

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672**  
**6763 HOUSE COMMUNITY & REGIONAL AFFAIRS**

The definition of VUU land specifically excluded minerals citing section 6(i) of the Statehood Act. Section 6(i) was incorporated into the Alaska Land Act as AS 38.05.125.

Thus, "VUU" was defined clearing the way to settling many of the disputes between the state and municipalities. All of the classifications that are defined VUU are categories which the state was already allowed to dispose of by law. In 1983 the state's land classification regulations were changed so that commercial, industrial, open-to-entry, private recreation, residential and utility classifications were subsumed by a new 'settlement' classification. The effect was that unclassified land, settlement land, grazing land and the agricultural interest in agricultural land were available to municipalities for fulfillment of entitlement.

In 1987 three additional categories were added to the list of VUU classifications: 1) material; 2) public recreation; 3) resource management if classified as such on or after September 1, 1983.

#### 1978 Entitlement Status

On July 1, 1978, there were 139 cities incorporated under state law. Certifications of entitlement under ch 180, SLA 1978, resulted in 19 cities receiving entitlements totalling 7,727 acres.

In 1978 the legislature redesignated university and mental health trust land state general grant land (Chap 182, SLA 1978). Based on what they believed to be representations by DNR that these lands would now be, not only general grant land, but also VUU available for entitlement computation as well as available for fulfillment of entitlement. Three cities in Southeast Alaska certified as "zero entitlement" believed that the department erred in the certifications because redesignated mental health trust land as general land statewide was not included as part of the land base within their corporate boundaries for the certification process. Petersburg filed suit in State Superior Court (1JU-78-1109 civ) and Kupreanof and Wrangell administratively appealed their zero entitlement certifications. The state reached an agreement with Petersburg and granted 10% of the mental health lands within their boundaries to the city. This amounted to 461.27 acres of land. The conveyances were under the authority of AS38.05.315(a) [renumbered AS 38.05.810].

As resolution of the other two appeals, the department extended the terms of the Petersburg settlement. Kupreanof received 180.82 acres of mental health land and Wrangell received 310 acres of mental health land.

Although all land selections for municipalities with entitlements from the 1978 law are in place, somewhat less than half of the

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land has been patented to them. The state cannot convey land to a municipality until the federal government has patented the land to the state. However, all 1978 municipal selections have, with few exceptions, been approved or rejected. When the state approves a selection, the municipality assumes management responsibility as if it owned the land. By statute municipalities can create third party interests on approved selections prior to patent with the approval of the director. The director generally confers broad management authority to a municipality on an approved selection unless there is an overriding public interest requiring continued involvement by the state.

**1988 Entitlement Certification Results**

Between the 1978 round of certifications and the 1987 amendments to AS 29.65, eight cities incorporated under state law. Only Thorne Bay had state general grant land within its boundaries that was VUU and in 1982 their entitlement was established at 612 acres. This was in error and was corrected to the proper figure of 675 acres in the 1988 certification.

Three other cities received land from the state during the period July 1, 1978, to January 1, 1988. Tenakee Springs had entered into an agreement in 1977 with Alaska Lumber and Pulp Company (AL&P) and the Department of Natural Resources. The purpose of the agreement was to "permit the proposed operations [AL&P timber contract with the USFS on Chichagof Island] to proceed in a climate of consensus and cooperation". The state's obligation in the agreement was:

"The state will convey to the City title to any selected lands conveyed to the State by the Bureau of Land Management, except that the State may retain title to those sites necessary for present or anticipated essential public purposes. The State will convey to the City all tidelands and submerged lands within or adjacent to the Sunny Cove dump, and will expeditiously consider the City's application for conveyance of other tidelands and submerged lands adjacent to any selected lands conveyed to the State by the Bureau of Land Management."

The state's part of the agreement was not carried out and in 1980 Tenakee Springs filed suit against the state in State Superior Court (1JU-80-1666). An out of court settlement resulted in a split of the state lands within the city boundaries, granting the city 2,958 acres and leaving in state ownership 1,027 acres.

Whittier sought and received a legislative grant of state land. Under chap 73, SLA 1984 Whittier received 600 acres of state general grant land within its boundaries.

Pelican sought and received a legislative grant of 8.863 acres of state land under Ch 53, SLA 1985.

The amendments to AS 29.65 in 1987 resulted in certifications of new or enhanced entitlements to nine cities of the 147 cities in existence on January 1, 1988. Kupreanof, Petersburg, Pelican, Tenakee Springs, Whittier and Wrangell each had state general grant land within their boundaries that was VUU. The previous agreements, settlements and legislation, however, resulted in the entitlements being certified at zero acres. The conveyances to Kupreanof, Petersburg and Wrangell were done under the authority of AS 38.05.810 and as provided in AS 29.65 \_\_\_\_\_ if a municipality with an entitlement is conveyed land under .810 it may be charged against the entitlement. Wrangell administratively appealed this certification because the amount of land that they received in 1978 was less than 10% of the VUU land that was available for the 1988 certification. The director reconsidered the facts and agreed with the City of Wrangell that their entitlement should be the full 10 percent of the VUU land within the city boundaries.

## BACKGROUND: TIDELAND CONVEYANCES TO MUNICIPALITIES

### Legislative History

In addition to the general grant land entitlements, qualified cities within Alaska have been conveyed tide and submerged land. To understand the purpose of these conveyances of public trust land it is necessary to review federal mandates for management of tide and submerged land prior to Alaska's admission into the Union.

By act of Congress, on May 17, 1884, Alaska was established as a judicial district with a governor and district court system. The general law of Oregon was applied to the district under this act.

On May 14, 1898, Congress passed an act extending the homestead laws to the District of Alaska and providing for right of way for railroads within the district. The act declared that "all such rights to [tide lands and beds of any navigable waters] shall continue to be held by the United States in trust for the people of any state or states which may hereafter be erected out of said District [Alaska]."

The Organic Act, approved by Congress August 24, 1912, created the Territory of Alaska and granted the new territory legislative powers through an elected legislative assembly. The Organic Act further extended the Constitution of the United States and all laws not locally inapplicable, to the Territory of Alaska.

