

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES

For Thursday, May 26th, 2022

Room 224 and Via Zoom Meeting

- I. Call to Order** – Mr. Etheridge called the Thursday May 26th, Regular Board meeting to order at 5:00 p.m. in CBJ Room 224 and via Zoom.
- II. Roll Call** – The following were in CBJ Room 224 or Via Zoom; Lacey Derr, David Larkin, Matthew Leither, Mark Ridgway, Annette Smith, Bob Wostmann, James Becker and Don Etheridge.

Absent – Paul Grant

Also in Attendance – Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, and Teena Larson – Administrative Officer.

III. Approval of Agenda

Mr. Uchytel requested to move, IX Items for Information/Discussion before VIII New Business.

MOTION By MS DERR: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Approval of April 28th Board minutes.

Hearing no objection, the April 28th Board minutes were approved as presented.

V. Public Participation on Non-Agenda Items –

MOTION By MR. LARKIN: TO REOPEN THIS ITEM FOR A MEMBER OF THE PUBLIC THAT ARRIVED LATER IN THE MEETING.

Motion passed with no objection.

Shannon Crossley with Northwind Architects

Ms. Crossley said she attended the meeting to be available to answer questions about the Hansen & Gress project if anything came up. She said this project is a potential lot consolidation that they are proposing to purchase the land Docks & Harbors leases to Hansen & Gress. The owners want to do structural improvements to the building and they are not able to get a permit for that work because there is a lot line through the building. The desire is to purchase the land from CBJ and consolidate the lots.

VI. Consent Agenda - None

VII. Unfinished Business - None

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VIII. New Business

1. 1% Sales Tax Initiative Projects – Harbor Enterprise

Mr. Uchtyl said on page 17 in the packet is a draft memo which is still a work in progress. We have to give our 1% list to the City Manager by the end of the month and he went over the memo. The City Manager has proposed giving Docks & Harbors \$5M. At the Operation/Planning meeting last week, the direction he heard from the Committee was to stay within the \$5M and submit two projects. One is the Aurora Harbor future phases and the two bundled projects, Taku Harbor and Wayside Park, which he is calling harbor deferred maintenance. The wording in the memo might go in the packet for people to read and vote. The other projects listed were discussed at the Operations Committee but did not rise to the list that will be forwarded for the 1% sales tax. The Marine Exchange of Alaska private public partnership did not make the list last week.

Committee Questions

Mr. Becker asked if we provide the land and Marine Exchange provides the money to build this facility, how much money do we need to make this work.

Mr. Uchtyl said that is still not determined. It may be possible for Marine Exchange to front the money for the building and then work out a lease agreement.

Mr. Becker asked what the timeline is? Are we on a fast track for this?

Ms. Smith asked what the chance is to get the dollar amount from the 1% money increased? Docks & Harbors projects bring a substantial amount of money to Juneau's economy and because we bring that amount for the economy we are a good investment to put more money back into us.

Mr. Uchtyl asked if Ms. Smith wants to ask for more 1% money for more projects?

Ms. Smith said we inject a substantial amount of money into the Juneau economy and it is more than what we have received from the 1%. It seems Juneau should be willing to invest a little more in Docks & Harbors. She asked if we can ask for more than the proposed \$5M.

Mr. Uchtyl said we could ask for more but typically the Assembly will cherry pick their projects. There is a political part of this. The Assembly will be bombarded with requests for the 1% money. The Board will need to decide what is the most we can ask for and not turn the Assembly off to giving us anything.

Ms. Smith asked if Mr. Uchtyl talked to our Assembly Liaison to get a feel of how this ask will go?

Mr. Uchtyl said he has not and he is not sure the Assembly knows what they will vote for at this time. We do have some guidance from the City Manager.

