



City Manager
334 Front Street
Ketchikan, AK 99901

Phone (907) 228-5603
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: June 13, 2019

RE: **Providing Direction Regarding the Potential Purchase of Real Property Located at 2813 Tongass Avenue (Former Bar Harbor Restaurant)**

The motion detailed below was prepared at the request of Port & Harbors Director Steve Corporon, who asked that it be placed before the City Council for consideration at its meeting of June 20, 2019. If adopted, the motion provides for City Council direction regarding the possible purchase of real property located at 2813 Tongass Avenue (former Bar Harbor Restaurant) from Scott Jones. As Mr. Corporon notes in his transmittal memorandum, late last year Mr. Jones submitted an offer to sell the property to the City for a purchase price of \$395,000.

The Port & Harbors Director's report summarizes the issues associated with the purchase of the property and its redevelopment as additional public parking. A preliminary cost estimate of \$2,285,000 has been developed, which would have to be shared between the Harbors and Public Works Departments if the City Council wishes to endorse such a project. The Harbors Department does not have sufficient resources to undertake the project without participation from another department. While additional parking is always a desirable objective, it is not a high priority capital project for the Public Works Department.

My office is seeking direction from the City Council whether staff should pursue the purchase of the property.

Port Operations Coordinator Dave Dixon and Public Works Director Mark Hilson will be attending the City Council meeting of June 20, 2019, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion directing the City Manager to take such action regarding the purchase of 2813 Tongass Avenue (former Bar Harbor Restaurant) for expansion of the adjacent parking lot as determined appropriate by the City Council.

Recommended Motion: I move the City Council direct the City Manager to take such action regarding the purchase of 2813 Tongass Avenue (former Bar Harbor Restaurant) for expansion of the adjacent parking lot as determined appropriate by the City Council.



2933 Tongass Avenue
Ketchikan, Alaska 99901
Phone (907) 228-5632
Fax (907) 247-3610

MEMORANDUM

To: Karl Amylon, City Manager
From: Steve Corporon, Port & Harbors Director
Date: June 11, 2019
Re: **Former Bar Harbor Restaurant Property at 2813 Tongass Ave**

In late 2018 the City received an unsolicited proposal from the owner of 2813 Tongass Ave which is located in between a City owned parking lot and the trestle that leads to Bar Harbor South Ramp 2. The building has formerly housed Bar Harbor Restaurant and Kay's Kitchen. The owner has offered to sell the building and tidelands to the City for an expansion of the adjacent City parking lot. A copy of his proposal is attached. His asking price is currently \$395,000 which has been included in the project costs summarized on the second page of this memo; however, it is hoped that a lower price could be negotiated if staff is directed to further develop this potential project. When asked if there were any known hazardous materials present in the building such as old floor tiles containing asbestos, lead paint, etc. he replied in the negative. If he has adequate documentation supporting the lack of hazardous materials, such as an inspection report, then a survey may not be required prior to obtaining a demolition permit. If a survey is required and hazardous materials are found to be present, then abatement would be required prior to demolition. The estimated project costs identified later in this memo do not include any abatement work.

The basic concept would be to demolish and remove all of the structures and pilings at 2813 Tongass and most of the City's trestle, leaving the turnaround area and the existing transformers and switchgear. A rock wall would be installed to bridge the existing rock wall of the parking lot with the existing rock wall of the Harbormaster Condos and the area between the new rock wall and the street would be filled and paved. The water lines and electrical conduits and power cables that are attached to the trestle would have to be replaced and relocated to new lines and conduits placed in the new fill.

