

**Walter M. Gregg**

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**923 C Street · Juneau, Alaska 99801**

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Bruce Botelho, Mayor & Kim Kiefer, Manager  
The City and Borough of Juneau  
155 South Seward Street  
Juneau, Alaska 99801

**City issues related to A&P closure**

Dear Mayor Botelho and Manager Kiefer:

It's great news that the Myers Group may strike a deal to operate Juneau's downtown supermarket. However, it's not a done deal. I hope you will still take the opportunity presented by Ruth Danner's request for a report to the assembly on any city issues raised by the still-possible closing of the supermarket. We need to consider the risk of this sort of thing to Juneau's status as Alaska's capital city and ask whether there might be anything wrong with the CBJ's business plan. I'm sending a copy of this letter to the Alaska Committee and assembly as a whole because I am truly alarmed at the city's laissez faire reaction to the closure.

**A closure of Juneau's only downtown supermarket could put our status as Alaska's Capital City in serious jeopardy.** A few years ago the people of Alaska voted to move the capital. While it was stopped because of the cost, the risk is far from over. Under Jay Hammond, the Capital Site Planning Commission produced minimum specifications for Alaska's Capital City. It is, in my view, critical that Juneau adhere to those specifications. Among them:

- **A strong downtown** with a mixture of activities to support each other.
- A city size **suitable for walking** between places.
- **Local shopping facilities within walking distance.**
- **A major retail center of 300,000 square feet.** This was to be directly downtown, in walking distance of the Capitol building. Fortunately, the Foodland Center is in walking distance and the site is 238,000 square feet -- near enough. But the retail center and supermarket were expected to be open for business. Blighted vacant space is totally unacceptable.
- Every residential center was to be served by **a supermarket, drug/hardware store, small shops, parking, gas station, and offices.** Rainbow Foods, it is to be noted, is a marvelous health food store, but as such, it is a small specialty shop and cannot substitute for the required supermarket.

**We need to think about the legislature convening in January without even the convenience of a full service supermarket in a downtown already full of blighted commercial properties.** Juneau has a serious and growing problem with blighted commercial properties. The possible long term closure of the only downtown full service supermarket is just the latest example. It seems to me that the City needs to find a way to counter this destructive trend. To date, our plan seems to have been to allow private enterprise to do whatever it wants. But what if that is destroying the infrastructure necessary to maintain a community? What if it costs us the Capital?

**What's the city's business plan to make downtown Juneau clean and attractive and inviting during the legislative session?** Try to visualize how visiting legislators, staffers, and their families may already see Juneau. A walk from the governor's mansion to the Capitol in winter isn't the

gorgeous panorama we see in summer. Instead, it is contaminated by garbage passers-by throw over the fence onto the hillside below. Beer cans, broken bottles, discarded fast food containers, uncollected dog droppings, uncleared snow and ice are the norm. Walk to the library via South Franklin and you don't see the vibrant downtown tour industry. Instead, you see urban blight. Nearly all the storefronts are all but boarded up. The sidewalks are littered with garbage. There are uncleaned messes on the sidewalk. Thick coatings of grime have accumulated on the windows of the closed storefront windows. There is broken glass everywhere. Disconnect notices hang on the doorknobs of tour shops closed for the winter. The bars, however, are open, and unstable patrons line the streets smoking outside. How about a nice walk on the tour dock instead? Oops, no one has cleaned the bird droppings or anything else since last summer. And you can't sit down, because it's raining, and there is no longer any covered seating. You have some garbage to throw out, but you can't open the cans on the docks. They appear to be locked. Finally you find one that opens, at the very end of the Seawalk far past the Fishermen's Memorial. It's like some bizarre game of pick a card. This is what visiting legislators, staffers, and their families may see. If you look at it objectively, it's pretty grim.

**What's the city's business plan to prevent legislators from saying "That little two bit town is dirty, unkempt, and doesn't even have a supermarket within miles of the capitol building. It's time to move the Capital"?** That would play awfully well in Anchorage, to the detriment of Juneau. What's the city's business plan to prevent this catastrophe?

**What's the city's business plan to maintain property values?** A major part of the value of downtown properties -- in some cases nearly the only value -- is walking distance proximity to full services. People were willing to pay a premium for that when they bought their Parkshore condos and other downtown residences. But if you look at it objectively, most downtown housing is very old and substandard in almost every way but location. Take away the supermarket -- the walking community aspect -- and the value plummets. With that, tax revenue falls too. And if the legislature finally decides they've had enough of lousy service from the City of Juneau and does pick up stakes and move, property values will approach zero.

