inventories only cover the energy purchased by cruise ships while in Juneau, which is limited as most ships refuel at the start of their voyage. To fulfill the port mobile source inventory, CBJ will follow a competitive procurement process to select a contractor, with a budget allocated for this activity in the project budget.

Additionally, CBJ will install sensors in strategic locations near the port to monitor gas emissions. While ship emissions combine with local heating and vehicle emissions, the primary method involves recording electrical energy consumption when ships are connected to the grid, providing more accurate emissions data. These recordings will include details such as Dock, Ship Name, Time in Port, Time Connected to Shore Power, Peak Power Demand, and Energy Consumed, submitted to the EPA at the end of each season.

Daily reports on emissions in downtown Juneau, including environmental conditions like precipitation and forest fire smoke, will be collected and submitted alongside electrical energy consumption reports. Sensors will be installed at least one year before shore power connections commence to establish baseline conditions.

b. Plan to reduce port mobile source emissions

CBJ has the public support, staffing and commitment to promote and continue its efforts to reduce port emissions even after EPA funding for this project has ended. Several existing publicly available plans commit the CBJ and Port of Juneau to reducing port mobile source emissions. These plans and specific emissions targets will be revised and updated prior to the end of the project period as is noted below.

The Juneau Climate Action and Implementation Plan (JCAP) outlines targets for reducing greenhouse gas (GHG) emissions by 25% by 2032 and provides recommendations for achieving these goals, including measures aimed at decarbonizing Juneau's marine sector.

In addition to the planned port-specific mobile source inventory mentioned earlier, CBJ is finalizing the third year of a three-year Energy Use and Greenhouse Gas Emissions Inventory covering 2021 to 2023. This inventory aims to understand the community's energy and emissions landscape post-pandemic and assess its alignment with the 2011 JCAP targets.

The results of these inventories will inform a revision of the JCAP, incorporating updated targets for reducing greenhouse gases, PM2.5, and/or NOx emissions. CBJ is committed to completing this revision by December 2028.

Comprehensive Plan for the City & Borough of Juneau: The Comprehensive plan is a long-range blueprint designed to guide the growth, development, and conservation of valued resources over a 20-year period. It was adopted in 2013 following a collaborative multi-year process incorporating input from diverse sectors of the community with the support of, and coordination by, CBJ staff¹⁷. The Comprehensive Plan encompasses various aspects such as sustainability, air quality, transportation, port operations, and renewable energy. It incorporates recommendations from the JCAP aimed at reducing Juneau's energy consumption and carbon footprint.

CBJ plans to initiate a revision of the Comprehensive Plan in the summer or fall of 2024, accompanied by a multi-year public engagement process to gauge community needs and priorities. This update will integrate insights from recently published and revised plans and studies, including the updated JCAP and related research mentioned earlier. CBJ aims to finalize the Comprehensive Plan Update well before the project period concludes.

¹⁷ <https://juneau.org/community-development/comp-plan-2013>

WORKPLAN

Pacific Northwest to Alaska Green Corridor (PNW2AK): The PNW2AK First Mover group is currently in the first phase of a multiphase feasibility study. The Project Charter envisions that the study will ultimately result in the establishment of specific decarbonization commitments and investments from First Movers and other stakeholders to implement identified targets and actions needed to bring about a green corridor. Phase 2 of the feasibility study will “identify targets and actions needed” and Phase 3 will “establish commitments and investments needed by First Movers and other stakeholders. These phases and resulting targets and commitments are anticipated for completion prior to the end of the project period.”

Section 6 – Job Quality and Equitable Workforce Development

Juneau, a remote and rural community, relies heavily on its maritime resources due to its lack of road connectivity with the rest of the state. Maritime infrastructure plays a crucial role in the local economy and is essential for sustaining and growing tourism. The proposed Port of Juneau Municipal Shore Power project is pivotal in achieving these objectives and in preserving and expanding jobs in the tourism sector. By introducing new and modified port operations, the project will facilitate the creation of high-quality, family-sustaining jobs within Juneau's port community, aligning with the goals outlined in Executive Order 14082 and Section 133 of the CAA.

a. Supporting High Quality Jobs

CBJ is dedicated to fostering high-quality, family-sustaining jobs, in line with the US Department of Labor (DoL)'s Good Jobs Initiative, which includes supporting the right to join a union freely and fairly. Collaborating with local unions, such as the International Brotherhood of Electrical Workers (IBEW) Local 1547, is crucial for the success of not only this project but also future energy efficiency and beneficial electrification initiatives in the port and across the community. By demonstrating a shift from imported fuels to locally-produced electricity, this project encourages further investment in Juneau's clean and abundant energy resources, along with the specialized, well-paying jobs they offer.

