

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES

For Wednesday, June 22nd, 2022

CBJ Room 224 and
Via Zoom Meeting

I. Call to Order – Ms. Derr called the June 22nd meeting to order at 5:00pm in CBJ Room 224 and via zoom.

II. Roll Call - The following members were in person in CBJ Room 224 or via zoom. James Becker, Lacey Derr, Don Etheridge, Paul Grant, David Larkin, Matthew Leither, and Bob Wostmann.

Absent - Annette Smith, and Mark Ridgway.

Also in Attendance – Mr. Uchytíl – Port Director, Mr. Schaal – Port Engineer, Mr. Creswell – Harbormaster, Mr. Norbryhnn – Deputy Harbormaster, and Ms. Larson – Administrative Officer.

III. Approval of Agenda

Mr. Uchytíl recommends they discuss action item #2 first under New Business.

MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items - None

V. Approval of Wednesday, May 18th, 2022 Operations/Planning Meetings Minutes. Hearing no objection, the May 18th 2022 minutes were approved as presented.

VI. Consent Agenda - None

VII. Unfinished Business - None

VIII. New Business

1. Proposed Updated Regulation/Ordinance Changes

Mr. Uchytíl proposes using this time as a type of housekeeping. A chance to review and revise current regulations which may be revised. These regulations are what staff have to work within to enforce rules and regulations.

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Harbormaster Creswell prefaces that the current draft is not a final product. Some items are just being renamed, some need to have language cleaned up and some are getting rid of items which are unenforceable by staff.

Ms. Derr starts with storage, and asks if it would include the large vans at Aurora.

Mr. Creswell explains that the parking permit language has been changed. It now states that the lot is for transient vehicles used for transportation to and from the harbor.

Mr. Wostmann ask if sub-rentals and leases are becoming more common in the harbors.

Mr. Creswell says they have been getting hints that it is an option out there. They were in conversation with many other harbors in the state which are encountering the same issue. They have pulled language from other harbors prohibiting such behaviors from happening.

Mr. Grant adds that clear wording stating only the registered owner is entitled to a residence on the vessel.

Mr. Uchytel advises that in some instances there may be a legitimate reason for others such as commercial fisherman crew to be live aboard on the vessels.

Mr. Leither asks if there would be a grandfathered clause for renters currently on vessels in the harbors.

Mr. Creswell confirms he is aware of some cases where tenets are under a long term rental and not an Airbnb type of situation.

Mr. Larkin suggest in section 2 removing the terms “dog and animal” and replacing it with “domesticated animal”. Under section 4 the crane use fees he suggests changing the wording of the last line. He asks regarding section 6 how many people are paying @ \$1 in the parking lots.

Mr. Creswell responds that quite a few are, some customers only need an hour or two of parking.

Mr. Larkin continues with questioning section 7 and the reservation policy. If someone makes a reservation for over 7 days and cannot make it due to no fault of their own can there be wording added to allow for the return of fees.

Mr. Creswell answers that when large spots being reserved far in advance are cancelled at the last minute they are missing out on large amounts of money and messes with the schedule.

Mr. Larkin says he understands.

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Mr. Norbryhn commented sometimes the vessels make reservations at the IVF and at Auke Bay ensuring they have a spot. This helps ensure the money has been made for that spot regardless if they cancel.

Mr. Creswell reiterated that some vessels will reserve and pay the high rate for both spots and then decide to go elsewhere. These vessels do not even bat an eye at the loss of the reservation fee.

Mr. Leither expresses regarding section 6 parking lot fees, he is in favor of removing some of the language since there is no shortage of parking in the winter. He asks if the monthly fee is removed would that cause a rate increase. If so would it have to have public approval and due process.

Mr. Creswell responds that it would go through a public notice period like a rate increase.

Mr. Grant asks about section 5 and what does AS 05.25.055 say?

Mr. Creswell responds that all vessels over 24' must be titled and registered with the State of Alaska. And that the AK number details need to be prominently displayed.

Mr. Grant adds that Docks and Harbors could require having a number or stamp displayed on the rowing shell. He asks if that system has ever been in place.

Mr. Creswell responds no, and that he has not seen a need for that. It is typically for individuals who have painted their boats and have not put the AK numbers back on.

Mr. Wostmann adds that even smaller tenders need to have the AK numbers on them.

Mr. Creswell advises it would make it easier on staff, and that it typically shows that the owner is taking proper care of their property. He has come across boats where registrations have expired 10 years ago.

