

CBJ DOCKS & HARBORS BOARD
REGULAR BOARD MEETING MINUTES
For Thursday, January 30th, 2014

- I. Call to Order.
Mr. Logan called the Regular Board Meeting to order at 5:45 p.m. in the Assembly Chambers.
- II. Roll.
The following members were present: Mr. Logan, Mr. Peterson, Mr. Spickler, and present via phone: Mr. Busch, Mr. Janes. Mr. Simpson joined at 6:13 p.m.
- III. Approval of Agenda.

MOTION By Mr. Logan TO APPROVE THE AGENDA.

The motion passed with unanimous consent.

- IV. Approval of December 12th, 2013 Regular Board Meeting Minutes and December 12th, 2013 Work Session Minutes.

MOTION By Mr. Spickler TO APPROVE THE December 12th, 2013 Regular Board Meeting Minutes and December 12th, 2013 Work Session Minutes.

The motion passed with unanimous consent.

- V. Approval of January 23rd, 2014 Special Board Meeting Minutes for 16B Bid Award.

Tabled for the next full board meeting on February 27th, 2014.

- VI. Public Participation on Non-Agenda Items.

Renee Rieser of Juneau said I received an impound notice. I was informed that storage fees would start on February 1st because I'm not moving my vehicles every 48 hours. As a live aboard I feel like this is unreasonable. Do any of you who have more than one move your vehicles every other day? I'm going to end up paying the storage fees or I can move the pickup and van across the street. I was told that if I take my vehicles off the Harbor property and then move them back on, I will still be charged the storage fees. This is bad. As a live aboard I pay a fee and that should include parking.

Mr. Uchtyl asked have you contacted the Aurora Harbor Office. I recommend you talk to Harbor Staff.

Mrs. Rieser said I received an email informing me that I will have to pay storage fees even if I move it off. I would like there to be an exemption for live aboards.

Mr. Peterson asked is this the first time you have had this notice.

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Mrs. Rieser said this is the first time I have had a notice telling me that storage fees will apply. The pickup and the van are not used as often in the winter so we do not move them as often.

VII. Consent Agenda.

A. Public Requests for Consent Agenda Changes.

None.

B. Board Member Requests for Consent Agenda Changes.

Mr. Peterson said I would like to move item number 3. Alaska Marine Exchange Long Term Lease.

Mr. Logan said we will move item number 3 to Old Business.

C. Items for Action.

1. Personnel Changes FY15/FY16
2. Aurora Harbor Rebuild, DH12-160, Additional Engineer Services (\$49,680)

VIII. Old Business:

1. Alaska Marine Exchange Long Term Lease (see attached correspondence). Presented by the Port Director.

Mr. Uchytel said last year this department began working with other departments to divide responsibilities for the Under Bridge Park Project. We had come up with the idea of a destination near the water and near the bridge. This would be shared with the Marine Center and Docks and Harbors. Docks and Harbors applied for a \$3.5 million Department of Transportation Grant and were unsuccessful. The Alaska Marine Exchange was successful in receiving a \$1 million Legislature Grant for this project. Docks and Harbors will not have CIP funds for this project. Alaska Marine Exchange is in a leadership role on this project. They have asked the Docks and Harbors to commit to a 15 year lease as a tenant in the building. This is CBJ owned property, and 18 months ago we carved out a Docks and Harbors area, which is in the red on the brochure provided. This is going to be designed by CBJ Engineering and will be managed by CBJ Parks and Recreation. We are recommending the Docks and Harbors land in the red be assigned to the City Manager to coordinate all the entities that are involved here. It would be better for the City Manager to coordinate all of the entities instead of Docks and Harbors. Docks and Harbors would retain the land north of the bridge.

Board Questions

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Mr. Logan asked how this affects the overall design. Would there be any changes?

Mr. Uchytel said this is 3500 sq. ft. footprint with 3 floors in a 10,000 sq. ft. building. If we enter into the long-term lease it will help Alaska Marine Exchange receive funding. They have more flexibility to get the funds to build this.

Mr. Spickler asked who determines a prevailing market rate.

Mr. Uchytel said we would be paying the same rate as we do now for the Seadrome building. We currently pay \$2.50 per sq. ft. for the Port Office building. This is about \$53,000 per year. Alaska Marine Exchange knows that we will be willing to commit to that amount.

