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HOUSE COMMITTEE REPORT

3-20-91

(7)
Date Referred: March 8, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 3-18-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 145

HOUSE BILL NO. 145

APPROP: ANCHORAGE-SHIP CREEK PROJECT

"An Act making a contingent appropriation to the Department of Administration for a grant to the Municipality of Anchorage for the Ship Creek Basin Waterfront Development Project; and providing for an effective date."

- RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal impact _____ fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Betty Davis		Lail Phillips		X	
Jan M Baker BAKER		Cheri Davis		X	
Ang M Mackie MACKIE		J. G. Snyders (Iron Works)		X	
Richard Foster FOSTER					

Ang M Mackie MACKIE
CHAIRMAN'S SIGNATURE

3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7628

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE



CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

March 11, 1991

M E M O R A N D U M

TO: Representative Jerry Mackie, Chair
House Community & Regional Affairs Committee

FR: Representative Johnny Ellis *JE*

RE: Scheduling HB 145

I respectfully request that you schedule HB 145 for a hearing in the Community & Regional Affairs Committee. HB 145 makes an appropriation of \$10.07 million for the Ship Creek Basin Redevelopment Project.

Anchorage found its beginnings along the banks of Ship Creek, which has since become a strictly industrial area. This appropriation would provide infrastructure for enhancement of the area, thus making it a more attractive place for commercial and tourism-related industries to take hold. The Anchorage Economic Development Corporation is circulating a Request for Proposal to solicit bids from developers who would plan a tourism oriented development of the Ship Creek Basin, once the site is prepared.

Site preparation will include improved pedestrian and vehicle access to the area, utilities for the area including water and sewer, and enhancement and integration of a wetland "sedge" meadow within the project area.

This measure represents a public/private partnership of unique quality that will boost tourism in Alaska and also help accommodate the continual growth of the port in Anchorage.

My goal is to educate the members of each committee of referral about the importance of this project, so that when the bill gets to the Finance Committee, it can stand on its own merits. A project like this should have a high priority on the list of Capital Projects for FY '92.

Thank you for your consideration.



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TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

House Bill 145 Ship Creek Basin Development



Rep. Johnny Ellis
February 28, 1991

HOUSE BILL 145

This measure appropriates \$10.07 million to the Municipality of Anchorage for tideland fill and access improvement for the Ship Creek Basin Original Townsite Redevelopment Project. The appropriation will provide for the following: 1) between 500,000 and 957,000 cubic yards of fill (depending on rate), 2) construction of Waterfront Drive, which will connect North "C" Street and Christensen Drive and provide a separated grade crossing of the railroad tracks, 3) utilities to the project area, including electrical, water, and sewer, and 4) planning for enhancement and integration of a 15 acre wetland meadow in the project area.

The Ship Creek Redevelopment Project is a result of the joint efforts of the Alaska Railroad Corporation, the Municipality of Anchorage, and the Anchorage Economic Development Corporation. The purpose of this phase of the project is to improve the land quality, utilities and access in the Ship Creek Basin, in order to attract tourism and fisheries-based industries to the area.

With improved access and land quality, the Ship Creek Basin could well become the most attractive and viable part of Downtown Anchorage. A hotel, restaurants, and retail stores would provide employment and attract tourists to this area along Ship Creek that has long been strictly industrial. What was once the hub of activity in Anchorage could once again be a place where people go to play, rather than just to work.

In April of 1990, the Alaska Railroad Corporation (ARRC) and the Anchorage Economic Development Corporation (AEDC) signed an agreement which allowed AEDC to draft a master lease option for the project area, and a Request for Proposal to solicit bids from qualified developers. The Municipality of Anchorage (MoA) has agreed to sublease 63.3 acres of ARRC land to AEDC for inclusion in the project, contingent upon review and approval of the master lease.

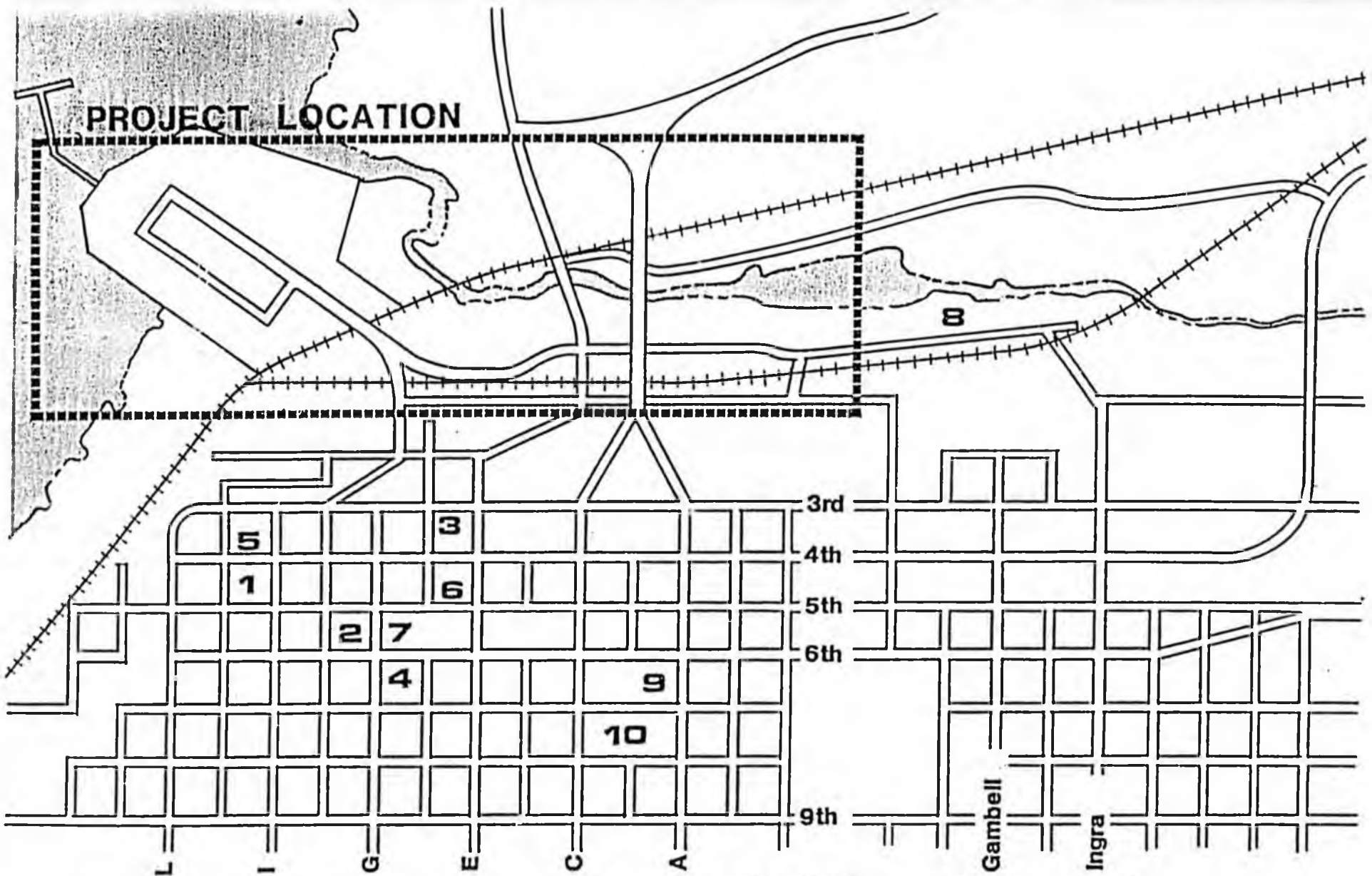
The RFP was completed and approved in November of 1990, and has already attracted a substantial number of qualified bidders who are interested in developing the 120 acre site once it is prepared. A developer should be on board by December 31, 1991, and private development and construction should begin during the 1992 construction season.

ENCLOSED BACK-UP FOR HB 145: 1) COST SUMMARY OF THE PROJECT, 2) MAP OF PROJECT LOCATION, 3) AEDC EXECUTIVE SUMMARY AND PROJECT GOALS, 4) AGREEMENT DETAILS BETWEEN AEDC, ARRC AND MoA, 4) SUMMARY OF THE RFP, 5) RESOLUTIONS OF SUPPORT, AND 7) MEDIA

SHIP CREEK BASIN DEVELOPMENT
PROJECT COST SUMMARY

JULY 1990 ESTIMATE
DEPARTMENT OF PUBLIC WORKS
MUNICIPALITY OF ANCHORAGE

-	Fill and Butress Material (for 61.4 acre portion of project)	\$5,000,000
-	Waterfront Drive Construction (connecting North "C" Street and Christensen Drive, providing separated grade railroad crossing)	\$4,000,000
-	Planning for Wetland Meadow Enhancement and Integration	\$220,000
-	Utilities Installation	
	Permanent 34.5KV electrical	\$500,000
	Water and Sewer to area	\$350,000
	TOTAL Utilities Installation	\$850,000
	TOTAL INFRASTRUCTURE COST	<hr/> \$10,070,000



- | | |
|----------------------------|--------------------------------------|
| 1 HOTEL CAPTAIN COOK | 6 EGAN CONVENTION CENTER |
| 2 WESTMARK ANCHORAGE HOTEL | 7 ALASKA CTR for the PERFORMING ARTS |
| 3 ANCHORAGE HILTON | 8 ANCHORAGE TRADE CENTER |
| 4 HILL BUILDING | 9 MUSEUM |
| 5 COURTHOUSE | 10 FEDERAL BUILDING |



ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

Ship Creek Basin Development

Executive Summary

GOAL: To attract a qualified urban waterfront development team to undertake a major tourism-oriented project in the Ship Creek basin. This will be a planned, phased development that will improve the lower Ship Creek basin for tourism, maritime and resident pedestrian uses.