Mr. Wostmann asks about section 13, he asks why moorage is allowed on non-suitable docks.

Mr. Creswell replies that the unsafe portion of the dock is currently not accessible and is barriered off.

Mr. Uchytel adds that we inherited the National Guard dock. CBJ Engineering is currently negotiating a possible transfer of ownership which will allow the Seawalk to continue. That location is not prime moorage, but there is value in keeping it.

Mr. Wostmann adds that having wording admitting there is an unsafe dock is problematic and that they could incur a liability.

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Mr. Uchytel replied we will remove that wording.

Mr. Grant asks about section 12, what is meant by change language to reflect how we manage winter hot berths by size.

Mr. Norbryhnn replies that many hot berth requests last year were larger than the current stalls. Some boats were as large as 90' so doing the lottery by size is most fair for boats to receive a spot.

Committee Discussion/Public Comment

Ms. Derr thanks Mr. Creswell and his team for the work done.

Mr. Wostmann asks if a motion is needed today.

Mr. Uchytel replies that they will bring it to the board next week. They are then submitted to law for review.

MOTION By MR. ETHERIDGE: That this discussion move to the full board with the requested changes so they may have the full discussion and ask unanimous consent.

Motion passed with no objection.

2. Hansen-Gress Building Improvement Challenges

Mr. Uchytel: Introduced Shannon Crossley from NorthWind Architects, Jeremy Hansen and Tyler Gress of Hansen-Gress. Over the past few months he has brought to the Board various property transaction requests. Hansen-Gress is interested in purchasing the property below their current building. At the last Board meeting Erich Schaal presented information about property line challenges and how that impacts Hansen-Gress' ability to make improvements to their building. Since then, Hansen-Gress has worked with NorthWind to apply to the CBJ Land and Resources Division to purchase CBJ lands; that application is in the packet. Tonight you'll receive a presentation about the proposal and at some point the Board will need to take action on it.

Presentation by Shannon Crossley of North Wind Architects: Hansen-Gress purchased the property in January 2022 from Juneau Electronics. The loan includes financing for improvements on the building, which was built in 1967 and the exterior has had very few updates since that time; they plan to replace windows and siding. It was quickly discovered that improvements to the building are prohibitive due to issues with the property lines. Ms. Crossley overviewed past and current plats, the 'as built' survey, and historic property lines for the Board, which reveal that the side of the building facing the waterfront sits on the property line. They had hoped to develop the building by using the existing structure (e.g. no pilings) and adding a deck and an awning, to first provide a

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temporary area for use by the contractor so he doesn't have to build scaffolding at a huge cost for a temporary structure. Instead, they'd like to build a more permanent work platform that could eventually be turned into a deck for building. The property lines are so close that they prohibit even building an awning across the front of the building; consolidation of the lots will help with this. Awnings must be placed forty inches from the property line, but in this case that's impossible, because the property line goes through the front door of the building. Ms. Crossley refers the Board to application materials in the board packet and provided a description of the current property lines v. the property line change they are hoping to see. How that might relate to the master plan and any future pathways needed to access the sea walk. Hansen-Gress ask that their proposed property line be approved, so that they can purchase the property and consolidate the lots and develop their building.

Committee Questions

Mr. Leither asked for clarification about which portion of the property is leased versus owned.

Mr. Grant asks what's the rationale for 20' versus some other distance.

Ms. Crossley states they need 16' for a 6' deck, because we can't build within 10' of the setback. So we asked for 20' so they would have 10' of buildable space for the building.

Mr. Wostmann says that in earlier discussions they talked about the advantages or disadvantages of leasing and modifying terms of the lease, as opposed to selling the property, and asked why they would prefer one over the other.

Ms. Crossley referred the question to the owners.

Mr. Gress says they understand from the permit office that there is no modification that can be done under the current lease, due to the property lines. They are open to a discussion if anyone has ideas about how the lease can be modified.

Mr. Wostmann notes that the question needs to be posed to the permit office as to why they couldn't modify or create a new lease. He is sympathetic to the need for space so they can fully utilize the building. He notes that the city usually leases CBJ land, as opposed to sell it.

Mr. Schaal says this is an artifact that stems from a building that should never have been built the way the property lines are arranged, which is exactly why they don't issue permits that cross property lines. He refers to similar issues for the downtown boatyard property.

Mr. Wostmann proposes as an alternative, to solve the problem of multiple owners. Perhaps the city should purchase the lot portion that they currently own, make it one lot,

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and then lease it back to them. That would be acceptable to the city, but questions if it would be acceptable to Hansen-Gress.

