

CBJ DOCKS & HARBORS BOARD
REGULAR MEETING MINUTES
For July 1, 2004

I. Call to Order.

Board Chairman, Mr. Knapp, called the Board meeting to order at 7:00 p.m. at the City Assembly Chambers.

II. Roll.

The following members were present: Mr. Clough, Mr. Derr, and Mr. Etheridge, Mr. Fisk, Mr. Hurley, Mr. Preston, Mr. Simpson, and Mr. Knapp.

Also in attendance were the following: Mr. Stone—Port Director, Mr. McCall—Harbor Master, and Mr. Krieber—Port Engineer.

III. Approval of the Agenda.

Mr. Stone switched item 6 and item 7. He also added item “C” to the agenda—Statter Harbor Funding Request. Item “D” was added—Visitor Center Customs Office Remodeling Project. Item “E” was also added—Deharts Marina.

The amended agenda was approved without objection.

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 PREVIOUS MEETING MINUTES AS PRESENTED FROM THE APRIL 29, 2004 MEETING. The motion passed without objection.

VI. Items for Information/Discussion.

A). Harbor Electric

Mr. Knapp thanked the public for attending the Board Meeting. He understands that there are some concerns regarding the electric. He is aware that many of the harbor patrons are concerned with the proposed new rates and how the new electric has been implemented. He assured them that the Harbor Board is continuing to explore alternatives for the electric. He also mentioned that a

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Sub-Committee of the Harbor Board has been formed to further investigate the issues concerning the electric. The three members on the subcommittee are Mr. Simpson—Chairman of the CIP Committee, Mr. Preston—Chairman of the Finance Committee, and Mr. Derr—Chairman of the Operations Committee. This sub-committee is to bring a solution to the full Harbor Board well before the winter season. He mentioned that all the harbors are in need of reconstruction and it is something that is going to be done.

Mr. Stone mentioned that the Harbors are an enterprise fund, which means we are expected to be self-sustaining. Harbors have a separate budget from the rest of the city. All harbor expenses are separate and all of our revenues are separate. Harbors do not get any of the property tax or sales tax money for operations. The harbors generate about \$1.9 million each year in fees--this includes Douglas, Harris, Aurora, Statter, Amalga Launch, and Echo Launch. Harbors largest source of revenue is assigned moorage/stall holders. After assigned moorage, Harbors other revenue sources include (in this order) transient moorage, fish tax, miscellaneous fees, tideland leases, electric fees, Liveaboard fees, and penalties. Harbors biggest expense is personnel costs. The other expenses are (in this order) electric bill, solid waste, CBJ overhead (services used by Harbors from other City Departments), insurance, supplies, miscellaneous fees, interest fees, equipment repairs, and bad depts. In 1999 Harbors had a condition survey done as to the status of the electrical system. It was reported that the electrical systems would need replacement. The project was estimated to cost Harbors \$7 million. At that time, the project was well beyond the Harbors budget. Today this same project would cost \$9 million, due to inflation. Currently, the main power feed in Aurora is being replaced and harbors will be reconstructing all of Harris including the electrical infrastructure. Harbors have looked at two different ways of charging the new power. Currently, most of the power in the harbor is done through private AEL&P accounts. Transient vessels plug into an outlet and pay the harbor directly, which in turn is paid to our AEL&P accounts. Harbors have also looked at the master meter approach. Harbors would pay AEL&P for power at the head of dock and harbors would then distribute power to the individual stalls. There are a couple of ways to bill for the master meters. Harbors could charge a flat monthly rate and a flat daily rate for power and all vessels would pay the same amount, or they could bill according to sub-metering. The best possible solution would be to sub-meter long-term tenants and bill a flat rate for the transient, or short-term vessels.

Mr. Tkacz said he was upset, because he felt the patrons were not given enough notice about the power being turned off in Aurora. He also feels that a flat rate

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fee discourages electrical conservation and that the harbor is trying to hide capital improvement projects in the electrical rate. He mentioned that he thinks the flat rate is unfair to Liveaboards specifically and that he will be on strike with his Liveaboard fee until something better is figured out.