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Ms. Woll said the Assembly has only talked about the process for the 1%. We will get a large list of projects that we will need to rank and then we will have discussions. It is hard to predict how this will go. The Assembly is less focused on individual pet projects and more focus on process. Her advise would be to continue to push for the projects that you have been pushing for. She believe the Assembly will see the Board as having priorities and they would be respectful of that. She can not predict an amount to ask for. The current asking amount is a reasonable ask that would not alarm anyone.

Mr. Wostmann commented that he likes the Marine Exchange idea with the public/private partnership but he is concerned it does not meet the criteria for the 1% sales tax funding. He would like Mr. Uchytal to elaborate on any other potential money and does this need to be decided in the next couple months or is there time to raise funds from other sources?

Mr. Uchytal said the Marine Exchange is ready to break ground now. They currently have the money but we have no money and no grant money that we would be competitive for to recapitalize an old office building. If Docks & Harbors is not in on their portion of the project, we could still lease 9,000 sq/ft so they could build their portion. If that is not reasonable, then Marine Exchange will need to look elsewhere for their building.

Mr. Wostmann recommended adding this as a third item to our list. The opportunity is in front of us now and he is inclined to go for it and see what the Assembly thinks.

Mr. Ridgway asked the Assembly Liaison if she could recommend a way to present to the Assembly so it is clear and concise? He said we are just trying to keep our head above water with these requests. North Aurora was removed because it was rotting out, Taku Harbor is failing as is the other facilities. Do you think this is meaningful for the decision making of the Assembly?

Ms. Woll said it is important to present it as such. She has seen the Assembly act on priorities and also new opportunity so it is hard to predict whether there will be more interest in replacing failing infrastructure or something new. Her perspective is that it only helps to emphasize that this is a need to protect what we have and that it will continue to be a need in the future if we do not deal with it now.

Committee Discussion/Action

Mr. Ridgway said he would recommend pointing out in the letter that this is a replacement building. He also suggested to have Mr. Creswell point out the deficiencies in the old garage that was converted to an office. He does believe the letter should be edited and take out the upland improvements and add this as the third request given the condition of the downtown harbor office.

Mr. Leither recommended to keep the first two priorities, Aurora and the deferred maintenance for \$5M and add \$1.5M for the private/public partnership. This is a cool project. He is concerned that everything may not be looked at and something could come up at a later time.

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Mr. Larkin asked if there was any sewage issues in this building?

Mr. Creswell said yes there is. It is quite often the sewage backs up into the drain in the back office.

Mr. Larkin said when that happens it is not unreasonable for public health to come in and condemn the building. It is unsafe. It is not just replacement it is being reasonable for our employees.

Mr. Ridgway said he sees the need, but is this the best way to move forward?

Mr. Leither suggested to keep our top two priorities and have a third priority that is the Aurora Harbor replacement that could have health issues.

Mr. Ridgway said the Marine Exchange is shovel ready, and the Assembly is looking for shovel ready projects. He said this 1% letter does not lock us into anything other than pursuing the opportunity.

Mr. Uchytel said the deadline for this letter is the 31st to the City Manager. There is an Assembly deadline of July 11th to solidify the list. We could pull any projects we do not want on the list at that time. The 1% sales tax is over a five year period so not every project needs to be shovel ready because there is not enough money to move forward so the projects would be staggered over a five year period. The work around if we need the money faster is to take out a loan and pay interest. We could call this Aurora Harbor building recapitalization. We already have a project for Aurora Harbor phase III/IV, we could just roll this into that project.

Ms. Woll said she is not in a position to predict how the Assembly will feel about this project but the question the Assembly will ask is why have we not heard about this project before. If this project is selected the answer could be this is a long time need and this is an opportunity that we would like to take or at least explore it.

Mr. Ridgway said this is an opportunity that showed up which is cost avoidance. Can we discuss with MRV, if we had to build this on our own he is assuming this would cost a lot more.

Mr. Uchytel said we do not have a lot of money. MRV was compensated \$5,000 to do the work that is being done now. He does not want to ask for more renderings.

