



July 7, 2014

From: Borough Manager  
To: Planning Commission

**SUBJ: Negotiated Land Sale for 20,000 sf of Lot #8 Downtown Haines to Haines Brewing Company, Inc.**

Commission Members,

At the direction of the Borough Assembly, and pursuant to HBC 14.20.100, the Borough Manager entered negotiations with Mr. Paul Wheeler and Ms. Jennie Kitayama, owners of Haines Brewing Company, Inc, for the purchase of 20,000 sf of Lot#8 in Downtown Haines. The lot is zoned commercial and the property will be developed as an Combination Residential/Industrial/Commercial (RIC ) which is a use by right (UBR) as listed in HBC 18.70.040 (Zoning Use Chart) for Commercial Areas.

On 3 July, 2014 the Manager and the owners of Haines Brewing Company, Inc. reached an agreement of a price of **\$4.33 per square foot**. Mr. Dean Olsen, the Haines Borough Assessor, had conducted an initial assessment of the property and determined that fair market value for the designated parcel was \$4.33 per square foot with a price range from \$3.75 per square foot to \$4.75 per square foot.

The Owners of Haines Brewing Company, Inc. also requested economic incentives citing Objective 3E of the Haines Comprehensive Plan (Continue to implement the 2011 Downtown Haines Revitalization Plan) which includes recommendations to provide for economic incentives and specifically mentions temporary reduction in property taxes. In keeping with this, and after additional negotiation, the Manager offered **a 50% property tax reduction in the first year after purchase, a 30% reduction in property taxes in the second year after purchase, and a 25% property tax reduction in the third year after purchase**. No other economic incentives were agreed to.

The Manager also notes that recommendation and ultimate approval of this negotiated sale will provide property tax on a parcel currently not producing any revenue, will likely increase sales tax revenue from the Downtown Area, and is in keeping with two other provision of the Haines Comprehensive Plan, specifically Objectives 3D and 3E item #12.

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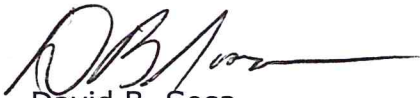
Additional discussions addressed the following:

- Requirement for the Borough to view the site plans before final sale
- Ensuring conformity with downtown aesthetic
- Ensuring that plan address off street parking
- Ensuring that plans address access
- Ensuring that plans mitigate traffic
- Ensuring that plans address the potential for expansion
- And ensuring that plans are in conformity to the amended Plat that is currently being developed under the direction of Ms. Xi ("Tracy") Cui the Borough Planner.

The Borough Manager recommends that the Planning Commission endorse this plan and forward a recommendation for sale as negotiated to the Borough Assembly for follow-on action.

Questions with regard to this matter can be addressed to David B. Sosa, Borough Manager, Haines, Alaska at dsosa@haines.ak.us or at 907-766-2231 ext. 29.

Respectfully Submitted,



David B. Sosa  
Borough Manager  
Haines, Alaska

# Haines Brewing Company, Inc.

P.O. Box 911  
Haines, Alaska 99827

907-766-3823  
hainesbrew@gmail.com



July 4, 2014

David Sosa, Manager  
Haines Borough  
PO Box 1209  
Haines, Alaska 99827

Dear Mr. Sosa,

This letter is to confirm the conclusions of the negotiations meeting that we had with you, on behalf of the Haines Borough, to present to the Assembly at their next meeting.

We understand that the assessed value of Lot #8 in downtown Haines is \$4.33 per square foot. For 20,000 square feet of Lot #8, we are offering \$4.33 per square foot for the Haines Brewing Company. Within this offer we are asking the Borough to reduce our property taxes over the first three years by 50%, 30%, then 25% respectively, as we transition and stabilize into our expanded establishment.

Our rationale for this offer and request is justified in the Borough's current Comprehensive Plan to support Haines businesses. The following objectives in the Plan are particularly pertinent:

**Objective 3D:** Capitalize on Haines' existing reputation and 'brand' as a recreation destination and "Adventure Capital of Alaska" by **expanding related businesses, jobs, and commerce.**

The Haines Brewing Company is open year-round and has a very positive, popular reputation throughout the state, with national recognition. Our business attracts winter recreationists, cruise ship tourists, independent travelers, Yukon visitors, Haines Homebrew & Craft Beer Festival goers, and new residents. Expanding our production and facility will accommodate and attract even more people to Haines.