Mr. Kemp has lived in Harris Harbor for about 8 years and has always tried to keep his electrical use to a minimum. He too feels the proposed flat rate for electric is unfair to Liveaboards. He encourages the Harbor Board to take another look at the electrical rates before imposing the flat rate fee. He believes the flat rate will encourage people to max out their electric, because they know they are paying for it.

Mr. Burgoyne can't understand the thought behind the flat rate for the electric. He thinks it is unfair to charge every patron the same rate, because not all patrons use electricity at the same rate. He has always tried to keep his electrical use to a minimum. He feels this is something that should have been planned for and budgeted for many years ago. He also believes that moorage rates should be the only source of revenue for the harbors. He will be very disappointed if the flat rate goes into effect. If they have to pay a flat rate, than he will use all the power he wants. He also wants to know how much money has been spent to accommodate the cruise ships.

Mr. Knapp wanted to know if he would be okay with a metered rate and a capital cost.

Mr. Burgoyne said he would be okay with a metered rate and a capital cost, if the capital cost figure is applied to all slips in the harbor.

Mr. Knapp said the Harbor Board wants to fix the problem with electric, but in order to fix the problem, there will have to be changes. The Harbor Board would like to see permanent harbor patrons on metered power and transient patrons on transient power.

Mr. Clough pointed out that the Harbor Department has not put any money into the cruise ship docks. The cruise ships have done all the upgrades for those docks. Also, the Port of Juneau has two separate departments. The Harbor Department is separate from Docks and no money from the Harbor Department budget goes to Docks.

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Ms. Kadrlik lives in Aurora Harbor and has another boat in Harris. She thinks it is important that the Harbor Board continue trying to work with the metered rates, because that is the fairest alternative for all patrons. She also wanted to make sure that Mr. John Stone was not saying that the electrical improvements were going to cost \$25 million and that the \$25 million was for total harbor improvements.

Mr. Cogswell liked the idea of a metered rate plus a capital cost. He also has expressed his concern over the fact that he has not been able to pump his holding tank, because the pump-out stations are not working and he was wondering if that was going to be fixed anytime in the near future.

Mr. McCall said the parts are on order and they hope for the pump-outs to be fixed anytime.

Mr. Cruz is a Liveaboard in Aurora Harbor. He would like to know if there is a commitment on the behalf of the Harbor Board to go to sub-metering for the Liveaboards.

Mr. Knapp said that is something were looking into. There are a couple of issues they need to look into before they can go ahead with the sub-metering. They have to look into the City being or not being a public facility and selling power and they have to look into the tariff that governs the operation of AEL&P.

Mr. Cruz suggested putting together a fee structure that would show all capital costs, than patrons may realize that electric rates are just a small part.

Mr. Knapp mentioned that the formula for the slip rates has just been changed. Some of the Harbor Board members would have liked to raise rates at that time, but they decided against it. But rates will be raised some time in the near future.

Mr. Cruz wanted to know about the negotiations between the State and the City regarding harbors being turned over to the City to be run.

Mr. Derr said that there were no negotiations over having the harbors turned over. The State put together an audit committee that toured all the State owned harbors and came up with what they considered to be a deferred maintenance sum and that sum was assigned to each harbor. By the time the legislature acted on what the committee came up with, they offered the harbors to the city for a certain amount of money and it was take it or leave it and the Harbor Board decided to take it over.

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Mr. Cruz also wanted to know about the diesel fuel taxes that are collected and if the harbors get that money back for harbor improvements.

Mr. McCall said in order to get that money back the city would have to change their tax structure on that fuel and it was not equitable for the city to do that.

Mr. Derr added that some of the money does come back, but it is allocated based on the percentage of commercial vessels in the harbor versus the percentage of non-commercial vessels in the harbor. Juneau has the highest ratio of non-commercial to commercial vessels in the harbor and that is why Juneau does not get some of that money back.

Mr. Cruz also wanted to know if the Harbor Board had some budget alternatives that would show alternatives to the capital costs that would show where those funds could be raised if not through the electric to be more equitably spread.

Mr. Bavard has a boat in Harris Harbor. Wanted to thank the Harbor Board for the improvements in the harbors. Mr. Bavard is an employee at AEL&P and he is against the flat rate fee for electric. He feels it is a good situation for the City and for AEL&P, but not for the patrons. The flat rate is going to stop him from being able to control his cost of electric. He would support raising the fees on an even basis to get more money, not just raising the electric.