MOTION By MS DERR: MOVE TO SUBMIT THE 1% SALES TAX INITIATIVE PROJECT LIST CORRESPONDENCE AS AMENDED TO INCLUDE THE MARINE EXCHANGE AS PART OF THE AURORA HARBOR REPLACEMENT TO THE CBJ ASSEMBLY FOR CONSIDERATION AND ASK UNANIMOUS CONSENT.

Mr. Ridgway objected for point of clarification.

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Mr. Ridgway asked if the Board would be able to make mild editorial comments before this is sent or are we writing what the letter looks like with this motion.

Mr. Etheridge said this is close to what the letter is going to be and Mr. Uchytel will have his leaway to put it on paper.

Mr. Ridgway wanted to add additional language to the projects that the overall theme of the letter request is for replacement of aging or failed facilities. He asked that Mr. Uchytel use his editorial skills to more reflect that in the letter.

Mr. Ridgway withdrew his objection.

Mr. Uchytel asked for clarification that the Board wanted to ask for -
1. Aurora harbor phase III/IV and uplands improvements - \$5M
2. Harbor Deferred Maintenance - \$1.5M

Motion passed.

IX. Items for Information/Discussion

1. HDR-Alaska, Inc - Update to Harbor Rate Study

Mr. Tony Homan said HDR has finished the draft report today. There will be an internal review before sharing with Mr. Uchytel for quality control. He spoke to Mr. Uchytel today and there will be different alternatives so there will be some back and forth discussions before the report is finished. The only thing he said he will share tonight is it was clear that no user wants a reduction in services so that is not going to be discussed. HDR has looked at rates through a prism of a very standard economic procedures that are done and rate type of studies. A few of the principles considered are things like if a service is over subscribed it is likely under priced. Something with a greater value proposition should be charged higher. When there is differential pricing for quality or quantity. He said he will share HDR's preliminary ideas next week with Mr. Uchytel and will get his expert opinion. The other thing that is being considered is to stabilize some of the financing to some of the recent losses in revenue and also look at ways we can go ahead and do a replacement reserve analysis so we know what we need to expend in the future. This is something Mr. Uchytel said he would like to discuss at the next Finance Sub-Committee meeting.

Committee Discussion

Mr. Ridgway asked how long the Board has time to review this report?

Mr. Homan said that would be up to Mr. Uchytel and the Board. HDR has a budget for the report that is almost totally spent and then additional budget for Q&A for these meetings. Once the final report is submitted and presented to the Board, HDR will still be available as long as staff wants help with the process.

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Mr. Uchytal said at the next Finance Sub-Committee meeting on June 8th he would like to start the discussion about the report.

Public Comment - None

2. Marine Exchange of Alaska – Potential Public Private Partnership (P3)

Mr. Uchytal said in the room is Zane Jones an Architect from MRV, Steve White, the Marine Exchange Executive Director, John Hollinsworth who is Operations Officer, Chris Coutu Marine Exchange Assistant Director. He said this is being brought forward on tonight's meeting because of the 1% sales tax. This comes up once every five years and he wants to make sure that the Board is fully informed to advance the mission of Docks & Harbors. He said he met with this team today with Mr. Etheridge and looked at renderings and financials and thought it was appropriate to have a presentation by MRV and a discussion with the Marine Exchange so we have the best information available on May 26th to make a decision that will be binding for the next five years and which is due to the Assembly next week.

Mr. Steve White with Marine Exchange said the Marine Exchange is a non-profit organization focused on maritime safety, promoting maritime economy, and protecting the environment. This is a unique opportunity. The Marine Exchange has outgrown their building. There are 29 employees in Juneau. The Marine Exchange works closely with the public/private sector. The Marine Exchange works as advocates to keep things running smoothly and still safe by meeting requirements. We are in Juneau because it is the Capital and this is a maritime state. Everything we enjoy here comes from the water. Protecting the waterways is important. What is being talked about today is having the City and the Marine Exchange work together to maybe have a joint office that would meet both our needs. We are exploring all our opportunities. These types of public/private partnerships is what allows us to keep doing our mission and keeping Juneau going.