**Objective 3E:** Continue to implement the 2011 **Downtown Haines Revitalization Plan.**

**Item #3:** Promote infill of empty lots and buildings in DBD (Downtown Business District). Identify reasons why businesses locate elsewhere, and **identify a suite of acceptable incentives to encourage businesses to locate in DBD** into vacant buildings or empty parcels (e.g. **temporary reduction in property taxes, utility rates, or other business fees linked to location in DBD, investments in building construction,**



Haines Brewing Company, Inc. P.O. Box 911, Haines, Alaska 99827

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construction, upgrades, etc.).

Item #12: **Support Buy Local, Eat-Local, Tax-Free days, planned events, and similar promotions that bring residents and visitors to downtown to make local purchases.**

This negotiated price and request for a temporary reduction of our property taxes, allows us more operating capital at the critical beginning stages of this new venture. In the short term this means our business will be up and running sooner, which means more sales tax revenue for the Borough. In the long term the Borough will be gaining a significant value in their property tax roll.

Our goal is to break ground for an expanded Haines Brewing Company facility before winter 2014. The sooner that we can start and open to the public, the sooner we will be contributing to Haines' downtown revitalization.

Sincerely,

Paul Wheeler & Jeanne Kitayama  
Wheeler & Kitayama, LLC  
For Haines Brewing Company, Inc.  
PO Box 911  
Haines, AK 99827  
907-766-3823  
hainesbrew@gmail.com

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July 4, 2014

Haines Borough Planning Commission  
PO Box 1209  
Haines, Alaska 99827

To the Haines Borough Planning Commission Members:

As directed by Borough Code, we are returning to the Planning Commission seeking your approval of our proposed building plans:

- The Haines Brewing Company is defined in the Code as a “light industrial” business, and Lot #8 where we propose to locate is zoned “commercial.” Yet because we also plan to have an apartment in the building, our specific use of the property is classified as “Combination R/I/C” which allows “Use-By-Right” in a commercial zone.
  - [18.20.020 Definitions – Regulatory: “Combination, residential/ industrial/commercial (R/I/C)” means a structure with a primary purpose that is commercial or industrial (light or heavy) and incorporates into its design one or more dwelling units.]
- Our commercial building will be less than 30 feet in height. We are currently working with Larry Larson, of Deadtree Designs, on a post and beam structure. The customer area will have an interior timber framed design, and a wall of windows facing the mountain views. The front entrance will include a window looking into the production side of the building to showcase the kettle and fermenters.
- As per Code 18.80.040 regarding required parking, we will have a minimum of 9 parking spaces available for customers and staff.
- Our building plans conform with the new plat that the Borough will be developing for Lots #6-8. We understand that the alley may be expanded.
- The brewery plan to expand into the downtown district meets several points in the **Borough’s Comprehensive Plan**:
  - *Objective 3D: Capitalize on Haines’ existing reputation and ‘brand’ as a recreation destination and “Adventure Capital of Alaska” by **expanding related businesses, jobs, and commerce.*** The Haines Brewing Company has a very positive and popular statewide reputation. The brewery is a year-round business that attracts winter recreationists, cruise ship tourists, independent travelers, Yukon visitors, Haines Homebrew & Craft



Haines Brewing Company, Inc. P.O. Box 911, Haines, Alaska 99827

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Beer Festival goers, and new residents.

- Objective 3E: Continue to implement the 2011 Downtown Revitalization Plan. Particularly in reference to Items #3 and #12 (see below), we are proposing to fill an empty space on Main Street, and produce a very popular local and regionally well-known product for consumers.
- Planning for the future: We are planning a 2700 square building footprint on a 20,000 square foot lot. The design allows for possible future expansion in more than one direction.
- Responsibility: The brewery is located well out of legal range of school and church boundaries. By state law and our own sense of responsibility, the area where beer consumption is allowed will be clearly defined with physical boundaries.