The total estimated cost of the project is \$2.285M. There is currently \$868K in the Harbor Construction Reserve fund and \$928K in Small Boat Harbors Reserve fund. Of the \$868K in the Harbor Construction Fund, \$294K is dedicated for use for the benefit of the Mountain Point Launch Ramp in accordance the terms of a property transfer agreement. This leaves a balance of \$575K that could be used for future projects such as this one provided that the City realizes its projected \$311K from the State's Raw Fish Tax Program in 2019. If the Raw Fish Tax payment does not materialize in 2019, reserves of the Harbor Construction Fund will decline to a projected \$265K. This means the Harbors cannot afford to fund the entire parking lot expansion project; therefore, a cost sharing of the project costs would be required. The concept of a shared project with Public Works would be similar to the arrangement for the project last year to replace the rock wall and parking lot adjacent to Bar Harbor South Ramp 1.

This project to acquire the property at 2813 Tongass for expansion of the adjacent parking lot was presented to the Port and Harbors Advisory Board in January of this year. During the discussion leading up to a vote the recurring theme was that the City should at least try to secure the property now so the project could be developed when additional funding was

available in the future. Ultimately the PHAB voted unanimously “to recommend the City of Ketchikan pursue the purchase of 2813 Tongass Ave with the intention to, as funding allows, improve necessary parking needs in the area.”

One possible way to share the expenses would be to have the Harbors fund the costs associated with the purchase of the property, demolition of most of the trestle, repairs to the section of remaining trestle, and relocation of the utilities. Public Works would be responsible for the costs associated with demolition of the property at 2813 Tongass. All other costs would be split 56/44 between Public Works and the Harbors based on the percentage of the resulting new parking areas located on their respective property. The following is a summary of the estimated project costs along with a breakdown of funding responsibility based on the above description:

Item	Est Cost	Harbor	PW
Property purchase:	\$395,000	\$395,000	
Design, Permitting, Inspection, & Testing	\$100,000	\$44,000	\$56,000
Trestle demolition and removal:	\$125,000	\$125,000	
2813 Tongass demolition and removal:	\$125,000		\$125,000
Mob/Demob/General Conditions	\$115,000	\$50,600	\$64,400
Rock wall:	\$210,000	\$92,400	\$117,600
Fill:	\$300,000	\$132,000	\$168,000
Paving, curbing & storm water:	\$350,000	\$154,000	\$196,000
Repairs to remaining portion of trestle:	\$100,000	\$100,000	
Electrical:	\$80,000	\$80,000	
Water:	\$25,000	\$25,000	
Contingency (20%)	\$360,000	\$158,400	\$201,600
Total:	\$2,285,000	\$1,356,400	\$928,600

From a Harbor standpoint the proposed expansion makes economic sense if the proposed funding split was used since the current estimate to perform needed repairs to the entire trestle is over \$400,000 of which \$300,000 would be eliminated.

From a Public Works standpoint the proposed expansion likely does not make economic sense. The Public Works Director confirmed that the proposed \$928K PW share for the project would not sort very high on the Streets Division capital improvement list as they have many more pressing needs. A review of the attached Streets 2019-2023 CIP program confirmed his assessment.

Before proceeding further with development of this project, the Director of Public Works and I agree that it would be beneficial to seek direction from the City Council in regards to the following items:

