

CBJ DOCKS & HARBORS BOARD
FINANCE COMMITTEE MEETING MINUTES

For Thursday, August 16, 2007

I. Call to Order.

Mr. Preston called the meeting to order at 5:00 p.m.

II. Roll.

The following members were present: Mr. Fisk, Mr. Kueffner, Mr. Mehrkens, and Mr. Preston.

The following members were absent: Mr. Etheridge and Ms. Jebe.

Also in attendance were: Mr. Stone, Port Director and Mr. McCall, Harbormaster.

III. Approval of Agenda.

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA. The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

There was no public participation.

V. Approval of Previous Meeting Minutes.

MOTION by Mr. Kueffner: ASK UNANIMOUS CONSENT TO APPROVE THE JULY 19, 2007 FINANCE COMMITTEE MEETING MINUTES. The motion passed without objection.

VI. Items for Action.

1. Fisherman's Bend Tideland Lease Rent Adjustment.

Mr. Stone handed out a response from Mrs. Andrew to his July 20th letter. The lease has expired on ATS 1324, so we need to establish a new lease and set the rent for the initial 5-year period of that lease. He recommended the Andrews obtain their own appraisal of market rent for the property.

Mr. Troy Andrew said that CBJ is pricing him out of the market and questioned how much money was coming out of the general budget to help finance the City's harbors. He felt that the CBJ harbor customers are not paying their way, but CBJ is demanding that his customers, through these charges, be priced way above the City's customers. The tideland is worth nothing if it were not for the upland builders. The CBJ Harbors need to raise their rates. He felt we are not running the CBJ harbors like a business, even though it is a commercial business. They plan to get another appraisal. He would like to have access to the City's budget.

VI. Items for Action (continued).

Mr. Rick Wolfenberger said fair market value is what they are talking about. CBJ did not pay for the harbors.

Mr. Fisk said we inherited the harbors with a 24 million dollar backlog of maintenance and the State gave us \$7 million to take care of it.

Mr. Wolfenberger said CBJ has collected income on the marinas since the State build them. They are operating 20% below Seattle rates and are not able to fill their marina completely at those rates, but you want us to raise our rates. He questioned what fair market is and who pays it and would like to see their competition pay it. He is frustrated that their competition is the City and that their rates are considerable lower. They were at full capacity in March, but raised their rates and lost occupants. They are now at 98% capacity. He suggested the Board leave the lease alone.

Mrs. Sharon Andrew said she wrote a letter asking for information. The tidelands cannot be used without the uplands for parking. They want to exhaust all administrative remedies before they obtain their own appraisal. They would do the income approach.

The Committee members discussed the issue and recommended addressing it at their November meeting.

Mr. Andrew asked if they would consider shrinking the lease.

MOTION by Mr. Kueffner: MOVE TO PUT THE FISHERMAN'S BEND TIDELAND LEASE ON THE NOVEMBER MEETING AGENDA, WITH OR WITHOUT A NEW APPRAISAL, AND TO CONSIDER A CHANGE IN THE SIZE OF THE LEASE PARCEL.

Mr. Fisk seconded the motion.

The motion passed without objection.

2. Gitkov and Hawkins Tideland Lease Rent Adjustment.

Mr. Stone said this is ATS 1170 and is located near the ferry terminal. He will notify them that we will set the rent at the September 20th meeting.

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO DIRECT THE PORT DIRECTOR TO NOTIFY THE LESSEE THAT THE COMMITTEE INTENDS TO REVIEW THE LEASE RENT AT ITS SEPTEMBER 20TH MEETING WITH A PRELIMINARY LEASE RENT OF 8% OF THE MARKET VALUE OF THE UNDEVELOPED TIDELANDS AS DETERMINED BY THE CBJ ASSESSOR. The motion passed without objection.

VI. Items for Action (continued).

3. Klein Tideland Lease Rent Adjustment.

Mr. Stone said we will review the rent at the September 20th meeting. This is the North Douglas trailer park parcel.