Thus territorial tidelands constituted a federal trust early in Alaska's history and as such could not be disposed of through

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lease or sale. Additionally, permanent improvements were not authorized to be constructed upon tide and submerged land.

The importance of improved tidelands to the vitality of the territory's economy and the health of its people is readily apparent. It was a territory whose economy, mobility and recreation were intimately tied to the sea. Log transfer facilities, seafood processors, municipal docks, private boat ways and even residences were partially or wholly constructed on tidelands with no method for individuals or businesses to acquire proper authorization for use. The need for these activities was readily recognized by the federal managers. However, the mechanism for authorizing such use was non-existent.

In full recognition of these shortcomings, Congress enacted a law on September 7, 1957 (P.L. 85-303), that conveyed tidelands adjacent surveyed townsites to the territory. The conveyance was for tidelands and all improvements and natural resources between the line of mean high tide and the pierhead line. The pierhead line was defined as a "line parallel to the existing line of mean low tide at such distance offshore from the line of mean low tide that encompasses to the landward all stationary, manmade structures in existence as of February 1, 1957". Under this law acceptance by the Secretary of Interior of new townsite surveys effected conveyances of attendant tidelands to the territory.

The act authorized the territory to manage and dispose of any tract of tidelands acquired under the act for municipal, business, residential or other beneficial purposes. A tidelands occupant or the occupant's successor in interest had a preference right to acquire an improved tract if a disposal occurred. These improved tracts could be conveyed to the incorporated town or school district. However, if this occurred, the town or school district must accord any occupant a preference right in any disposals contemplated in the future.

The Army Corps of Engineers was given the authority to establish pierhead lines for all surveyed townsites to enable conveyances to the territory. This process was initiated soon after passage of the act. Alaska's statehood interrupted this process with the conveyance of all tide and submerged land under section 6(m) of the statehood act to the new state.

The Alaska Legislature incorporated specific language in the Alaska Land Act to recognize and implement the provisions of the September 7, 1957, federal law. The provisions were soon codified AS 38.05.320(b).

The Alaska Land Act (ch 169, SLA 1959) section 5(c) enabled the conveyances of tidelands to municipal corporations. Qualifications in the act were:

1) The corporation must have been incorporated on or before January 3, 1959;

2) Tidelands subject to conveyance lay between the mean high tide line and the pierhead line, the harbor line or in their absence, a line subject to the approval of the director;

3) The corporation had to prepare a plat of the area conveyed showing all structures and improvements thereon and each tract that was occupied or developed with the owner or claimant noted; and,

4) The corporation had to recognize preference rights for occupied and developed tracts.

The tidelands conveyances to municipal corporations were mandatory and gave the department few discretionary powers over the process.

An amendment to AS 38.05.320(b) occurred in 1964 (ch 81, SLA 1964) when "municipal corporation" was changed to "(h)ome rule cities and cities of the first class." These cities had to have been incorporated on or before April 1, 1964, in order to qualify.

Another amendment to AS 38.05, although unrelated to AS 38.05.320(b), did provide for another type of tidelands conveyance to municipalities. Chapter 108, SLA 1974 (codified AS 38.05.323) allowed home rule and general law municipalities to apply for tidelands between mean high tide and mean low tide adjacent public recreation area facilities if the facility was developed under the terms of P.L. 507 (70 Stat. 130) and it was conveyed from the state to the municipality.

Under AS 38.05.320(b) 25,224.3 acres of tidelands were conveyed to 28 cities from Barrow to Saxman. Apparently no tidelands have been conveyed under AS 38.05.323.

## GENERAL GRANT LAND ENTITLEMENT DISCUSSION

There are three categories of general grant land entitlements under AS 29.65:

1) A specified statutory entitlement (AS 29.65.010) for unified home rule municipalities and organized boroughs;

2) 10% of the maximum total acreage of vacant, unappropriated, unreserved (VUU) land within the boundaries between September 16, 1970 and January 1, 1988 for cities incorporated as of July 1, 1978 (AS 29.65.020); and

3) 10% of the maximum total acreage of VUU land within the boundaries between date of incorporation and two years after that

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date for cities incorporated after July 1, 1978 (AS 29.65.030).

The governor's general grant land entitlement policy required by Section 11, Chapter, 34 SLA 1987 only affects the Northwest Arctic Borough and other municipalities incorporated after formation of the Northwest Arctic Borough (incorporated June 2, 1986). Thus, only general grant land entitlements pursuant to AS 29.65.030 for municipalities incorporated on or after June 2, 1986 will be affected by this policy document.

Section 2 ch 34 SLA 1987 significantly amended AS 29.65.030 by adding a new upper entitlement limit based on municipal population on the date of incorporation. ~~This limit was imposed to help dissuade formation of municipalities for the sole purpose of obtaining large general grant land entitlements from the state.~~ Since all densely populated areas of the state are presently incorporated, newly incorporated areas will generally be rural in character. ~~State land within these areas is often not well suited for development or other municipal purposes.~~ Creating large entitlements to be fulfilled from the state's rural land base may not be in the state's interests.

The per capita limit was established at 20 acres based on the highest per capita entitlement to any municipality statewide created by the 1978 amendments to the municipal entitlement law. The Matanuska-Susitna Borough has an entitlement of 355,210 acres which is about 20 acres per capita based on the population of the borough in 1978.

From inception, the municipal entitlement law has undergone a gradual philosophical broadening of purpose. Where the early versions of the law were focused on making land available that was suitable for development for residential, commercial or industrial use, the most recent version of the law shifts to include public purpose land. This shift occurs through inclusion of public recreation classified land in the categories of land available to municipalities.

## PURPOSES FOR GENERAL GRANT LAND ENTITLEMENTS

The central theme of municipal entitlements today is to provide land to municipal corporations for the purposes of:

- 1) Siting public facilities/aiding community expansion;
- 2) Providing a means of revenue production through sales or lease which also expands the municipal tax base; and;
- 3) Providing local public recreation opportunities.