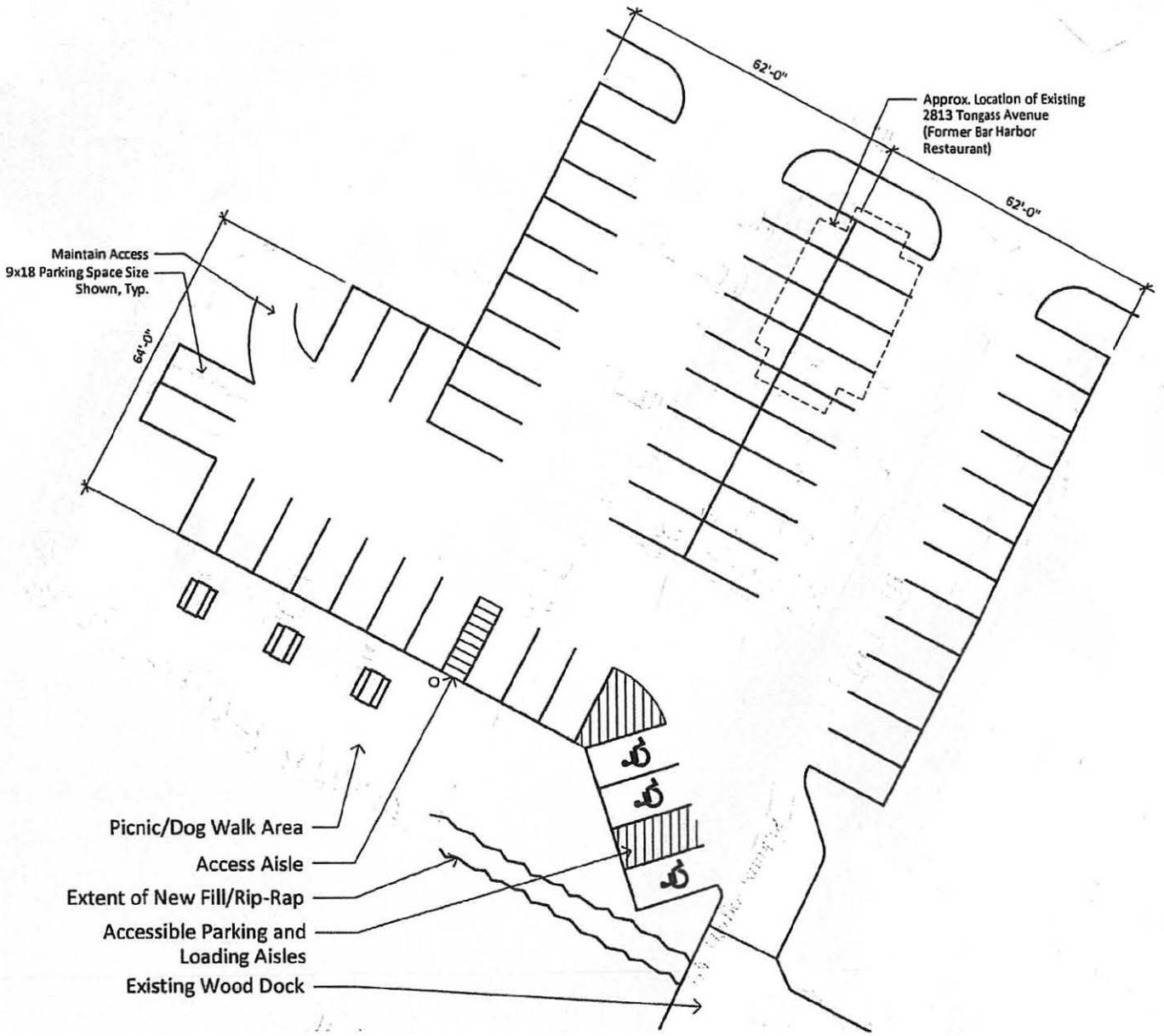
- Should this project be developed further?
- Should staff be directed to negotiate purchase of 2813 Tongass Ave?
- What funding source(s) should be targeted for acquisition and when?
- What funding source(s) should be targeted for development and when?

Once direction from the City Council is obtained regarding the above items, both the Director of Public Works and I will also be able to begin the process of incorporating the various elements of the project into our respective budgets for 2020 and beyond as necessary.

Recommended motion: I move the City Council direct the Manager to take such action regarding the proposal to acquire property at 2813 Tongass Ave for expansion of the adjacent public parking lot as deemed appropriate by the City Council.