**What's the city's business plan to deal with displaced employees and payroll loss?** Depending on which news report you read, the closure of Foodland A&P will mean the loss of some 90 jobs and some 70 full time equivalent positions. This is a pretty astonishing number and one wonders if the news got it right. But however you look at it, it's big. And while unemployment is usually thought of as a federal or state matter, it's actually very much a local matter. One would think the CBJ could at least offer every expression of support short of help. But there hasn't been any outreach at all. I am, frankly, shocked at this. The silence of the city in this area has been deafening, and really inexcusable. Do we not care because they're perceived as "just" clerks and food workers? The minute you start thinking that he is "just" a this or she is "just" a that, you've lost your humanity. Moral leadership is absolutely fundamental and here it has been almost unforgivably lacking. Do we have a plan to help people? If not, is there a committee forming to find out what can be done to assist?

**What is the city's business plan for dealing with blighted commercial properties, some so blighted they are unfit for habitation and probably cannot even legally be rented?** It was interesting to read about the failed attempt to renovate the Gross 20th Century apartments, and how that could have helped revitalize the downtown and help sustainability of services like supermarkets. I had actually forgotten about those apartments. Some 20 units, off the market for decades. The owners are unable or willing to pay for renovation and evidently are willing to wait decades for "the right price" to sell. Which brings up the obvious:

**Why hasn't the City condemned the property?** If a property is so unsafe that 80 percent is not

legally habitable, aren't you *supposed* to condemn? Yes, we'd have to pay the owners the market price. *But what is the legitimate market price of a property which is some eighty percent (80%) not habitable?* And if that's not sufficient reason, we do have a housing crisis. If the apartments could be made fit again, the condemnation could serve two major public purposes. Even mere talk of condemnation might be sufficient to get the property owners' attention.

**What is the city's business plan for dealing with blighted properties, which these apartments are yet another example of?** It actually troubles me that the paper presumes to call the owners "investors." You're not an investor if you're not putting sufficient money back into the property to maintain and improve it. So what is the city going to do about it? Are we going to let the current owners wait another 20 years to deal with their "problem child"? There are public interests at stake.

**Yes, there are city issues brought to light by the impending closure of Foodland Alaskan and Proud.** But they're much bigger than just the closure of A&P. That is the tip of the iceberg. It's a bit incredible that the question about whether there are any city issues even had to be asked. Perhaps it's not the supermarket, but is actually the City and Borough of Juneau that has a bad business plan. What might be in a revised business plan?

- **Let's have Juneau be the cleanest city in Alaska.** We need to make a good impression on the legislature. So no more of this reliance on a once a year volunteer pickup. It's a daily job, even in winter. Regular street, dock, park, and sidewalk cleaning, even in winter. How? Perhaps every city crew and parks and rec worker, including supervisors, should be spending the first hour of every day **on foot**, picking up what the less cooperative citizens throw out. Bellyaching over having to "waste time" on this is not appropriate. Time making the city spotless isn't wasted time. It's time well spent. I share the frustration of coming across piles of garbage, and prosecutions are certainly warranted, but prosecutions don't clean the city. Cleaners clean the city. And if you want to present a good appearance to the legislature, you just get it done. Every single day, 365 days a year. There is a role for special cooperative agreements, for example the Calhoun walk where garbage is so often thrown off the side onto private property. Here, it may be unreasonable to expect the property owner to deal with it daily. The city crews could, but it would have to be agreed in advance. There's also a role for encouraging storefront property owners to clean the grime off their windows, even in winter, and remove the sidewalk trash, even in winter. Steep fines, punitive tax rates, and criminal sanctions could be imposed on uncooperative owners. Combating urban blight requires that there be a fist in the glove. It's time to get serious about it. As part of a cleaner city, snow on the downtown sidewalks also needs to be considered. It might be that this should be a higher priority than clearing the streets. For example, children should be able to walk to the library along the tour dock sidewalk, which is not a snow storage area but is used as such. The city should not allow it to be used that way. Similarly, children should be able to walk *on the sidewalk* down Calhoun hill, past Cope Park, and around onto Irwin on the way to school. But thanks to snow plowed from Calhoun onto the sidewalk, everyone has to walk in the street -- in an area where wheelchair access is supposedly a requirement. This is really not acceptable here or anywhere else in the downtown. You don't have the required walking community when the sidewalks are the repository for city street snow any more than when they're covered with litter.
- **Let's have a plan to combat urban blight and avoid long term storefront closures.** These non-tour season closures are devastating to the city and are really not OK. In other states, it's pretty common for cities to discourage this by increasing the mil rate on vacant commercial properties. It can be up to a seven (7) times increase. Another way to look at it is that the tax rate is higher, but you get a discount for having an open storefront most of the time. Alaska law may not provide for anything like this, but a creative city government should be able to

think up some kind of substitute. If legislation was needed, it could be proposed.

