

CBJ DOCKS & HARBORS BOARD
REGULAR MEETING MINUTES
For Thursday October 27, 2005

I. Call to Order

Chairman Simpson called the Regular Board Meeting to order at 7:00 p.m. in the CBJ Assembly Chambers.

II. Roll Call

The following Members were present: Mr. Dore, Mr. Etheridge, Ms. Jebe, Mr. Knapp, Mr. Kueffner, Mr. Preston, Mr. White, and Chair Simpson.

Mr. Fisk was absent.

Also present were the following: Mr. Stone--Port Director, Mr. McCall--Harbormaster, Mr. Kriebler--Port Engineer, and Mr. Dybdahl--Assembly Liaison.

III. Approval of Agenda.

MOTION by Mr. Etheridge: ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA AS PRESENTED. Mr. Stone asked to have Item 2 of Items for Action moved to the top of the order. Hearing no objections, the motion carried with Item 2 moved to the forefront of the agenda.

IV. Public Participation on Non-Agenda Items.

There was none.

V. Approval of Previous Meeting Minutes.

MOTION by Mr. Etheridge: ASK UNANIMOUS CONSENT TO APPROVE THE MINUTES FROM THE REGULAR BOARD MEETING HELD ON SEPTEMBER 29, 2005 AS PRESENTED.

Mr. Preston objected. He pointed out that his amendment to a motion by Mr. Fisk at the August 25, 2005 meeting was not a friendly amendment as indicated on Page 1. He asked the word "friendly" be stricken from the record. Hearing no further objections, the corrected minutes were approved.

VI. Consent Agenda.

No items.

VII. Items for Action.

1. Miner's Hall Tideland Lease Amendment.

Mr. Stone directed the Board to his October 24, 2005 memo titled Miner's Hall Tideland Lease Area Amendment and an appraisal attached to it. The board originally approved the lease in December of 2004. The lease was sent to the law department but because of work load issues it was never issued. In the meantime CBJ was been working on the sea walk and the Assembly has resolved the sea walk alignment, which allowed the Port to figure out what the amended lease area is. Mr. Stone has

Items for Action (cont'd).

directed the property owner to have the land surveyed and also to obtain a legal description of the area. Mr. Stone referred to an appraisal of the property provided in the packet and gave a brief outline of the market value and of the revenue-producing capabilities of the property. The property owner was shocked to learn the results of the appraisal and was not prepared to operate with the elevated overhead. Mr. Stone recommended the Board go forward with an initial rent value of \$29,890 and that they fashion the lease so that the higher rent does not go into effect until the sea walk construction is complete. Additionally the law department has notified Mr. Stone that the lease has to be approved by the Assembly according to Title 85. He recommended that the Board request the Assembly approve the lease based on the new market rent, the standard terms and conditions outlined in CBJ ordinance 53.20, and also conditional on CBJ providing a construction easement to construct a sea walk.

MOTION BY Mr. Etheridge: MOVE TO APPROVE A TIDELANDS LEASE FOR MINER'S HALL WITH TERMS AND CONDITIONS AS RECOMMENDED BY THE PORT DIRECTOR AND TO REQUEST THAT THE ASSEMBLY APPROVE THE LEASE. Mr. Dore seconded the motion. Chair Simpson asked for public testimony.

Mr. James Williams, President, North Pacific Erectors, 412 H Street, Douglas, Alaska 99824 testified that he is the contractor for construction of the building. He informed the committee that the owners of the proposed building structure are frustrated by the recent appraisal of the property and feel it is unreasonable. They feel that the CBJ is creating problems for them. They suggest that the city lease the tideland property to them at the same rate that they lease to the neighboring business owners. However, they would agree with 100% increase in rents. Mr. Williams mentioned that the size of the land is 3,000 square feet. He informed the Board of the delays in constructing the building. He encouraged the Board to look at the big picture of the issue.

Mr. Knapp asked Mr. Stone the reason for the delay in issuing the initial lease. Mr. Stone speculated that it had to do with personnel problems with the law department and also with the consideration of a sea walk in the area. Mr. Stone outlined the ranges that Alaska cities use for rents and encouraged the Board to go with the lower end of the appraisal range. Much discussion ensued on the topic.