Mr. Fisk said that the problems in the harbor have been concerns of the Harbor Board for a long time, but until recently the harbors were owned by the State and all the Harbor Board could do was manage them and take care of some of the maintenance. Mr. Fisk also pointed out that slip renters do not pay property tax on their boats, but the property tax payers in the city did appropriate \$2.2 million to go towards harbor repairs.

Mr. Knapp apologized again for the short notice about the electric being turned off in Aurora Harbor.

B). Operations Committee Topics

Mr. Stone and Mr. McCall toured the harbors and identified one hundred-fifteen boats that they considered derelict. They looked at three concerns when determining if boats were derelict or not. They looked to see if the boat was covered in moss, does it lack a visible means of propulsion and they looked to see if the boat was in danger of sinking. A warning letter will be sent to each of the

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one hundred-fifteen derelict boats asking them to come to the office and let harbors know what their intentions are regarding the boat.

Mr. Derr suggested discussing this issue at the next Operation meeting.

Mr. Stone said that one of the major problems with the derelict boats is when they sink. Some times the harbor does not know who owns the boat, which may make harbors responsible to raise the boat or sometimes the owner may not be able to pay for the boat to be raised, again maybe making harbors responsible to get it raised and out of the water. Harbors need to start looking at ways to protect the Harbor Department and the boats next to them.

VII). Items for Action.

A). IVF Rates

Mr. Preston said the Finance Committee would like to make a suggestion to change the IVF rates from the \$2.00 per foot for pleasure/non-commercial fishing boats, which is an increase from the original price at \$0.70 per foot. They would also like to change the rate for commercial fishing boats from \$1.00 per foot to \$0.75 per foot, which is an increase from the original price at \$0.35 per foot. They feel that the increase might have been high.

MOTION by Mr. Fisk: TO ADOPT THE AMENDED IVF RATE CHANGE FROM \$2.00 PER FOOT TO \$1.50 FOR PLEASURE/NON-COMMERCIAL FISHING BOATS AND FROM \$1.00 PER FOOT TO \$0.75 PER FOOT FOR COMMERCIAL FISHING BOATS AND SUBMIT TO THE ASSEMBLY FOR APPROVAL. The motion passed without objection.

B). Tideland Lease

Mr. Preston recommend that the Harbor Board adopt the new annual rents for the tideland leases that the Finance Committee developed and direct the Port Director to notify the lease holders and that the next Harbor Board meeting would act as a Board of equalization. He also apologized for not having enough copies of the new rents available for the Harbor Board to look at during the meeting.

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Mr. Knapp clarified that these new rents would be tentatively adopted subject to review by the leaseholders. He also suggested that copies be made and handed out to the rest of the Harbor Board during the meeting before they approve the new rents.

Mr. Preston said they wanted to Harbor Board to adopt the new rents and direct the Port Director to notify the leaseholders that the Harbor Board will be taking final action at the next Harbor Board meeting.

Mr. Simpson didn't think having a few minutes to quickly review the rents would be enough time to adopt the new rents. He understands that this is the first step in the process and that all they are doing at this meeting is putting the leaseholders on notice that the rents may change and they will have their time to comment.

Mr. Fisk understands that the idea of today's meeting is to adopt the new rents and notify the leaseholders that the rents have changed and the next Harbor Board meeting would act as a Board of equalization.

Mr. Derr mentioned that the Finance Committee recommended that the Harbor Board adopt the new rents as submitted by the Finance Committee and they would be up for final action at the next Harbor Board meeting, where the Board would act as a Board of equalization. He too, feels only having a few minutes to review the new rents in not enough time to be able to adopt them.

Mr. Preston said all they want to accomplish at this meeting is to direct the Port Director to notify the leaseholders of the change.