BENEFITS: Estimated investment in the range of \$50 - 100 million over five years, and 300 to 500 permanent new jobs. The development is likely to include tourism facilities that will address the current shortage of viable attractions in Anchorage. General appeal and community asset quality in the area will also be improved.

NEEDS: Public infrastructure improvements, including access, tidelands fill, and utilities. Total infrastructure needs for the project are likely to exceed \$20 million, although a precise figure will not be known until development proposals are submitted and a developer and development plan are selected.

PROPOSAL: To provide \$10 million of the infrastructure needs with a 1991 appropriation, and the balance in 1992 or later. This will be an essential element of attracting a strong development proposal, and will allow the project to break ground in the 1992 construction season.

DETAIL: AEDC is currently circulating a "request for proposal" that has been approved by both the Alaska Railroad and Municipality. Developers are invited to respond. The successful respondent will be granted a master lease of the 120 acre project area, which includes the waterfront and lands upstream to the eastern end of the Original Townsite project. Details on how the infrastructure funding will be used is shown on the next page.

LEGISLATIVE PROPOSAL

Ship Creek fill, roads and bridges

\$10,070,000

Continued development of Alaska Railroad-owned property in the Ship Creek basin is supported by four professional studies of the area and its potential. The Port's Master Plan, the Ship Creek Concept Plan, the Original Townsite Study and the Port's Ship Creek Development Project Concept Design all recommend increasing the usable property at Ship Creek Point and improvement of access roads and bridges. The Municipal resolution (AR 90-282) which authorizes the AEDC to attract a private developer to the Ship Creek area communicates the intent of the Municipality to include a \$10 million legislative grant request in the 1991 Legislative package for fill, road and bridge work.

Fill Costs

Each of the key elements in the \$10 million package are based on development estimates provided by the Municipal Department of Public Works. Fill and buttress material to complete the 61.4 acre leasehold development was estimated at \$16,870,000 assuming material available at a cost of \$6 per cubic yard. More recent cost estimates by the department have estimated fill material costs at \$10 per cubic yard or 166 % of the original estimate. Fill for the full pad would cost \$28,004,000 at that rate. The administration's recently proposed fill permit does not include the 15 acre "sedge meadow," leaving a total of 28.2 acres available for development once the fill permit is in hand.

Improved access

Access to the site from downtown will be provided by a separated grade crossing of the railroad tracks. Currently the most favored site is a rail crossing at the eastern edge of the Municipality's leasehold which is approached from North C Street via a new road, Waterfront Drive. Christensen Drive would be extended to intersect with Waterfront Drive north of First Avenue. The combined Waterfront Drive/Christensen Drive access improvements are estimated to cost \$7,410,000.

Utilities

Utilities have been installed in the project area. The electrical service is not permanent, however, and no lateral water and sewer lines have been funded to the periphery of the leasehold. Installation of full electrical service the length (east-west) of the Ship Creek Point area would cost \$500,000. Lateral water and sewer lines into newly-filled portions of the site would cost \$250/lin. ft. or \$500,000 for four 500' runs.

Budget

Fill:	Between 500,000 and 957,000 cu. yd. (depending on rate)	\$5,000,000
Access:	Christensen/Waterfront Drive and ARR crossing	4,000,000
Utilities:	Permanent 34.5KV electrical	500,000
	Water and sewer laterals onto newly filled area	350,000
Mitigation:	Planning for sedge meadow enhancement and integration	220,000
TOTAL		\$10,070,000

REC'D FEB 23 1991



ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

February 25, 1991

Honorable Johnny Ellis
Alaska House of Representatives
PO Box V (MS 3100)
Juneau, AK 99811

Dear Johnny:

Following is a brief report on the status of the Ship Creek Basin Development Project. After the Municipality approved the Request for Proposal in late November, it was printed and distributed. AEDC then solicited interested developers during January and February, and continues to do so.

On February 7 we held a pre-proposal meeting that was attended by representatives of several development groups. Among the most qualified and financially stable were: Enterprise Corp., Trillium Corp., and Skinner Development Company. The meeting attendees showed strong interest in the project. Our next step is to conduct two marketing trips to the Orient to solicit developers. We hope to maximize the tourism potential by providing a built-in market through the developer.

The proposals are due on August 1. Early indications are that we will have more than one substantial proposal for the project. We should have a developer on board by December 31, 1991.

We will keep you informed as this exciting project progresses.

Sincerely,

Scott E. Hawkins
President

P.S. As we discussed last month, it is AEDC's intention to remain alert for ways to include disadvantaged and minority-owned businesses and employees in this project.



April 20, 1990

ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

Mr. Frank Turpin
President
Alaska Railroad Corporation
P.O. Box 107500
Anchorage, AK 99510-7500

Re: Ship Creek Basin Redevelopment

Dear Mr. Turpin:

This constitutes a letter of intent which sets forth in general terms the goals, process and structure of the agreement between the Anchorage Economic Development Corporation (AEDC) and the Alaska Railroad Corporation (ARRC) for the redevelopment of a portion of the Ship Creek Basin in Anchorage, Alaska.

It is anticipated that the details of both the process and the project will evolve by agreement as we proceed.

GOALS. The primary goal is to accomplish the redevelopment of and tourist oriented investment in the Ship Creek Basin on the South side of Ship Creek, west of the power plant dam to the shoreline of Cook Inlet. This will encompass land owned by ARRC and land leased by the Municipality of Anchorage (MOA) from ARRC. The redevelopment will be accomplished through a project developer selected by an RFP process and approved by ARRC and MOA.

PROCESS OUTLINE. The proposed process is:

1. Execute this letter of intent.
2. Form Project Committee
3. Solicit the input and support of civic organizations, such as Government Hill Community Council, Downtown Anchorage Association, Commonwealth North, Anchorage Chamber of Commerce, and Anchorage Convention and Visitors Bureau.
4. Obtain concept approval by MOA and commitment of its leasehold land, consisting of approximately 60 acres on the shoreline south of the mouth of Ship Creek, to AEDC for inclusion in the RFP process and this project.

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Mr. Frank Turpin
April 20, 1990
Page 2

5. Negotiate relocation agreements with existing tenants, other than MOA.
6. Negotiate Master Lease Options with ARRC and MOA for their respective land interests.
7. Pre-RFP consultation with regulatory agencies.
8. Pre-RFP public hearing.
9. Draft RFP and conduct additional public hearing.
10. Finalize RFP and obtain approval of ARRC and MOA.
11. Disseminate RFP to local, regional, national and international developers.
12. Recruit responses by qualified developers.
13. Review responses to RFP and select finalists.
14. Negotiation with developer(s).
15. Selection of successful proposal.
16. Approval of proposal and developer by ARRC and MOA.
17. Finalize and execute development agreement.
18. Assignment/transfer of Master Lease Options to developer.

PROPOSED ELEMENTS. The following have been identified as critical elements of portions of the project structure.

1. The Project Committee will be an AEDC committee which will consist of at least one member each from AEDC, ARRC and MOA. ARRC approval shall be required for persons selected for the committee. Decisions of the project committee must be unanimous.
2. The Master Lease Option must contain the following elements:

Mr. Frank Turpin
April 20, 1990
Page 3

- a. Development Incentives. It will provide for tax free financing of at least five million dollars per year for five years, subject to the requirements of federal and state law. It also may provide for lease rate reduction based on credits for capital investment in leasehold and/or subleasehold improvements associated with the project at ARRC discretion.
 - b. Transferability. The Master Lease Options to AEDC may be assigned or exercised upon final approval of the development agreement by ARRC and MOA.
3. The Development/Project Agreement shall afford opportunities for local small businesses to participate as sublessee owners and operators.

RECOGNIZED CONTINGENCIES AND TOPICS FOR DISCUSSION PRIOR TO DRAFTING RFP. The following list of contingencies and topics which must be addressed is not exhaustive, but serves as a guide for action:

1. The current users/lessees of property within the project and plan for dealing with them shall be identified.
2. The MOA must commit to inclusion of its leasehold acreage before execution of the Master Lease Option between AEDC and ARRC.
3. Environmental risks and concerns, both existing and related to project development shall be identified and a plan developed to address the same.
4. Railroad right of way requirements and safety concerns shall be identified.
5. Inventory and potential utilization of existing and presently proposed improvements within the project area must be evaluated.

AEDC DUTIES AND RESPONSIBILITIES. AEDC shall undertake the following at its own expense:

Mr. Frank Turpin
April 20, 1990
Page 4

1. Solicitation of MOA commitment of the Ship Creek land leased by MOA from ARRC to the project.
2. Office and administrative staff support to the Project Committee.
3. Preparation and issuance of the final RFP.
4. Recruitment of known potential developers to submit responses to RFP.

ARRC DUTIES AND RESPONSIBILITIES. ARRC shall undertake the following at its own expense:

1. Provision of accurate information regarding legal descriptions, existing leases and uses of ARRC land within the project.
2. Expeditious negotiation in good faith of Master Lease Option.
3. Provision of currently available information concerning identified existing or potential environmental hazards or risks within the project area.
4. Assistance and support in dealing with regulatory agencies and MOA.
5. Review and final approval of RFP.
6. Review and approval of final development agreement.

The parties acknowledge and agree that the foregoing allocation of duties and responsibilities is not complete. Other tasks and duties shall be identified and allocated in the course of the work of the Project Committee. Each party shall use its best efforts in accomplishing the goals set forth above.