Committee Discussion

Mr. Ridgway asked for more granularity on the Marine Exchange facility needs?

Mr. White said currently there is a shop on Industrial Way that does not have running water. There are five employees working at that location. He said there is dirty work like welding which is about 10% of the time and then there is clean work like electronics which is the rest of their time. He said the Marine Exchange manages 144 AIS sites throughout Alaska that help us communicate with vessels, manage traffic, and protect sensitive marine areas. That is all built in Juneau and we do not have adequate work space. We want to build a state of the art building that looks similar to what we already have on the waterfront. He said they are anticipating future growth due to protecting the Arctic, working closely with some of the cruise ship agencies, working with ADEC on regulations for the Coast Guard and NOAA. He said the Marine Exchange does receive money from the Cruise Industry.

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Mr. Etheridge commented when he was at the Marine Exchange today he saw some of their operations and it was very impressive. They control some of California as well as Alaska.

Mr. White commented that the Marine Exchange has state of the art technology.

Mr. Uchytel asked Mr. White to talk about the current sensors and the weather sensors and the coordination done with Docks & Harbors.

Mr. White said we transmit and collect data from our marine safety sites. Some of the sites are at remote location and some are at facilities. You can get real time weather for several locations around Southeast. These are used heavily by the large ships that come to Juneau to see what the current is actually doing which helps determine their approach to the float or if it is unsafe to come into the float.

Mr. Larkin asked if this building design allows enough for future expansion?

Mr. White said this should meet our short and long term needs.

Mr. Ridgway asked if there are alternative designs?

Mr. White said all options are being looked at. The Marine Exchange is looking for something to meet their present and future needs. We want to be located downtown and as close to our other building as possible.

Mr. Ridgway asked if there has been any discussion with UAS to purchase their welding shop building?

Mr. White said they have not. The three properties they have explored is Hansen & Gress, the property under the bridge, and this option.

Mr. Jones said he is with MRV and they were hired from Marine Exchange for the early work and later by Docks & Harbors for this conceptual drawing. This site was brought up due to the fact the Aurora Harbor office is at the end of its useful life. He talked about the conceptual drawing that was displayed. They worked to outline a unified property boundary to start to quantify square footages to figure out how much that land value might be and how it could go into a potential joint facility that Marine Exchange would eventually be the constructor of. The Marine Exchange needs is a shop and office space that is about 5400 sq/ft. The Harbor Offices will be about 2700 sq/ft with public front facing to enter the harbor. This is just a conceptual phase and nothing is set in stone. The Harbor Offices will be a single level and the Marine Exchange side will have a second floor. There will be some shared space like conference room and break room. Mr. Uchytel said our current harbor office was an old garage that was repurposed into office space. It is at the end of its useful life. It is Docks & Harbors mission to meet the needs of the boating public. There has been reluctance on a building replacement but what is different this time around is the 1% sales tax initiative and we do not have any

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money to bring forward as an organization but we do have land. The Marine Exchange would like to purchase the land but the Docks & Harbors Board has stated it does not want to sell waterfront property. The opportunity that presents itself is the square foot cost goes down when you build a bigger building. There is cost savings figuring out how to come together and build something to meet all the needs. We do not have money upfront yet, but we could offer a long term lease.

Mr. Becker said he likes the idea to be partners with Marine Exchange, they do a lot of good for the boating public.

Mr. Ridgway asked what is happening with the UAS property purchase?

Mr. Etheridge said it is out for public comment.

Mr. Uchytel said their public comment period closes June 27th and the comment period is on UAS considering lease/sale of a portion or entire Juneau Fisherman's Terminal property. The Board of Regents will be meeting in Juneau on September 8th and 9th to decide what they will do.

Mr. Ridgway asked what is the final deal for this property?