The labor required for local energy projects in Juneau consists of family-wage earning trade and unionized jobs, reflecting the vision of expanding the workforce by ensuring equitable access to high-quality training, education, and services that lead to promising careers within the community. These trade and utility positions are filled through apprenticeships and on-the-job training, accessible to all with prevailing wages and benefits from day one.

Worker and Labor Engagement:

As noted in the attached letter of commitment from the IBEW Local 1547, CBJ has partnered with union-labor on many successful projects that benefit the community and were executed in a timely manner. CBJ will also partner with the IBEW in the proposed shore power project. As an example of CBJ's commitment to supporting union labor, CBJ crafted and approved an ordinance that addresses use of union labor on complex projects that have a construction estimate of \$4.6M or greater. The Project Labor Agreement ordinance was developed and implemented to foster and support the growth and retention of skilled trade workers in the Juneau community. CBJ also follows all State of Alaska requirements for wage rate compliance and includes Alaska Department of Labor wage rate compliance regulations in all contracts over \$25,000... Utilizing IBEW Local 1547 members throughout the life of this and related projects will help CBJ meet its zero emissions goals.”

Training workers on new equipment and infrastructure:

The workforce expansion necessary to support shore power connections at the two CBJ docks involves adding workers to operate the deployment system and coordinate connections with ships. Since multiple cruise lines use the CBJ docks, it's essential to train and employ a unified group to ensure smooth operations and safety.

The project is expected to create 10-15 new full-time equivalent seasonal positions for operating equipment and managing shore power infrastructure. CBJ will outsource staffing management, with local organizations capable of fulfilling this role including Alaska Native and minority owned businesses. Funds allocated in the project budget will support workforce development and training programs for both contracted staff and CBJ personnel managing the contract.

CBJ port staff will receive specialized training from the shore power equipment manufacturer, project engineers, and AEL&P. This includes developing an operations and maintenance manual and training materials for all workers involved in shore power operations.

Training for personnel involved in shore power connections will be conducted by AEL&P and the equipment manufacturer. AEL&P will provide training on connecting medium voltage equipment and synchronizing it with the utility grid, prioritizing safety throughout. Additional operators will be required to manage shore power connections at the CBJ docks, likely employed seasonally to cover nearly full-time hours.

Overall, safety and efficient operations will be ensured through comprehensive training provided by both AEL&P and the equipment manufacturer, facilitating smooth implementation of shore power connections at the CBJ docks.

Pay and benefits:

To ensure fair compensation, the project installation and operation will comply with Title 23 regulations, including the Davis-Bacon Act and prevailing wage requirements. These standards guarantee appropriate pay for workers and support a high-quality workforce. All project contracts must adhere to these guidelines as per CBJ procurement requirements.

Union labor will be utilized for the project, ensuring workers receive family-sustaining wages and benefits. CBJ also maintains high standards for its government workforce, with employees represented by various collective bargaining units. The staff supporting this project are represented by the Marine Engineers' Beneficial Association (MEBA) and receive family-sustaining wages and comprehensive benefits, including health coverage, retirement contributions, predictable schedules, paid time off, and more.

Additionally, CBJ provides relevant OSHA and health and safety training to address workplace hazards, along with anti-harassment training and protections for all employees.

Worker Safety:

In addition to the relevant OSHA, health and safety trainings noted, CBJ and our contracted partners will deploy a number of measures to ensure worker safety.