The provisions of Alaska Native Claims Settlement Act (ANCSA) defeated state's title to selected and tentatively approved land within the vicinity of ANCSA village corporations. This results in extremely limited or totally absent state land bases in or near ANCSA cities (population centers) for a new borough to realize the first two purposes. The provisions of ANCSA 14(c)(3) do however, compensate for this shortcoming by requiring that an ANCSA village corporation convey up to 1,280 acres of land to the municipal corporation. This provision includes title to the remaining surface estate of the improved land and as much additional land as is necessary for community expansion, and appropriate rights-of-way for public use, and other foreseeable community needs.

The results of AS 29.65 and ANCSA must be viewed together. If the land available under these two laws is insufficient to fulfill municipal land entitlement purposes, and other state land unavailable under AS 29.65 will meet the needs, then the municipality may make a written request, including justification, to the Department of Natural Resources for the specific additional land which increases their entitlement.

## SUMMARY

The State of Alaska in furtherance of the goal of maximum local government committed in 1978 7,727 acres of state land to 19 cities and another 861,608 acres to 11 unified home rule municipalities and boroughs. With few exceptions land selections have been approved and the municipalities actively manage this land base of nearly 870,000 acres.

New incorporations after 1978 resulted in another 14,000 acres of entitlement to one city and one borough.

The 1987 amendments to AS 29.65 created new entitlements for two cities totalling over 1,200 acres, reestablished an 89,850 acre entitlement for a borough and expanded entitlements for seven cities and one borough for over 130,000 new acres.

Over 1,000,000 acres of state land have been committed under AS 29.65 to 41 municipalities statewide for local use. The state has patented nearly 430,000 acres of uplands to 48 municipalities since statehood and 25,000 acres of tidelands to 28 cities.

As the current trend toward more borough incorporations continues, general grant land entitlements promise to play a role in the viability of the new municipalities in a difficult economic environment.



MUNICIPAL ENTITLEMENT CERTIFICATION SUMMARY

<i>City</i>	<i>1978 Entitlement</i>	<i>Other Entitlement</i>	<i>1988 Entitlement</i>	<i>New Acres Under Ch34,SLA 1987</i>
<i>Anderson</i>	0.0	0.0	1,182.0	1,182.0
<i>Bethel</i>	40.0	0.0	0.0	
<i>Cordova</i>	235.0	0.0	0.0	
<i>Delta Junction</i>	400.0	0.0	481.8	81.8
<i>Dillingham</i>	1.0	0.0	0.0	
<i>Fairbanks</i>	15.0	0.0	0.0	
<i>Homer</i>	16.0	0.0	0.0	
<i>Hoonah</i>	15.0	0.0	0.0	
<i>Houston</i>	405.0	0.0	0.0	
<i>Kenai</i>	307.0	0.0	0.0	
<i>Ketchikan</i>	0.5	0.0	4.0	3.5
<i>Kodiak</i>	32.0	0.0	0.0	
<i>Kupreanof</i>	0.0	180.8	0.0	
<i>North Pole</i>	0.5	0.0	0.0	
<i>Ouzinkie</i>	240.0	0.0	0.0	
<i>Pelican</i>	0.0	8.9	0.0	
<i>Petersburg</i>	0.0	461.3	0.0	
<i>Port Alexander</i>	0.0	0.0	53.0	53.0
<i>Port Lions</i>	35.0	0.0	0.0	
<i>Seward</i>	562.0	0.0	565.0	3.0
<i>Skagway</i>	500.0	0.0	7,977.0	7,477.0
<i>Soldotna</i>	14.0	0.0	0.0	
<i>Tenakee Springs</i>	0.0	2,958.0	0.0	
<i>Thorne Bay</i>	0.0	612.0	675.0	63.0
<i>Valdez</i>	4,805.0	0.0	7,593.0	2,788.0
<i>Whittier</i>	0.0	600.0	0.0	
<i>Wrangell</i>	0.0	310.0	551.0	241.0
<i>Yakutat</i>	104.0	0.0	0.0	
<b>TOTALS</b>	<b>7,727.0</b>	<b>5,131.0</b>	<b>19,081.8</b>	<b>11,892.3</b>

TABLE 1

CONVEYANCE SUMMARY: UNIFIED HOME RULE MUNICIPALITIES AND BOROUGHS

CONVEYANCES BY AUTHORITY

City or Borough	Incorp	.347	AS 07	AS 29	.810	.320	Legislative	Other
<i>Aleutians East Borough</i>	Oct-87							
<i>Bristol Bay Borough</i>	Oct-82			2,672.7				
<i>City &amp; Borough of Juneau</i>	Jul-70			3,622.6	11.1	852.9		
<i>City &amp; Borough of Sitka</i>	Dec-71	1.8		1,390.3	6,064.6	194.5		0.6
<i>Fairbanks North Star Borough</i>	Jan-64			83,964.9	44.9			
<i>Haines Borough</i>	Jul-68			1,082.8				
<i>Kenai Peninsula Borough</i>	Jan-64			79,206.0	181.9			117.0
<i>Ketchikan Gateway Borough</i>	Sep-83			4,033.3				
<i>Kodiak Island Borough</i>	Sep-83			11,654.0	14.3			
<i>Lake &amp; Peninsula Borough</i>	Apr-89							
<i>Matanuska-Susitna Borough</i>	Jan-64		40.3	201,623.4	400.3			79.3
<i>Municipality of Anchorage</i>	Sep-75	391.1		12,883.7	5,897.1	1,328.5		1,256.4
<i>North Slope Borough</i>	Jul-72							
<i>Northwest Arctic Borough</i>	Jun-86							
<b>TOTALS</b>		<b>392.9</b>	<b>40.3</b>	<b>402,133.6</b>	<b>12,614.1</b>	<b>2,375.9</b>	<b>0.0</b>	<b>1,453.3</b>