Mr. Knapp expressed concern that the business owners put together a business plan based on the information available and through no fault of their own the lease was issued late with a drastic change in rents. He suggested a reasonable and fair compromise. In the future when all of the properties are re-evaluated the business owners would be on the same playing field and the city would realize the taxes based off of the true value of the properties.

Chair Simpson offered the observation that it seemed unfair for the city to charge a business owner ten times what their neighbor is charged. He expressed interest in creating a fair deal for the time being and then re-visit the property value once the sea walk is completed.

Mr. Knapp voiced concern for tying the value of the tidelands to the tentative construction of a sea walk. He asserted the value of the tidelands should be based on their value alone. Any future improvements made by the city would simply add to the value of the tidelands.

Mr. Knapp amended the motion to approve the lease as follows: Peg the “as-is” value at \$15,000 per year. At such time when CBJ re-evaluates the tideland leases, appropriate adjustments would be made on a uniform basis. Mr. Etheridge accepted the amendment as friendly. Discussion ensued. Roll call proved the motion carried on a 7-1 vote with Chair Simpson dissenting.

2. Proposed Fee Regulations for DeHart’s Marina.

Mr. Preston reported the Finance Committee held public testimony on the matter and that they made a technical edit to the proposed regulations. The Finance Committee recommends to continue with the current rates through the fiscal year. He commented that the issue of the differentiation of moorage rates among the harbors is still being questioned by patrons. He detailed a couple of the different rate structures among some harbors, such as Statter Harbor and the IVF. Prior to purchasing DeHart’s Marina, discussion noted that the rate structure would be different yet the purchase was made anyway.

MOTION BY Mr. Preston: MOVE TO ADOPT THE FEE REGULATIONS FOR DEHART’S MARINA AS PRESENTED BY THE FINANCE COMMITTEE CHAIR. Mr. Etheridge seconded the motion.

Chair Simpson asked for public testimony.

Mr. Dennis Watson – 9333 Northland St. Juneau, expressed appreciation to the Board for listening to the concerns of the tenants at DeHart’s Marina. He disagreed with the tiered rate process used at DeHart’s. He contended that other harbors are much nicer facilities. He disagreed with the comparison of DeHart’s and Statter Harbor since Statter is an extremely busy transient harbor. His investigation of other transient marinas showed there is a discrepancy in rates in that transient rates are generally much higher than at the Juneau harbors.

Mr. Bud Jaeger – 3451 Meander Way, Juneau, spoke about the rate structure. He disagrees with the way the Port is going about setting rates for DeHart’s Marina. He feels that the rate structure is based off of the price that CBJ paid for the Marina and that is discriminatory. He said the proposed rate structure was never discussed at open meetings prior to the purchase and that the public was misled. He reminded the Board of the July 14, 2005 letter from the Port Director to DeHart’s patrons, which said “the proposed regulations allow existing DeHart’s stall holders to be treated like any other reserved stall holder in the CBJ harbor system.” In an August 8, 2005 memo to Docks & Harbors Finance and Docks & Harbors Operations Committees, Mr. Stone wrote, “Harbor rates are sufficient to cover the operating maintenance and capital replacement costs of our facilities.” Roughly \$15 million was spent on Douglas and Harris Harbors and those costs were not calculated into the rates charged to those patrons. The proposed rates will be so that DeHart’s patrons will be charged 100 percent more than patrons at Douglas, Harris, and Aurora Harbors. He encouraged the board to move all the Harbors into one rate fee schedule. He questioned the whereabouts of certain letters that the Port was supposed to send to Harbor patrons and requested they be made available.

Ms. Jebe reported that she would vote against the motion because she agrees that the fees should be the same as Douglas, Harris, and Aurora Harbors.

Items for Action (cont'd).

Chair Simpson commented the Board is not basing rate fees on the price paid for the property. He stated that location is a proper basis for determining stall fees. He encouraged DeHart's patrons to seek a stall at another Harbor and suggested there are people who would gladly pay a higher rate to be at Auke Bay. Public meetings reflected that the Board did not anticipate DeHart's patrons to carry the debt load of the property purchase.

Mr. Kueffner commented that the letters from the Port Director were not contracts or promises to never change rates.

Roll call proved the motion carried 7-1 with Ms. Jebe dissenting.