Motion by Mr. Preston: ASK UNANIMOUS CONSENT THAT THE FINANCE COMMITTEE ADOPTS THE NEW ANNUAL RENTS RECOMMENDED BY CHARLES HORAN FOR CERTAIN TIDELAND LEASES UNDER THE ADMINISTRATION OF THE DOCKS AND HARBORS DEPARTMENT AND RECOMMENDS THAT THE DOCKS AND HARBORS INTEND TO ADOPT THE NEW RENTS AND DIRECT THE PORT DIRECTOR TO NOTIFY THE AFFECTED LESSEES THAT THE DOCKS AND HARBORS BOARD WILL TAKE FINAL ACTION ON THE NEW LEASE RENTS AT ITS NEXT REGULAR MEETING AND THAT THE BOARD INVITES THEIR INPUT AT THAT MEETING. The motion passed without objection.

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C). Statter Harbor Funding Request

Mr. Kriber said the other morning he presented the Statter Harbor Master Plan to the ADHOC CIP Committee and they added to their list of potential projects. One goal of this committee is to develop a list of projects to present to the voters for the extension of the 1% sales tax. Mr. Kriber and Mr. Stone worked with the numbers and a 1% sales tax will generate \$30 million over the next five years. They are requesting a funding source of \$4.5 million, which is about fifteen percent of the total. Mr. Kriber is asking for the Harbor Boards concurrence for moving forward with the memo requesting the \$4.5 million.

Motion by Mr. Etheridge: TO ASK UNANIMOUS CONSENT TO ALLOW MR. KRIEBER TO MOVE FORWARD WITH THE MEMO TO THE ADHOC COMMITTEE REQUESTING FUNDING IN THE AMOUNT OF \$4.5 MILLION. The motion passed without objection.

Mr. Preston wanted to know if the 1% sales tax is the current tax and that we are not asking for an increase.

Mr. Kriber said that they are not asking for an increase in tax, but the 1% drops off in 2005 and at that time they will go to the voters and ask them to keep the 1% for another five years. So the sales tax would not go back down to four percent.

D). Visitor Center/Customs Office

Mr. Kriber said they were approached by the US Customs Office for some dock side waterfront space where they could conduct interviews and searches. In the Visitor Center/Port Office concept drawings an office for US Customs is there, but that project is not going to be done for some time. The US Customs office is asking for something to use for now until the Visitor Center/Port Office building is complete. The Ferry Terminal building down town that the bus drivers have vacated from using as their break room is available. They are asking for some modifications to be done to the building in order for them to use it as their office. These modifications would cost \$11,600. They took this recommendation to the WaterFront Development Committee and it received approval for the funding. The funding will come from the Port Office/Wharf Widening project.

Mr. Derr wants to know if this is a rent-free space.

Mr. Kriber said they would like to provide the space to them rent free.

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Mr. Stone said US Customs is exempt from paying rent. Harbors did receive a grant in the amount of \$100,000 for the Port Office, so they will use that to pay for \$11,600 in modifications to the Ferry Building. Mr. Stone also said that US Customs does have to be present in order for the Port to take ships.

Mr. Clough said it has always been the Harbor Boards policy to charge Federal Government for services. He feels a couple of dollars a foot would not be that expensive.

Mr. Fisk said the Harbor Board should come up with a feasible rent pending if the City Attorney says it is legal to charge the US Customs based on the fact that they may or may not be exempt for paying rent.

Motion by Mr. Etheridge: ASK UNANIMOUS CONSENT TO APPROVE THE REMODEL IN THE AMOUNT OF \$11,655 OF THE FERRY TERMINAL BUILDING FOR US CUSTOMS TO USE FOR INTERVIEWS AND SEARCHES AND TO LATER LOOK AT THE ISSUE OF RENT. The motion passed without objection.

Mr. Clough said that if the US Customs does not pay rent, than the Harbor Board should look at other options to cover their rent.

E). DeHarts Marina

Mr. Kriber put out an RFP for DeHart's Marina and they received one response back--he is asking for approval of the contract in the amount of \$23,700 and the funding source would come out of the Auke Bay Commercial Loading Facility.

Mr. Simpson said he too, is surprised at the cost, but he knows that the appraiser has a good reputation. This is the appraiser he would recommend.

Motion by Mr. Preston: ASK UNANIMOUS CONSENT TO APPROVE THE WORDING OF THE RFP TO HORAN AND KORAK COMPANY IN THE AMOUNT OF \$23,700 FOR THE DEHARTS MARINA PROPERTY APPRAISAL. The motion passed without objection.