TABLE 2

CONVEYANCE SUMMARY: CITIES

CONVEYANCES BY AUTHORITY

City or Borough	Incorp	.347	AS 07	AS 29	.810	.320	Legislative	Other
Aniak	May-72				24.6			
Barrow	Jan-59					870.0		
Bethel	Jan-57	82.1		5.0	317.0			42.4
Cordova	Jan-09			0.5		321.7		
Craig	Jan-22				18.2	73.0		
Delta Junction	Dec-60			310.3	40.0			
Dillingham	Jan-63				10.7			
Fairbanks	Jan-03			0.5	96.1			
Fort Yukon	Feb-59							0.3
Haines	Jan-10			20.0		109.1		
Homer	Jan-64					6,831.1		292.8
Hoonah	Jun-48	105.5				261.4		
Houston	Jan-66			418.8				
Hydaburg	Oct-27					175.0		
Kake	Nov-52					218.3		1.4
Kasaan	Feb-76				0.4			
Kenai	May-60	3,594.7		356.3	175.6	2,752.1		1.9
Ketchikan	Jan-00				1.2	169.7		
King Cove	Jan-47					178.1		
Klawock	Jan-29					272.5		
Kodiak	Jan-40	281.0		1.2	15.4	219.0		
Kotzebue	Mar-73					392.8		
Kupreanof	Aug-75			180.8				
McGrath	Jun-75				13.5			7.7
Nenana	Jan-21							35.0
Nome	Jan-01					5,717.0		42.1
North Pole	Jan-53				19.7			
Palmer	Jan-51				3.5			
Pelican	Jan-43				4.9	60.1	8.9	
Petersburg	Jan-10			231.1	314.7	449.5		12.4
Sand Point	Oct-66				2.3			
Saxman	Sep-29					53.8		
Seldovia	May-46				21.6	118.0		
Seward	Jan-12			493.1	49.1	1,677.3		
Shungnak	Mar-76				0.6			
Skagway	Jan-00			122.1		193.5		
Soldotna	Jan-67			111.9	391.5			60.3
Tenakee Springs	Oct-71					30.2		204.8
Thorne Bay	Aug-82			249.2				
Unalaska	Jan-42							9.3
Valdez	Jan-01			4,420.2		1,368.6		34.6
Wasilla	Jan-74				129.8			
Wrangell	Jan-03			18.5	288.7	148.6		
Yakutat	Jan-48			123.8	31.2	248.3		
<b>TOTALS</b>		<b>4,063.3</b>	<b>0.0</b>	<b>7,092.1</b>	<b>1,970.3</b>	<b>22,848.4</b>	<b>8.9</b>	<b>744.9</b>

TABLE 3

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

May 4, 1990

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Sam,

As you know, the general land grant entitlement program for municipalities was amended by Chapter 34, SLA 1987. All of these amendments have now been implemented except Section 11. Following is the complete text of Section 11:

The general grant land entitlement authorized for the Northwest Arctic Borough under AS 29.65.030(a), as amended in sec. 2 of this Act, is a partial entitlement for the borough.

After completion of the Northwest Area Plan prepared under AS 38.04.065, the governor shall submit to the Legislature recommendations for additional general grant land entitlements for the Northwest Arctic Borough consistent with the general grant land entitlement policy developed by the governor. The governor shall also submit recommendations for additional general grant land entitlements for other newly formed municipalities consistent with the general grant land entitlement policy developed by the governor.

The Northwest Area Plan is now adopted and the Northwest Arctic Borough has recently filed its land selections. Therefore, with this letter I am transmitting the policy envisioned by this section. The policy was developed from nearly 30 years of experience administering the municipal land entitlement program. Also enclosed is a background report describing the policy.

The policy will be used when it is time to make recommendations for additional entitlement to the Northwest Arctic Borough and the other new municipalities. Before I make such recommendations, however, the general grant land entitlement must be certified and accepted by the new municipality.

Honorable Sam Cotten

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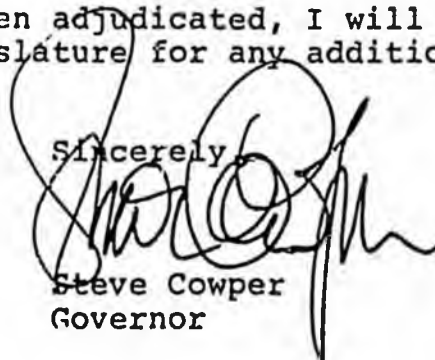
May 4, 1990

Deficiencies in acreage amount cannot be assessed until an amount is established. Second, the municipality must have filed the selections necessary to fulfill its entitlement.

Deficiencies in quality cannot be assessed until the character of the selections is established. Third, the Department of Natural Resources must have accepted the selections and processed them through the approval stage or have rejected them in the State's interest. The State's interest will, in this final step, determine the quality-quantity mix actually available to the municipality to fulfill the entitlement.

Once all selections have been adjudicated, I will submit recommendations to the Legislature for any additional entitlement.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper  
Governor

Enclosures

cc: Commissioner David Hoffman  
Commissioner Lennie Gorsuch

# General Grant Land Entitlement Policy

April 23, 1990

## PURPOSE

This general land grant entitlement policy is adopted pursuant to Section 11, Chapter 34, SLA 1987.

## BACKGROUND

In 1987, the Alaska Legislature made the most recent changes to the municipal land grant entitlement law (AS 29.65). The last major amendment to the law occurred in 1978, when acreage specific entitlements were established for all unified home rule municipalities and boroughs. Additionally, under the 1978 revision, cities were entitled to 10 percent of the vacant, unappropriated, unreserved (VUU) land that existed within their boundaries between the date of initial eligibility and July 1, 1978. Although the 1978 amendments served the needs of municipalities and the state well for nearly ten years, state land status changes and new municipal incorporations created a favorable atmosphere for adjustments to the law.

Two major conditions caused the Department of Natural Resources and certain municipalities to seek amendments to the municipal land grant entitlement law. First, the conveyance of land from the federal government to the state under the statehood act is an ongoing process. Some cities who had no state land within their boundaries for the entitlement certifications of July 1, 1978, did have later as the state received title to new land which was selected as part of the statehood entitlement. The City of Anderson, for example, was an existing city in 1978 and had no VUU land within its boundaries resulting in a 'zero' entitlement. After the 1978 certifications the state received from the federal government thousands of acres of general grant land within Anderson's boundaries. The law, without amendments, did not allow Anderson to share in the municipal land grant entitlement program because the cut-off date, by law, for an entitlement was July 1, 1978.