Mr. Peterson asked is anyone from the Alaska Marine Exchange Present.

Mr. Uchytel said no.

Mr. Peterson said I have a problem with a 15 year lease. When will the 15 years start and end?

Mr. Uchytel said I do not know if we need to respond tomorrow for a 15 year lease or just a gentlemen's agreement.

Mr. Peterson said if it is going to be a 15 year lease from when the build is up and Docks and Harbors is able to move in. Since it will be another 2 years until the building is complete then this is closer to 17 or 18 years of commitment. We don't have any plans for a building and we don't see a building. This is a good deal for Alaska Marine Exchange but Docks and Harbors would be committed to this deal and could not look elsewhere. I cannot support this and I will be voting against this.

Mr. Uchytel said the lease agreement is another reason why the Docks and Harbors should step away from the coordination.

Public Comment

Dennis Watson of Juneau said this is not an unusual situation. This occurs in private industry. A developer, such as Alaska Marine Exchange, will go to the bank and ask for a loan. The bank will ask if the developer has any secured leases. This makes it easier for the developer to go forward with their plans. This happens often because, unless you have deep pockets, you cannot afford to build a building without a loan. The bank needs to know the business will have a cash flow coming in to make the moorage payments. It is not unusual for a developer to go out and secure tenants before he starts the project. At some point he is going to go to the bank and they are going to ask

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him to provide that information. I would not be comfortable with a gentlemen's agreement if I were a banker. Those agreements don't go far.

Mr. Spickler said if we can assert language from them for the \$2.50 per sq. ft. I would be supportive of going forward.

Mr. Peterson said this is too soft. There is nothing concrete. That says we do not have a building or funds. They are not here to defend their side. I am not supportive of this and I will be voting against this. I am uncomfortable moving this property over to the City and Borough of Juneau. We are dealing with a lease now that was in the hands of the City and Borough of Juneau they came up with this lease then they turned and Docks and Harbors is now stuck with something difficult to work with. That is why I am apprehensive.

Mr. Busch said this is not a new item and it has been working for a few years. We have talked about the public and private partnership and the need for the lease agreement in previous meetings but we did have representation by the Alaska Marine Exchange. I recommend we defer this to the next meeting where we can an opportunity to review the work that has been done up to this point so we don't stop progress out right. If we defer a response for a month will this cause any hardship towards moving this project forward?

Mr. Uchytel said I don't think another month will hold them up that much.

Board Discussion/Action

MOTION By Mr. Busch TO DEFER THE ALASKA MARINE EXCHANGE LONG TERM LEASE AGREEMENT TO THE FEBRUARY 27TH, 2014 REGULAR BOARD MEETING

The motion passed with unanimous consent.

2. Docks & Harbors By-Laws.

Mr. Uchytel asked do we want to clean up this consent as far as "old business" and "new business". I am looking to the Board to see what you want to do with regards to the consent agenda. Does this format work?

Board Questions

Mr. Peterson asked with regards to page 5 section "D" under the section titled "The Port Director may include under the consent agenda", it states: other items requiring board

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action which do not involve substantial public policy questions. Some things that require public policy don't always make it onto the consent agenda.

Mr. Simpson said the Port Director can have a conversation with the Committee Chair to see if an item belongs on the consent agenda.

Mr. Busch said section "D" should remain. It will be up to the Port Director and the Committee Chair to advise whether those items under "consent" should be listed as "action items" instead.

Public Comment

None.

Board Discussion/Action

Mr. Peterson said the Finance Committee and the Operations Committee are made up of two different portions of the Harbor Board. When items are discussed under Operations then members who are not in Operations would have to pull it from that agenda to discuss it.

Mr. Logan said items are often times referred to multiple committees before it arrives before the full board. We can remove items from the consent agenda as requested.

Mr. Busch said the consent agenda does help to speed up the process. Even if we do pull some items from the consent agenda, it still speeds the process up. Right now our By-Laws say "Items for Actions" instead of "Old Business" and "New Business". Which do we prefer?

Mr. Jones said what goes on the Consent Agenda in the Assembly is different. ordinances that are being introduced and require two hearings. We do not deal in terms of action items. It is just ordinances that are being introduced that need a second hearing. Other items that go on the Consent Agenda are: transfers between appropriations that have gone to committees, awarding of contracts that have been reviewed by enterprise boards, and resolutions in support of things. About every third meeting an item gets pulled from the Consent Agenda. It does shorten our meetings by half an hour. An item is generally pulled because someone just doesn't understand the item. Most items that are pulled from the Consent Agenda are discussed and then pass with unanimous consent.