Mr. Uchytel said the whole area is 17,000 sq/ft because that is what Marine Exchange originally wanted. We could split this in half and Docks & Harbors could have half and Marine Exchange could have the other half. We could lease 8,500 sq/ft to Marine Exchange. Everything would need to be looked at and we would need an appraised value. Could Marine Exchange front the money for Docks & Harbors side of the building knowing they could get a \$1 lease for 35 years. We are providing the property and if this property was to sell, it would be \$30 to \$50 a sq/ft to sell and a typical lease rent would be 8% of the land value. These are rough numbers right now but there would need to be an appraisal. The P3 would be that the Marine Exchange would upfront the cost for the building and that would cover the cost of the rent for a number of years.

Mr. Becker asked if the Board has the authority to make this decision for this property?

Mr. Uchytel said yes. It would be executing a lease agreement.

Public Comment

Mr. Dennis Watson, Juneau, Alaska

Mr. Watson asked if this would be Harbor's money or would the cruise lines have money in it? He said it would be multiple use.

Mr. Uchytel said the two operations would be firewalled. If Marine Exchange got the Cruise Industry to participate that would be up to them but the Harbors would not have a good case to use head tax.

Mr. White said this public/private partnership is a good opportunity.

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Mr. Jones said the site diagram shows this would meet the City requirements for zoning, set backs, and required parking. It gives the pieces needed for negotiations for this unique opportunity.

Mr. Ridgway asked if MRV worked with Docks & Harbors staff to make sure our needs were being met with the space?

Mr. Jones said he was given that information from Mr. Uchytel. Next will be working with needs and budget.

Mr. Uchytel said this is a scaled back version of all the harbors needs. There are needs for bathrooms and a laundry mat but there is not a place for that in this drawing so that would need to be a future phase.

Ms. Smith asked if the yellow portion on the drawing was for Docks & Harbors and that includes the office space and shop space?

Mr. Etheridge said yes.

Mr. Leither said he likes the idea. He thinks it is a great project but he is not sure this goes on the 1%.

Mr. Ridgway asked what is the plan for the existing harbor office?

Mr. Creswell said this is setting in the location where the existing harbor office is.

Mr. Etheridge said he thinks this is a great opportunity and looks forward to more discussion.

X. Committee and Member Reports

1. Finance Sub-Committee Meetings, May 11th, 2022

Mr. Wostmann said the Committee spent time on the sales tax initiative looking for projects that would need minimal amount of money and still be practicable. We also had a presentation on the damages in Taku Harbor.

2. Operations/Planning Committee Meeting- Wednesday, May 18th, 2022

Mr. Ridgway said the Committee had a discussion on the 1% list, changes to regulation, and an update on Statter Harbor.

3. Member Reports

Ms. Derr said she will not be able to attend meetings June 5th to the 20th.

Mr. Etheridge said he will not be able to attend meetings June 7th to the 14th.

Mr. Ridgway said he will not be able to attend meetings June 17th to the 29th.

Ms. Smith said she will not be able to attend meetings June 15th to the end of June.

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Mr. Uchytel said we have a bid opening on the 7th or 8th for the Seawalk and we would like to have a Special Board Meeting ahead of the Finance Sub-Committee meeting to award the bid.

Mr. Ridgway said he was approached at Home Depot from a Shelter Island property owner. Because they pay property tax they should get a reduced four month permit system. If anyone has an idea on how that will work bring forward to the next meeting.

Mr. Ridgway said the Liveaboard Sub-Committee is disbanded it will resume after the first of the fiscal year.

4. Assembly Lands Committee Liaison Report

Ms. Derr said there were two land disposal proposals on the uplands side in North Douglas. Nothing else is happening at this time.

5. Auke Bay Neighborhood Association Liaison Report – Nothing to report

6. South Douglas/West Juneau Liaison Report –

Ms. Smith said the Committee had a discussion and there is a belief that Docks & Harbors is ignoring the Douglas waterfront. The second topic is Douglas Indian Association is trying to get Mayflower Island back. They say the US Coast Guard has vacated it and they want it back and they do not want it to go to the City or Docks & Harbors. She said the Committee meets on Tuesdays and she is out at sea and in previous conversation with Mr Becker he indicated he had interest in Douglas and since she is not able to attend meetings she would like to propose he be appointed but she would still like to be involved.