The second condition needing adjustment resulted from a 1985 statewide classification required by AS 38.04.020(c). All unclassified state land outside the organized borough and outside adopted department area plans was classified resource management, a classification outside the definition of VUU. This caused entitlements to new boroughs created from the unorganized borough (all areas of the state not organized as a borough) to be very small, if any. For example, the Northwest Arctic Borough incorporated in 1986. Most of the land within its boundaries came from the unorganized borough and was outside an adopted area plan. Thus, nearly all of the over two and one-half million acres of state land within its boundaries was classified resource

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management by the 1985 statewide classification. Since resource management land was not VUU, the resulting entitlement was just over 13,000 acres (about two acres per capita) based on the formula of 10 percent of the VUU land within the boundaries. An entitlement existed only because the state had received statehood grant lands from the federal government after the 1985 statewide classification, which were unaffected by the previous action.

From the 1987 amendments to the statute came a new round of certifications to all municipalities in existence as of January 1, 1988. Each city with state general grant VUU land within its boundaries has a new or enhanced entitlement correcting the first deficiency (the City of Anderson now has an entitlement of 1,182 acres).

The amendments also subsumed resource management classified land within the meaning of VUU land if the classification occurred on or after September 1, 1983. This date was chosen by the legislature because it was the date of adoption of new classification regulations which changed the definition of resource management land to less restrictive mandates. This adjustment allowed the Northwest Arctic Borough to fully benefit under the municipal entitlement program.

The final significant 1987 amendment to the law placed an upper limit on the amount of an entitlement to a municipality incorporating after July 1, 1978. The legislature set this upper limit at 20 acres per capita, equal to the maximum per capita entitlement of any municipality in the state since statehood. This resulted in a new entitlement to the Northwest Arctic Borough of 133,920 acres. The 20 acre cap had the effect of reducing the maximum possible entitlement to the Northwest Arctic Borough from over a quarter of a million acres based on 10 percent of the VUU land to 133,920 acres.

The last relevant provision of Chapter 34, SLA 1987 is Section 11. This section states that the entitlement authorized by AS 29.65.030(a) to the Northwest Arctic Borough is a partial entitlement, additional entitlement to be determined after completion of the Department of Natural Resources' Northwest Area Plan and based on the policy contained in this document. The department had started the planning process in the Northwest Area at the time the borough incorporation process was beginning. Since the end result of an area plan is land classifications that affect the amount of VUU land, completion of the plan was necessary to access the affect on the entitlement to the new borough.



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DISCUSSION

Four additional incorporations have occurred since incorporation of the Northwest Arctic Borough on June 1, 1986: Aleutians East Borough, City of Atka, Lake and Peninsula Borough and the City of Coffman Cove. These five municipalities as well as any others that may be incorporated in the future are affected by this policy. The circumstances of this group illustrate a range of conditions.

The Northwest Arctic Borough incorporated when the state's Northwest Area Plan was initially being developed. The purpose of such plans, which are mandated by AS 38.04.065, is to set policy for managing the state land within the planning area as well as determine which lands are suitable for private ownership and which are suitable for retention in public ownership. This determination is made through land classifications that are the end result of the planning process. These classifications affect the amount of general grant land entitlements because the foundation of the entitlement process is the classification system which determines whether lands are VUU. The timing of the Northwest Arctic Borough incorporation was fortuitous for the new borough allowing it to be intimately involved in the planning process from the start so that they could influence the classifications that would result from the plan and therefore influence the amount of the entitlement.

The Aleutians East Borough incorporated years after completion of the Bristol Bay Area Plan having had no formal role in the planning process or opportunity to affect the size of the entitlement. This borough will have a very limited municipal entitlement as a result of a predominance of wildlife habitat classifications, which do not meet the legislative definition of VUU land. The Aleutians East Borough will have an entitlement estimated at just under four acres per person, well below the 20 acre cap.

The Lake and Peninsula Borough, like the Aleutians East Borough, incorporated years after adoption of the Bristol Bay Area Plan. This borough contains a small part of the Kuskokwim Area Plan as well as a large area of the Bristol Bay Area Plan. Although the Lake and Peninsula Borough had been suggested to the Department of Community and Regional Affairs as the Kuskokwim Area Plan was being developed, formal incorporation action had not been completed. Much of the settlement land (a VUU classification) within the Bristol Bay Area Plan is within the Lake and Peninsula Borough. If the borough's entitlement was based solely on 10 percent of these settlement lands, the entitlement would be quite small because the amount of settlement land is small compared to

General Grant Land Entitlement Policy  
April 23, 1990

the total state land base within the boundaries of the borough. The entitlement to the Lake and Peninsula Borough will, however, be supplemented by resource management land from the Kuskokwim Area Plan. The entitlement will still be relatively small, about eight acres per person. It is noteworthy that the small settlement land base within each of the area plans is generally a result of the residents within the plan boundaries rejecting land disposals unless only local residents are allowed to participate, a goal prohibited by law.

The City of Atka will have no entitlement because there is no state land within its boundaries.

The City of Coffman Cove is recently incorporated and whether the amount of the entitlement will be based on the 10 percent rule or the 20 acres per capita is not known at this time. The city is within the Prince of Wales Area Plan and few non-VUU classifications exist that would hamper the city's ability to select land suitable for municipal purposes.

POLICY

Over a million acres of the state's general grant land entitlement from the federal government under the statehood act is committed to municipal governments. As new borough formations occur throughout the state this number has the potential to increase greatly. Because of its proximity to communities, this million acres represents some of the most valuable surface land owned by the state. ~~Municipalities have been able to fill their entitlements from large pools of state land thereby selecting only the most valuable. This results in the less desirable or undevelopable land remaining in state ownership.~~

Questions of equity often arise as specific entitlements for municipalities are compared. The municipal entitlement law was never intended to ~~work equitably for all municipalities~~, but rather was a vehicle for the state to share its land wealth with communities that had state general grant land within their boundaries. While municipalities may wish to maximize their entitlements through this policy, it is important to note that ~~the formula already contained in the municipal entitlement law work to maximize large, usable entitlements to municipalities.~~ This occurs by allowing municipalities to ~~unilaterally select entitlements from a state land pool that is generally ten times larger than the entitlement and lands most suitable for development and revenue generation are precisely the land classifications from which municipalities may select.~~

Although unswated, the 20 acre per person cap has been in effect

General Grant Land Entitlement Policy  
April 23, 1990

since the start of the municipal entitlement program and where an adequate state land base exists there are no known instances of municipalities being unable to select the necessary acreage for municipal purposes. It is therefore the policy of the state that additional entitlements to newly incorporated municipalities above the certified entitlement under AS 29.65.030(b) will only be considered when a municipality can clearly demonstrate that the lands in the entire VUU land base from which it can make its selections fulfill none of the following purposes and that the additional land that they wish to select is needed for:

1. Siting public facilities/aiding community expansion;
2. Providing a means of revenue production through sales or leases or contributing to the overall economic vitality of the municipality;
3. Providing local public recreation; and;
4. Protection of locally unique or important cultural, traditional, archeological or other public resources.