Mr. Simpson asked do we need to change the By-Laws for the form we are using tonight.

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Mr. Logan said as I understand it we would.

Mr. Uchytel said I used the Assembly's process as an example. This would only require some small changes in the By-Laws. We should remain consistent.

MOTION By Mr. Simpson TO APPROVE THE BY-LAWS WITH CHANGES AND ADDITIONS FROM THE DECEMBER 12TH, 2013 WORK SESSION, WITH THE EXCEPTION OF ARTICLE V, SECTION VIII, ORDER OF BUSINESS, ITEMS FOR ACTION TO BE CHANGED TO OLD BUSINESS AND NEW BUSINESS.

The motion passed with unanimous consent.

IX. New Business:

1. 95% Design Approval Aurora Harbor Rebuild Phase I.

Mr. Gillette gave a PowerPoint presentation. The same presentation was given by John DeMuth and Matthew Sill with PND Engineers at the CIP Meeting on February 20th, 2014.

Board Questions

Mr. Simpson said this was presented and approved to move to the Board at the CIP/OPS meeting on February 20th, 2014.

Mr. Logan asked where are the boats that are currently in those slips going to be moored.

Mr. Gillette said that is something that the Harbor Staff is looking into. Some boats will need to go to Auke Bay. It is going to be a puzzle. A letter is going to be sent out asking for patron's preference.

Mr. Simpson said there were not any major issues with people when the Harris Harbor was rebuilt.

Public Comment

None.

Board Discussion/Action

Mr. Logan said I want to see the anodes being used in the construction process. \$300,000 worth of anodes would extend the life up to twice as long.

MOTION By Mr. Spickler TO APPROVE THE AURORA HARBOR REBUILD PHASE I PROJECT AS PRESENTED.

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The motion passed with unanimous consent.

2. Alaska Glacier Seafoods access to Auke Bay Loading Facility.

Mr. Uchytel said in the lease agreement with AGS it states they cannot have private access to the Auke Bay Loading Facility. There will need to be an ordinance change by the Assembly. We have encouraged them to continue to attempt to get access from the Department of Transportation.

Board Questions

Mr. Logan asked have the security concerns been addressed adequately.

Mr. Uchytel said there is a chain linked fence we can give them to use as a barrier between the two properties.

Mr. Peterson asked are there any issues with AML and a clear path for backing up their 40 footers. Should we paint lines so there are no obstacles in the way?

Mr. Janes asked what the liability issues with this access are.

Mr. Uchytel said they are required to have insurance for the area they are leasing from the Docks and Harbors. I do not know if they need insurance to use the ABLF.

Public Comment

Mr. Fisk from Juneau said I am the representing Alaska Glacier Seafood's. We had asked for long consideration for this lease. I think the compromise discussed in previous meetings will be fine. I appreciate the recommendation. In a year and a half I look forward to coming back to the Board with plans for AGS' extension. I'm not aware of any conflicts. Everything is going well.

Board Discussion/Action

Mr. Peterson asked in exhibit 1 to lease amendment II are the circled areas labeled stock piles rented areas.

Mr. Uchytel said there is an area we do charge storage for.

Mr. Peterson said I do not see a problem leasing this for 3 years. We could use the .19 acres for storage in the future. At this point we are leaving it open for the 40 footers to get in an out.

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MOTION By Mr. Simpson TO GRANT ALASKA GLACIER SEAFOODS A LEASE AMENDMENT ENABLING ACCESS TO THEIR FACILITY THROUGH THE AUKE BAY LOADING FACILITY FOR THREE YEARS.

The motion passed with unanimous consent.

Mr. Simpson said Mr. Uchtyl will take this to Legal and to the Assembly to check if an ordinance change is in order.

3. FY2015 Moorage Rate.

Mr. Uchtyl said the annual moorage rate is tied to the Anchorage CPI. That amount for this year is 1.4%. Moorage rates and skiff rates are affected. We round up. This automatically goes into effect unless the Board opts against the higher rates. It was pulled from the Consent Agenda in the Finance Committee.

