Chapter 50

LEASE ADMINISTRATION

05 CBJAC 50.010 Purpose of chapter.

The purpose of this chapter is to set out requirements pertaining to applications, deposits, payment, appraisal requirements, and appraisal standards that are specific to leases under the administration of the docks and harbors department.

(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.020 Relationship to CBJ leasing code.

Leases under the administration of the docks and harbors department are governed by CBJ Chapter 53.20, Leases, and CBJ 85.02.060. The regulations in this chapter implement and make specific the requirements of those code sections as they apply to leases under the jurisdiction of the Docks and Harbors Board.

(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.030 Lease applications.

(a) **Application requirements.** All applications for lease of lands shall be submitted to the port director on forms provided by the director. With the application, an applicant shall also submit a development plan that includes:

(1) The nature and purpose of the proposed lease;

(2) A site plan;

(3) The use, value, and nature of improvements to be constructed;

(4) The dates construction is estimated to commence and be completed;

(5) A detailed description of the proposed operation;

(6) Whether the intended use complies with the CBJ Land Use Code, CBJ Title 49, and the comprehensive plan of the City and Borough; and

(7) Additional information that would assist the port director, the Docks and Harbors Board, and the Assembly in acting on the application.
Application processing. The port director will review each application for completeness within 30 days of receipt unless the director notifies the applicant that more time is required to complete the review. If the port director determines that the application is not complete, the director will provide the applicant with a general description of the information needed to make the application complete. Once the application is complete, the port director will estimate the cost for the docks and harbors department to process the application and will notify the applicant in writing of the estimated cost. The applicant is required to pay all costs associated with processing of the application, including any costs to survey and appraise the area proposed to be leased. The applicant must agree in writing to pay the processing costs prior to the Docks and Harbors Board taking action on the application. Failure of the applicant to agree to pay, or pay, any processing cost will result in the application being denied. The applicant may assist the port director by arranging for specified components of the work, such as survey and appraisal, provided any such work to be performed by applicant is approved in writing in advance by the port director.

(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.040 Appraisal, lease rent requirements, and dispute resolution.

(a) Requirement for an appraisal. No land or interest in land shall be leased, or a renewal lease issued, unless the land or interest in land has been appraised as set out in 05 CBJAC 50.050 within 90 days prior to the date fixed for the beginning of the term of the lease or renewal lease, provided that no appraisal is required for land or space where the Assembly has, by resolution, within three years of the application set the lease rents for such land or space.

(b) Minimum acceptable annual rental. No land or interest in land shall be leased for less than the approved, appraised annual rental except that when leased to a governmental unit, agency, department, or body for public purposes, or to a nonprofit organization for the purpose of performing a public or quasi-public health function, such minimum rental may be waived by the Assembly by resolution; however, such waiver does not constitute a waiver to the requirement for a review and adjustment of rental rates every five years.

(c) Lease rent adjustments. For all leases, the port director will propose a rent adjustment as set out in CBJ Ordinance 53.20.190(2). If the lessee disagrees with the lease rent adjustment proposed by the port director, the lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The lease rent adjustment proposed by the port director will automatically take effect if the lessee's appraisal is not completed and submitted to the director within six months after the director proposes the adjustment.

(d) Delays in setting rents. Delays in setting or adjusting lease rents due to the appraisal process shall not change the effective date of the lease rent change. In the case of renewals, the new rent shall apply retroactively to the date the lease expired. In the case of rent adjustments during a lease, the new rent shall apply retroactively to the date of rent adjustment as set out in the lease.

(e) Payment of rents. Rent payments shall be paid in advance, unless the lease stipulates otherwise. The port director will determine whether payments will be on a monthly, quarterly, semi-annual, or annual basis.