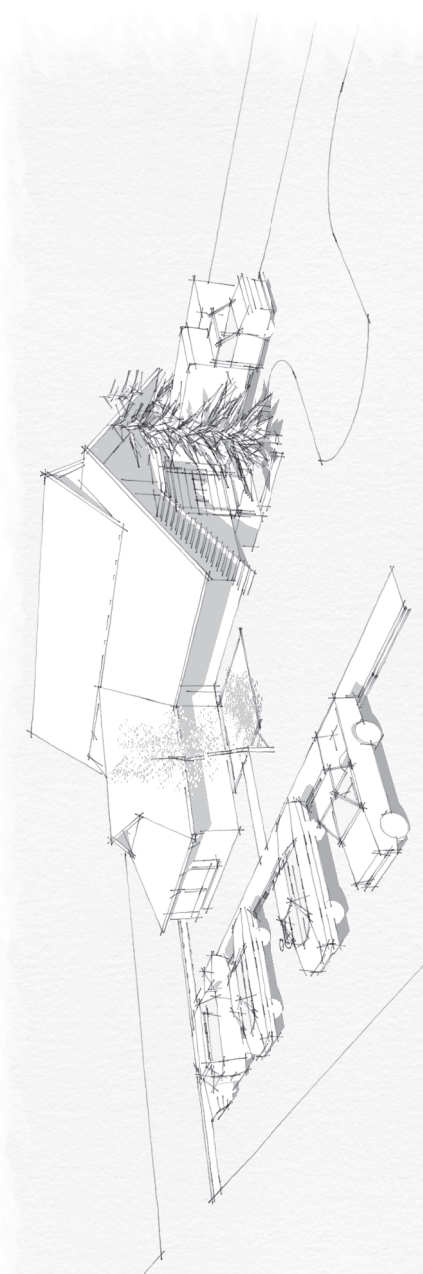
Our goal is to break ground on our new building before winter 2014. The sooner that we can start, the sooner we will be contributing to the Borough's sales tax revenues and supporting Haines' downtown revitalization.

Sincerely,

Paul Wheeler & Jeanne Kitayama  
For Haines Brewing Company, Inc.  
PO Box 911  
Haines, AK 99827  
907-766-3823  
[hainesbrew@gmail.com](mailto:hainesbrew@gmail.com)

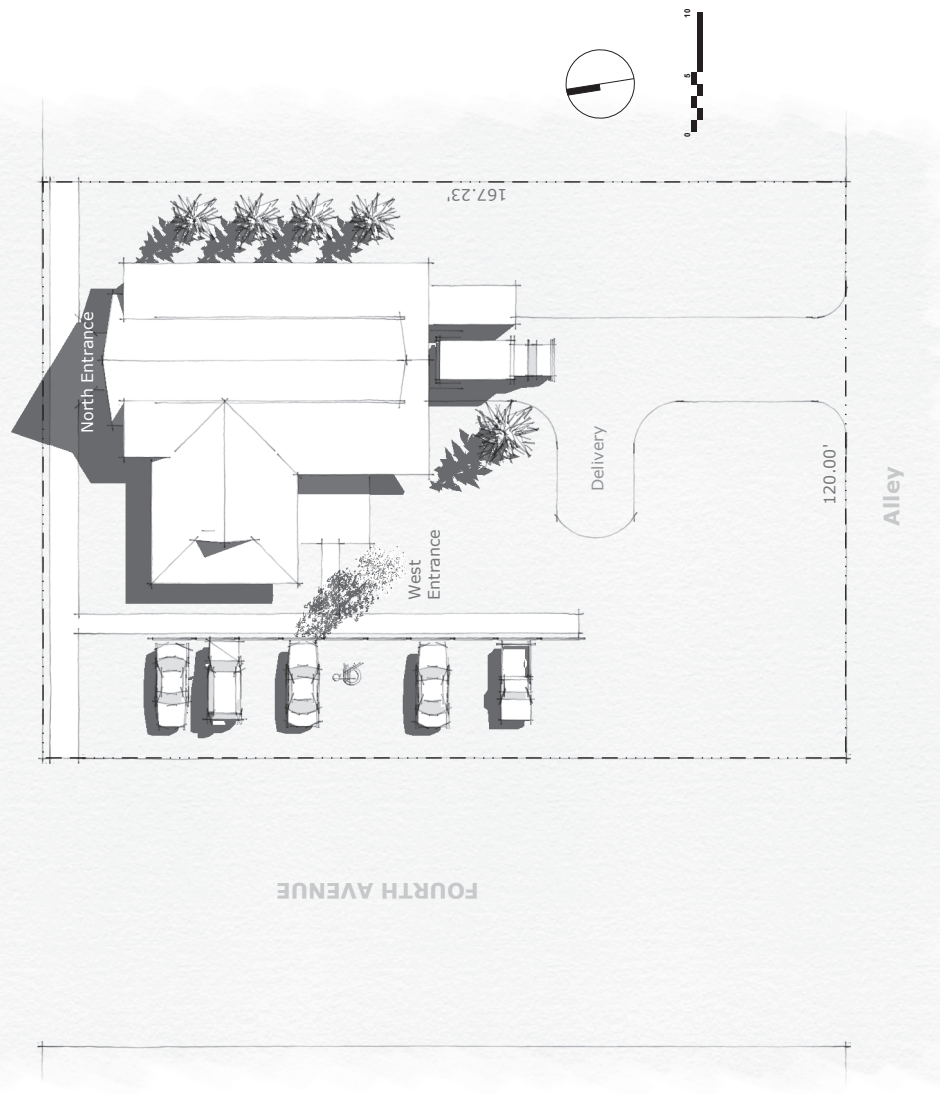
*Objective 3E, Item #3 Promote infill of empty lots and buildings in DBD (Downtown Business District). Identify reasons why businesses locate elsewhere, and identify a suite of acceptable incentives to encourage businesses to locate in DBD into vacant buildings or empty parcels (e.g. temporary reduction in property taxes, utility rates, or other business fees linked to location in DBD, investments in building construction, upgrades, etc.).*