COMPENSATION. AEDC shall be compensated for its successful efforts by and in such amount as it may receive from the developer for assignment/transfer of the rights of AEDC in the Master Lease Option(s). AEDC may be further compensated for any role which it fulfills in carrying out the development plan for the project, as provided in the development agreement.

Mr. Frank Turpin
April 20, 1990
Page 5

WAIVER OF CLAIMS. Without regard to the success or failure of the efforts of AEDC, ARRC agrees and hereby does release and waive any and all claims of whatsoever type or nature it hereafter may hold against AEDC, its directors, officers, employees or agents arising out of this project, other than those which arise from gross negligence or malicious and intentionally damaging actions. Likewise, and to the same extent, AEDC agrees and hereby does release claims it may hereafter hold against ARRC, its directors, officers, employees or agents arising out of this project.

TERMINATION. This agreement shall continue in force and effect for a period of not less than 18 months or the issuance of the final RFP and 12 months thereafter, whichever shall first occur. The parties may agree at any time to an extension of these time periods.

DISCLAIMER. AEDC cannot and does not guarantee that it will be successful in meeting the goals set forth herein. ARRC agrees and acknowledges that AEDC is not providing legal, tax or other professional advice to ARRC under this agreement and that the responsibility for securing such professional assistance is the responsibility of ARRC.

The parties agree that this letter shall constitute an effective agreement upon its execution by representatives of each corporation.

The staff of the Anchorage Economic Development Corporation looks forward to working with you on this project.

Very truly yours,

ANCHORAGE ECONOMIC DEVELOPMENT
CORPORATION

By: Scott E. Hawkins

Scott E. Hawkins
President

ACCEPTANCE

Accepted and agreed to this 26 day of April, 1990.

ALASKA RAILROAD CORPORATION

By: Frank Turpin

Frank Turpin
President



MOA/AEDC OPTION AGREEMENT

OPTION AGREEMENT

THIS OPTION AGREEMENT (this "Option") is made and entered into by the Municipality of Anchorage, a municipal corporation under the constitution and laws of the State of Alaska, and the Anchorage Economic Development Corporation, an Alaska non-profit corporation ("AEDC").

Recitals

A. The Alaska Railroad Corporation and AEDC entered into a letter of intent dated April 20, 1990 concerning the Ship Creek Basin Redevelopment project, which among other things provided for negotiations of a master lease for real property of the Alaska Railroad within the boundaries of the project.

B. Said letter of intent also provided for AEDC to acquire and hold an option for said master lease pending the selection of a qualified developer and development plan.

C. An approximate 63.3 acre parcel of land included within the boundaries of the project is currently under lease by the MOA from the Alaska Railroad Corporation until September 2017, after which time the MOA has an option to renew that lease for an additional thirty-five years.

D. The letter of intent entered into by the Alaska Railroad Corporation and AEDC contemplates that the Ship Creek Basin

Redevelopment project is contingent upon the MOA agreeing to make its lease area available for inclusion in the process.

E. The MOA and AEDC have agreed that the MOA's lease area should be made available for inclusion in the Ship Creek Basin Redevelopment project through the granting to AEDC of an option for a sublease of that property on terms substantially similar to the option agreement negotiated between the Alaska Railroad Corporation and the AEDC.

F. The MOA and AEDC have negotiated the terms and conditions to be set forth in an option for a sublease and wish to reduce the same to writing.

Agreement

1. MOA hereby grants to AEDC an option to sublease that certain real property held by MOA in the Ship Creek Basin, Anchorage, Alaska, more specifically identified in Exhibit A attached hereto, on the terms and conditions hereinafter set forth.

2. MOA and AEDC acknowledge that material terms of the master sublease are not complete due to the process whereby a developer/sublessee is to be selected. This document is subject to further negotiations to accommodate specific requirements of the selected developer/sublessee. The master sublease which

results from the negotiation process as described in this Option and its attachments shall be contained in a document substantially similar to that attached as Exhibit B, and is referred to in this Option as the "Master Sublease".

3. The selection process mentioned in Paragraph 2 above is understood and agreed by the parties to be composed of the following:

a. This Option and the attached exhibits shall be part of a request for proposal (RFP) issued by the Ship Creek Basin Redevelopment Project Committee of AEDC. The MOA and AEDC expressly agree that this committee shall consist of a member of the Alaska Railroad, a board member of AEDC, a member of the Municipal Assembly, and the Mayor of the Municipality of Anchorage. The AEDC agrees to amend the composition of the committee stated on page 27 of the draft RFP to reflect this membership. Delegation of AEDC Ship Creek Project Committee members' voting authority is not authorized.

b. The Project Committee shall unanimously (4 out of 4) select a developer and negotiate a development plan and development agreement to which the developer, MOA and AEDC shall be signatories (the "Development Agreement"). The Development

Agreement shall contain an assignment of this Option and the material terms required to render the Sublease fully effective, such as the percentage of gross revenues to be paid by the developer/sublessee as rent.

c. Other changes to conform the Master Sublease with the approved development plan will be incorporated, e.g., deletion of specific properties as inappropriate to the project, if necessary, and the commencement date of the initial Sublease term to be followed by one renewal term of thirty-five (35) years, which will be subject to the MOA's termination right set forth in Paragraph 4 below.

d. The Development Agreement, the assignment of Option, and the Sublease itself shall not be effective until each has been approved by the Board of Directors of ARRC and the MOA.

4. Notwithstanding the foregoing, the Sublease shall contain provisions substantially incorporating the following concepts:

a. The initial term of the master sublease shall be until September 2017 and, should the MOA elect to exercise its option to renew the lease with the Alaska Railroad Corporation, be renewable upon the same terms and conditions for a renewal term of thirty-five (35) years. A right to terminate will be

reserved to MOA after the initial sublease term. In the event of such termination, Municipality of Anchorage shall compensate the developer/sublessee for the fair market value of its leasehold improvements. Developer/sublessee must give notice of renewal in writing not later than six (6) months prior to the expiration of the initial term or first renewal term, as applicable.

b. Annual rents shall be equal to the sum of the following:

(1) "Minimum Rent". Lessee shall pay to MOA with regard to the Municipality's developable waterfront lands, five percent of the established value of the lands. The established value of the filled portion of the leasehold shall be \$3.00 per square foot through 1996. After 1996, the established value will conform with the AEDC-ARRC master lease option agreement and the lease agreement between the Municipality and ARRC, with the latter agreement in the superior position with regard to conflicting provisions, subject to subsection (a) above. "Gross revenue percentage rent" and "penalty", if due, will be payable to the Municipality of Anchorage in addition to the "minimum rent" described in this Section.

(ii) That portion of the master sublease that applies to unfilled tidelands will be exempt from rent pay-

ments through 1996. After 1996, unfilled tidelands will be leased at a "minimum rent" consistent with the fair market value of unfilled tidelands, as determined lawfully by independent appraisal, until such time as the tidelands are filled. For example, if the fair market value of unfilled tidelands is established by independent appraisal to be \$1.00 per square foot, the base lease rate shall be five percent of that amount per year, or \$0.05 per square foot, minus any capital improvement credits the developer/sublessee may earn.

(11) In no event shall sublessee pay to the MOA an amount less than that which the MOA is obligated to pay under the MOA/ARRC Ship Creek Point Lease.

(2) "Percentage Rent". Developer/sublessee shall pay to MOA as additional annual rent an amount which is a fixed percent of the gross revenues received by developer/sublessee from the real property which is subject to the Master Sublease. The percentage to be paid shall be set forth in the Development Agreement negotiated after evaluation of competitive responses to the RFP.

(3) "Penalty Rent". In the event that, by the beginning of the eleventh (11th) lease year, the developer/sublessee has failed to produce at least 50% of the

projected Percentage Rent presented in its response to the RFP for each of the preceding three (3) years, the developer/sublessee shall pay as Penalty Rent for the 11th lease year an amount equal to the then-current Minimum Rent without any deduction for capital improvement credit. For each year thereafter in which developer/lessee does not produce at least 50% of the Percentage Rent so projected for the 10th lease year, it shall pay as Penalty Rent an amount equal to the then-current Minimum Rent without any deduction for capital improvement credit. In all such cases, Penalty Rent is cumulative to the then-current Minimum Rental, and not in lieu thereof.

c. Capital improvement credits against rental due MOA shall be available to the developer/sublessee on the following basis:

(1) Sublessee shall receive annual capital improvement credits which shall be 5.0% of the direct capital construction costs paid during the prior year for projects consistent with the Development Agreement. Notwithstanding the foregoing, in no event shall the annual credit exceed 30% of Minimum Rent then in effect. Otherwise qualifying costs shall not be eligible for credit if they are paid for, directly or indirectly, with funds originating from grants from governmental entities, from general obligation government bonds, or any other

governmental source for which developer/sublessee is not obligated to repay.

(2) The developer/sublessee shall provide an accounting of the qualifying costs and fund sources within sixty (60) days of the close of the sublease year in which the costs were paid. MOA shall issue a credit within 15 days of receipt of the accounting. Such credit will be applied to any rents due at the time the credit is issued and to any future rents due for the then-current year. If no rents are or will be due for the current year, MOA shall refund to the developer/sublessee the amount of the credit within 30 days of issuance, unless MOA elects to require an audit as provided for in subparagraph (3) immediately below.