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XI). Port Director's Report

Mr. Stone said there was a determination by the City Attorney that any contract the Harbor Department enters into greater than \$100,000 must go before the Assembly. This will apply to any construction contracts and any professional service contracts. They have not resolved all the issues concerning amendments to contract, but they will work on those issues. This will add a little time to execute the contracts, because we have to run them through the Assembly.

Mr. Knapp said that the Harbors is given exemption on change orders to professional services contracts, except anything greater than \$100,000, which would have to go to the Assembly.

Mr. Simpson said he believes this will apply to other Boards and the other Departments.

VII). Committee Member & Staff Reports

A). Finance Committee

Mr. Preston said they did discuss the new electrical rates at their meetings, he said it was the agreement of the Finance Committee that they would like to revisit the issue, so they can review some of the questions.

B). Operations Committee

Mr. Derr said there has been nothing new since the last Harbor Board meeting. The last set of minutes was discussed at the previous Harbor Board meeting.

C). CIP Committee

Mr. Simpson said that Taku Harbor project is moving forward.

Mr. Krieber mentioned that they are looking for an \$85,000 match from Fish & Game for the Taku Harbor project. He is looking at using the two existing gangways from Harris Harbor and some other trestle for the Taku Harbor project and that would be Harbors match, so they would not have to come up with any money.

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Mr. Simpson said that after looking at the breakwater the Corps of Engineers has designed, they are not sure if they are comfortable with that design. They hate to make changes to the design and delay the project, but they want to make sure they are comfortable with the design before going forward. He also mentioned that the breakwater is not going to be built until next winter versus this fall as they had hoped. That delay may give them sometime to make changes to the current design.

Mr. Kriebler said if they were to go forward with the current design as it is now, they would not be able to start until next September.

IX). Capital Improvement Project Report

Mr. Kriebler said he covered all his topics in earlier discussions.

X). Harbor Masters Report

A). Statter Harbor Parking Rules

Mr. McCall said that all skiffs in the water are going to be charged, even if they are side tied along their larger vessels. He has also put out notice to get the floats and finger floats cleaned up. He had concerns with the time employees needed to take away from their regular duties to do an inventory of Harbor supplies for the Finance Department. Mr. McCall also said he recommends that an Operation Committee work session be put in place soon, in order to deal with the issues of Houseboats. He feels with the reconstruction of Harris it is going to be hard to find houseboats a place to moor and he does have some ideas on this issue. He said that the Port would be inspected next Wednesday by the Coast Guard to make sure we are following our Security Plan. He also said that Mr. Tajon is doing a great job with the operations at the Port. Mr. McCall said there are still parking issues at Statter Harbor, he does not like to have the staff monitoring the parking lots all day long. This is one issue he hopes to resolve, as he is here longer and can get a better feel for what needs to be done.

Mr. Preston wanted to know about the houseboat that is still sitting at Statter Harbor, because it was his understanding they were all suppose to be gone.

Mr. McCall said they were given a date that the houseboat was supposed to move, but he has not moved. The owner said he was not going to move until he gave his

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presentation to the Harbor Board, but that has not happened either. If we move the houseboat we would be take responsibility for that houseboat.

Mr. Fisk has been concerned with the issue of safety regarding the boat shelters in Aurora Harbor. He wonders if they may be a fire hazard.

Mr. McCall said he is going to be meeting with the Fire Marshall about that very subject.

XII). Committee Administrative Matters

B). Meeting Calendar for July 2004

Harbor Board Meeting is set for July 29, 2004 at 7:00 pm Assembly Chambers.
CIP Committee Meeting is set for July 27, 2004 at 5:00 pm.

Finance Committee Meeting is set for July 22, 2004 at 5:00 pm at the Aurora Harbor Office.

Operations Committee meeting is set for July 13, 2004 at 5:00 pm at the Aurora Harbor Office

XII) Committee Administrative Matters.

There was none.

XIII) Adjournment.

**MOTION by Mr. Etheridge: ASK UNANIMOUS CONSENT TO
ADJOURN THE MEETING. The motion passed without objection.**

The meeting adjourned at 9:55 p.m.