(f) Preliminary review of appraisal. The port director may reject an appraisal or recommend an appraisal be modified before review by the docks and harbors board.
(g) **Dispute resolution.** In the event the docks and harbors board cannot reach agreement with the applicant or lessee on the lease rent or adjustment, the board shall pay for an additional appraisal and have that appraisal undertaken in accordance with 05 CBJAC 50.050. After reviewing the additional appraisal, the board shall establish lease rent. If the applicant or the lessee disagrees with the lease rent or adjustment, the applicant or lessee may appeal to the Assembly. The decision of the Assembly shall be final. (Added 9-29-2008, eff. 10-13-2008)

**05 CBJAC 50.050 Appraisal standards.**

(a) **Client.** The City and Borough of Juneau is the sole client for all appraisal assignments, regardless of who contracts for, or pays for, the appraisal.

(b) **Appraiser qualifications.** The appraiser must be on the State of Alaska Department of Natural Resources list of qualified appraisers. DNR maintains and periodically updates a list of qualified appraisers. The list is available upon request from DNR and at http://www.dnr.state.ak.us/land/appraisal.htm.

(c) **Appraiser contact with City and Borough of Juneau.** Any appraiser preparing a report for use by the City and Borough of Juneau is required to contact the port director before beginning work so that the port director may issue supplemental appraisal requirements or additional information specific to the assignment.

(d) **Appraisal standards.** All appraisals must be prepared in accordance with the standards and requirements set out in this Section 05 CBJAC 50.050 and all applicable standards in the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. For specific projects, the port director may issue supplemental instructions.

(e) **Purpose of the appraisal.** The purpose of the appraisal is to estimate the annual market rent based on the market rental rate for the land.

(f) **Intended use and intended users of the appraisal.** The City and Borough of Juneau will use the appraisal to establish the annual lease rent for the lands to be leased, including initial lease rent, renewal rent, and rent adjustments.

(g) **Definitions.**

1. *Appraisals must use the following definition for market rent:* The most probable rent that a property should bring in a competitive and open market.

2. *Appraisals must use the following definition for rental rate:* The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the City and Borough of Juneau.

(h) **Inspection.** The appraiser must make an onsite inspection of each appraised property and comparable. If a valuation error results due to lack of adequate inspection, the appraiser will be required to do an onsite inspection at the appraiser's own expense. The port director may allow exceptions to these inspection requirements, if special conditions warrant. Any exceptions must be authorized in writing by the port director.
before work begins.

(i) **Photographs.** Reports must contain onsite photographs of all appraised properties and comparables that were inspected. Photographs must clearly illustrate the character and quality of the properties and must clearly approximate property corners and boundaries with marks on the photographs or explanatory captains. Low altitude photographs are acceptable if they meet the above criteria. All subject photographs are preferred in a digital format, with the appraiser waiving the right to their use in future city and borough publications.

(j) **Plat or survey maps.** The report must contain legible and clearly readable copies, showing the size and dimensions of each parcel appraised. Legible plat notes must also be included.

(k) **Comparable land data.**

(1) Comparable land data sheets are required for all reports, and must include a complete legal description, recording information, and a photograph of the comparable that meets the required standard for photographs as set out in subsection (i) of this section.

(2) A comparable land location map is required, showing the location of the comparable in relation to the appraised properties and other comparables.

(3) Whenever possible, all transactions should be verified with a knowledgeable party (grantor, grantee, broker, lessor or lessee), either by the appraiser conducting the subject appraisal or by an appraiser who verified the information in another report. Failed efforts to reach knowledgeable parties shall be stated on the comparable land form.

(l) **Rent comparisons.** The appraisal report shall include an annual land rent comparisons chart, stating location, date, rent, size in square feet and rent per square foot. When relating comparable transactions to the subject property, adjustments must be fully discussed and presented in an adjustment table. Such adjustments need to be defined in qualitative or quantitative terms, clearly stating which method is most reliable. Estimates based solely on the appraiser's opinion without explanation will not be accepted.

(m) **Applicant or lessee contact.** The appraiser shall contact the applicant or lessee and offer an opportunity to discuss the appraisal and inspect the property with the appraiser. Contact with the lessee or applicant must be briefly described in the report.

(n) **Required number of copies.** The appraiser should provide one hard copy of the report for review by the port director. The appraiser should then provide to the port director one hard copy and a PDF copy of the final, reviewed report.

(Added 9-29-2008, eff. 10-13-2008)