(3) MOA may require an audit at any time, conducted by the MOA Internal Auditor or the auditor's designee, of developer/sublessee's annual capital improvement cost report by written request made within 30 days of its receipt. Should the audit reveal an overstatement of capital improvement costs of five percent (5.0%) or more, then the developer/sublessee shall bear the expense of the audit; otherwise, MOA shall bear the full expense. Any discrepancy revealed by the audit shall be promptly corrected by the payment of additional rent by developer/sublessee or the issuance of additional credit by MOA, as applicable.

e. Developer/sublessee may assign the Lease only in compliance with the terms of the Development Agreement governing assignment and transfers of interest.

f. MOA will conduct an environmental site assessment for the property subject to this Option prior to execution of the Master Lease and will provide a copy of the results thereof to AEDC and developer/sublessee. The developer/sublessee may arrange for additional site assessment work at its expense and will be required to provide a copy of the results thereof to MOA. MOA will indemnify, hold harmless and defend developer/sublessee and AEDC against all liability, cost and expense (including without limitation any fines, penalties, clean-up costs, judgments, litigation costs and attorney's fees) incurred or levied against developer/sublessee or AEDC as a result of any pollution or environmental contamination upon or affecting the leased real property shown to have been caused after September 30, 1987 and prior to the date of the Master Lease whether such pollution or environmental contamination is revealed by the environmental assessment or is then unknown. This provision shall not require MOA to indemnify, defend or hold harmless developer/sublessee with respect to damages, claims or losses that developer/sublessee may sustain by reason of delay, loss of use or lost profits arising from matters within the scope of the foregoing. However, in the event that a portion of the property is rendered undevelopable for environmental reasons,

annual rents, to include minimum rents, will be reduced on a pro rata basis. However, in no event shall the rent paid be less than that obligated by the MOA to the ARRC under its lease agreement.

5. The parties acknowledge that certain real property of MOA included in the proposed Master Sublease premises is now subject to enforceable leases, land use permits, and permits for roads and utilities. Land use permits and certain leases may contain provisions allowing for termination. During the term of this Option, MOA may enter into new contracts or renewals of contracts concerning the BDA Project No. 070103161 respecting any part of Tract A and such contracts will supersede this Option Agreement.

6. Except as hereinafter set forth, the Master Sublease shall operate to transfer to developer/sublessee all of the rights and powers of MOA as sublessor and permittor to such of those leases and permits in effect as of October 1, 1990, which remain in effect on the effective date of the Master Lease and which are selected by the developer/sublessee. Such transfer shall include, without limitation, the right and power to collect rents and terminate leases and permits, and developer/sublessee shall concurrently assume all obligations and duties of MOA as

sublessor thereunder. Developer/sublessee shall hold harmless, defend and indemnify MOA from any and all claims and actions arising from the developer/sublessee's exercise of its rights under this provision and its performance or failure to perform the duties and obligations assumed thereunder. Written notice shall be given to all sublessees and permittees affected by this provision.

7. The termination of any sublease or permit after October 1, 1990, shall not affect the Minimum Rent to be paid MOA pursuant to Paragraph 4(b) of this Option. No sublease entered into after October 1, 1990, shall be subject to developer/sublessee's election for transfer under paragraph 6 above. The developer/sublessee may negotiate with MOA for the transfer of such subleases, if any, and any consideration to be paid therefor shall be in addition to the Minimum Rent and Percentage Rent, unless otherwise agreed by developer/sublessee and MOA. This provision does not compel MOA to transfer such lease or leases to developer/sublessee.

8. ADEC shall have the following rights and interests under this Option and the subject Master Sublease.

a. The Master Sublease form attached as Exhibit B and this Option have been negotiated for the explicit purpose that

they be included in the RFP to provide essential information to interested entities.

b. This Option commits MOA to the terms set forth herein and as such should expedite negotiations with the developer selected by the Project Committee.

c. The parties acknowledge that it is not anticipated that AEDC will itself exercise the Option and AEDC agrees that it is not entitled to do so. However, it is anticipated and agreed that AEDC shall assign the Option to the developer selected by the Project Committee upon the successful completion of negotiations and that (1) AEDC will receive monetary consideration from the developer/sublessee ultimately chosen which will compensate AEDC for its costs incurred in connection with the project, and (2) AEDC may have a continuing role in the project as may be set forth in the approved development plan. The parties acknowledge that the monetary consideration referred to in subsection (1) above will compensate the AEDC for services and activities beyond those envisioned in the 1990 MOA-AEDC contract for Professional Services.

10. MOA acknowledges and agrees that AEDC has no possessory rights or control over the real property subject to the Lease and this Option and therefore agrees and promises to hold harmless,

defend and indemnify AEDC, its Board of Directors, the members of the AEDC Project Committee, and the officers and employees of AEDC, free from any and all claims which may arise from or in any way be related to the real property subject to the Master Sublease and this Option, including without limitation any and all claims and proceedings concerning environmental damage, pollution or harm. The foregoing indemnity shall not, however, extend to claims arising from preparation and dissemination of the RFP and the selection process, to the extent AEDC participates in the same.

11. Execution of the Development Agreement by AEDC, as limited by paragraph 3 of this option, and the developer shall constitute conditional assignment of this Option and notice of intent to exercise the Option. The Option shall be deemed to be exercised upon approval of the Development Agreement by the Board of Directors of ARRC and Mayor. Notwithstanding any other provision of this Option, the Master Sublease must be specifically approved by the MOA before the MOA is bound thereby. Failure of the parties to obtain approval of the Development Agreement or the Master Sublease, or both, shall constitute failure of condition, voiding the assignment.

12. This Option is effective when it has been duly executed by both parties and shall terminate if not exercised before December 31, 1991.

MUNICIPALITY OF ANCHORAGE

Dated: 11/27/90

Tom Fink
Tom Fink
Mayor of Anchorage

ANCHORAGE ECONOMIC DEVELOPMENT
CORPORATION

Dated: 11/27/90

By: Scott E. Hawkins
Scott Hawkins
President

6:OPTION1-8

SECTION 1 - INTRODUCTION

Anchorage, Alaska is celebrating its 75th birthday in 1990, reflecting on the three quarters of a century between its Tent City origins and the city which is now home to half of Alaska's population. In the flatlands around Ship Creek where the original tents were erected, the Alaska Railroad Corp. (ARRC) and the Anchorage Economic Development Corporation (AEDC) are planning for redevelopment of 120 acres of ground. Together they are soliciting private developers to create an integrated mixed-use commercial development using the waterfront and creekside property on the north side of Anchorage's downtown area.

Under agreements with the Alaska Railroad Corporation and the Municipality of Anchorage, the AEDC is soliciting developer proposals for improving the 120 acres of industrial and undeveloped waterfront property along Ship Creek. This competitive process is expected to culminate in a master lease of the property to the developer which best responds to this Request For Proposal.

The AEDC is encouraging major developers to examine the Ship Creek property, to propose specific uses and improvements in the area, and, if selected, to build the improvements. The specific elements of each proposal are expected to vary with each developer. However, studies conducted for the Original Townsite Project near the Chugach dam and for Ship Creek Point suggest that likely uses will be mixed and may include tourism, commier-

cial office and maritime activity and may ultimately involve a gradual expansion of the boundaries of downtown into the Ship Creek basin.

Anchorage has demonstrated an intense interest in and strong support for the Ship Creek redevelopment project. Over \$7 million has been invested in ground improvements in the Municipality's Ship Creek Point project, the western (and seaward) half of the total project area. Voters in 1987 approved a \$7.5 million general obligation bond issue to finance construction of a multi-purpose dock dedicated to cruise ship and other personnel intensive uses. And a 1990 Alaska Legislative grant made \$2.5 million available for site improvements in the project area including road and bridge construction.

Although no specific uses are mandated and developers are encouraged to submit creative proposals, there have been two land use studies conducted in the area over the past three years.

The 1988 Original Townsite Study was based on the premise that the Alaska Railroad's property next to Ship Creek could be used by tenants with a mixture of commercial and tourism interests. Glacier Brewery's planned "brew pub" and the pedestrian bridge across Ship Creek at the Chugach power plant dam exemplify the types of mixed commercial and tourism projects envisioned for the eastern end of the project area.