- CBJ requires all contractors to comply with all local, state and federal OSHA and other safety requirements as applicable, and will include the same requirements for the installation, operation and management of this project and resulting infrastructure.
- Licensed and certified linemen and electricians will conduct all maintenance and operations that may involve working with high-voltage equipment. They will receive specialized training from the deployment system manufacturer and AELP prior to any work on the project.
- While workers that are only responsible for operating the cable management system when ships connect and disconnect will not directly handle high voltage equipment, they will be trained on the dangers and safety measures and PPE required as a precaution.
- All workers operating over water at the port will receive marine safety training and be provided the necessary PPE and equipment required to ensure their safety.
- CBJ and Port of Juneau staff will regularly communicate with contracted staff and/or their representatives to ensure confidence in worker safety and respond to any concerns or feedback.

WORKPLAN

b. Expanding access to high-quality jobs, including for people in low-income and disadvantaged near-port communities

To foster diversity and inclusivity in contracted projects, all project solicitations will actively encourage participation from Disadvantaged Business Enterprises (DBEs). Local union partners, along with their registered apprenticeship and training programs, engage in outreach efforts, such as attending job fairs and career programs facilitated by local tribal organizations, to increase participation from underrepresented and disadvantaged populations. This approach ensures equal opportunities for individuals from all backgrounds to access workforce development opportunities and high-quality jobs.

CBJ's recruitment, hiring, and employee retention programs align with the Department of Labor's Good Jobs Principles. Job postings are shared with local minority-owned and operated organizations to encourage applications from members of those communities. CBJ also addresses barriers to employment by providing free bus passes, offering six weeks of paid parental leave, and providing up to \$5000 in childcare financial assistance to employees.

By prioritizing fair compensation, training opportunities, and promoting inclusivity through DBE participation and outreach efforts, the project demonstrates its commitment to job quality in Juneau. These measures contribute to economic growth, job creation, and the empowerment of underrepresented groups, fostering a more inclusive and prosperous community.

Section 7 – Project Resilience to Climate Impacts

CBJ will employ skilled contractors, integrate regional and local best practices, and utilize climate impact modeling to ensure the proposed shore power infrastructure meets its objectives amidst changing climate conditions.

Regarding land-based climate impacts, Juneau faces potential risks from landslides, avalanches, and flooding due to increased frequency and severity of heavy precipitation events. These risks were considered during site selection and design. To mitigate flooding hazards, floating structures designed to withstand expected water levels and currents generated by tsunamis will be utilized. Additionally, comprehensive geotechnical investigations and use of historically stable ground will mitigate mass wasting risks.

Despite concerns about rising sea levels elsewhere, Juneau experiences isostatic rebound, where its land masses are rising relative to sea levels at a rate of about 1/2 inch per year. This process, ongoing since the ice age, is expected to continue for another 10,000 years. Therefore, at the end of the project's 50-year design life, fixed structures will be approximately 25 inches higher relative to mean sea level compared to their initial construction. While this adjustment is factored into the design, it is considered negligible at the Port of Juneau, where tidal fluctuations reach up to 25 feet.

Section 8 – Budget

CBJ is requesting \$58,330,000 in EPA Clean Ports ZE Technology Deployment Competition funding in the small water ports category (Tier B) for the final design, construction and installation of shore power at two municipal cruise ship docks in the Port of Juneau. CBJ will provide \$6,570,236 in non-federal cost share, which is 10.12% of the total proposed project cost (\$64,900,236).

Non-federal cost share funding will be provided by the City and Borough of Juneau, as was committed by Assembly Resolution 3060, adopted on May 13, 2024. These funds were collected as Marine Passenger Fee proceeds and allocated by the CBJ Assembly to this project in FY23 and FY25. The following table outlines the program costs by specified category:

PORT OF JUNEAU MUNICIPAL SHORE POWER PROJECT (SMALL WATER PORT)
WORKPLAN

Section G, Item 5.