Mr. Grant asks Mr. Schaal if that rule would rule out variances.

Mr. Schaal says it's a hard and fast rule and that variances will allow you to get permission to be within the 10' set back section for simple things like porches. Over time, variances have gone way down and it's difficult to get a variance these days. When they are issued, say for 10', then a builder should plan on 10.5' to account for things like the thickness of siding – the city is very strict and expects builders to plan ahead.

Ms. Crossley advises those two options are the only conceivable way we can do anything with the property without direct replacement. Without a permit we can replace the windows and siding, but if we want to add a rain screen, or insulation on the exterior of the building, that would not be allowable, because that would mean crossing a property line. There is no variance that can be created to allow us to cross property lines.

Mr. Wostmann asks the property owner if they have a strong preference for one or the other solution. If so, why.

Mr. Gress says they looked closely at both options and that with respect to evaluations there is an interesting challenge. Both are 4000 square foot parcels. Last year the previous owners got an appraisal on this lot prior to raising the lease rate, so there is a really fresh evaluation – their parcel is worth about \$73,000. The other lot is in the appraisal database at \$473,000. So there is an order of magnitude difference in evaluations. In terms of doing deals, this is a small dollar value parcel that they can absorb into the economics – a 4,000 sf building won't generating a ton of cash, but it's doable. A bigger deal would undermine financing; the bank is holding this as collateral so they'd have to refinance at higher rates. He adds the ship has sailed for the economics of this building. If the property gets sold off then we're left with a very old building that they hope to invest in, on no real property. They are trying for permits and the vision is to give this building another 50 years. He says when they made the purchase, the property was an essential backstop for making the financials of the building make sense. The building will eventually have an end of life, but if they own the property he feels they would be left with something of value, which would go away with a lease and create taxation problems this year. They took out a Small Business Administration (SBA) loan that's very complex, but they are willing to work with their proposal – they'd just collateralize it with the property they own, but for the lender this would mean increasing a \$130K loan to about \$500K.

Mr. Grant asks what the remaining lease term are.

Mr. Gress did not have a precise answer, but say's its well beyond the life of the loan and building.

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Ms. Crossley provided the committee additional information and says that Hansen-Gress intends to invest substantial money into the building. She points out that the investment will bring the building up to the quality of the neighbors, Marine Exchange. She adds that maybe the investment will help kick start the sea walk plan. They aren't just replacing windows, but plan to do extensive work on the building.

Mr. Etheridge asked how the building would be used.

Mr. Gress says they are an IT contractor providing support for 80 local businesses. At startup it was just Jeremy Hansen and Tyler Gress, but they have since hired 12 people and they want to provide a beautiful place for them to come to work and be proud of. They envision building a feature that would enhance the future sea walk. They don't envision a building taller than Marine Exchange. Right now about half the building is leasable office space for Hansen-Gress and Marine Exchange.

Mr. Grant asks if there are commitments they'd be willing to make, as part of the transaction, with regard to the future development of that strip. For instance an easement for the sea walk.

Mr. Gress says they'd be delighted to build something like that into the sales agreement.

Mr. Becker notes that there is already a plan in place for "Norway Point to Bridge Park" and asks if this would impact that project.

Mr. Uchytel says that this should be complementary to that plan.

Mr. Grant asks and receives clarification from Mr. Gress on the property lines shown in the proposal.

Mr. Gress says that they want to square up the property both for design purposes and to be in compliance with the rules on property lines. There is Forest Service land on one side, so the proposal doesn't include that side.

Mr. Grant asks the distance to the Marine Exchange building.

Mr. Gress says that there is a warehouse between them that belongs to US Fish & Wildlife and provides access for the MEDEIA to their dock. He estimates the distance to be 60-80 feet.

Mr. Leither expressed that water front property is very valuable. Has there been consideration about purchasing the 15 ft. needed? Which allows the bank to hold collateral and they could move forward with the renovations as it is all under one lease.

Mr. Gress responds that he has not explored that option. He would need to reach out to the bank.

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Mr. Grant asked if they have considered the economics of purchasing the lease hold.

Mr. Gress confirms that is what is in the current proposal.

Ms. Crossley adds that most of the building is built on pilings. Some of the property is on land and some sits in the water.

Mr. Gress adds that the tideland is valued lower than the rest of the area.

Mr. Grant asks if new pilings will need to be constructed.

Mr. Gress answers they will not need new pilings.

Ms. Crossley mentions that the additional 20' allows for a 10' sea walk which additional pilings may be needed for.