MAP 01 '91 14:51 ANCH ECONOMIC DEVELOPMENT CORP

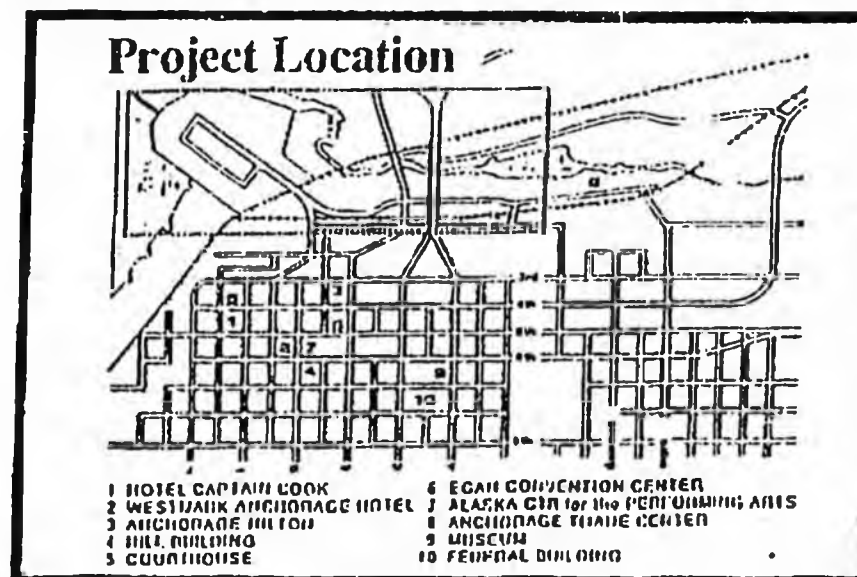
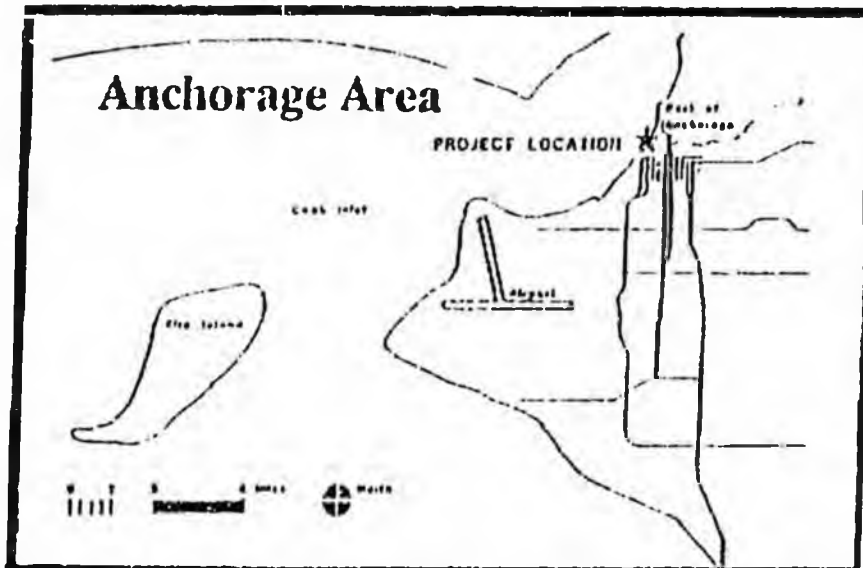
At the west end of the project site, the 1988 Port of Anchorage Ship Creek Concept Plan called for reinforcement of the waterfront site's maritime role and improved public access. The plan suggested phased-in improvements ranging from traditional boat storage facilities to a waterfront hotel, commercial office space and waterfront retail and restaurant concepts.

Urban waterfronts throughout the Lower 48 and in other parts of the world have been redeveloped in response to public interest in enjoying marine activities. Private commercial interests have been able to combine the public interest in waterfront access with commercial and tourism related activities, helping waterfront development pay its way.

The existence of 120 acres of available waterfront property near downtown is an unusual opportunity for a developer familiar with the difficulties of acquiring downtown waterfront parcels. The size of the parcel, its single owner and the desire of the Alaska Railroad and the community to see the property's use mature from industrial to commercial use heighten the project's potential for success. Using Anchorage's remarkable marine environment -- 30 foot tidal range, winter ice, beluga whales, bald eagles and king salmon runs -- imaginative waterfront developers will have ample raw material for creating a tourism destination that will attract local as well as visitor interest.

The developers who submit proposals in response to the AEDC's request for proposals will specify types of economic development projects for installation on the property. Developers

will be allowed ten months to review the project's potential, analyze its feasibility, define their own proposals and to submit their proposals to the AEDC. The process of selecting a master developer is expected to be completed in 1991.



SECTION 2 - PROJECT SUMMARY

The project area is situated along Ship Creek on approximately 120 acres of ground between the Port of Anchorage and downtown. The historic role of the Ship Creek area as the city's first "anchorage," and as the original encampment of settlers and surveyors, gives the site a unique historical significance. However, the 30 foot tidal fluctuations of Cook Inlet and the topographic separation of the site from the downtown have left the property greatly underutilized. A physical and visual barrier between the city and its waterfront exists today along Ship Creek and Cook Inlet.

The property extends downstream on the south (downtown) side of Ship Creek from the Chugach Electric Utility dam to Cook Inlet. Roughly half of the property, 60 acres, is filled and lies upstream from the Municipality's Ship Creek Point project. Only 18.1 acres of the 61.4 acre Ship Creek Point parcel is filled; the balance is undeveloped tidelands.

Applications for filling the tidelands area have been filed and studies initiated to determine which additional tidelands may be filled. The study is to be completed in 1990.

Growing interest in Anchorage's unique waterfront results from four significant factors:

- The national trend toward waterfront involvement and commercial development has captured the imagination of Alaskans who visit other communities;

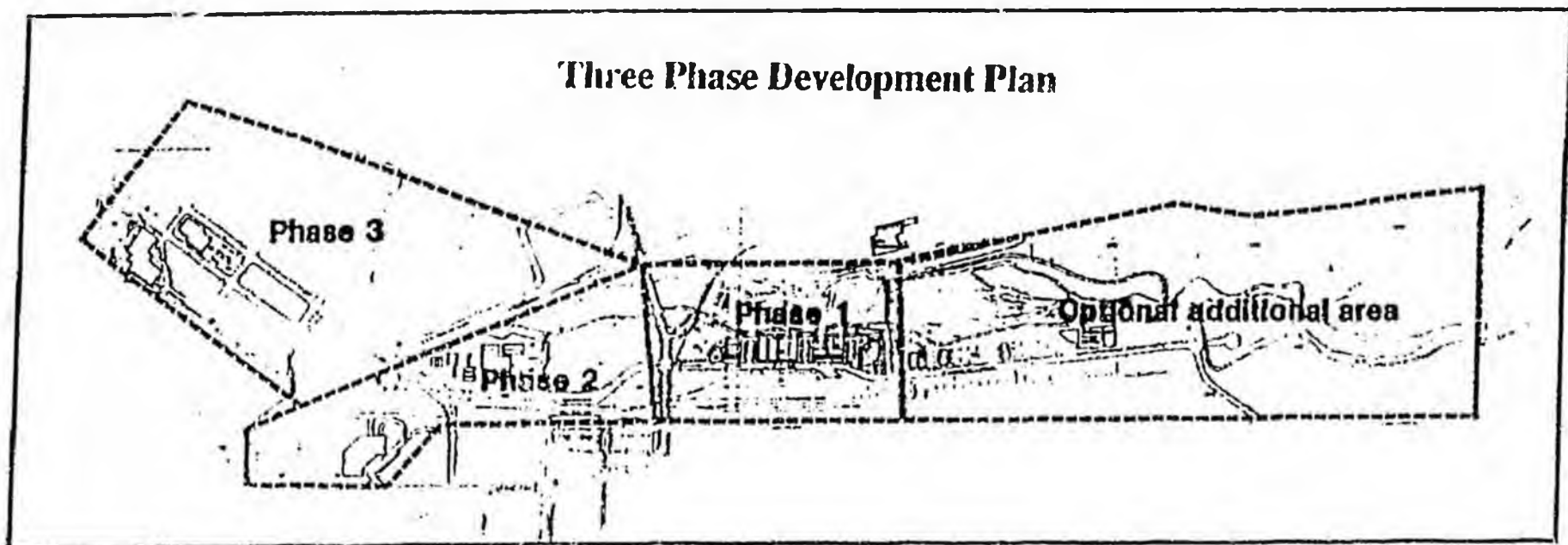
- Anchorage's enthusiastic response to its 13-mile Coastal Trail has ended the community's prior record of virtually ignoring its waterfront;
- The Port of Anchorage in 1988 created public access to Cook Inlet for recreational boating and sightseeing purposes; and
- The Alaska Railroad goal of enhancing real estate revenues by transitioning from industrial to commercial uses of certain properties. This long-term goal is defined in the Ship Creek/Waterfront Land Use Study (Appendix C).

Having served as the center of the city's industry and shipping, the Ship Creek basin is now being examined for its potential contribution to Anchorage's premier growth industries: tourism and recreation. Recent studies by the Municipality, including the Ship Creek Greenbelt Study (Department of Economic Development and Planning, 1988), the Ship Creek Concept Plan (Port of Anchorage, 1988) and the Phase 3 Coastal Trail Design Study Report (Capital Projects Office, 1987) have focused on the recreation and tourism potential of lower Ship Creek. With its proximity to the proposed multi-purpose dock, the Alaska Railroad Passenger Depot, Downtown Anchorage, and the trail network, Ship Creek is in a unique location to support the growth of tourism. Ship Creek basin is underutilized and is ready for a transition.

The property throughout the project area is owned by the Alaska Railroad. Current zoning is for heavy industrial use, but is expected to be rezoned into a new waterfront zoning classification in which commercial activities will gradually replace industrial uses.

A wide variety of uses are envisioned ranging from light industrial to commercial/retail and public open space and recreation. The cornerstone of the Original Townsite Study, the Glacier Brewery, is planned to be a public place for both tourists and residents, with opportunities not only for touring the facility but also for shopping, socializing, and dining. This area of Ship Creek, with the dam and popular fish ladder, is already a successful destination for tourists and residents in spite of its location in the heart of the industrial area.

Current studies seek to address the larger issues of access and development potential, as well as define the types of improvements which could be anticipated to enhance the area. An inclusive process of re-visualizing the area's potential while providing flexibility for expanding maritime needs was undertaken in 1989. The resulting Ship Creek/Waterfront Land Use Study is printed in Appendix C. The Municipal Department of Economic Development & Planning has reflected this study in new land-use maps for the Ship Creek area. Additional recent community planning work has reinforced the area's development potential and laid the necessary groundwork for private development.



Existing Conditions

Property Ownership

The project site is entirely owned by the Alaska Railroad Corporation, a semiautonomous agency of the State of Alaska. Surrounding ground is also owned by the Alaska Railroad. The Municipality of Anchorage's Port of Anchorage acquired a 61.4 acre lease of partially filled tidelands in 1987, which describe the seaward portion of the project area. A few small parcels within the project area have been leased to private concerns. A separate exhibit (Appendix B) describes present project site leases. It also describes in detail the net leasable area within the total project area.