CITY OF KETCHIKAN:

CURRENTLY IN THE PROCESS OF SELLING PROPERTY WITH TIDELANDS AT 2813 TONGASS, FORMALLY KAY'S KICTHEN AND BAR HARBOR RESTAURANT. PRICED AT 395,000. IS ADJACENT TO EXSISTING CITY PARKING LOT. TIME TO BUY BEFORE IT IS BROUGHT AND DEVELOPED BY OTHERS. WOULD ALLOW YOU TO DOUBLE THE EXSISTING PARKING LOT AND ELIMANATE THE NEED FOR REPAIRS AND MAINTENANCE ON EXSISTING WOODEN ACCESS. ENCLOSED IS A DRAWING SHOWING PROPOSED NEW PARKING LOT. FOR INQUIRY PLEASE CALL SCOTT JONES AT 617-1002



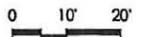
NOTES:

Existing Parking Spaces (Lot and Dock): Approx. 30 Total Parking Space
 after Improvements: 57 Shown
 ADA Parking Requirements: 3 spaces (1 with Van Loading Aisle)



Bar Harbor Parking Expansion

Background Image Source: KGB GIS



City of Ketchikan, Alaska
2019 - 2023 Capital Improvement Program
Department: Streets

Project Title	Priority	Prior Years	Adopted 2019			Projected Requirements				Total Project
			Reappropriated	New Funding	Total	2020	2021	2022	2023	
Safer Streets & Sidewalks Program	1			100,000	100,000	100,000	100,000	100,000	100,000	500,000
Staircase & Boardwalk Reconstruction	2			30,000	30,000	50,000	50,000	50,000	50,000	230,000
Rock & Tree Maintenance	3			15,000	15,000	15,000	15,000	15,000	15,000	75,000
Pavement Overlay - Surface Repair	4			600,000	600,000		600,000	600,000	600,000	2,400,000
Ketchikan Lakes Road Reconstruction	5					2,600,000				2,600,000
Bawden/Spruce Mill Way Pavement Repair	6	424,414				160,000				584,414
Bridge Maintenance and Repair	7			25,000	25,000	50,000	50,000	50,000		175,000
Water Street Trestle No. 1 Reconstruction	8	41,538	20,770	249,229	269,999					311,537
Sayles/Gorge Bridge Replacement	9	41,538	20,770		20,770	207,690				269,998
Harris St. Bridge Repaint and Repairs	10					385,000				385,000
Dunton Street Trestle Replacement	11					630,000	315,000	3,115,000		4,060,000
Stormwater Facilities - Reconstruction and Repair	12					250,000	100,000	100,000	100,000	550,000
Concrete Road Reconstruction and Repair	13			50,000	50,000	100,000	100,000	100,000	100,000	450,000
Wall & Abutment Reconstruction & Repair	14			50,000	50,000	50,000	50,000	50,000	50,000	250,000
Snow Plow Truck	15			220,000	220,000					220,000
Baranof Pedestrian Enhancement Improvements	16					10,000	400,000			410,000
Hoadley Creek Culverts at Jackson Street	17	82,250							800,000	882,250
Streets Vector Truck	18							400,000		400,000
Streets Forklift	19							35,000		35,000
2nd Ave Street and Utility Improvements Phase 1	20					25,000		300,000		325,000
Tongass Avenue Crosswalk Improvements	21	15,025	94,975		94,975					110,000
Creek Street Improvements	22			300,000	300,000	700,000				1,000,000
Thomas Basin Promenade	23					2,600,000				2,600,000
Schoenbar Creek Culvert Repair	24	100,000		250,000	250,000					350,000

Total		704,765	136,515	1,889,229	2,025,744	7,932,690	1,780,000	4,915,000	1,815,000	19,173,199
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Source of Funds	Priority	Prior Years	Adopted 2019			Projected Requirements				Total Project
			Reappropriated	New Funding	Total	2020	2021	2022	2023	
Public Works Sales Tax Fund	111	704,765	136,515	1,739,229	1,875,744	2,962,690	1,095,000	2,075,000	1,175,000	9,888,199
Proposed State Grants						570,000	685,000	2,840,000	640,000	4,735,000
General Obligation Bonds						2,750,000				2,750,000
Commercial Passenger Vessel (CPV) Funds				150,000	150,000	1,650,000				1,800,000
Total		704,765	136,515	1,889,229	2,025,744	7,932,690	1,780,000	4,915,000	1,815,000	19,173,199