3. Alaska Association of Harbormasters and Port Administrators Deferred Maintenance Resolution.

Mr. Stone reported the Alaska Association of Harbormasters and Port Administrators adopted a similar resolution to the one adopted in 2004. The only change being to request the State of Alaska Legislature provide capital matching funds to local governments. He asked that the Board endorse the Resolution and ask the Assembly to develop a Resolution expressing support for Legislative funding for maintenance and repair for Alaska Harbors and transfer that to the Legislative Delegation.

Chair Simpson noted the Assembly adopted a Resolution in April of 2005 and asked the reason for the request for another Resolution.

Mr. Stone explained it would emphasize the matching program.

Mr. Dybdahl said it would be an item on the Consent Agenda.

More discussion ensued.

MOTION BY Mr. Etheridge: ASK UNANIMOUS CONSENT TO ENDORSE THE AAHPA DEFERRED MAINTENANCE RESOLUTION AND TO REQUEST THAT THE ASSEMBLY ADOPT A RESOLUTION ENDORSING THE AAHPA RESOLUTION AND TO FORWARD IT TO THE ALASKA LEGISLATURE. Hearing no objections, the motion carried.

4. Request to Assembly for Douglas Harbor Breakwater Authorization.

Mr. Stone explained that the construction is stalled due to lack of Congressional Authorization. He has identified a process to insert the authorization in the Water Resources Development Act (WRDA). Due to safety reasons, it is important that this project be done as soon as possible.

Mr. Kueffner asked the reason the breakwater was not constructed as part of the Douglas Boat Harbor refurbishing.

Mr. Stone informed the Board that the cost was too much for the CBJ to bear alone and the Corps of Engineers have been involved since 1998. More discussion ensued.

Items for Action (cont'd).

MOTION BY Mr. Etheridge: ASK UNANIMOUS CONSENT TO REQUEST THAT THE ASSEMBLY AUTHORIZE THE DOCKS & HARBORS BOARD TO WORK WITH THE ALASKA CONGRESSIONAL DELEGATION TO OBTAIN AUTHORIZATION FOR THE CONSTRUCTION OF THE DOUGLAS HARBOR BREAKWATER. Mr. Dore seconded the motion.

Mr. Dybdahl commented on the importance of the Board working with the City Manager on the project.

Mr. Etheridge added: “**Coordinate with the City Manager**” to his motion. Hearing no objections, the motion carried.

5. Parking Lot Management Study Award.

Mr. Stone reported they received two proposals on the RFP for parking lot management and have decided to give the contract to PN&D. He asked the Board to approve and award the study to PN&D.

MOTION BY Mr. Etheridge: ASK UNANIMOUS CONSENT TO AWARD THE PARKING LOT MANAGEMENT STUDY TO PN&D IN THE AMOUNT NOT TO EXCEED \$15,000. SUCH FUNDS TO BE PROVIDED BY THE HARBORS ENTERPRISE BOARD.

VIII. Items for Information/Discussion.

1. Alaska Statehood Celebration Tall Ship Event.

Mr. Stone demonstrated a Power Point slide presentation on Tall Ships. He is proposing an event celebrating 50 years of statehood by hosting a flotilla of Tall Ships in the summer of 2006. He has asked the Alaska Association of Harbors and Port Administrators to take the lead on this project and gave a brief report. Discussion ensued among Board members and Mr. Stone.

IX. Committee, Member & Staff Reports.

1. Finance Committee Meeting – October 20, 2005.

Mr. Preston gave a brief report of the last Finance Committee Meeting.

- Three tideland lease re-appraisals came before the committee. The committee heard initial information on the tideland lease adjustments for Channel Flying, Thane Ore House, and Maritime Hydraulics. They directed staff to contact them to let them know this would be on the agenda for the next meeting.
- They discussed at length small boat harbor commercial use fees. They will continue to look at fee adjustments in two areas: Passenger fees (where there is a current shortfall) and Landing Craft fees, which need incentives to get people in and out as quickly as possible.

2. Operations Committee Meeting – October 4, 2005.

Mr. Etheridge gave a brief report of his last Operations Committee Meeting.

The operations meeting had one item on the agenda, which was the Miner's Hall Tideland Lease and that has been finalized. Next meeting they will examine a large packet of complaints regarding one Juneau Tour Company.