Written justification shall be made to the Department of Natural Resources when a municipality believes its entitlement should be expanded.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FACSIMILE: (907) 586-2754

February 27, 1991

The Honorable Jerry Mackie, Chair  
House Community and Regional Affairs Committee  
P.O. Box V  
Juneau, AK 99811

Dear Representative Mackie:

Subject: HB 143, relating to general grant land selections for municipalities.

Position: The Department of Natural Resources is unable to support this bill. It would increase the land entitlement of certain municipalities (those incorporated after July 1, 1978) by a large amount, whether or not a local need for additional land exists (as is required under current state policy). While we firmly support municipal land transfers as a basis for local government self-determination, the approach in this bill is contrary to existing state law and policy. If it is the Legislature's intent to place more state land under local control, the entire policy for state land needs to be changed.

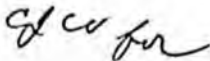
Background: In 1978, after 15 years of disputes between municipalities and the state over interpretations of the existing law, a number of amendments to the municipal land entitlement law (AS 29.18) were enacted. The new version of the law granted unified home rule municipalities and all boroughs specific state land acreage entitlements, and specified important policies and procedures. In 1987, the law was again amended. Additions expanded the category of land eligible for selection by a municipality and, among other things, placed an upper limit on the amount of "vacant, unappropriated, unreserved" land a municipality could select. The law also specified that the new land entitlement for the Northwest Arctic Borough was a partial entitlement that could be increased on a recommendation by the Governor to the Legislature. The Governor then submitted his general grant land entitlement policy to the legislature.

This bill removes the current 20 acre per capita limit on the land entitlement of a new municipality, and eliminates the criteria for the shape of a land selection. The 20 acre per capita limit is approximately equal to the maximum per capita acreage any borough has received from the state since statehood. Removal of this per capita limit, combined with the inclusion of wildlife habitat land within the "vacant, unappropriated, unreserved" land category eligible for selections, will greatly increase the land entitlement for new boroughs. Shape criteria are important if public access to adjacent state land is to be protected and sound land management

policies are to be maintained.

Recommendations: The municipalities affected by this bill have not yet received any entitlement land. It seems logical to allow them to receive their existing land entitlement before determining that additional land is needed for municipal purposes. However, the department supports Section 2 of this bill. It allows municipalities that wish to receive their land early an opportunity to have their land entitlements certified within six months of incorporation. Currently, municipalities must wait two years for certification. We would be happy to work with the committee to improve other municipal land entitlement administrative procedures that present problems to municipalities.

Sincerely,



Harold C. Heinze

cc: Committee Members  
Representative MacLean  
Bruce Kendall, Legislative Liaison, Office of the Governor  
Edgar Blatchford, Commissioner, Department of Community and  
Regional Affairs  
Gary Gustafson, Director, Division of Land and Water

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 143

Revision Date: 27-Feb-91 Department Affected: Natural Resources  
 Title: An Act relating to general grant BRU: Land & Water Management  
land selections; and providing for date Components: Land & Water Management  
 Sponsor: Rep. MacLean  
 Requestor: House Community and Regional Affairs COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	136.6	136.6	136.6			
TRAVEL	3.5	3.5	3.5			
CONTRACTUAL	7.5	7.5	7.5			
SUPPLIES	0.5	0.5	0.5			
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	148.1	148.1	148.1	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	148.1	148.1	148.1			
FEDERAL FUNDS						
OTHER						
TOTAL	148.1	148.1	148.1	0.0	0.0	0.0

POSITIONS:

FULL-TIME	3.0	3.0	3.0			
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)  
  
 See Attached

Prepared by: Dennis Daigger Phone: 762-2680  
 Division: Land & Water Management Date: 27-Feb-91

Approved by Commissioner: Harold Heinze Date: 27-Feb-91  
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB,  
& Impacted Agency(ies).

Fiscal Note HB 143, continued.

Enactment of HB 143 will result in approximately 246,000 new municipal selection acres for the Northern Region Office of the Division of Land and Water to process, and approximately 125,000 new acres for the Southcentral Region Office to process.

100	Personal Services	136.6
	1 NRO II (Fbx)	
	1 NRO I (Fbx)	
	1 NRO II (Anch.)	
200	Travel (to visit affected communities and sites)	3.5
300	Contractual (required public notices in newspapers)	7.5
400	Supplies	.5



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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

## MEMORANDUM

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.



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

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 485-3704

# ALASKA STATE HOUSE

CHAIR  
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL  
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.