**City of Ketchikan, Alaska
2019 - 2023 Capital Improvement Program**

Department: Harbors

Project Title	Priority	Prior Years	Adopted 2019			Projected Requirements				Total Project
			Reappropriated	New Funding	Total	2020	2021	2022	2023	
Bar Harbor North-Repl Ramp No. 3 & Floats 10&11 Elec	1	84,566	1,254,110		1,254,110					1,338,676
Bar Harbor South Float No. 8 Finger Replacement	2	48,000		15,000	17,000					65,000
Security Camera Upgrades	3	13,619	11,425		11,425					25,044
Thomas Basin Float No. 1 Rehabilitation	4			45,000	45,000					45,000
Bar Harbor South Ramp No. 2 Trestle Repairs	5					400,000				400,000
Bar Harbor South Pumpout Station	6					75,000				75,000
Bar Harbor North Lighting Replacement Ph 1	7					25,000				25,000
Bar Harbor South Float 8 Electrical Replacement	8						100,000			100,000
Bar Harbor North Lighting Replacement Ph 2	9						25,000			25,000
Bar Harbor North Lighting Replacement Ph 3	10							25,000		25,000
Bar Harbor North Lighting Replacement Ph 4	11								25,000	25,000
Total		146,185	1,267,535	60,000	1,327,535	500,000	125,000	25,000	25,000	2,148,720

Source of Funds	Fund No.	Prior Years	Adopted 2019			Projected Requirements				Total Project
			Reappropriated	New Funding	Total	2020	2021	2022	2023	
Harbor Fund	240	48,000	13,425	60,000	73,425	443,750	75,000	25,000	25,000	690,175
2016 General Obligation Bonds	320		487,610		487,610					487,610
Proposed State 50/50 Harbor Grant	320		627,055		627,055		50,000			677,055
Proposed State Fish and Game Grant	240					56,250				56,250
Harbor Construction Fund	320	98,185	139,445		139,445					237,630
Total		146,185	1,267,535	60,000	1,327,535	500,000	125,000	25,000	25,000	2,148,720

CITY OF KETCHIKAN and CITY OF KETCHIKAN dba KETCHIKAN PUBLIC UTILITIES
2019 REVENUES AND APPROPRIATIONS REPORT
REFLECTS COUNCIL ACTION THRU MAY 2, 2019
ALL FUNDS

Fund	Budgeted Appropriated Reserves	¹ Amended Appropriated Reserves	YTD Increase (Decrease) in Appropriated Reserves
101 General	4,864,820	4,818,850	(45,970)
110 Hospital Sales Tax	4,403,063	4,403,063	-
111 Public Works Sales Tax	3,422,825	3,422,825	-
112 Shoreline	101,434	101,434	-
117 Community Grant Fund	8	8	-
118 Economic & Parking Development	664,855	664,855	-
210 Transient Tax	397,820	397,820	-
211 Marijuana Sales Tax	128,000	128,000	-
220 Solid Waste Services	1,369,152	1,369,152	-
240 Small Boat Harbor	942,238	942,238	-
250 Bayview Cemetery O & M	49,801	49,801	-
251 Bayview Development	11,989	11,989	-
252 Cemetery Endowment	21,568	21,568	-
260 Commercial Passenger Vessel	2,268,685	2,018,685	(250,000)
280 US Marshall Property Seizure	99,587	99,587	-
290 Federal and State Grant	-	-	-
310 Major Capital Improvements	76,721	76,721	-
320 Harbor Construction Fund	868,939	868,939	-
330 Community Facilities Development	2,101,410	2,001,410	(100,000)
340 Hospital Construction Fund	-	-	-
360 CPV Capital Improvement Fund	-	-	-
410 GO Bond Debt Service	-	-	-
505 Wastewater Services	1,553,384	1,553,384	-
510 Ketchikan Port Fund	11,046,216	11,024,136	(22,080)
511 Port Repair & Replacement Fund	4,265,536	4,265,536	-
520 KPU Enterprise Fund	5,947,555	5,930,085	(17,470)
520 Ketchikan Public Utilities	750,000	750,000	-
610 Self-Insurance Fund	647,409	647,409	-
	<u>46,003,015</u>	<u>45,567,495</u>	<u>(435,520)</u>