| Line Item & Itemized Cost | EPA Funding | Non-Federal Cost Share |
|---|-----------------------|------------------------|
| Personnel | | |
| (1) Port Engineer @ \$61/hr x 5 hrs/wk x 208 wks | \$0.00 | \$63,440.00 |
| (1) Deputy Port Engineer @ \$45/hr x 12 hrs/wk x 182 wks | \$0.00 | \$98,280 |
| (1) Admin Officer @ 1hr/wk x 208 wks | \$0.00 | \$0.00 |
| Contract Specialist @ \$60,000/yr x 1hr/week x 30 wks | \$0.00 | \$0.00 |
| Community Engagement Staff @ 0.5hr/wk x 182 wks | \$0.00 | \$0.00 |
| TOTAL PERSONNEL | \$0.00 | \$ 161,720.00 |
| Fringe Benefits | | |
| Full-time Employees @ 30% of Salary and Wages x Total Personnel - Retirement, Health Benefits, FICA | \$0.00 | \$48,516.00 |
| TOTAL FRINGE BENEFITS | \$0.00 | \$48,516.00 |
| Travel | | |
| | \$0.00 | \$0.00 |
| TOTAL TRAVEL | \$0.00 | \$0.00 |
| Equipment | | |
| (1) Shore Power Transformer, 16MVA, 69kV Pri/11 & 6.6kV Sec, w/ALTC, liq. Filled, fan cooled – Alaska Steamship Dock | \$5,000,000.00 | \$0.00 |
| (1) Shore Power Transformer, 16MVA, 69kV Pri/11 & 6.6kV Sec, w/ALTC, liq. Filled, fan cooled – Cruiseship Terminal Dock | \$0.00 | \$5,000,000.00 |
| TOTAL EQUIPMENT | \$5,000,000.00 | \$5,000,000.00 |
| Supplies | | |
| Printed materials for public outreach and engagement | \$0.00 | \$4,500.00 |
| Printed materials for Workforce Development/Training | \$0.00 | \$4,500.00 |
| TOTAL SUPPLIES | \$0.00 | \$9,000.00 |
| Contractual | | |
| Civil & Structural Design (Cable Deployment, floats, etc.) | \$2,955,000.00 | \$0.00 |
| Baseline Port Mobile Source Inventory for GHG, PM _{2.5} , NO _x | \$0.00 | \$10,000.00 |
| Environmental Monitoring and Sensor Installation | \$0.00 | \$100,000.00 |
| Workforce Development & Training | \$0.00 | \$95,500.00 |
| Public Engagement & Outreach | \$0.00 | \$45,500.00 |
| TOTAL CONTRACTUAL | \$2,955,000.00 | \$251,000.00 |
| Construction | | |
| 2 x Shore Power Main Switchgear (11kV & 6.6kV) | \$2,400,000.00 | \$0.00 |
| 2 x Power factor correction capacitor bank | \$2,000,000.00 | \$0.00 |
| 2 x Shore Power 11 kV & 6.6kV conduits, conductors feeder conduit bank | \$2,000,000.00 | \$0.00 |
| 2 x Neutral Grounding and Earthing Switch | \$1,900,000.00 | \$0.00 |
| 4 x Neutral Grounding Resistors (2 per dock) | \$300,000.00 | \$0.00 |
| 2 x Neutral Grounding Resistor Selector Switch Gear | \$900,000.00 | \$0.00 |
| 2 x Electrical Interconnection btwn shore power delivery floating docks | \$300,000.00 | \$0.00 |
| 2 x Echain movable shore power outlet connection interface assembly | \$1,500,000.00 | \$0.00 |
| 2 x Shore Power Cable Manager Crane Unit | \$0.00 | \$500,000.00 |
| 2 x Concrete Electrical Vaults | \$0.00 | \$200,000.00 |
| 2 x Shore Power Cable Delivery Floating Dock (2 floats at 2100sf each) | \$3,000,000.00 | \$0.00 |
| Materials for Shore Power switchgear & transformer concrete pads, access road and site improvements | \$3,000,000.00 | \$0.00 |
| 10 x Piles, including frame, transition plates, pile anodes | \$750,000.00 | \$0.00 |
| Steel catwalk & ramps to connect the shore power delivery to floating docks (\$5000/linear ft x 125 LF) | \$625,000.00 | \$0.00 |
| Shore Power System (Civil/Structural) Labor & Installation costs | \$7,960,000.00 | \$0.00 |

