

CBJ DOCKS & HARBORS
FINANCE COMMITTEE MEETING MINUTES

For Thursday, December 18, 2008

I. Call to Order.

Chairman Preston called the Finance Committee meeting to order at 5:02 p.m. in the CBJ Assembly Chambers.

II. Roll Call.

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

The following member was absent: Ms. Jebe

Also in attendance was: Mr. Stone-Port Director.

III. Approval of Agenda.

Mr. Stone asked to move action item 3 up to number 1 and move the other action items down to 2 and 3.

MOTION by Mr. Ethridge: ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA AS AMENDED.

The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

There was none.

V. Approval of Previous Meeting Minutes.

MOTION by Mr. Ethridge: ASK UNANIMOUS CONSENT TO APPROVE THE NOVEMBER 20, 2008 FINANCE COMMITTEE MINUTES AS PRESENTED.

The motion passed without objection.

VI. Items for Action.

1. Channel Construction and DIPAC request for Additional Tidelands.

Mr. Stone said he received a letter from Murray Walsh of Walsh Planning & Development Services requesting the lease of additional tidelands for Channel Corporation and DIPAC. Mr. Walsh is in the process of obtaining permits from the Corps of Engineers for uplands expansion at both locations. He has asked the CBJ to initiate the process to convert the state-owned tidelands to CBJ ownership so the additional lands can be added to the current leases.

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VI. Items for Action (continued)

Mr. Fisk asked if other tidelands in the same area are still in DNR title.

Mr. Stone said all the unused tidelands are still under DNR. The only way we can get tidelands conveyed to us is when there is a project associated with them.

Public Participation

Murray Walsh- 2974 Foster Ave., Juneau AK 99801

Mr. Walsh is a permit gathering consultant. He obtains authorizations from the government for developers. DIPAC and Channel Construction both have the need for more space. Both businesses share the vertical sea wall along the waterfront of their leased property. The sea wall was built over 40 years ago and is failing. The request for more tidelands will provide more space as well as repair or replace the existing sea wall.

MOTION: by Mr. Ethridge: RECOMMEND THAT THE BOARD AUTHORIZE THE PORT DIRECTOR TO WORK WITH THE ADNR TO OBTAIN ADDITIONAL TIDELANDS AND TO DEVELOP AMENDMENTS TO THE TIDELAND LEASES AS REQUESTED BY CHANNEL CONSTRUCTION AND DIPAC AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

2. Taku Fisheries Dock Lease.

Mr. Stone said the Taku Dock is under operational use agreement with Taku Fisheries. This agreement expired in September 2007 and needs a renewal. He has asked Mr. Charles Horan to provide consultation concerning rent under a new agreement. He asked the committee to have a discussion of this item and give some direction of where the committee would head with the new operational use agreement. He mentioned the easiest approach to renewal would be to renew the use agreement in the current form unless the applicant wants something different. The current use agreement has worked well for the last ten years. There are a couple of items that need to be addressed with this renewal. Since the expiration of the current use agreement over a year ago, no rent has been assessed. We will need to establish a new annual rental amount. Mr. Horan has provided a consultation suggesting an annual use rent of \$25,700.00. Taku fisheries have currently paid \$195,000.00 in use rental over the last 15 years. The last item to address is the Ice machine that the City previously promised to convey ownership over to Taku Fisheries. This transaction has not been completed by the City.

Mr. Stone clarified this is an operational use agreement and not a tideland lease. An operational use agreement is a bit different in that it does not grant exclusive use to the property. He also mentioned Mr. Eric Norman, Vice President of Taku Fisheries, has recommended an annual use rental of \$5,000.00.

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VI. Items for Action (continued)

Public Comment

Mr. Eric Norman - 550 S. Franklin St., Juneau AK 99801

Mr. Norman is the VP for Taku Fisheries. He mentioned in a letter to the Port Director, dated November 10th, 2008 that Taku Fisheries has made significant contributions to the local economy through raw fish taxes. They have also provided the city with a valuable easement through their property to the IVF float. He feels that the proposed rent of \$25,700.00 per year is an unreasonable increase from the \$14,400.00 per year they have been paying.