Mr. Gress adds the dimension of the lines are worth an additional discussion.

Mr. Grant asks if there are any existing conflicts with the Fish and Game dock. Would this be removing any dock space.

Mr. Gress replies that yes that has been considered and there is enough space for Fish and Game and no it would not be removing any dock space.

Public Comment -NONE

Committee Discussion/Action

Mr. Wostmann expresses this is a worthwhile project. Though the city prefers not to sell land, in this case there should be an exception as it is justified. He is in favor of recommending the project and sell the land as requested.

Mr. Becker mentions there may be a second bridge built at some point.

Mr. Larkin does not see a great public value to keeping this lot of land.

Mr. Leither agrees with the support of selling the piece of land.

Ms. Derr agrees with the sell. She asks if the funds would come to CBJ for other projects.

Mr. Uchytel advises that Land Management would be informed that the funds do belong to Docks and Harbors.

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Mr. Grant adds that this is a historical screw up and that if they do not fix it now the problem will continue to persist. He agrees the issue should be fixed now.

Mr. Etheridge advises moving the proposal to the next full board meeting for further discussion.

Mr. Grant asks for conceptual images on what the additional water front plans may be.

MOTION By MR. ETHERIDGE: TO MOVE THE PROPOSAL TO THE NEXT FULL BOARD MEETING FOR FURTHER DISCUSSION AND ASK UNANIMOUS CONSENT.

Motion passes

IX. Items for Information/Discussion

1. Proposed Correspondence to UA Office of Land Management regarding UAS Property-

Mr. Uchytel advises the city would like to purchase land from UAS. The University of Alaska - Board of Regents will meet in Juneau early September and they will take this up as an action item. The UA Lands Management Office will be collecting public comments. Mr. Uchytel drafted a letter sent to UA President Pat Pitney expressing interest in purchasing the property which is critical to managing the land at and around Harris Harbor. Mr. Uchytel asks the board for feedback or direction. It will be due June 27, 2022.

Committee Discussion -

Mr. Becker mentions the drive down dock at Auke Bay is used by many vessels and not just commercial fisher boats. He adds that could be added to the request.

Mr. Wostmann suggests changing the word “reminder” to “remainder” in paragraph 3.

Mr. Etheridge adds it is a great idea and that they should let the university know from many directions that it is being supported. The board does need to include their two cents, not knowing what opposition is out there.

Mr. Wostmann agrees with Mr. Etheridge and adds that each board member should sign the letter.

Ms. Derr asks if anyone has reached out to Mr. Duvernay for public comment.

Mr. Etheridge replies, yes.

Mr. Grant asks if there are any other parties which should be recruited to comment.

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Mr. Etheridge replies that some fishermen may write letters and that he has reached out to various boat yard users to get a response to this matter.

Ms. Derr asks if anyone has reached out to the United Fisherman of Alaska.

Mr. Etheridge replies that he has not, but there has been talk of it. There is a new Executive Director who they may want to reach out to.

Mr. Uchytel agrees that the Board should sign the letter, and he wants to coordinate the execution of that by Monday.

Mr. Wostmann suggests setting up electronic signatures.

Mr. Uchytel says he can do that or have everyone present sign.

Mr. Grant asks if they pass the motion now would that solve the issue so the member names can be added after.

Mr. Uchytel says he can add each members name with the Board's permission.

Mr. Wostmann adds he can have his office set it up via DocuSign for a personalized touch.

Mr. Uchytel confirms that the language used is what the Board would like to convey. He requests an answer by the next day.

Mr. Wostmann and Ms. Derr agree to move forward with the current letter.

Public Comment - None

X. Staff & Member Reports

Mr. Uchytel says Mr. Schaal has been coordinating with AEL&P and Juneau Commission on Sustainability for a tour on July 5th, to show how ships connect to shore power at the Franklin Dock. The department has been criticized that the process takes an hour. He advises any board members who want to watch add their names to the list via Mr. Schaal.

Mr. Schaal say it will be July 5th at 8 am. Kirby Day needs specific information on individuals attending. The process of connecting a ship to shore power will be show cased.

Mr. Becker asks how soon do Board members need to let Mr. Schaal know they would like to attend.

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Mr. Schaal advises he will need to know a couple of days in advance.