WORKPLAN

| | | |
|--|------------------------|------------------------|
| Shore Power System (Electrical) labor and Installation costs | \$23,740,000.00 | \$0.00 |
| TOTAL CONSTRUCTION | \$50,375,000.00 | \$700,000.00 |
| Other | | |
| Permit Applications | \$0.00 | \$400,000.00 |
| TOTAL OTHER | \$0.00 | \$400,000.00 |
| Indirect Charges | | |
| | \$0.00 | \$0.00 |
| TOTAL INDIRECT | \$0.00 | \$0.00 |
| TOTAL FUNDING | \$58,330,000.00 | \$6,570,236.00 |
| TOTAL PROJECT COST | | \$64,900,236.00 |

a. Budget Detail:

- **Personnel:** The attached budget spreadsheet above notes CBJ staff, salaries and estimated hours that are anticipated to work on the project. There are \$0 budgets associated with several positions will contribute to the project, but for which are not requesting funding for their time on the project. The Port Engineer will serve as the project manager, assisted by the Deputy Port Engineer, throughout the duration of the project. The Port Engineer will coordinate with the EPA and other agencies and CBJ divisions and departments to ensure project success and timely reporting of project status and community benefits. The Deputy Port Engineer will serve as the on-the-ground project coordinator, working closely with contractors throughout the construction and Installation.
- **Fringe Benefits:** The attached budget spreadsheet notes Fringe Benefits for the staff that are anticipated to work on the project and for whom we anticipate requesting CPRG funding for time spent on the project. These numbers were calculated at a rate of FTE x 30% of salary.
- **Travel:** CBJ does not anticipate incurring or requesting funding for any travel costs for this project. Inspection of construction materials prior to arrival on site will be performed by members of the contracted design team whose specialized knowledge will be required for inspection.
- **Equipment:** CBJ will directly procure two transformers required to link the shore power pedestals and supporting infrastructure to the electricity distribution network. One transformer will be financed using non-federal matching funds for the Alaska Steamship Dock, while the other will be funded through requested EPA funds for the Cruiseship Terminal Dock. These transformers, totaling \$5,000,000 each, are not classified as "grid upgrades" as they will be owned, operated, and maintained by CBJ, exclusively for the municipal shore power system in this project. All other equipment purchases exceeding \$5000 will be acquired through selected contractors for installation at the project site, as specified in the Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance. These costs are encompassed in the "Construction" category.
- **Supplies:** To support the proposed workforce development and training activities, CBJ has budgeted \$4,500 in non-federal matching funds for printed materials. These may include but are not limited to recruitment and training event promotional flyers, printed operation and maintenance manuals and other condensed instructional guides.
- To support the proposed public outreach and engagement activities, CBJ has budgeted \$4,500 in non-federal matching funds for printed materials. These may include but are not limited to community event promotional flyers and posters, mailed Informational pieces to AELP customers and impacted community organizations, printed brochures and other materials describing the project and opportunities to participate for distribution at community events.
- **Contractual:** CBJ anticipates conducting five (5) contract activities as part of this application:
 1. Civil and Structural Engineering and Design
 - a. Estimated Cost: \$2,955,000 (EPA Funding)