*Objective 3E, Item #12 states: Support Buy Local, Eat-Local, Tax-Free days, planned events, and similar promotions that bring residents and visitors to downtown to make local purchases.*



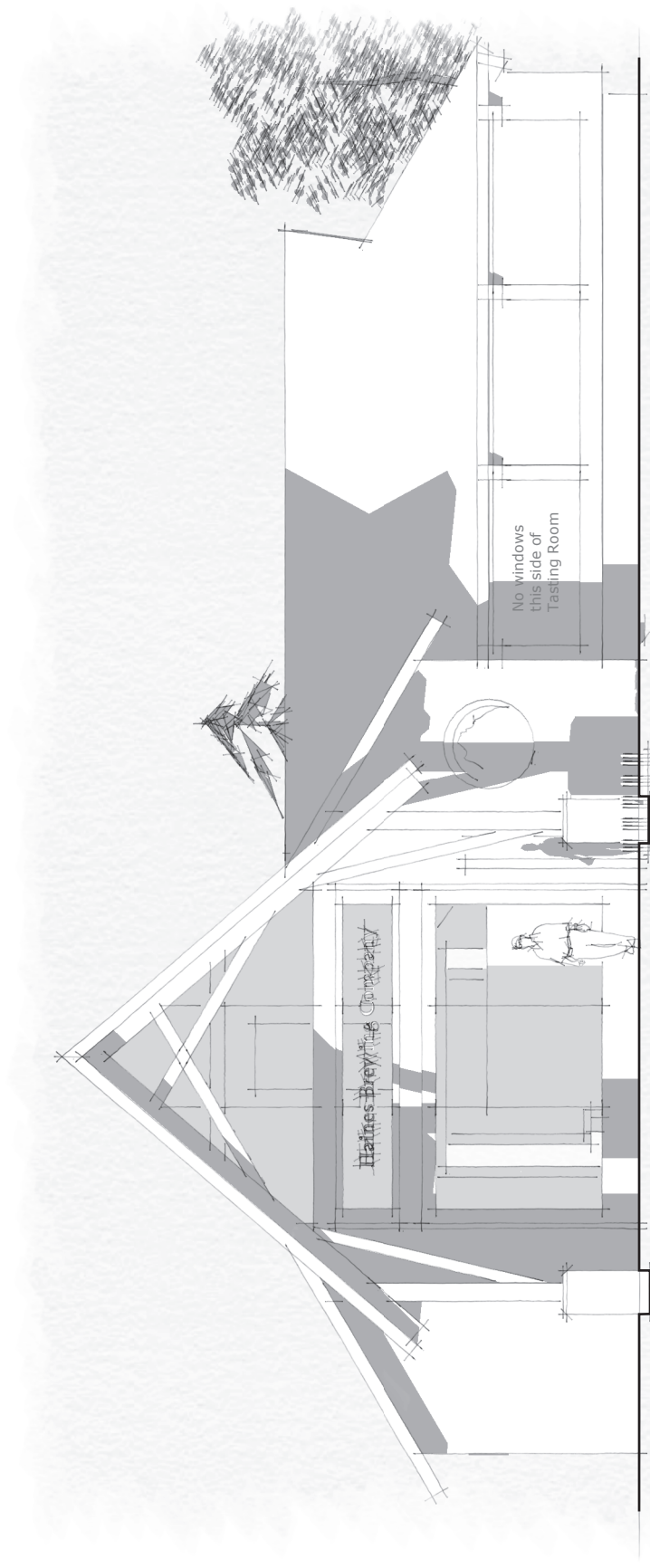
Parking per 18.80.040  
5 Spaces (restaurants & bars)  
4 Spaces (other commercial)  
9 Spaces Total, including 1 HC