The project area has been used for a variety of storage and industrial purposes over the 75 years it has been in the hands of the Alaska Railroad. While no contamination of the project is known or expected to be discovered, the Master Lease Option will include a section indemnifying the developer from cleanup and restoration expenses by the Alaska Railroad Corporation. The indemnification will apply to the Municipal leasehold prior to Municipal acquisition in 1987 and to the property held exclusively by the Alaska Railroad prior to execution of the Master Lease option.

Project Zones

The total 120 acre project area is divisible into three general zones which the Alaska Railroad has designated as Phases 1, 2 and 3. Phases 1 and 2 are ready for immediate development. They lie in the eastern half of the project area, from the Ship Creek dam westward to the main rail line of the Alaska Railroad. The third zone, Phase 3 of the project, lies west of the Alaska Railroad's tracks and fronts on Cook Inlet. It has been leased to the Municipality for creation of its Ship Creek Point project. This Municipal project will be assimilated into the larger Ship Creek project once a developer for the entire project is selected.

Current Infrastructure

The Phase 1 portion of the project was the beneficiary of a \$2.5 million grant to the Municipality of Anchorage from the Alaska Legislature in 1990. The \$2.5 million is intended to fund extension of Warehouse Avenue to North C Street and realignment of North C Street to a new crossing of Ship Creek at Whitney and Ocean Dock Roads. It also will finance installation of a pedestrian footbridge over Ship Creek across the existing Ship Creek dam. Private interests have already committed to install over \$5 million of improvements in the vicinity of the dam.

The Glacier Brewery will include a brew pub for resident and visitor enjoyment as well as facilities for brewing alcoholic and nonalcoholic beverages. The Alaska Railroad intends to relo-

cate a historic freight shed into the area and convert it to public meeting and exhibit space. Both of these structures will occupy key positions within the larger Ship Creek project area and represent revenue and interest in the project to spur expanded development. The Glacier Brewery lease will not be offered as part of the master lease resulting from this RFP although resourceful respondents may seek to negotiate an agreement with the Glacier Brewery concerns outside the parameters of this document.

The Alaska Railroad's historic depot and headquarters building is the centerpiece of the Phase 2 area of the project. Warehouse Avenue will be extended and pass through the Phase 2 area, connecting with the Phase 3 portion of the project on Cook Inlet. The passenger depot project is offered to proposers as an additive alternative which should be described separately following the guidelines identified in the sections concerning proposal requirements and selection criteria.

Within the Phase 3 area, an 18.1 acre pad with an all-tides boat launch ramp was developed in 1987-88. A boat storage area was created in 1989 and a vessel loading/unloading facility was developed in 1989-90. Using a mix of Port of Anchorage and grant funds, 34.5 kv electric service has been installed and 12 inch water and sewer lines have been constructed into the area. Telephone trunks providing 200 pair capacity are also in place in the Phase 3 area. A marine commercial/industrial facility estimated to cost \$1 million may be constructed on the Phase 3 pad in 1991.

The improvements to the existing pad on the Municipality of Anchorage's Ship Creek Point leasehold are part of a federal Economic Development Administration grant project. The improvements will facilitate marine industrial, commercial, recreational and tourism related uses and provide a distinct activity and atmosphere for the project area. It is the intent of the Municipality to operate the boating facilities of Ship Creek: boat launch, dock, boat storage area, maritime receiving area, and an industrial commercial building. If proposers seek to include the marine-related area within their proposals, an additive alternate proposal must be submitted in the same format as the Alaska Railroad historic depot, summarizing the proposed use in response to each of this RFP's requirements and selection criteria.

Surface Transportation

Major and minor arterials, collectors and service access roads provide access to the entire project area at present. The extension of Warehouse Avenue westward, its proposed conversion into Waterfront Drive to provide access to the Cook Inlet frontage and the realignment of North C Street will improve significantly the traffic flow through the area. In addition, the existing Port Access Road, an elevated four-lane crossing of the project area, generates project area traffic from the north.

Peripheral access is available from Christensen Drive, E Street, Whitney Road, First Avenue and from Eagle Street via First Avenue.

Infrastructure Financing

Provision of additional infrastructure in the vicinity of the project area will be dependent on a variety of factors. Proposals will reflect the nature of improvements proposed by private developers and will be expected to describe the attendant additional infrastructure which the developer proposes for public financing.

ARRC is a tax-exempt entity which enjoys tax-exempt financing benefits. ARRC's ability to obtain tax-exempt financing may or may not be available to the project. The AEDC/ARRC agreement also provides for lease rate reductions based on credits for capital investment in the leasehold.

The Municipality is also committed to including in its annual legislative request funding for infrastructure improvements which are requested by the developer and which conform to the Municipality's interests. Conventional forms of infrastructure financing such as road improvement districts are also available. Finally, \$5.5 million of general obligation bonding authority remains for construction of improvements to the Ship Creek Point area.

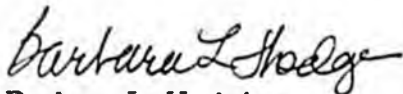
Selection Schedule

- Public Information program - June 25 - Aug. 10, 1990
- RFP public comment - Aug. 10 - Oct. 1, 1990
- Distribute RFP - beginning Dec. 10, 1990
- Pre-Proposal Meeting - Feb. 7, 1991.
- Proposal Submittal Deadline - Aug. 1, 1991.
- Proposal Review and Ranking - Aug. 1 - Oct. 1, 1991.
- Contract negotiation - Oct. 1 - Nov. 1, 1991.
- Proposal Recommendation - Nov. 1, 1991.
- Approval of Recommendation - Dec. 1, 1991.

RESOLUTION

Government Hill Community Council
January 17, 1991

The Government Hill Community Council endorses the Municipality of Anchorage request for \$10.07 million for light industrial and tourism-related improvements to Ship Creek Point, consistent with the Anchorage Economic Development Corporation's request for proposals of December 1990.



Barbara L. Hodgin

President

January 17, 1990

Barbara L. Hodgkin 100 E. Cook Anchorage, Alaska 99501

February 28, 1991

Senator Pat Pourchot
P.O. Box V
Juneau, Alaska 99811

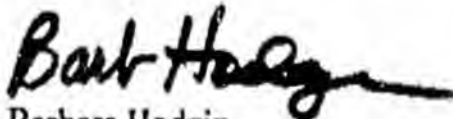
Dear Senator Pourchot:

I'm writing to express my interest in the Ship Creek development, and the Municipality's request for funds for fill, access, utilities and studies of alternatives for environmental mitigation at Ship Creek. I support this phase of Ship Creek redevelopment.

My neighborhood has a keen interest in how that area develops. We continue to hope that as the area evolves, it will focus on light industrial and commercial use. I was dismayed to see the Municipality lose interest in the cruise ship dock at Ship Creek Point. I think the development on the south side of the creek and at the point will ultimately be a good place to extend the coastal trail and provide direct link-up of Government Hill to the city trail system.

Lots of people have ideas about what we should do at the creek. I've heard some pretty loony ideas over the last couple of years. This request seems reasonable and it's a base for future improvement. Thanks.

Sincerely,



Barbara Hodgkin
100 E. Cook
Anchorage, Alaska 99501
272-0168

**South Addition Community Council
Resolution
Feb. 28, 1991.**

WHEREAS the South Addition Community Council has been presented information on the Ship Creek Waterfront Development Project; and

WHEREAS the Ship Creek Project creates an urban waterfront development which complements adjacent neighborhoods and supports a strong downtown commercial core; and

WHEREAS the Anchorage Assembly, neighborhood organizations and individuals throughout the Anchorage area eagerly await the improved waterfront access, activities and amenities which are central to the project; and

WHEREAS Anchorage's Ship Creek Waterfront Development Project will bring to Alaska, to Anchorage and to the center of our community new marine and tourism related business and employment; and

WHEREAS expansion of traditional industrial port activity for the Port of Anchorage is expected to be directed toward undeveloped tidelands adjacent to the Port, freeing the Ship Creek waterfront for personnel intensive waterfront uses; and

WHEREAS the Ship Creek Waterfront Development Project is a cooperative economic development project supported financially and politically by the private sector, the Alaska Railroad, the State of Alaska and the Municipality of Anchorage; and

WHEREAS the Legislature has before it a request for appropriation of \$10.07 million to fund fill, access, utilities and environmental improvements; and

WHEREAS funding improvements to the property will assist in attracting high-quality development proposals designed to expand Alaska's and Anchorage's economic base in tourism and marine-related commerce; and

WHEREAS significant interest in developing the project was shown by numerous substantial developers at the Feb. 7, 1991 pre-proposal conference sponsored by the Anchorage Economic Development Corporation; and

Now, therefore, be it resolved that the South Addition Community Council supports the \$10.07 million appropriation of funds in support of the Ship Creek Waterfront Development Project; and

Further be it resolved that the South Addition Community Council encourages all legislators to support the appropriation in consideration of the employment, marine and tourism expansion and other economic activity the project is expected to attract.

[Handwritten signature]
Feb 28, 1991

BRENNAN

BRENNAN inc.

PUBLIC RELATIONS COUNSELORS
711 H Street, Suite 620, Anchorage, Alaska 99501
(907) 276-1397, FAX (907) 276-7907

March 5, 1991

The Honorable Pat Pourchot
Alaska State Senate
Box V
Juneau, Alaska 99811


Dear Senator Pat:

I am a new resident of Government Hill, moving to 313 West Harvard Avenue in December after 20 years in Bootleggers Cove and Inlet View. Because of my address change, I have become intensely aware of and interested in the prospects for future use of the Ship Creek and Alaska Railroad industrial area. I am also a member of the Board of Directors of the Anchorage Convention & Visitors Bureau and have a long-standing interest in tourism and the potential that visitors hold for Anchorage and Alaska.