WORKPLAN

- b. Proposed Duration: 10 months
 - c. Proposed Procurement Method: Competitive
 - d. Description: *CBJ will conduct a competitive procurement process aligned with EPA Best Practice Guide to engage a design consultant to provide civil and structural engineering and design for the deployment of the municipal shore power infrastructure. This includes the design of the access road, cable deployment system, floating pontoons, piles, ramps and catwalks needed to access and deploy the shore power. Electrical design is in progress and being completed through a separate contract utilizing local (non-federal) funds outside of the scope of this proposal but will be completed in concert with the coordinating civil and structural components. Resulting designs will be used to procure the specified transformers and draft bid documents for the Construction aspect of the project. Design will utilize BABA compliant equipment and materials, as is required for Clean Ports program funding.*
2. Baseline Port Mobile Source Inventory for GHG, PM2.5, NOX
- a. Estimated Cost: \$10,000 (Non-federal Match)
 - b. Proposed Duration: 7-12 months for study and final report
 - c. Proposed Procurement Method: Competitive
 - d. Description: *CBJ will contract with a qualified organization to complete an inventory of port mobile source emissions for completion a minimum of one year prior to the project completion.*
3. Environmental Monitoring Sensor Equipment and Installation
- a. Estimated Cost: \$100,000 (Non-Federal Match)
 - b. Proposed Duration: Ongoing through the life of the project.
 - c. Proposed Procurement Method: Competitive
 - d. Description: *CBJ will contract with a qualified organization to identify locations and install sensors to monitor air quality. We anticipate that the \$100,000 estimated cost will cover the installation of sensors and the first year of data collection. Subsequent annual costs are expected to be readily covered by local funding.*
4. Workforce Development & Training
- a. Estimated Cost: \$95,500 (Non-Federal Match)
 - b. Proposed Duration: 9-12 months to develop program, conduct initial trainings
 - c. Proposed Procurement Method: Competitive
 - d. Description: *CBJ will conduct a competitive procurement process aligned with EPA Best Practices Guide to engage a qualified consultant to develop and comprehensive operations and maintenance manual and safety training program to develop the workforce required to operate and maintain the shore power infrastructure. The contract will include "Train the trainer" training so that CBJ and it's partners can train new staff after the project period concludes.*
5. Public Engagement and Outreach
- a. Estimated Cost: \$45,500 (Non-federal Match)
 - b. Proposed Duration: 12-24 months to develop outreach plan, materials, coordinate community events
 - c. Proposed Procurement Method: Competitive
 - d. Description: *CBJ will conduct a competitive procurement process aligned with EPA Best Practices Guide to engage a qualified consultant to develop a strategic public engagement plan and communication materials that prioritizes meaningful participation*

WORKPLAN

from impacted communities throughout the project period. This contract will be supported by and utilize the communications efforts and channels of the CBJ and Docks & Harbors staff.

- **Construction**

Total Construction Cost: \$51,075,000.

CBJ will use the design and engineering provided by the chosen consultant to create and advertise construction bid documents, seeking construction bids through a competitive process. Bidding will allow ample time for the contractor to purchase long lead-time materials and equipment, ensuring readiness for construction the following summer. The selected contractor will handle all site improvements, including constructing an access road to the power conversion station for connection to the 69kV electrical network. They will also procure necessary equipment and install shore power pedestals, deployment systems, and infrastructure upgrades from the electrical distribution network to the docks' floating pontoons and cable management systems.

All equipment needed for the project's construction will be procured by the selected contractor(s) and listed in the Construction budget category. Detailed descriptions of these items, which include two of each for both docks, are provided in the following section.

2x Shore Power Main Switchgear provides the main on/off switch which controls power to the shore power system. The main switchgear is capable of being monitored and controlled remotely by the Utility to connect and disconnect the ships.

2x Power Factor Correction Capacitor Bank provides the means adjust the AC power frequency to sync between the power grid and the ship electrical system.

2x Shore Power 11 kV & 6.6 kV Conduits & Conductors provides the cables between the power conversion station and the port. Conductors will be installed in conduits for physical protection and personnel safety.

2x The Neutral Grounding and Earthing Switch connects all shore power conductors to the ground, safeguarding personnel from high-voltage exposure in case of accidental energization. The ship's electrical engineer ensures the system is grounded before handling cables.

4x Neutral Grounding Resistors (2 per dock) will limit grounding currents to safe levels should the system be energized during connection.

2x Neutral Grounding Resistor Selector Switch Gear will connect the grounding resistor during ship connection and disconnect when all cables are connected.

2x Echain movable shore power outlet connection interface assembly provides the means for the cable manager crane unit to move freely without chafing the electrical conductors.

2x Shore Power Cable Manager Crane Unit handles the electrical conductors and conveys the electrical connectors to the portal on the side of the ship where the connection takes place.

2x Concrete Electrical Vaults are located on shore to provide a location to transition from the conductors used onshore and the heavy-duty conductors used offshore.

2x Shore Power Cable Delivery Floating Dock provide a location alongside the ship for the cable management crane units to be installed.

Shore Power switchgear & transformer concrete pads, access road and site improvements relate to the civil engineering improvements required to install the switchgear and transformers.

10x Piles, including frame, transition plates, pile anodes are required to fix the two floating docks alongside the ships. The anodes prolong the life of the pilings installing in the ocean.