¹ Adjusted to reflect City Council action to date

COMMUNICATIONS:

None

PERSONS TO BE HEARD:

Marvin Hill, Harbormaster Condominium Resident, in reference to the Old Bar Harbor Restaurant purchase and Bar Harbor South Ramp 2 Trestle.

Scott Jones, owner Old Bar Harbor Restaurant, located at 2813 Tongass Ave. Mr. Jones would like to please note the engineer sketch has since been modified to increase the number of spaces from 57 to 59.

Carson Lindley, resident of Thomas Basin. Mr. Lindley would like to address the Board and ask them to please look into the idea of putting ladders in our harbors. Mr. Lindley feels Ketchikan's harbors are very unsafe, and after the two recent deaths in Thomas Basin, feels it would be very beneficial to have ladders installed.

OLD BUSINESS:

None

NEW BUSINESS:

1. Parking Lot and Property Issues in Vicinity of Bar Harbor South Ramp 2:

Corporon reviewed the memorandum and information submitted to the Board. Major talking points were as follows:

- Future repairs to the Bar Harbor South Ramp 2 Trestle and surrounding area would total approximately \$400,000 over the coming years. While the purchase and expansion of parking in the area is a priority for Port and Harbors, it does not appear to be a priority for Public Works; with whom the project would be split with. The estimate presented includes paying full asking price, as well as the development of the property.
- Ideally, the project would include the purchase of the property, removal of the existing building, and street side portion of the trestle. The area would then be filled, and turned into a parking lot containing 59 parking spaces.

- R&M Engineering came and surveyed the property lines and it was documented that the Harbormaster Condominiums have encroached on City property by 9 feet. There is no documentation of an easement every being granted. Corporon recommends a revocable permit be drafted to allow the continued use of the two parking spaces that created the encroachment.
- Parking is a major issued for harbor users, as well as residents and other users of the area.

Discussion followed between The Board, Staff, and Persons To Be Heard.

MOTION was made by Robbins to recommend that the City of Ketchikan pursue the purchase of 2813 Tongass Ave with the intention to, as funding allows, improve necessary parking needs in the area. **MOTION SECONDED** by Flora. **MOTION PASSED UNANIMOUSLY.** Christensen absent.

Director's Report:

1. **2019 Cruise Ship Schedule:** The plan is to go with the last presented schedule, with minor changes to the Berth II schedule.
2. **Berth III Barge:** The barge has been moved to Vigor and the transfer bridge in resting on the flexfloats. The ballasted flexfloats worked well, and were able to float the transfer bridge at a 16.75' tide. During transport more the top coat sluffed off, but the primer has held fast. As of last Friday, Vigor was behind schedule, but still is set to be finished in time for the placement back at Berth III in March.
3. **The Great Alaska Lumber Jack Show rock wall:** work is slowly progressing.
4. **Berth I&II Expansion:** BA has submitted a review and possible options. The report will be presented to the City Council on Thursday, and discussed in executive session. Corporon will work with the BA representative to refine, and prepare for their presentation.

COMMITTEE MEMBER COMMENTS:

Mr. Dan Christensen:

Mr. John Kimmel:

Mr. Timothy Walker: Happy New Year.