Please support the Ship Creek Project. I can think of nothing that would be more beneficial to the people of our district and the Anchorage public than conversion of the Ship Creek Valley to a tourist and small business area, with limited industrial activity. I have nothing against industry--my own house was one of the railroad cottages built in 1915--but the highest and best use of that area is for tourist, commercial and recreational activities. Right now the railroad and industrial yards divide downtown Anchorage from the port, Government Hill and Elmendorf; if the area were put to its best use it would serve a unifying purpose tying the entire community together.

I walk my dog every day to Brown's Point Park and unfailingly look down on the Creek with the feeling that the Ship Creek area has the same potential as the most delightful tourist areas of Seattle and San Francisco. I realize you face some difficult decisions this year and will only be able to fund projects with the highest priority. Please consider the Ship Creek Project for inclusion on that short list. It would be an investment which will bring great returns and one for which our children and grandchildren will be grateful.

Sincerely,



Tom Brennan

March 4, 1991

Senator Pat Pourchot
PO Box V
Juneau, Alaska 99811

Dear Senator Pourchot,

I'm writing in support of the evolution of the Ship Creek Basin towards a more people friendly place. A legislative appropriation of \$10.07 million to seed this process has been included in Anchorage's 1991 legislative request. I encourage you to carefully review this proposal and find within you the vision of a more kind and gentle downtown.

I have lived in Anchorage for 14 years with the last 5 as a home owner on Government Hill. Like many of my neighbors, I am sensitive to the architectural rhythms of this city. It is very clear to me that the heavy industrial scene that currently exists along Ship Creek limits the viability and human character of all that it adjoins. However, this Development Initiative has the potential to be more than just a cultural water shed. It offers the possibility of a lasting unique contribution to the economy of Anchorage. I strongly endorse this type of Government spending. I will be in Juneau on the 12th of this month with the Civic Action group from my office. I look forward to meeting with you then and to hear your thoughts on this issue.

Sincerely



Stephen Gerlek
816 Colwell Street
Anchorage, Alaska 99501

Downtown Community Council

145 West Sixth Avenue
Anchorage, Alaska 99501



(907) 279-5293

March 5, 1991

Senator Pat Fourchot

Dear Pat,

The Downtown Community Council encourages you to find and appropriate the \$10.07 million requested by the city in its 1991 legislative request package for the Ship Creek Development.

The utilities and access improvements to the site are a necessary and logical next step. It is my hope that the coastal trail will be extended out to the end of the Ship Creek promontory and that this money will also be used to study and implement access from Government Hill to the coastal trail and to further development of bike paths on the Ship Creek "Greenbelt."

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter Roberts".

Peter Roberts
Downtown Community Council



Events™

March 1, 1991

To whom it may concern:

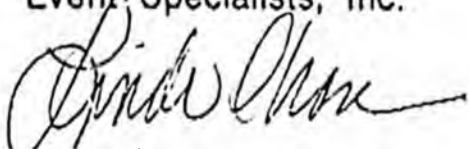
As a member of the Board of Directors of the Downtown Anchorage Association and as a person who lives and works Downtown, I feel the development of the Ship Creek Waterfront project is important for both the economy and the expansion of tourism in Anchorage and Alaska.

The Ship Creek Waterfront Development Project will bring significant benefits to our community. Improved waterfront access, new developments, amenities and tourism, and thus jobs, are just a few of these benefits.

I ask you to support the \$10.07 million appropriation to fund fill, access, utilities and environmental improvements of the Ship Creek Waterfront Development Project. Thank you.

Respectfully yours,

Event Specialists, Inc.



Linda Chase
President

Event Specialists, Inc.
101 EAST THIRD AVENUE
ANCHORAGE ALASKA 99501 USA
907-276-2287

Suzan Nightingale McKay

Feb. 28, 1991

Dear Senator Paurchot,

I'd like to add my voice in support of the appropriation for Ship Creek Development. Tourism is the real longterm economic future of Alaska, and a waterfront project would pay dividends long after the oil runs out.

A waterfront attraction would also serve as an important anchor for Downtown - witness the heavy use and popularity of our other coastal attraction, the Coastal Trail!

Alaskans, as well as tourists, would enjoy - and benefit from - scenic business activity along the waterfront all year around. This resource has been dormant for too long.

It's interesting to note that yesterday, a ceremony was held in San Francisco. Rather than repair the waterfront Embarcadero Freeway, which was damaged by earthquake in 1990, the city is tearing it down - to enhance waterfront development.

No one knows better than San Franciscans the importance of cultivating and enhancing a city's waterfront. Please encourage your colleagues to support this appropriation - not as a giveaway, but as an investment.

Thank you for your attention to this matter.

Suzan Nightingale McKay

MUNICIPAL RESOLUTION AR 90-172
ENDORISING PROCESS

Submitted by: Assemblymembers Porter, Flynn
Begich, Campbell, Dyson, Faulkner
Barnett, Evans and Kubitz
Prepared by: Assembly Budget Analyst
For reading: June 19, 1990

APPROVED

Date: 6-19-90

ANCHORAGE, ALASKA
AR NO. 90-172

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO FACILITATE DEVELOPMENT OF ALASKA RAILROAD PROPERTIES IN THE SHIP CREEK BASIN AND WATERFRONT BY INCLUDING LANDS LEASED BY THE MUNICIPALITY IN A DEVELOPMENT PROCESS INITIATED BY THE ALASKA RAILROAD AND THE ANCHORAGE ECONOMIC DEVELOPMENT CORPORATION AND BY OFFERING CERTAIN MUNICIPAL INCENTIVES

WHEREAS, a consensus has emerged in Anchorage on developing Ship Creek Point and redeveloping the Ship Creek Basin on the south side of Ship Creek for tourism-oriented, pedestrian-friendly uses as described in the Ship Creek Concept Plan and the Original Townsite Study; and

WHEREAS, the goals of the Ship Creek Concept Plan reinforce the maritime aspects of the site; encourage commercial and recreational development, and enhance public access to the area; and

WHEREAS, implementing the goals of the Ship Creek Concept Plan and the Original Townsite Study would improve the quality of life for Anchorage residents, especially those in nearby neighborhoods, by improving scenic values in the area and giving residents better access to the Anchorage waterfront; and

WHEREAS, tourism-oriented investment in the area would improve the number and quality of available visitor attractions in Anchorage enhance Anchorage's appeal as a visitor destination and create new jobs and expand the tax base of the Municipality, generating additional annual tax revenue; and

WHEREAS, the voters of Anchorage and the Alaska Legislature have committed \$7.5 million and \$2.5 million, respectively, to infrastructure development in the area to encourage tourism facilities investment and to provide for resident uses; and

WHEREAS, the Alaska Railroad and Glacier Brewery have both made commitments to undertake the first tourism-oriented redevelopment in the ship Creek Basin, the "Original Townsite" project which is expected to result in private investments in excess of \$5 million by the end of 1991; and

WHEREAS, the Municipal Department of Economic Development and Planning has conducted a public land use planning process through its Waterfront Development Task Force and intends to prepare a coastal management "Area Meriting Special Attention (AMSA)" Plan for the Ship Creek Basin to clarify plans and waterfront development permitting; and

WHEREAS, public and private interest in and plans for the Ship Creek Basin have developed sufficiently to attract private developers through an open solicitation in order to facilitate a long-term schedule of private investment, with a coherent theme and master plan, as well as provide opportunities for local developers to participate in the development; and

WHEREAS, attracting a qualified private developer may reduce the need for public development funds in the Ship Creek Basin over the long term; and

WHEREAS, the Alaska Railroad Corp. (ARRC), the owner of the land on the south side of Ship Creek

1 and the lessor to the Municipality of the Ship Creek Point waterfront lands, has entered into an agreement with the
2 Anchorage Economic Development Corp. (AEDC) for the purpose of initiating a request for proposal (RFP) process
3 designed to attract a master developer who is willing and able to create a high-quality, mixed use tourism and
4 commercial development that links downtown Anchorage to the waterfront; and
5

6 WHEREAS, the agreement is contingent upon the Municipality of Anchorage agreeing to make its lease
7 area available for inclusion in the process.
8

9 NOW, THEREFORE, the Anchorage Municipal Assembly resolves:
10

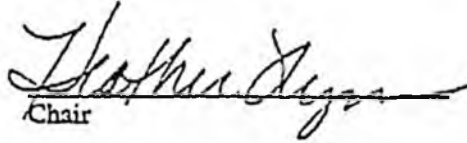
11 Section 1: That the Municipality of Anchorage hereby agrees to participate in the ARRC-AEDC
12 development process with the understanding that it will have the opportunity to review and approve the RFP prior
13 to its issuance and that it will review and approve the development agreement that is negotiated with the successful
14 respondent.
15