Steel catwalk & ramps to connect the shore power delivery to floating docks provide operator access to the two floating docks to operate and maintain the system.

Construction labor costs and installation associated costs are separated into two categories – Electrical system construction and Civil/Structural construction. These items include the requisite costs to support the successful construction of both docks.

Other + Indirect Costs

CBJ anticipates \$400,000 in permitting costs for the project. These include hiring an experienced consultant to manage the NEPA process as well as preparing the permit application for the USACE permits required for in-water work.

CBJ does not anticipate incurring or requesting funding for any Indirect costs for this project.

b. Expenditure of Awarded Funds

CBJ's finance and contracts department, well-equipped and experienced, issues about forty qualifications-based selection (QBS) solicitations for professional services each year through the Public Works and Engineering Department. These solicitations vary in value and complexity, ranging from simple planning reports to intricate design proposals for construction projects.

Federal grant funding often adds complexity to the procurement process. CBJ handles this adeptly, managing roughly four to six procurements annually that require compliance with applicable Federal CFR provisions and contract requirements. CBJ project managers collaborate closely with the EPA and the finance and contracts teams to ensure timely and efficient fund utilization within the grant period, adhering to guidelines outlined in 2 CFR 1500.10.

c. Reasonableness of Costs

A detailed breakout of project costs and justifications of requested funding are outlined in the budget table and narrative in Section 8.a of this application, as is a description of the source and amount of non-federal matching funds committed to the project.

The project meets the target apportionment among cost categories, with expenses related to the purchase and installation of shore power infrastructure making up 94% (\$61,075,000) of the total project budget. All costs related to the purchase and installation of shore power infrastructure are noted in italics in the budget table of this section. The costs proposed will comply with the municipality's purchasing procedures and all procured costs will comply with 2 CFR 1500.10.

Section 9 – Attachments

Please see the files included in the "Other Attachments" form, including the Supplemental Application Template, Utility Partnership Template, Letters of Commitment and CBJ Assembly Resolution 3060.

Attachments:

Form Name / Attachment File Name (Click to Download PDF Attachments)

File Size

| | |
|--|----------|
| FORM: Application for Federal Assistance (SF-424) [V4.0] | 1.3 MB |
| FORM: Budget Information for Non-Construction Programs (SF-424A) [V1.0] | 963.5 KB |
| FORM: EPA Form 4700-4 [V5.0] | 1.2 MB |
| FORM: EPA KEY CONTACTS FORM [V2.0] | 294.6 KB |
| FORM: Grants.gov Lobbying Form [V1.1] | 153.0 KB |
| FORM: Other Attachments Form [V1.2] | 109.3 KB |
| Attachments: 2024-clean-ports-supp-applic-template-2024-04_CBJ Port of Juneau Shore Power.xlsx | 197.5 KB |
| Attachments-Res3060_Clean_Ports_Grant_Program_Final-SIGNED.pdf | 97.2 KB |
| Attachments-Signed 2024-clean-ports-uti-partner-agreement-2027-04-30_AELP.pdf | 174.4 KB |
| Attachments-AELP Letter of Commitment for CBJ Clean Ports 2024.pdf | 304.1 KB |
| Attachments-JCOS Clean Ports Letter of Commitment .pdf | 142.2 KB |
| Attachments-05212024 Juneau Shore Power Letter_CLIA.pdf | 81.3 KB |
| Attachments-2024-05-17 Delegation EPA Grant Support Dock Electrification.pdf | 154.6 KB |
| Attachments-2024 Dock Electrification CBJ Support Letter_Goidbelt.pdf | 188.8 KB |
| Attachments-AvML - CBJ Clean Ports Grant LOS.pdf | 914.0 KB |
| Attachments-TH LOS for CBJ EPA Clean Ports Grant.pdf | |
| Attachments-Clean Ports Grant Commitment Letter Carnival - Executed - 20May24.pdf | |
| Attachments-Port of Seattle CPP Support Letter for CBJ_SPM Signed.pdf | |
| Attachments-Clean Ports Support Letter_BRH.pdf | |
| Attachments-CBJ Clean Ports Grant_Support Letter_SEARHC_SIGNED.pdf | |
| Attachments-IBEW Letter of Commitment -Clean Ports Grant Program - 5-28-2024_1.pdf | |
| FORM: Project Narrative Attachment Form [V1.2] | |
| Attachments-Workplan_CityandBoroughofJuneau_CleanPorts.pdf | 890.2 KB |

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Presented by: The Manager
Presented: 05/13/2024
Drafted by: Emily Wright

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 3060

A Resolution of the City and Borough of Juneau in Support of the U.S. Environmental Protection Agency and the Clean Ports Grant Program.