MAIN STREET

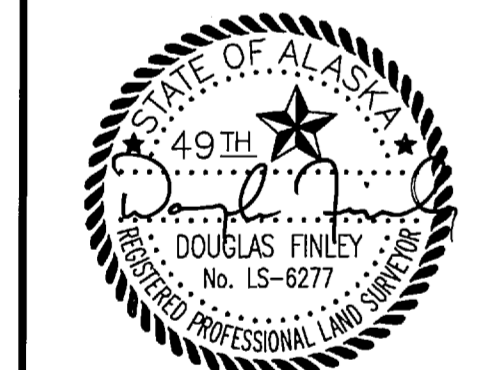
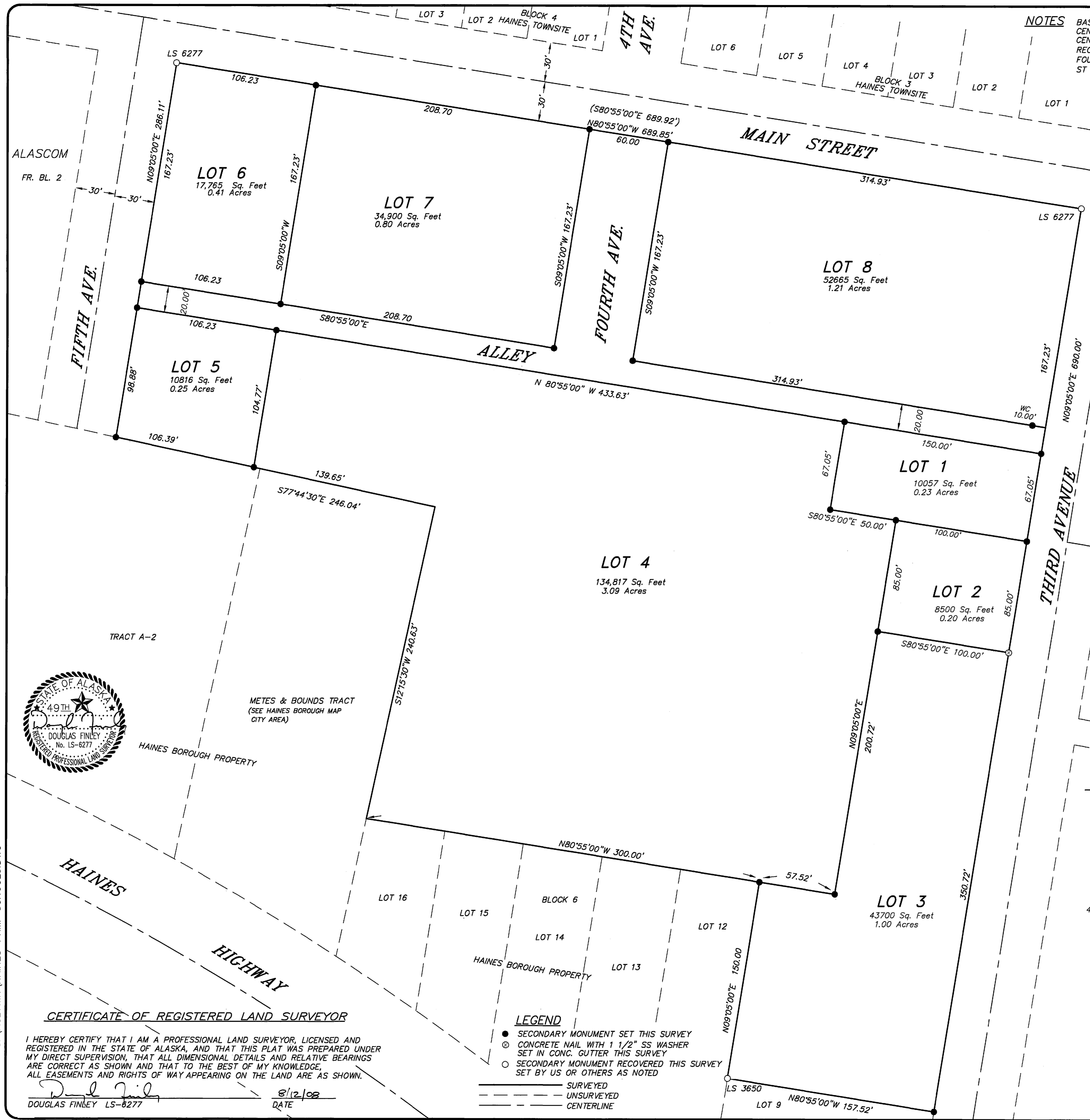