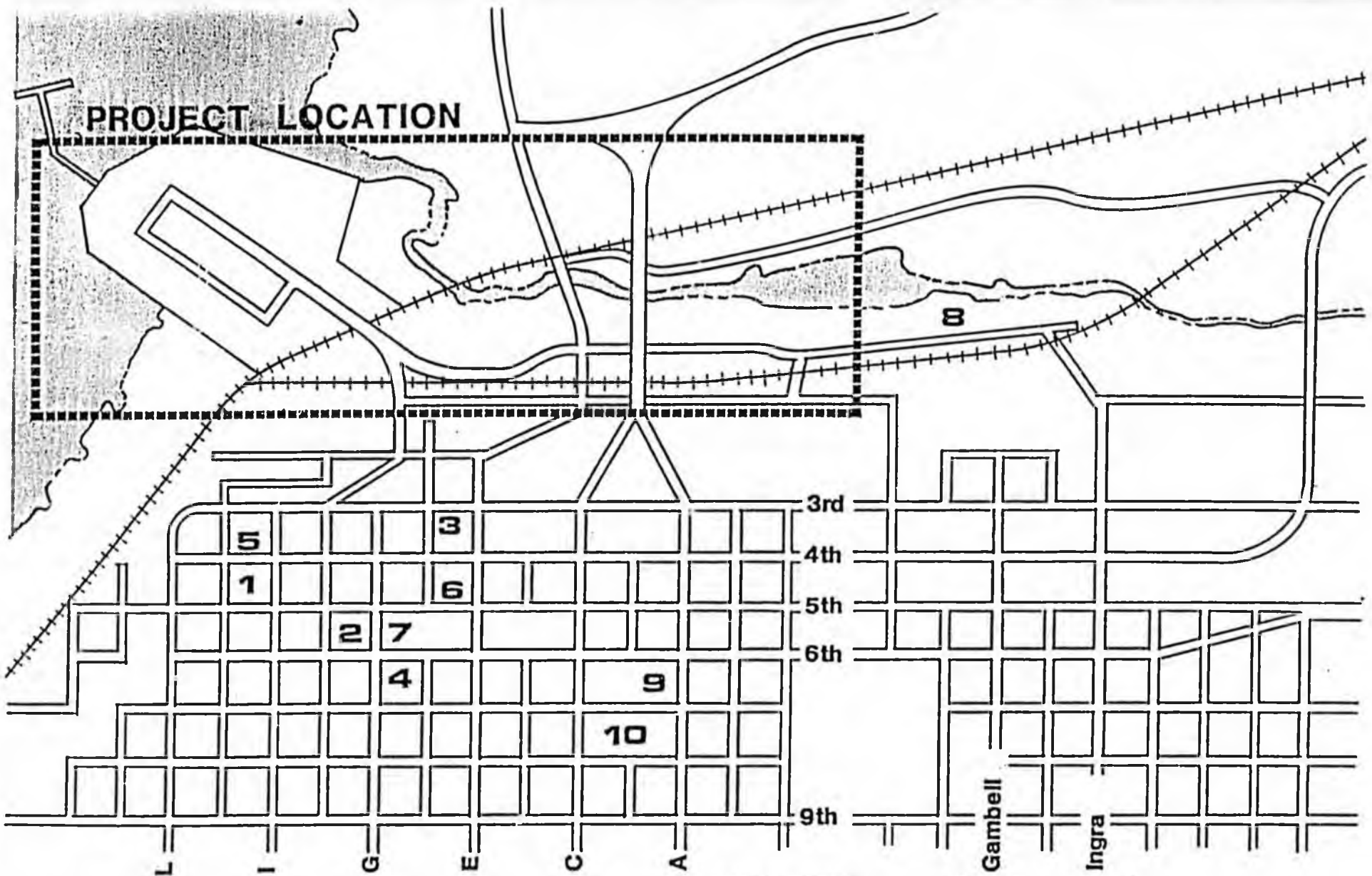
The RFP was completed and approved in November of 1990, and has already attracted a substantial number of qualified bidders who are interested in developing the 120 acre site once it is prepared. A developer should be on board by December 31, 1991, and private development and construction should begin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

REC'D FEB 28 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,

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

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.

550 West 7th Avenue  
Suite 1130  
Anchorage, AK 99501  
Telephone (907) 258-3700  
FAX (907) 258-6646

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**



ANCHORAGE  
ECONOMIC  
DEVELOPMENT  
CORPORATION

## Ship Creek Basin Development

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**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
<b>TOTAL</b>		<b>\$10,070,000</b>

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:

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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

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**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.

550 West 7th Avenue  
Suite 1130  
Anchorage, AK 99501  
Telephone (907) 258-3700  
FAX (907) 258-6646

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  
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- 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:

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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.

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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.

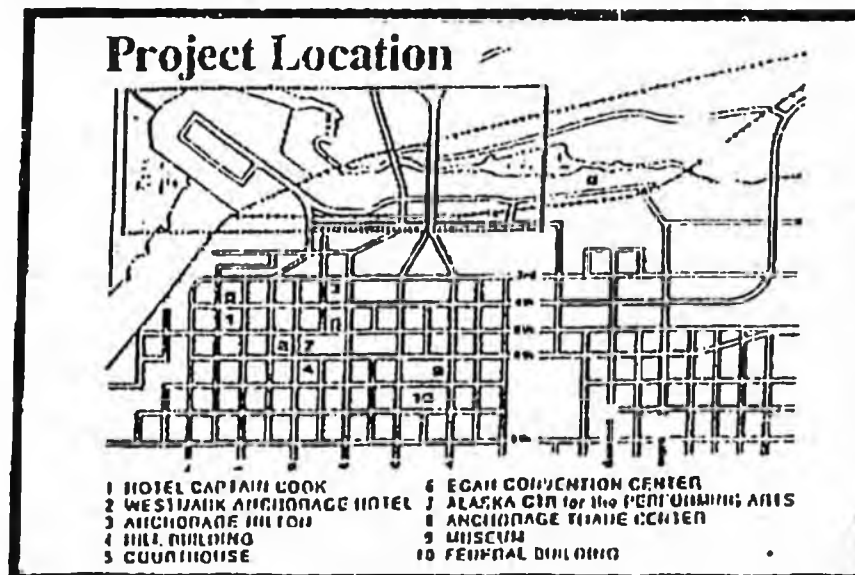
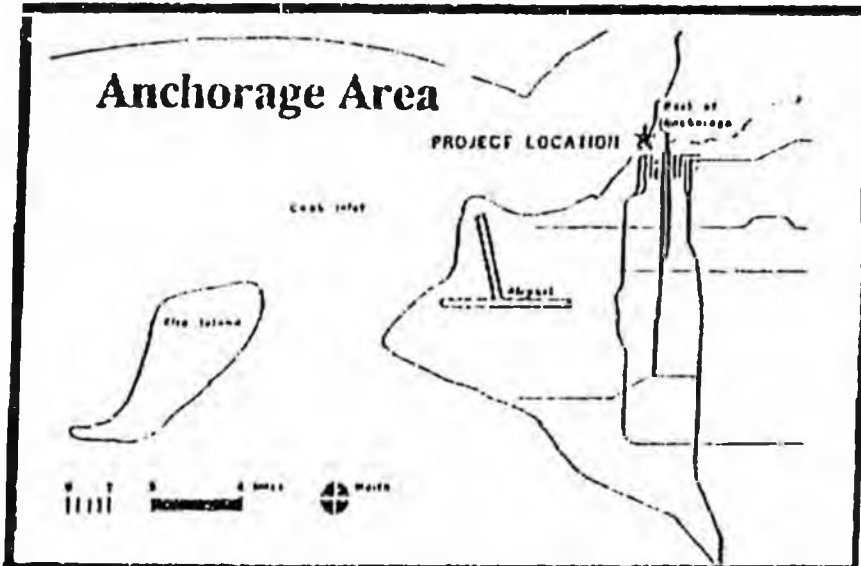
At the west end of the project site, the 1988 Port of Anchorage Ship Creek Concept Plan called for reinforcement of the waterfront site's maritime role and improved public access. The plan suggested phased-in improvements ranging from traditional boat storage facilities to a waterfront hotel, commercial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