3. CIP/Planning Committee Meeting – October 25, 2005.

Mr. Krieber gave a brief report of the last CIP/Planning Committee Meeting.

- Ed Page of Marine Exchange of Alaska approached the board and gave a presentation. The Marine Exchange would propose to ask the Legislature for funding of \$5 million dollars to build a wall and bulkhead in the area of where the current Aurora harbor office is all the way to the point where land could be constructed. This is in the infancy of conception. This would address both the Port office and the Aurora office. A Legislative strategy has been discussed and Mr. Page will take the lead. The committee has asked staff to create a more formalized plan.

X. Capital Improvement Project Report.

Mr. Krieber gave a brief report on the progress of all Current Projects.

- They will bring an updated list of priorities to the Assembly.
- Float 3 is completed at Harris Harbor and work on Float 4 will start tomorrow.
- Electrical and water work is underway and the project should be completed on time and within budget.

Mr. Preston asked regarding the Auke Bay commercial loading facilities. He said he has heard that the project is dead. He said he would like to hear regular updates.

Mr. Krieber responded a contract has been signed and permit applications have been submitted. They are in the application process to the Department of Natural Resources for the tidelands transfer and the rights to use the tidelands. They need to apply to the city to change the zoning. They have completed the ownership transfer. They anticipate tweaking the conceptual engineering plan by mid December. Permits should be filed to the Corp of Engineers in January of 2006. He gave a brief report on the Denali Commission.

XI. Harbormaster's Report.

Mr. McCall gave a brief report of Harbor happenings.

- He seconded the plan to construct a new marine services building.
- He spent two weeks attending marina conferences. He succeeded in getting Juneau on the spring conference list. He has a number of things planned for the conference.
- He congratulated Mr. Stone for obtaining the position of President of the Alaska Association of Harbormasters and Port Administrators.
- Winter hot berth went smoothly and is largely completed.
- Mr. Bob Clauder is having shoulder surgery and will be out for a month or so.

- Second shift is up and running and inventory is now being done at night. Second shift will allow for better enforcement of harbor rules and regulations.
- Mr. Corwin continues to refuse to pay his back moorage and also refuses to sign a moorage agreement. Further action will be brought against this individual.

Mr. Preston and Mr. Kueffner asked Mr. McCall some questions regarding some complaints they have received. Chair Simpson encouraged Mr. McCall to find a solution to situations such as people getting charged for two days moorage when the boat has been docked for less than 24 hours.

XII. Port Director's Report.

Mr. Stone gave a brief report.

- He emphasized the importance of legislative support regarding the deferred maintenance item.
- The boat tax is moving slowly through the Assembly.
- The Alaska Association of Harbormasters and Port Administrators is requesting additional weather monitoring stations in Southeast Alaska, specifically one at South Admiralty Island and North Clarence Strait.
- The Douglas Bridge tidal gauge is two feet off. He advised DOT survey section and they determined it was incorrect. He will have a community alert posted on the CBJ website and ask the US Coast Guard to publish a local notice to mariners.
- He complimented Mr. McCall on his work for the past year.

Chair Simpson asked Mr. Dybdahl to comment on the boat tax.

Mr. Dybdahl commented it would not come up on the Assembly agenda again until later in 2006 and would not have an effect until 2007. It was sent to be drafted for ordinance on a non-urgent request by the city attorney. Discussion ensued.

XIII. Committee Administrative Matters.

1. Meeting Calendar for November/December 2005.

<u>Operations Committee Meeting</u>	November 15, 2005	5:00 p.m.	Aurora Harbor Office
<u>Finance Committee Meeting</u>	November 17, 2005	5:00 p.m.	CBJ Assembly Chambers
<u>CIP/Planning Committee Meeting</u>	November 29, 2005	5:00 p.m.	CBJ Assembly Chambers
<u>Regular Board Meeting</u>	December 1, 2005	7:00 p.m.	CBJ Assembly Chambers

XIV. Executive Session at 9:45.

Chair Simpson called the meeting back to order at 10:10 pm.

XV. **MOTION BY Mr. Dore: ASK UNANIMOUS CONSENT TO ADJOURN THE MEETING.**

The motion passed without objection.

The meeting was adjourned at 10:11 p.m.