Mr. Etheridge appointed Mr. Becker as back up.

Mr. Becker accepted the back up position.

XI. Port Engineer's Report - None

XII. Harbormaster's Report

Mr. Creswell reported -

- The Cruise ships are back. Some are at 90% and some are at 50% capacity. It is very challenging scheduling people with all the changes in cruise ship schedules. There is staffing and frustration issues.

Mr. Leither asked if the cruise ships are helping with the issues? He said the reason he brings that up is because the cruise industry said they can not change anything because they are booked well in the future but now they are changing schedules twelve hours before they arrive.

Mr. Creswell said as much as they would like the cruise ships to help out they can not because of our facility security plan. They handle the ship security. The extra staff is

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starting to hurt our bottom line and he will have discussions with Mr. Uchytel on how to make up for that.

- Mr. Creswell said Taku Harbor repair was a success. Staff does not know how long it will hold up but it is working now. The crew did a great job.
- Statter Harbor is very busy. The plan is in place for the new for hire floats.
- Full time Harbor Officer, John Forchemer retired Sunday and we are currently holding interviews for that position.

XIII. Port Director's Report

Mr. Uchytel reported -

- We were informed from the Finance Department that the stock market losses will result in another \$100,000 deduct for this year in both Docks and Harbor funds.
- We had infrastructure ribbon cutting ceremony on Friday and about 25 people showed up. The brochures and the ASCE trifold report card are here if anyone wanted one.
- We did receive word from the EDA that we were unsuccessful for that grant opportunity.
- He said himself and Chair Etheridge were on several phone calls today regarding obtaining the NOAA dock. This is something he has had his eye on for ten years. It is woefully under utilized. Over the years he has been petitioning to either fix it up and bring a NOAA vessel here or give it to someone that will fix it locally. He is continuing to work on obtaining this property.
- He has been in discussions about the Statter Breakwater and he will have more information at the next meeting.
- He said there will be one opening on the Board.

Mr. Ridgway asked how Mr. Uchytel sees the NOAA facility reutilized?

Mr. Uchytel said the NOAA dock is where the small cruise ship plan is. One idea for the uplands is to have a frontage road through that area that would bring you back out at Willoughby. There are concepts and vision but ownership is 90% to go down that road.

Mr. Ridgway asked if our lobbyist is presenting this to Senator Sullivans office as part of a larger plan?

Mr. Uchytel said the plan references the small cruise ship project. The small cruise ship plan was on property Docks & Harbors did not have control of.

Mr. Becker said the NOAA dock needs extensive work.

Mr. Larkin asked with the dock part NOAA and part Coast Guard, will we only get part of this dock?

Mr. Uchytel said this is for 2.4 acres and that would be the entire dock. This authorizes at fair market value an agreement between the Secretary of Commerce and CBJ.

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Mr. Ridgway asked if this is part of the Norwegian plans?

Mr. Uchytel said no.

XIV. Assembly Liaison Report

Ms. Woll said not a lot to report. We are all but formally finished with the budget process and all has been forwarded to the full Assembly. One other thing she reported was the Port of Seattle, Port of Vancouver, and the City of Juneau recently signed an agreement with all the major cruise lines to be the first pilot green cruise corridor. This is really how to make this cruise corridor net zero carbon emission by a certain date. We could be a model for the rest of the world.

XV. Board Administrative Matters

- a. Special Board Meeting – June 8th, 2022
- b. Finance Sub-Committee Meeting – June 8th and 21st, 2022
- c. Ops/Planning Committee Meeting – Wednesday, June 22nd, 2022
- d. Board Meeting – Thursday, June 30th, 2022

XVI. Adjournment – The meeting adjourned at 7:22pm.