Board Questions

Mr. Spickler asked Mr. Uchtyl what the process has been so far in terms of notifying the public of our rate changes.

Mr. Uchtyl said the Harbor Staff mails the Moorage Rate Form to Patrons with their Preferential Moorage Agreement Form annually. We could include the Moorage Rate Form with the bills this year too, so more patrons receive the information.

Mr. Spickler said a Patron contacted me to inform me that we might be pricing out the locals for the Statter Harbor location. He suggested we charge industry more and charge personal less. We should publicize the rate increase so people have an opportunity to come in and weigh in on the topic.

Mr. Logan asked do rates other than the moorage rate increase or adjust.

Mr. Uchtyl said no, those rates are not adjusted. We have permits we could change the rates on too. A few years ago we increased the amount we charge for the bulk water that we sell to cruise ships.

Public Comment

Dennis Watson of Juneau said the disparity between what we pay for Statter Harbor and Downtown for moorage is 66%. That has not changed since the city took over. The rates have continued to stay the same. The reason the Board has given for the disparity in price is that Statter Harbor has a higher demand. I do not agree with this. Now there will be another first class harbor next to Harris Harbor. Douglas is half done. After these harbors are complete Statter might not be the nicest harbor in Juneau. The prices

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match with inflation rates. There was an argument that the rates were raised at Statter to help pay for the improvements. Resolution 23.16 indicates that the Harbor paid \$1.3 million more than the appraised value to purchase the area that is Statter Harbor. In 2005 the Finance Committee agreed to raise Statter Harbor rate 36%. At the same time the downtown rates did not go up. Later that year the Finance Committee recommended an increase of 5% for 2 years. One of the members of the Finance Committee recommended a 10-15% increase. The 5% increase was keeping with what the CPI rate was anyway. Ordinance 15.03 regarding Dock Charges for boats up to 64 feet were charged \$1.50 and boats between 65 and 200 ft. were charged \$2.50 in 2006 and it is the same price today. For boats over 200 ft. it was \$3.00 per foot then and it is the same today. It is fine to use the CPI, but it is not fair to only use the CPI for half of the people who live here year round. I think people would be unhappy to find out that the other prices are not being raised too. I do think someone will challenge this disparity. The rates were not raised when Harris was built and it does not look like moorage in Aurora will cost more due to the rebuild.

Mr. Simpson said people visiting Statter pay \$3.00 per day, yet we are charging 1/6th of that for a daily rate or about 1/12th for a monthly for local people. If we underprice Statter then we are going to overfill it. The rates the permanent stall holders are paying at Auke Bay do not come close to covering the cost of the facility.

Paul Swanson of Juneau said when the city bought DeHarts the rate went up right away. I was told this was to cover the purchase cost. DeHarts has since been demolished. The reason for the disparity given is whatever the market will handle. I don't like that reason. The increase Downtown is \$.05 per ft. and Statter is \$.10 per ft. I know it is based on a percentage but I do not think it is good for the price difference between Statter and Downtown to continue to grow. The other rates have stayed the same. I have observed there are more people that have year round moorage they are there 6 months out of the year. When the boats are out of their slips the Harbor is able to earn additional revenue by renting those slips to other patrons. I have heard a few people say they do not want to pay moorage in the winter at Statter. Those people keep their boats in Hoonah and they charter a plane to fly over and check on their boats. I do not know why the Harbor cannot give those people a break on their winter time moorage and reduce the rates for the people going to Hoonah. Also, I would like to see the Board address the parking situation for the annual stall holders at Statter.

Board Discussion/Action

Mr. Busch said we do need to look at our fee structure. However, the item on the agenda for today is regarding approval for or against FY15 moorage rate increase of 1.5%. I recommend we take no action on this and allow the CPI to be applied. Then I

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will work with the Finance Committee to see what needs to be done with the Harbor rates.

Mr. Logan said the rates do need to be addressed. I would like to see these rates go up in small increments over time and not stair stepping and not adjusting at all for a period of years.

Mr. Simpson said the CIP/OPS Committee would be happy to take a look at the rate increases in a comprehensive way.

Mr. Logan asked do we need a motion to be able to send this to the other committees.

Mr. Busch said no. This is something I will do under my purview working with the CIP/OPS and Finance Chair and we can determine the best strategy to work out a comprehensive review.

Mr. Logan said the rates will automatically take effect if no motion is put forth.

