

CBJ DOCKS & HARBORS BOARD  
FINANCE COMMITTEE MEETING MINUTES  
For Thursday, July 17, 2008

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. Preston, Mr. Kueffner  
Mr. Mehrkens and Mr. Fisk.

The following members were absent: Mr. Ethridge

Also in attendance were: Mr. Stone, Port Director, Mr. McCall,  
Harbormaster, Ms. Johansen, Administrative Officer and Mr.  
Jardell, Newly Elected Harbor Board Member.

III. Approval of Agenda.

**MOTION by Mr. Mehrkens: ASK UNANIMOUS CONSENT TO  
APPROVE THE AGENDA AS PRESENTED. 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 Ms. Jebe: ASK UNANIMOUS CONSENT TO APPROVE  
THE JUNE 19, 2008 FINANCE COMMITTEE MEETING MINUTES AS  
PRESENTED. The motion passed without objection.**

Finance Committee Meeting Minutes

July 17, 2008

Page 2

VI. Items for Action.

1. Fisherman's Bend Tideland Lease – ATS 1234

Ms. Johansen said ATS 1234 is a 7.15 Acre Parcel originally leased back in 1987 with a term of 20 years. The lease expired in 2007 and a new lease is needed. The new lease Applicant had an appraisal done by Wold/Thompson. We have since had another appraiser, Horan & Company, review the first appraisal and determined that many of the components of the appraisal were not valid. We have asked for another appraisal by Horan using the rent comparison method as well as sales. The Docks and Harbors Board of Directors has designated a sub-Committee (Mr. Preston & Mr. Mehrkens) to review both appraisals. The subcommittee recommends the Harbor Board develop a tideland to be issued to Andrew's Enterprises in the amount of \$35,800 Per year based on the second appraisal.

Mr. Rick Wolfenberger said he was disappointed the committee was not considering a middle ground between the two appraisals. He also suggested a third appraisal might be necessary.

Mr. Mehrkens said the proposed rent of \$35,800 was a fair price considering the Horan appraisal originally calculated Land rent from \$51,100 to \$62,290 using the residual land rent method from the first appraisal.

Ms. Sharon Andrew said she didn't see enough justification for the assumptions in the Horan Appraisal. The economic indicators used in the appraisal do not go beyond 2005. She feels the economic outlook for Juneau was a bit overly optimistic in the second appraisal and urged the board to consider a third appraisal.

Mr. Mehrkens said a third appraisal could come in higher than the second. The Horan appraisal was a conservative approach using comparable rents of neighboring properties.

Mr. Preston said the proposed rent of \$35,800, which is equal to \$0.1149/SF, is considerably lower than neighboring rents at \$0.15/SF.

He also noted the new lease does not have the land use restrictions the previous lease had.

Finance Committee Meeting Minutes

July 17, 2008

Page 3

VI. Items for Action (Continued)

**MOTION by Mr. Fisk: ASK UNANIMOUS CONSENT TO FORWARD THE RECOMMENDATION OF THE SUBCOMMITTEE TO THE CBJ ASSEMBLY TO DEVELOP A TIDELAND LEASE TO BE ISSUED TO ANDREW'S ENTERPRISES IN THE AMOUNT OF \$35,800 PER YEAR WITH A 35 YEAR LEASE TERM AND ADJUSTMENTS EVERY 5 YEARS. The motion passed without objection.**

2. Docks and Harbors Lease Administration Regulations

Ms. Johansen said we are in the process of incorporating DNR Appraisal standards into our own title 05 under a new chapter 50. This chapter will cover applications, deposits, payments, appraisal requirements and appraisal standards. This chapter will outline exactly what Lease applicants pay for as far as appraisals, surveys and other costs related to the lease. We are ready to pass this regulation on the Board for public review.

**MOTION by Mr. Fisk: TO RECOMMEND THAT THE BOARD POST THE PROPOSED DOCKS AND HARBORS LEASE ADMINISTRATION REGULATIONS, WITH TWO PUBLIC HEARINGS TO BE HELD, ONE AT THE FINANCE COMMITTEE MEETING ON AUGUST 21, 2008 AND THE SECOND ON AUGUST 28, 2008 AT THE REGULAR BOARD MEETING AND TO TAKE FINAL ACTION AT THE REGULAR BOARD MEETING ON AUGUST 28, 2008. Motion passed without objection.**

3. Alaska Department of Commerce Community, and Economic Development (ADCED) Grant.

Ms. Johansen Said the ADCED Grant has been pulled from the Assembly agenda because it has not been formally accepted by the Harbor Board. There are also some technical issues with ADCED issuing the grant. The tax revenues are lower than anticipated so money received may be less than the original 1.5 million.

**MOTION by Mr. Kueffner: TO RECOMMEND THAT THE BOARD ACCEPT GRANT FUNDS IN THE AMOUNT OF \$1.5 MILLION OR LESS FROM**

**ADCED SUBJECT TO DEVELOPMENT OF CONTINGENCY LANGUAGE  
BEING DRAFTED BY ADCED, AS PARTIAL FUNDING FOR THE REPLACEMENT OF THE COMMERCIAL PASSENGER VESSEL RETAINING WALL.  
Motion passed without objection.**

Finance Committee Meeting Minutes  
July 17, 2008  
Page 4

VII Items for information/Discussion

1. Port Lease Revenue Replacement

Ms. Johansen said at the June 26, 2008 Finance Meeting the board discussed transferring lease revenues for tidewater leases in the downtown area to the Harbors Enterprise. The total balance of the transfer comes to just over \$334,500. That balance would need to be recouped. One method of recouping these funds would be a fee adjustment of one or more from dockage, port maintenance, lightering, and loading fees.

Mr. Jardell suggested a dockage increase presented to the assembly in the form of a fair market increase and not a replacement of funds moved from lease revenues.

Mr. Fisk said we have been criticized by private dock operators for charging too little. He agreed that dockage fees should be increased.

The Committee discussed the best approach to recouping these fees to present to the assembly.

Mr. Stone said they might consider a Passenger fee also.

2. To extent an active fishing vessel discount at Statter Harbor to resident salmon trollers.

Mr. Stone said he has been asked to extend fishing vessel discounts at Statter Harbor to trollers providing fish outside the borough. This would be an incentive for these vessels to stay in Juneau and support the economy. Mr. Stone provided a Draft regulation that would extend a partial discount to additional fishing vessels.

The Committee discussed the Draft regulation and expressed concerns about the effect on Harbor finances by extending an originally limited

discount to essentially everybody. The committee suggested revisiting the Draft regulation for the next fiscal year.

Finance Committee Meeting Minutes

July 17, 2008

Page: 5

VIII. Staff & Member Reports.

Ms. Johansen said there will be a number of tideland leases coming coming up for renewal in 2009.

Mr. Stone said daily and monthly transient revenues were up 5% in June after being down the three previous months. The harbors are currently full.

IX. Committee Administrative Matters.

The next Finance Meeting will be on Thursday, August 21, 2008.

X. Adjournment.

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

The meeting adjourned at 6:08 p.m.