- **Let's have a plan to help maintain critical infrastructure.** A supermarket in walking distance of the capitol might qualify as critical because of it being one of the state's specified requirements for its capital city. Affordable downtown housing might qualify, where affordable is defined as something substantially less than \$700 a month for just a bedroom, which one downtown property currently advertises in their window. When the market, entirely free of government, does not or cannot deliver or maintain the critical infrastructure a community needs to survive, it is not at all improper for cities to use their taxing and other powers to encourage or discourage various kinds of economic activity when the very survival of the community may be at stake. In the case of the current downtown supermarket problem, anyone who shops there knows that the refrigeration equipment is failing and in need of a substantial capital infusion. It's reasonable to guess that the landlord and tenant could not agree on how to fund this. But they may have overlooked the obvious: it's such critical infrastructure to Alaska's capital that a grant or zero interest loan could be justified. The CBJ thinks nothing of allocating \$250,000 to some outsider to write a report on just about anything that comes up. What if a \$250,000 grant was made to contribute toward the maintenance? Would it make any difference? *Has anyone even asked?* What about a tax break? Renew your lease and there will be no tax on your inventory for three years. Would it make a difference? Legal and fairness constraints are not insurmountable. Cities all over the country routinely use incentives and disincentives to maintain their long term economic viability. It's not improper. It's practically the whole purpose of being an incorporated city, in fact. So why hasn't there been anything done?
- **Let's have a plan to change the city's focus from community development to community preservation.** The whole focus of the city for a very long time has seemed narrowly directed at development to the exclusion of community. This has given us multiple parking garages, parking meters that give receipts for free parking that actually say "expired," widened and straightened roads that destroyed much of the charm of neighborhoods, and soon to be high rise buildings and floating docks totally blocking view plains for residential neighborhoods and tourists walking around town. A livable community? It is currently illegal for children to use rollerblades or skateboards in much of the city. *Even unicycles are banned.* And you wonder why you have vandalism? But I digress. The development focus has left us with a blighted downtown core, slowly becoming unlivable for families. If the supermarket closes this will make matters significantly worse.

**If the focus was on community preservation -- I think some places say "sustainable communities" -- we might not be where we are today with A&P.** It would have been noticed when the Empire reported in 2010 that A&P said they'd stay open until their lease expired in three years despite their sales volume having fallen 10% when Wal-mart opened. A clearer warning could hardly have been given. But we have no community preservation department, so nothing was done to find out how to sustain a downtown supermarket, despite it's being right in the Capital Site Planning Commission report as a fundamental requirement. As a community *development* department, it was perhaps too focused on building new things rather than on sustaining a livable community. Now the still-possible closure of the only downtown supermarket serving the legislature is kind of an emergency. The legislature will convene here just two months after the closure, should it come to pass. This is not a good thing. Where is our community preservation department? Where is our leadership? Whether a new Capitol Building or a road would be a good idea has seemed to be city's sole focus for keeping the capital here. How about livability?

I know that there is an attempt to have a Food Cooperative take over operation of the supermarket but I am not enthusiastic about their prospects. A&P was profitable and is not closing because of

business failure. They're closing because they could not strike a new deal with the landlord that would give sufficient continuing return on investment. Changing the form of ownership does not solve this problem. While the city can't fix matters, it could have considered a blight tax, which might have changed the landlord's economic analysis. It could have considered a grant or other assistance that might have changed the tenant's economic analysis. There were many possibilities, had the engineer not been asleep at the switch.

I'm much more optimistic about the Myers Group's prospects. They have some buying clout, which could help competitiveness. And the first public comment complemented the current employees -- some long overdue public acknowledgment that they actually do matter. But it is not a done deal, and it is still worth at least asking the question of whether the city can or should offer any inducements to strike that deal.

**There *are* city issues involved here, and they're huge, and they're far bigger than Foodland A&P.** We're being assured by a realtor and the Juneau Economic Development Council that all will be well, don't worry, be happy. This is not unlike being on the Titanic after the iceberg hit and being assured by the crew not to worry, because she's unsinkable. Well, Juneau is not unsinkable. We're at risk. It's definitely a local government issue. It's certainly not too late for the CBJ to stand ready to help facilitate a deal that will keep the legislature's supermarket running. And it's not too late for the city to start planning disaster recovery if the supermarket does end up shuttered.

Sincerely,

/s/ walt (at) w-gregg.juneau.ak.us

Walter M. Gregg

cc:

1. The Alaska Committee (P.O. Box 22138, 99802)
2. Assembly members (155 South Seward Street 99801)