Mr. Fisk asked if the Ice Plant was constructed using Taku Fisheries funds.

Mr. Norman said The \$100,000.00 dock underneath the ice machine and the \$250,000.00 building the machine is inside were both constructed with Taku funds. Joe Graham (previous Port Director) had proposed the city deed the ice machine to Taku for \$1 in compensation for all the work that Taku has done. The Ice machine is approximately 40 years old and Taku spends a sizable amount of money each year just maintaining it.

Mr. Mehrkens asked how much of the ice goes to the public.

Mr. Norman said a very small portion of the ice goes to the public, not including the ice that is provided for the Salmon Derby. The majority of the ice is given away for free.

Mr. Kueffner asked how Mr. Norman arrived at his proposed \$5,000.00 per year use agreement figure.

Mr. Norman said he just pulled this figure out of the air as a good faith estimate.

Mr. Fisk asked if the operational portion of the use agreement has worked well.

Mr. Norman said the use agreement had been working well. There has never been any conflict to his knowledge.

Mr. Chip Thoma - P.O. Box 21884, Juneau AK 99801

Mr. Thoma said he is in favor of anything that will advance progress on the Sea Walk. He Recommended the committee agree to the proposed \$5,000.00 per month usage fee and pass ownership of the ice machine on to Taku Fisheries.

Mr. Don Habeger – 9300 View Drive, Juneau AK 99801
Representative for the Cruise Ship Industry

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VI. Items for Action (continued)

Mr. Habeger said as a commercial user of waterfront property, it is important to him that other commercial users pay fair assessed value for their use.

Committee Discussion

Mr. Stone clarified that Taku Fisheries has paid their annual use rent current through the expiration of the agreement in September 2007. There has been no rent for usage during 2008.

Discussion followed between the committee members.

MOTION: by Mr. Ethridge: TO HAVE MR. STONE NEGOTIATE A NEW USE AGREEMENT AND HAVE HIM BRING IT BACK TO THE COMMITTEE FOR FURTHER DISCUSSION AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

2. Marine Passenger Fee Request for Area wide Port Operations.

Mr. Stone said the City Manager is assembling his list of Marine Passenger Fee Projects and he has asked for them by the end of the calendar year. We would like to submit a request of Passenger Fees for Area wide Port Operations. The Committee needs to review and approve the request and forward it to the City Manager. The CIP Committee is also submitting a request for funding the new visitor's center and customs office.

Discussion followed between Committee Members.

Public Participation:

Don Habeger – 9300 View Drive, Juneau AK 99801

Mr. Habeger said he is in favor of the request for passenger fees. There are substantial revenues coming in from passenger fees and this will help the Docks and Harbors use more of these fees.

MOTION: by Mr. Fisk: TO SUBMIT A MARINE PASSENGER FEE REQUEST TO THE CITY MANAGER FOR AREA WIDE PORT OPERATIONS IN THE AMOUNT OF \$154,050.00 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

MOTION: by Mr. Fisk: TO HAVE THE PORT DIRECTOR SUBMIT AN ADDITIONAL REQUEST OF PASSENGER FEES TO REPLACE LEASE REVENUES REMOVED FROM THE DOCK FUND AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

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VII. Items for Information/Discussion

There were none.

VIII. Staff & Member Reports.

Mr. Stone said the new Admin. Officer, Mary Kay Havens, will be starting on January 6, 2009.

Mr. Kueffner said the naming Ceremony for The Lou McCall vessel was a great success.

Mr. Fisk said he is on the JEDC Board and they had an informal group discussing fisheries related projects. He has talked to the Mayor about the idea of bringing a revenue bond request for some fisheries related projects.

IX. Committee Administrative Matters.

There was none

X. Adjournment

MOTION: by Mr. Ethridge: TO ADJOURN AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

The meeting was adjourned at 6:18 p.m.