2 Site Plan  
Scale: 1" = 20'  
AT

3 Southwest Perspective  
Scale: 1/4" = 1'-0"



1 Main Street Facade  
Scale: 1/4" = 1'-0"  
AT

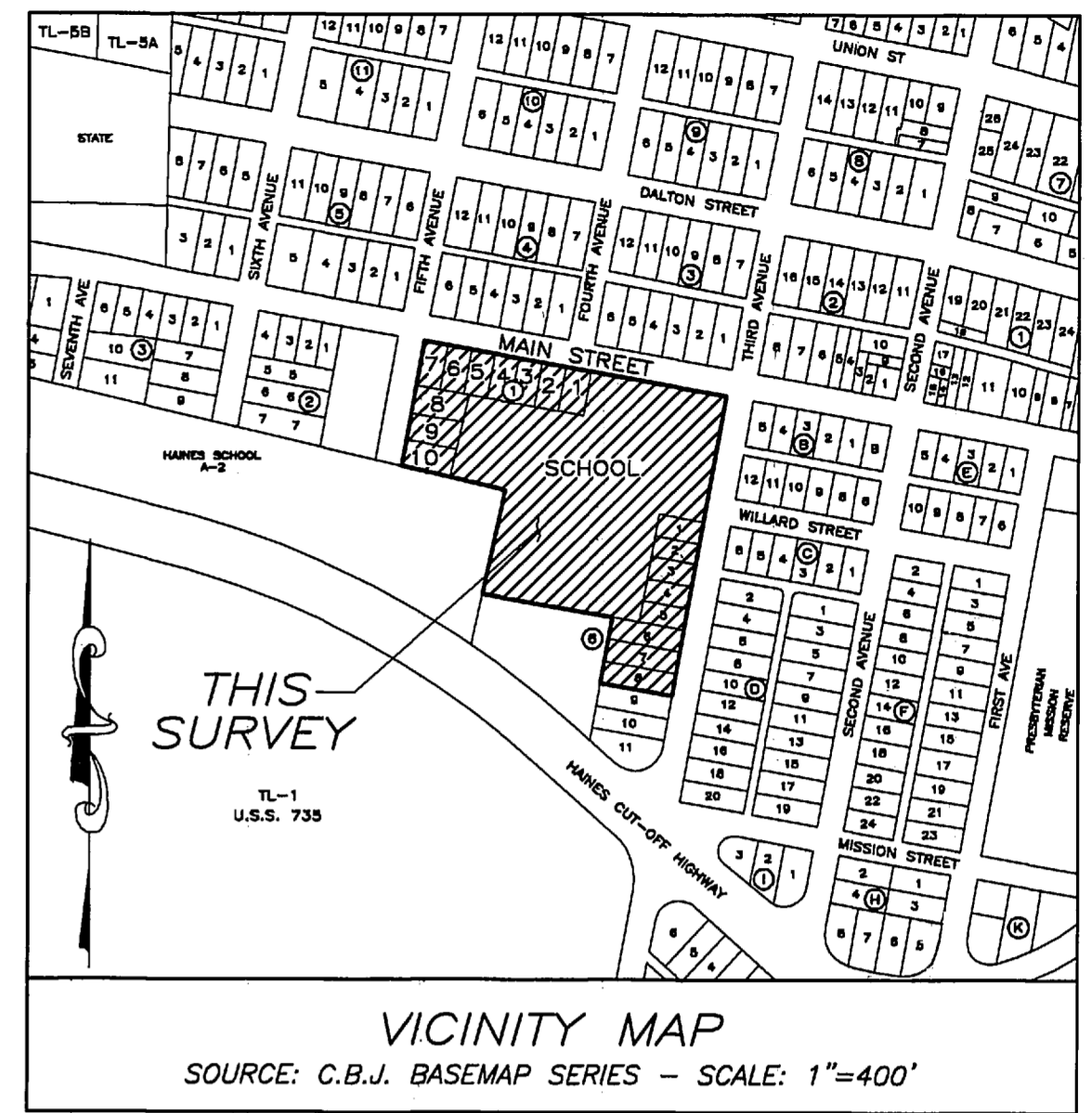


C:\A\CL\TWIN\HAINES-PRIM-SCHOOL.S.DWG

**CERTIFICATE OF REGISTERED LAND SURVEYOR**  
 I HEREBY CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR, LICENSED AND REGISTERED IN THE STATE OF ALASKA, AND THAT THIS PLAT WAS PREPARED UNDER MY DIRECT SUPERVISION, THAT ALL DIMENSIONAL DETAILS AND RELATIVE BEARINGS ARE CORRECT AS SHOWN AND THAT TO THE BEST OF MY KNOWLEDGE, ALL EASEMENTS AND RIGHTS OF WAY APPEARING ON THE LAND ARE AS SHOWN.  
 Douglas Finley LS-6277      8/12/08  
 DATE

**LEGEND**  
 ● SECONDARY MONUMENT SET THIS SURVEY  
 ⊙ CONCRETE NAIL WITH 1 1/2" SS WASHER SET IN CONC. CUTTER THIS SURVEY  
 ○ SECONDARY MONUMENT RECOVERED THIS SURVEY SET BY US OR OTHERS AS NOTED  
 — SURVEYED  
 - - - UNSURVEYED  
 - - - CENTERLINE