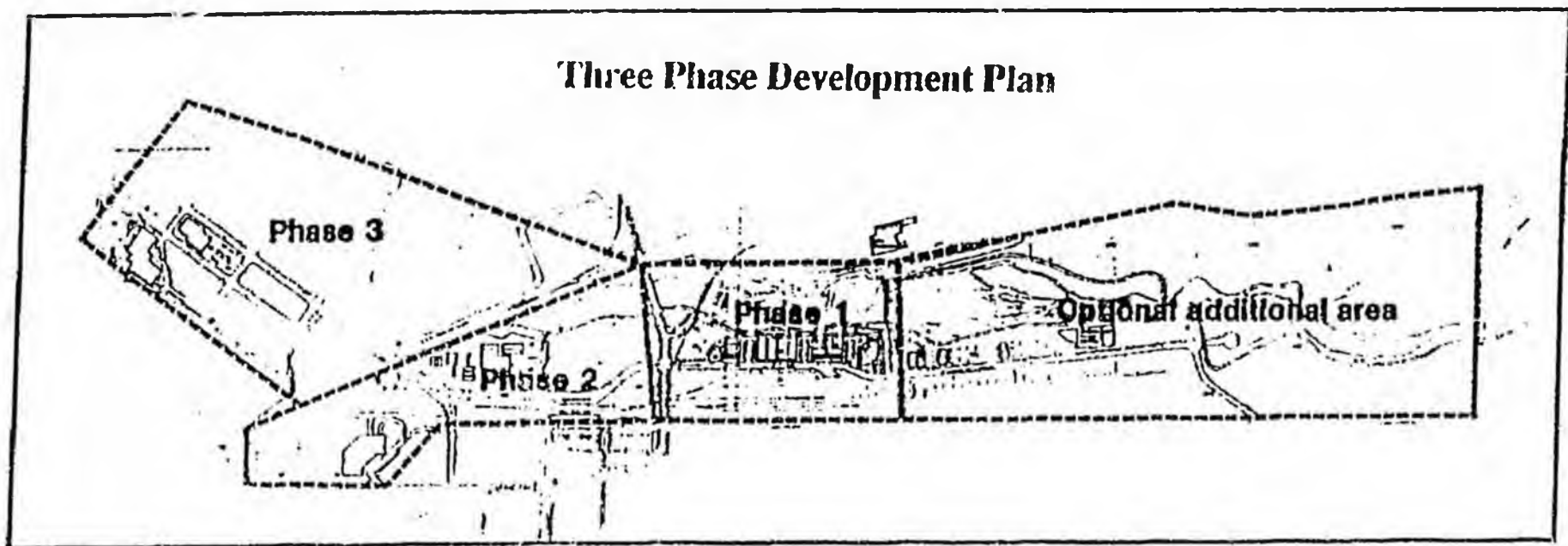




The property throughout the project area is owned by the Alaska Railroad. Current zoning is for heavy industrial use, but is expected to be rezoned into a new waterfront zoning classification in which commercial activities will gradually replace industrial uses.

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.

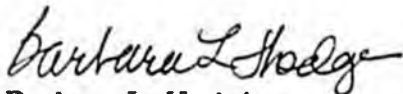
## Selection Schedule

- 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

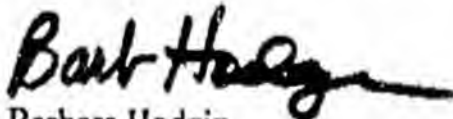
Dear Senator Pourchot:

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  
*[Handwritten text]*

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,

Peter Roberts  
Downtown Community Council





# Events™

March 1, 1991

To whom it may concern:

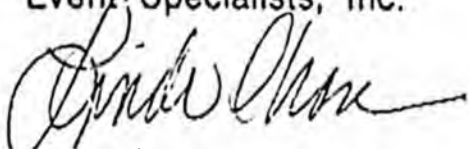
As a member of the Board of Directors of the Downtown Anchorage Association and as a person who lives and works Downtown, I feel the development of the Ship Creek Waterfront project is important for both the economy and the expansion of tourism in Anchorage and Alaska.

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

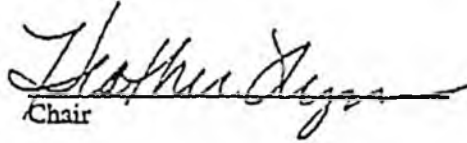
11 Section 1: That the Municipality of Anchorage hereby agrees to participate in the ARRC-AEDC  
12 development process with the understanding that it will have the opportunity to review and approve the RFP prior  
13 to its issuance and that it will review and approve the development agreement that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

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

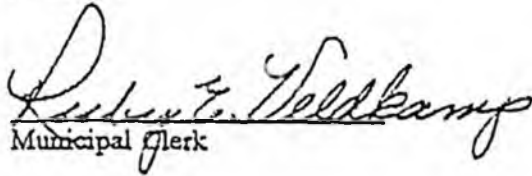
- 18 1. Let a master lease to the successful respondent to the RFP on substantially the same terms and  
19 conditions and for the same lease rate through 1996 as the master lease ARRC negotiates with the  
20 same successful respondent. In the alternative, and if necessary and prudent, the Municipality 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.