

CBJ DOCKS & HARBORS BOARD
FINANCE COMMITTEE MEETING MINUTES
For Thursday, December 20, 2007

I. Call to Order.

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

II. Roll.

The following members were present: Ms. Jebe, Mr. Kueffner, Mr. Mehrkens, Mr. Preston, and Mr. Etheridge.

The following members were absent: Mr. Fisk.

Also in attendance were: Mr. Stone – Port Director, and Ms. Johansen - Administrative Officer.

III. Approval of Agenda.

Mr. Stone added to the agenda as action item #5, the CBJ Rock Royalty.

MOTION by Mr. Etheridge: ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA AS AMENDED. 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. Etheridge: ASK UNANIMOUS CONSENT TO APPROVE THE NOVEMBER 15, 2007 FINANCE COMMITTEE MEETING MINUTES. The motion passed without objection.

VI. Items for Action.

1. Fisherman's Bend Appraisal.

Ms. Johansen stated that she has been assigned the task of reviewing the tideland lease on parcel ATS-1324 also known as Fisherman's Bend, which had been assigned by the State of Alaska originally and expired by its own terms in January. She went over the lease amount when the lease was originated and stated that the CBJ Law Department reviewed the lease and recommended going through the process of writing a new lease using the CBJ codes and regulations with approval by the Assembly.

Ms. Johansen went into further detail at this time regarding the rate of the lease and went over the recommendations that she had prepared for the committee members at this time (See Attached).

Ms. Johansen stated that they have come up with the recommendation for the committee to consider that it is in the best interest of the City to offer a new lease to Andrew's Marina and combined proposals 3 & 4, remove any restrictions that apply to the marina and offer a price per square foot that is more conducive to other parcels in the area, which they have chosen the .15 rate. She also stated that they are recommending a 5 year adjustment getting to the new rate because it will take some time for Andrews to develop a new business plan that may absorb the new fee. She also stated another recommendation would be a 35 year lease to be adjusted every five years.

Further discussion with Ms. Johansen and committee members took place at this time.

Ms. Sharon Andrews, one of the principal owners of Fisherman's Bend stated to the committee that she had received copies of the CBJ staff work papers yesterday and she is not prepared to comment on the recommendations at this time as well as not authorized to do so because she has not been able to go over it with her partner as of yet.

More discussion among the committee members took place at this time.

MOTION by Mr. Mehrkens: ASK UNANIMOUS CONSENT TO RECOMMEND TO THE FULL BOARD TO DO A MODIFIED RENEWAL OF THIS LEASE WITH THE REMOVAL OF THE RESTRICTIONS, USE THE .15 CENT RATE WITH AN ESCALATOR OVER THE 5 YEAR PERIOD, AND THE RECOMMENDATION FOR AN ADJUSTMENT EVERY FIVE YEARS. The motions passed with a 4 to 1 vote.

MOTION by Mr. Mr. Mehrkens: ASKED TO AMEND THE MOTION FROM THE 35 YEAR TERM TO A 10 YEAR TERM OF THE LEASE. The amended motion passed with 4 to 1 vote.

2. Auke Bay Boatyard Lease Award.

Mr. Stone stated that he had passed out a handout which has the scoring results of the proposals that were received for the Auke Bay boatyard lease request for proposals (See attached). He explained how the ranking was done. Based on the review process Mr. Stone is recommending the committee a notice of intent to award the lease to Juneau Marine Services.

Discussion regarding the awarding of the lease took place among the committee at this time.

Mr. White, the owner of Gastineau Guiding gave a brief overview of his business and stated that the two questions he had for the committee were previously answered in the introduction part by Mr. Stone, but stated if there were any questions from the committee he would be willing to respond.

Mr. Betts of Betts Boat Repair stated he would like to ask the Finance Committee to re-look at Betts Boat Repair as the most favorable candidate for the proposed operation of the Auke Bay haul out facility. He went on to explain this to the committee at this time.

He spoke of the letter that he has submitted to the committee members (See attached). Other concerns were expressed by Mr. Betts at this time.

Further discussion among the committee members and Mr. Betts took place at this time.

Mr. Duvernay of Juneau Marine Services stated he was pleased that his company had been selected as number 1 and stated he believes that they will do a very good job at this site. He went over the past experiences they have had at the downtown facility and stated it has taught him a lot. He stated there are pros to for the operation at this site, for example a covered work area.

There was more discussion among the committee members and Mr. Duvernay at this time.

MOTION by Mr. Kueffner: ASK UNANIMOUS CONSENT TO FORWARD THIS TO THE FULL BOARD WITH THE RECOMMENDATION TO AWARD THE AUKE BAY BOATYARD LEASE TO JUNEAU MARINE SERVICES. The motion passed without objection.

3. Adventures Afloat Residence Surcharge Fee Appeal.

Mr. Stone stated he thinks it would be best if this was deferred until the full board meeting because the residences that are appealing are not at the meeting this evening.

Mr. Stone briefly went over the reasoning for this appeal to the committee members at this time.

Further discussions regarding other appeals that will be brought to the full board meeting were mentioned at this time.

4. Boat Shelter Sale Aurora E-28.

Mr. Stone stated this is the boat shelter that had collapsed last winter and the approval to sell by the board has already done. The original sale fell through, and the owner now has a new buyer and was hoping to get an expedited approval since it was already done.

MOTION by Mr. Etheridge: RECOMMEND MOVING FORWARD WITH THE APPROVAL THAT HAS ALREADY BEEN DONE AND ASK UNANIMOUS CONSENT. The motion passed without objection.

5. CBJ Rock Royalty.

Mr. Stone stated that as he had told the committee prior to this meeting that they will be extremely tight money wise for the Auke Bay loading facility. In order to make this project a reality he took out some of the things we could possibly do without, and made them additives/alternatives (See attached).

Mr. Stone stated that it had been recommended by the CBJ Engineer and from contractors to see if there would be a way to negotiate or eliminate the royalty that CBJ charges for use of rock from their pit. He stated the way this works is as follows: the city makes the pit available to a city projects, and then the city project pays the CBJ pays itself \$1.60 per ton of rock taken from the pit. This fee was intended to do a few things, one it was intended to cover the cost of CBJ having to deal with the permitting and administrations of the rock source. Also the money would go into a fund and that fund was going to be used to develop additional sources and future sources of materials throughout the borough.

Mr. Stone stated that in our specific case we are projecting around 200,000 tons of rock for the base bid, which is about \$300,000.000 in rock royalty. Mr. Stone stated that he had approached the CBJ Engineering Department and asked if there were a way we could get a reduced rate. He stated there may be a possibility to get a ceiling on any one city project. Mr. Stone stated the bid documents went out without the rock royalty in it. He stated that they were not going to offer a reduced fee and he is going to try and get the Assembly to at least drop the royalty down. Mr. Fisk has offered to bring this to the Assembly since he is the liaison to the City Lands Committee and try to get some relief.

MOTION by Ms. Etheridge: ASK UNANIMOUS CONSENT TO RECOMMEND THAT THE COMMITTEE FORWARD THIS TO THE FULL BOARD ASKING THE ASSEMBLY TO GET A REDUCTION IN THE ROYALTY FOR THE AUKE BAY COMMERCIAL LOADING FACILITY PROJECT IF IT IS NEEDED TO MAKE AN AWARD OF THE BID. The motion passed without objection.

Further discussion took place at this time.

VII. Items for Information/Discussion.

There were none.

VIII. Staff & Member Reports.

IX. Committee Administrative Matters.

Mr. Preston said he is cancelling the January 2008 meeting.

X. Adjournment.

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

The meeting was adjourned at 6:30 p.m.