16 Section 2: That the Municipality will cooperate in the following ways:
17

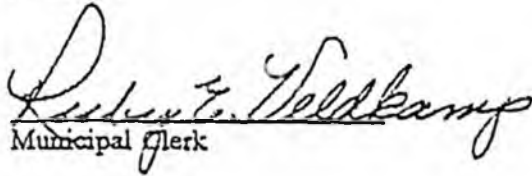
- 18 1. Let a master lease to the successful respondent to the RFP on substantially the same terms and
19 conditions and for the same lease rate through 1996 as the master lease ARRC negotiates with the
20 same successful respondent. In the alternative, and if necessary and prudent, the Municipality is
21 willing to consider renegotiating and/or relinquishing all or parts of its 61.4 acre waterfront lease
22 with ARRC.
23
- 24 2. Provide gravel from the Municipal landfill to the project at no cost, provided that the developer
25 or the contracting agency arranges for excavation and transportation. .
26
- 27 3. If necessary and prudent, provide Municipal revenue bonding to the successful respondent to
28 complement ARRC's offer of tax free financing, provided that the proposal meets prudent fiscal
29 guidelines.
30
- 31 4. Provide property tax incentives on those new facilities that are intended to directly serve the
32 visitor market, that do not directly compete with other similar Anchorage businesses, and that
33 meet the other requirements of AO 89-123(S).
34
- 35 5. Include project infrastructure that is identified in the final development agreement in the
36 Municipality's annual C.I.P. request to the Alaska Legislature.
37
- 38 6. Complete the Ship Creek Basin "Area Meriting Special Attention (AMSA)" Plan and submit it to
39 the appropriate State and Federal offices by October 1, 1990.
40
- 41 7. Coordinate waterfront development permit application and implementation activities throughout
42 the AMSA Plan area for public and private applicants, including the successful respondent to the
43 AEDC solicitation.
44

45 Section 3: That the above commitments represent a substantive and long-term commitment by the
46 Municipality to work with ARRC and AEDC to improve the Ship Creek Basin, a process that may ultimately lead
47 to the relocation of a portion of ARRC's Ship Creek railyards to Birchwood and the relocation of the Port of
48 Anchorage to Fire Island.
49

PASSED AND APPROVED by the Anchorage Assembly this 19 day of June, 1990.


Chair

ATTEST:


Municipal Clerk

JGR:eg
DOCB/AR35

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MUNICIPAL RESOLUTION AR 90-282
ENDORISING RFP

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APPROVED
Date: 11-27-90

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Enterprise Activities
For Reading: November 27, 1990

ANCHORAGE, ALASKA
AR NO. 90-282(S-1)

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY APPROVING A REQUEST FOR PROPOSALS TO QUALIFIED WATERFRONT DEVELOPERS FOR THE PURPOSE OF SELECTING A DEVELOPER TO IMPLEMENT A MIXED USE DEVELOPMENT ENCOMPASSING OVER 100 ACRES OF DEVELOPABLE WATERFRONT AND INDUSTRIAL LAND IN THE SHIP CREEK BASIN

WHEREAS, the Municipality of Anchorage has agreed to participate in and encourage the development and redevelopment of lands in the lower Ship Creek Basin for tourism-oriented, pedestrian-friendly commercial and maritime uses; and

WHEREAS, the involvement of the Municipality includes offering a master sublease of its 63.3 acre waterfront lease it currently holds with the Alaska Railroad Corp. (ARRC) in combination with upstream ARRC lands, preparation and submission of an "AMSA" plan; and

WHEREAS, the Anchorage Economic Development Corp. (AEDC) has prepared a "Request for Proposal" (RFP) and has negotiated a master lease option with ARRC pursuant to AR 90-172; and

WHEREAS, the AEDC has negotiated an option agreement with the Municipality; and

WHEREAS, the RFP and associated master lease option has been duly approved by the Board of Directors of ARRC and AEDC.

Then be it Therefore Resolved that the Municipality of Anchorage hereby:

Section 1: Approves for issuance of the revised AEDC Request for Proposals and gives authorization to AFDC to distribute and market same to potential respondents.

Section 2: Agrees to include in its 1991 capital projects request to the Alaska Legislature the sum of \$10 million for tidelands fill and road and bridge access to the project from downtown Anchorage.

3
4
5 Section 3: Agrees to let a sublease to the successful respondent to
6 the RFP on substantially the same terms and conditions described in the
7 option agreement between AEDC and the Municipality.
8

- 9
10 a. The master sublease let by the Municipality must conform to the
11 Municipality's lease agreement with ARRC that applies to Ship
12 Creek waterfront lands, as the lease exist when the master sublease
13 between the Municipality and the developer/lessee is executed.
14
15 b. The "minimum rent" described in Section 4.b(1) of the AEDC - ARRC
16 master lease option agreement shall, with regard to the
17 Municipality's developable waterfront lands, be assessed at the
18 rate of five percent of the established value of the lands. The
19 established value of the filled portion of the leasehold shall be
20 \$3.00 per square foot through 1996. After 1996, the established
21 value will conform with the AEDC - ARRC master lease option
22 agreement and the lease agreement between the Municipality and
23 ARRC, with the latter agreement in the superior position with
24 regard to conflicting provisions, subject to subsection (a) above.
25 "Gross revenue percentage rent" and "additional rent" if due, will
26 be payable to the Municipality of Anchorage in addition to the
27 "minimum rent" described in this Section.
28
29 c. That portion of the master sublease that applies to unfilled tide-
30 lands will be exempt from rent payments through 1996. After 1996,
31 unfilled tidelands will be leased at a "minimum rent" consistent
32 with the fair market value of unfilled tidelands, as determined
33 lawfully by independent appraisal, until such time as the tidelands
34 are filled. For example, if the fair market value of unfilled
35 tidelands is established by independent appraisal to be \$1.00 per
36 square foot, the base lease rate shall be five percent of that
37 amount per year, or \$0.05 per square foot, minus any capital im-
38 provement credits the developer/sublessee may earn.
39
40 d. However, in no event shall the rents paid to the Municipality be
41 less than that required to be paid by the MOA to ARRC under the
42 original lease.
43

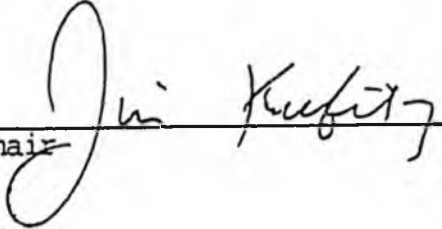
44 Section 4: Agrees that notwithstanding any other section of this reso-
45 lution that the Municipality will abide by the terms of the EDA grant and
46 will retain the lands necessary to assure development and maintenance of
47 the boat ramp, boat docks, marine receiving area, storage area, and the
48 new industrial/commercial building. The Municipality will abide by the
49 requirements of Special Condition No. 8 of the EDA grant.

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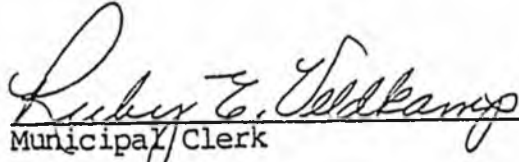
Section 5: Agrees that public access to Ship Creek Point be maintained to protect the public's right to open access to navigable waters.

Section 6: This resolution is effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this 27th day of November, 1990.


Chair

ATTEST:


Municipal Clerk

ECONOMIC DEVELOPMENT

AEDC seeks support in Juneau for area

By Scott Hawkins and Catherine Palmer
Anchorage Economic Development Corp.

In the early stages of Alaska's 17th Legislature, the Anchorage Economic Development Corp.'s (AEDC) economic development projects for 1991 appear to have garnered some early bipartisan support. The support comes from both houses of the Legislature as well as from the Hickel administration and the municipality.

This broad, bipartisan support for AEDC's agenda is encouraging in two respects. First, it shows wide recognition of the importance of aggressive but prudent economic expansion initiative. Second, it suggests that Anchorage legislators are more and more cognizant that "areawide" appropriations for economic development project infrastructure will become increasingly important in years ahead. That is, as budgets grow tighter and the need for economic diversification intensifies in the future, areawide appropriations will need to absorb a substantial amount of Anchorage's



Rep. Kay Brown

Photo by Danny Daniels



Sen. Drue Pearce

Photo by David Predeger

available capital project monies.

To foster economic diversification in 1991, AEDC has made four requests to the Alaska Legislature. These include three capital projects — Ship Creek basin redevelopment project, Old Seward/East 70th road improvement district (RID) and a proposal for a Glacier/Winner Creek development planning and feasibility analysis — plus a proposal for reform of Alaska's worldwide unitary method of taxation.

Ship Creek Redevelopment

- Goal: To attract a qualified urban waterfront development team to undertake a major tourism-oriented project in the Ship Creek basin.

- Benefits: An estimated investment in the range of \$50 million to \$100 million over five years, and 300 to 500 permanent new jobs.

- Needs: Public infrastructure improvements, including access, tidelands fill, and utilities.

- Proposal: To provide \$10 million of the infrastructure needs with a 1991 appropriation, and the balance in 1992 or later. This will be an essential element of attracting a strong development proposal, and will allow the project to break ground in the 1992 construction season.

Securing a \$10 million areawide appro-

priation for the Ship Creek redevelopment project is AEDC's top priority. This project is currently number one on the municipality's economic development request list to the Legislature. The project is also supported by members of the Hickel Administration, including the Department of Transportation, the Alaska Railroad Corp., and the Department of Commerce and Economic Development.

In addition, the Ship Creek redevelopment project appears to have bipartisan support in the Legislature. The chairman of the House Rules Committee, Rep. Johnny Ellis, may introduce a special appropriations bill for the Ship Creek basin project in mid-February. Support in the Senate is being led by AEDC board delegate Sen. Drue Pearce.

Old Seward/East 70th RID

- Goal: To complete a "road improvement district" funding plan that will allow a local seafood processor to gain federal certification to tap new markets.

- Benefits: Estimated investment of about \$2 million, creation of 35 new jobs, improved business climate for several small businesses in the area, and improved road and lighting conditions for residents in the area.

- Needs/Proposal: The total project is



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