WHEREAS, the U.S. Environmental Protection Agency administers the Clean Ports Program: Zero-Emission Technology Deployment Competition under the Ports Initiative by reviewing, scoring, and ranking applicants seeking limited federal funds; and

WHEREAS, the City and Borough of Juneau (“CBJ”) led the world with the first electrified cruise ship berth in 2001 providing renewable hydroelectricity that utilized excess power reserves to reduce ship emissions and to lower power rates for the local residents; and

WHEREAS, the CBJ continues to wisely use new technologies to see power consumption reductions that have allowed the existing generation system to absorb new loads from electrical cars and electrical buses without new generation infrastructure; and

WHEREAS, the CBJ consistently receives public comment concerning emissions caused by cruise ships, and hydropower provides energy while limiting greenhouse gas emissions; and

WHEREAS, the cruise ship fleets continue to retrofit or build shore tie power connection systems to reduce emissions and reduce operating costs; and

WHEREAS, CBJ Docks and Harbors is committed to designing, constructing, and maintaining infrastructure under its charge in a sustainable and efficient manner commensurate with available resources and is currently working with H3 Engineering to design an appropriate system for Juneau; and

WHEREAS, due to fiscal limitations with new capital projects, the CBJ-owned cruise ship berths were not initially equipped with shore tie power infrastructure; and

39 WHEREAS, the addition of shore power connections to the CBJ cruise ship berths will
40 drastically reduce vessel emissions and visible particulates in Juneau; and

41

42 WHEREAS, the CBJ is prepared to meet the fiscal match requirements of the Clean
43 Ports Program: Zero-Emission Technology Deployment Competition; and

44

45 WHEREAS, CBJ Docks and Harbors intends to submit an application under the Clean
46 Ports Program: Zero-Emission Technology Deployment Competition to purchase and install
47 shore tie power connections to both municipally owned cruise ship berths.

48

49 NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF
50 JUNEAU, ALASKA:

51

52 **Section 1. Cruise Ship Dock Electrification.** The Assembly of the City and
53 Borough of Juneau strongly supports the design, purchase, install, and maintenance of
54 shore tie power connections to both municipally owned cruise ship berths, and requests
55 the U.S. Environmental Protection Agency provide full funding for this project.

56 **Section 2. Local Match.** The Assembly of the City and Borough of Juneau
57 supports providing a minimum 10% local match as required by the grant agency,
58 which would need to be authorized by a subsequent ordinance.

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60 **Section 3. Effective Date.** This resolution shall be effective immediately after its
61 adoption.

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63 Adopted this 13th day of May 2024.

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Michelle Hale, Acting Mayor

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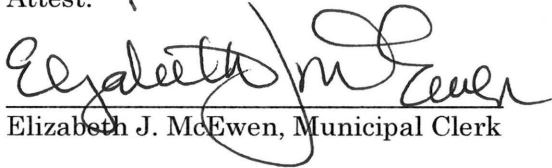
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Attest: ,

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Elizabeth J. McEwen, Municipal Clerk

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The City and Borough of Juneau is not responsible and shall not be liable to the user for damages of any kind arising out of the use of data or information provided by the City and Borough of Juneau, including the installation of the data or information, its use, or the results obtained from its use. ANY DATA OR INFORMATION PROVIDED BY THE City Borough of Juneau IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Data or information provided by the City Borough of Juneau shall be used and relied upon only at the user's sole risk, and the user agrees to indemnify and hold harmless the City Borough of Juneau, its officials, officers and employees from any liability arising out of the use of the data/information provided. NOT FOR ENGINEERING PURPOSES.