Mr. Uchytel mentions Statter Harbor Phase IIIC Uplands Project. There may be more than \$3M which would include paving, curbs, gutters, bathrooms and a covered waiting area. The bathrooms and covered waiting area would be worked on first. The project has now been broken up into Phase IIIC and IIID. He asks if the Board would like to weigh in. The original estimate was \$1.8M but it is now coming in around \$2.5M. The estimates are over what originally thought. The Capital budget for \$2M for Aurora Harbor is waiting on the Governor action. If it moves forward they will have \$4M for the proposed project, the Board will be asked what to do with the money. The 1% sales tax is still under negotiation with the City Manager. The Assembly currently has the package with all proposed projects. The Assembly is expected to rank the order of the projects and a meeting will be held next Monday. Something will need to be produced for action by August. There will be a Finance Sub-Committee meetings held in July.

Mr. Wostmann adds he will not be able to chair or attend the meeting held on the final Thursday in July.

Mr. Uchytel says yes Mr. Wostmann will be off the Board by the end of the month.

Mr. Uchytel says he has been working with HDR regarding the rate study on the short comings on the report. Mr. Schaal has been working on a recapitalization plan. For example, looking at Douglas Harbor when will each float need to be replaced. Each were built at different times.

Mr. Uchytel adds that the public is asking what capacity the cruise ships are sailing. During the first 5 weeks they were sailing at about 64% but are beginning to have larger capacities. He suspects that Juneau will see 1.2M passengers by the end of the season. The tour operators are doing well.

Mr. Grant asks what the normal occupancy rate was pre-covid.

Mr. Uchytel responds he thinks they were sailing closer to 100% but is not sure.

Mr. Larkin asks Mr. Creswell if things are going well with the additional staff members a screening measures.

Mr. Creswell replies that he is happy all benefitted positions are now full and that the operation is close to fully staffed at the port. The staff has finally found a rhythm and the operation is much smoother. There are only a few vacancies, Harbor Technicians and Admin Assistants.

Mr. Uchytel ask that Mr. Creswell elaborate on Mr. Baird leaving.

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Mr. Creswell adds that Mr. Baird the Admin Assistant III is leaving due to moving to Oregon. They are currently interviewing strong applicants to fill his position. He adds the Seabourn Odyssey has 6 turns this season. This requires that the team do 100% of the screening of baggage and people. It changes the operation because they have to operate as a cruise ship terminal which includes a lot more security measures. The process is labor intensive and logistically challenging. Mr. Creswell adds that the crew handled it all very well. He has been in meetings with CLAA and Marine Exchange to review options on how to make the operation better.

Mr. Uchytel adds that staff is having to screen through every piece of luggage without x-ray technology. The staff is also under the scrutiny of the U. S. Coast Guard.

Mr. Wostmann asks if the department got the heads up on this required operation and if so is the department charging extra for the service.

Mr. Creswell responds that they did get the heads up and that they are charging for the extra staff time at the hourly staff rate.

Mr. Larkin asks what an x-ray machine costs.

Mr. Creswell says that the Customs & Border Protection has turned down many x-ray machines over the past few years because Juneau did not need one. He has asked, that moving forward, they not turn a request down so we can work together to get a passenger fee money request for training operation and storage.

Mr. Larkin asks if the department gets a choice in this process?

Mr. Creswell responds that the ship scheduling is complicated and that it was supposed to begin in 2020. Without the new shelters they would not be able to turn these ships.

Mr. Larkin adds if a larger vessel wanted to do a turn in Juneau, can they make them do it.

Mr. Creswell replies the discussion has been had, but ships will not allow that to happen because there is not enough flight or berthing capacity in Juneau to allow for it.

Mr. Larkin asks for an update on the 10 day rule.

Mr. Norbryhnn replies that it has turned into a nightmare for him to enforce. Many boats have been waiting on parts like wiring harnesses for over a year. Some are receptive and communicative on the issue. He did send a round of warning tickets and may begin writing real tickets starting next week for those who are not communicative.

Mr. Larkin thanks him for the comments. He mentions that some people are moving their boats and it sounds like the only people being penalized are those who are choosing to

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not follow the rule. He adds that Mr. Wostmann has done a great job with the CIP adjustment.

Mr. Schaal adds that the department got a \$100K grant for the sewer pumps in Harris and Statter. They came in under budget so the extra funds will move over to Statter. There may be an additional \$9.5K sent over from Valdez to help with the Statter projects as well. It does require a Board and an Assembly approval process.

Ms. Derr adds that she was out at Taku Harbor for the Memorial Weekend and the repairs were welcomed and well used.

XII. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting-**Wednesday, July 20th, 2022**

XIII. Adjournment – The meeting adjourned at 6:42pm.