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO DIRECT THE PORT DIRECTOR TO NOTIFY THE LESSEE THAT THE COMMITTEE INTENDS TO REVIEW THE LEASE RENT AT ITS SEPTEMBER 20TH MEETING WITH A PRELIMINARY LEASE RENT OF 8% OF THE MARKET VALUE OF THE UNDEVELOPED TIDELANDS AS DETERMINED BY THE CBJ ASSESSOR. The motion passed without objection.

4. Taku Smokeries Lease Renewal and Lease Rent Adjustment.

Mr. Stone said the lease expires September 14th so we need to renegotiate a new lease. There is a balloon payment due at the end of the lease. He cannot find a signed transfer for the ice machine. The building is theirs, but the dock and piling is ours. We have a use agreement with them. They would be better off with a long-term lease, which is more certain. We need to write up a lease for five years.

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO DIRECT THE PORT DIRECTOR TO NOTIFY TAKU SMOKERIES THAT THE COMMITTEE INTENDS TO REVIEW THE CURRENT USE AGREEMENT WITH THE INTENT OF REPLACING IT WITH A LEASE AGREEMENT AT ITS SEPTEMBER 20TH MEETING. The motion passed without objection.

5. Yankee Cove Lease Rent Adjustment.

Mr. Stone said we need to let Mr. Hobbs know we will be reviewing the lease. The CBJ Assessor said he cannot do an income approach.

Mr. Marion Hobbs said he discussed shrinking the size of his land lease. Leave the rates the way they are, but shrink the area. He does not have a problem with Mr. Riley's numbers, but has a problem with the square footage. He will be going back to the Corps to extend the breakwater.

MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO DIRECT THE PORT DIRECTOR TO NOTIFY MR. HOBBS THAT THE COMMITTEE INTENDS TO REVIEW THE LEASE RENT AT ITS SEPTEMBER 20TH MEETING WITH A PRELIMINARY LEASE RENT AS RECOMMENDED BY THE PROFESSIONAL APPRAISER. The motion passed without objection.

VI. Items for Action (continued).

6. Port Fee Increases.

Mr. Stone said we are looking at \$38 million for a construction project for cruise ship berthing. We need to give notice to the cruise ship industry that we are looking at raising our port maintenance fee.

MOTION by Mr. Kueffner: ASK UNANIMOUS CONSENT TO DIRECT THE PORT DIRECTOR TO DRAFT AND PRESENT REGULATIONS FOR INCREASING THE PORT FEES AS NECESSARY TO FINANCE PLANNED DOCK IMPROVEMENTS TO THE COMMITTEE AT ITS SEPTEMBER 20TH MEETING. The motion passed without objection.

VII. Items for Information/Discussion.

1. Passenger-For-Hire Regulation Review.

Mr. Stone said this is the first season for the new passenger rate. Staff will be looking for unregistered vessels. Letters were sent out to vessels not paying the monthly passenger fees. Bare boat charters are not assessed the fee.

Mr. Preston asked about the kayak company at the North Douglas launch ramp and the kayak company at Auke Bay.

Mr. McCall said the kayak company at Auke Bay pays for a commercial annual launch permit. The ATA trips at North Douglas launch ramp are guided.

Mr. Preston said the Committee would revisit this issue in October.

2. Echo Cove Launch Ramp Operating Costs.

Mr. Stone discussed the operating costs with the Committee. The Operations Committee is having a hearing on August 29th regarding ATVs at Echo Cove. We are spending roughly half of our launch ramp fees at Echo Cove and Amalga.

Mr. McCall said our costs are higher in winter due to snow removal. A lot of the expense is to keep Echo Cove open in the winter.

The Committee discussed the possibility of closing Echo Cove down in the winter.

VIII. Staff & Member Reports.

There were none.

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IX. Committee Administrative Matters.

Mr. Preston said the next Finance Meeting would be Thursday, September 20th at 5:00 p.m.

X. Adjournment.

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

The meeting was adjourned at 6:43 p.m.