**NOTES**  
 BASIS OF BEARINGS THIS SURVEY, HAINES BOROUGH MAP CENTERLINE MONUMENT AT 2ND STREET & MAIN STREET TO CENTERLINE MONUMENT AT 6TH STREET & MAIN STREET RECORD BEARING S80°55'00"E, RECORD DISTANCE 1,500' FOUND DISTANCE 1,499.97' NOTE CENTERLINE MONUMENTS IN MAIN ST ARE OFFSET 5.00' N9°05'E FROM ACTUAL CENTERLINE.  
 TIE TO NE COR LOT 8 FROM CL MONUMENT @ 2ND & MAIN: N85°51'18"W, 406.59'  
 LOT 2 OF THIS PLAT COMPRISES PROPERTY DESCRIBED IN HAINES BOOK 15 P.383  
 SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD. LOTS MAY BE AFFECTED BY ENCUMBRANCES NOT DEPICTED HEREON.

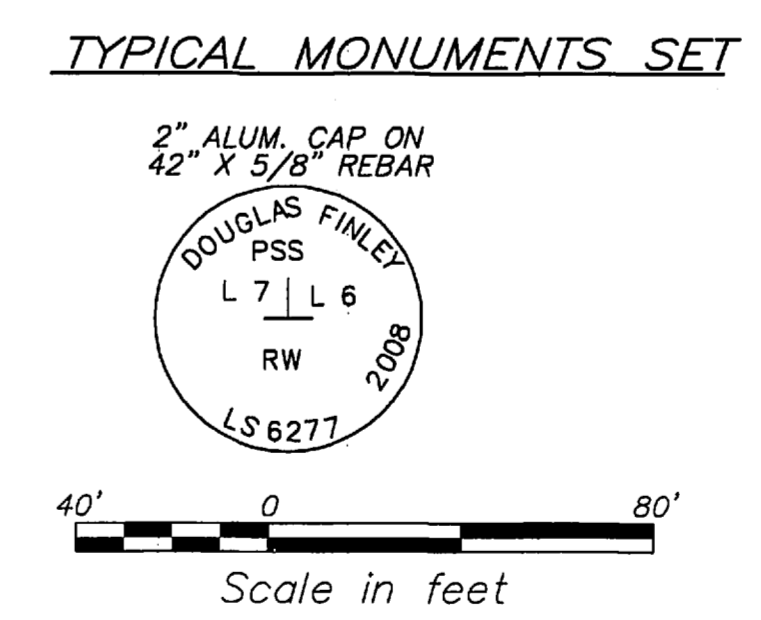


**STATEMENT OF OWNERSHIP:**  
 WE HEREBY CERTIFY THAT THE HAINES BOROUGH IS THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT WE HEREBY ADOPT THIS PLAT OF SUBDIVISION WITH OUR FREE CONSENT, AND THAT WE DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.  
 DATE: SEP. 26, 2008  
 Fred Shields  
 FRED SHIELDS  
 MAYOR  
 HAINES BOROUGH  
 103 THIRD AVE S.  
 HAINES, ALASKA 99827  
 Lee Heinmiller  
 CHAIR, PLANNING COMMISSION  
 HAINES BOROUGH  
 103 THIRD AVE S.  
 HAINES, ALASKA 99827

**NOTARY'S ACKNOWLEDGMENTS:**  
 UNITED STATES OF AMERICA )  
 STATE OF ALASKA ) S.S.  
 THIS IS TO CERTIFY THAT ON THIS 29<sup>th</sup> DAY OF September 2008 BEFORE ME THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA, DULY COMMISSIONED AND SWORN, PERSONALLY APPEARED  
Fred Shields

2008-21  
 Haines REC DIST #20  
 DATE: Oct 13, 2008  
 TIME: 12:37 P.M.  
 Requested By: Haines  
 Address: Borough

KNOWN TO ME TO BE THE PERSONS DESCRIBED IN AND WHO EXECUTED THE ABOVE AND FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT THEY SIGNED AND SEALED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN MENTIONED.  
 WITNESS MY HAND AND OFFICIAL SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST ABOVE WRITTEN.  
 Notary Public for Alaska  
 Julie Cozi  
 My Commission Expires 1-29-2011  
 JULIE COZI  
 NOTARY PUBLIC  
 STATE OF ALASKA



**CERTIFICATE BY THE HAINES BOROUGH**  
 THE REPLAT OF LOTS 1 THRU 10, BLOCK 1, 1 THRU 8, BLOCK 6, AND HAINES INDEPENDENT SCHOOL METES AND BOUNDS TRACT, PRESBYTERIAN MISSION, PLAT NO. 42, AS DESCRIBED HEREON HAS BEEN FOUND TO COMPLY WITH THE PROVISION SET FORTH IN HC. 18.100 AND IS APPROVED FOR RECORDING WITH THE HAINES RECORDERS OFFICE DATED:  
 \_\_\_\_\_, 2008  
 Lee Heinmiller  
 PLANNING COMMISSION CHAIR  
 DATE: 9/26/08  
 Fred Shields  
 MAYOR  
 HAINES BOROUGH  
 DATE: 9/25/08

A PLAT OF  
**PRIMARY SCHOOL SUBDIVISION**  
 A REPLAT OF LOTS 1 THRU 10, BLOCK 1, 1 THRU 8, BLOCK 6, AND HAINES INDEPENDENT SCHOOL METES AND BOUNDS TRACT PRESBYTERIAN MISSION PLAT WITHIN U.S. SURVEY NO. 735 IN THE HAINES BOROUGH, ALASKA HAINES RECORDING DISTRICT - HAINES, ALASKA  
**DOUGLAS FINLEY LAND SURVEYING**  
 820 6TH STREET - JUNEAU, ALASKA (907) 586-4253  
 DATE: 8/1/08 DRAWN BY: GDM PROJ. No.: HAINES-PRIM-SCHOOL SCALE: 1"=40'  
 SHEET 1 OF 1



## **14.20.100 Sales and exchanges by negotiation or competitive proposal.**



A. Upon direction of the assembly by motion, the land manager may commence negotiations for the sale, or exchange or other disposal of borough land.

B. Upon application, and approval by the land manager, a person may submit a written proposal to purchase, or otherwise acquire borough land for a specified purpose. The proposal shall be reviewed by the planning commission and thereafter forwarded to the assembly for a determination of whether the proposal should be further considered and, if so, whether by direct negotiation with the original proposer or by competition after an invitation for further proposals.

C. Upon satisfactory progress in the negotiation or competition undertaken pursuant to subsection (A) or (B) of this section, and after review by the planning commission and authorization by the assembly by ordinance, the land manager may conclude arrangements for the sale, or exchange or other disposal of borough land.

When a land exchange is proposed, the planning commission shall evaluate alternative sites, and shall make specific recommendations regarding exchanges prior to execution of the exchange. The final terms of the disposal pursuant to this section are subject to approval by the assembly unless the minimum essential terms and the authority of the land manager to execute the disposal are set forth in the ordinance enacted pursuant to this subsection.

D. All costs such as but not limited to surveying, platting, appraisal, escrow, and recording fees associated with the transfer of borough land by negotiated sale, or land exchange shall be paid by the proposer.