X. Items for Information/Discussion.

1. Electrification of the proposed new cruise ship berths

Duff Mitchell is the VP and Business Manager for Juneau Hydropower. Mr. Mitchell gave a presentation about hydropower and the benefits of offering electricity to the Cruise Ships.

2. Statter Harbor "C Float" Weather Damage & Assessment Report

Mr. Uchytel said the assessment from PND to repair the 2 modules is \$350,000. The week of January 17th strong winds came through Auke Bay. On Tuesday the weather took out the Gustavus float. On Friday Harbor staff noticed a damaged module east of the 1st finger on "C" float. On Saturday we noticed the adjacent module was damaged too. We are unable to use the float at this time. The area is blocked off from traffic. It is a complex repair. I recommend Pacific Pile or Trucano do the repair with a cast made by Bellingham Marine.

Mr. Logan asked is part of the main closed off to vessels as well.

Mr. Uchytel said one of the issues is that a large vessel on the head float, just north of "C" float, had its bow line secured to a bull rail and was pulling tightly on the main float. I do not know if the area adjacent was secured.

Mr. Peterson asked can we remove the damaged area and move the undamaged area towards the main to make for a shorter "C" float.

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Mr. Uchytel said we would lose 200 ft. of moorage and it would be complicated to move all the anchors.

Mr. Gillette said only the damaged floats will require removal of the anchor systems for the new floats to be put in place. All of the anchors are not in the same places.

Mr. Simpson asked is there a contingency fund for this.

Mr. Uchytel said I have been working with the Risk Manager and we are filling an insurance claim. Hopefully they will recognize this as a weather related incident. I recommend we use Harbor funds to fix the problem.

Mr. Busch said this is a high priority problem and it should be fixed by this summer. We will need strategic planning and we will need to know the condition of the docks. We will need to prioritize our projects. There are many projects happening right now. I do not want to see a large section removed from Statter Harbor. Mr. Uchytel will check to see when we need to have Board action. We will need to follow the right procedures.

Mr. Uchytel asked do we want to bring the For Hire Float to Ms. Muñoz's attention for a legislative grant opportunity or do we find long-term recapitalization for the existing "C" and "D" floats and the breakwater.

Mr. Busch said more time will be needed before a decision is made.

Mr. Uchytel said Kim will need a response as she is doing us a favor asking for what our priorities are. Mr. Jardell will be involved in those discussions, so Docks and Harbors will be represented.

Mr. Peterson asked could the moored vessel Liberty have been a factor leading up to the damage of the float.

Mr. Uchytel said there are two separate units tied together. Since the Liberty is on a different section of finger "C" it should not have been a factor leading to the damage of the float.

XI. Committee and Board Member Reports.

1. OPS/Planning Committee Meeting – January 23rd, 2014.

No additional information.

2. Finance Committee Meeting – January 28th, 2014

No additional information.

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3. Member Reports

No additional information.

XII. Port Engineer's Report

Mr. Gillette said we received a good bid for the Cruise Berth Project and that was approved at a Special Meeting. The Assembly approved that on Monday night. We are moving forward and have issued the notice of intent to award Manson Construction. Now Manson Construction has 10 days to provide their insurance, bonding information, and sign the contract. We have issued an addendum to reestablish the proposal date for the construction administrative inspection services. That is scheduled for February 28th. The downtown vendor booths are 3-5 years old, possibly older, and they need to be refinished. There are 33 units that will need to be moved off sight to a protected area. They will be sand blasted with a corn based substance, refinished, and remount the Plexiglas roof with new gaskets. Dave's Painting quoted \$47,000, and North Pacific Erector's quoted \$52,000 for the project. We will move ahead with Dave's Painting. The booths should be refinished every 3 to 5 years. With regards to the fee in lieu for the Statter Harbor project, we were quoted \$729,000. The price was high because they were looking to purchase waterfront commercially zoned property, in Juneau, with the same habitat values that we had on our property. Instead they look for waterfront property with the same habitat values but not commercially zoned. The new fee in lieu amount is \$329,000. This is what we had anticipated in the beginning stages of this project.

Mr. Logan

XIII. Harbormaster's Report

Mr. Uchytel said we have a hiring committee for the new Harbor Master. We are sending out invitations from phone interviews. We will shortlist 3-5 who will be available the week of Feb 18th. There will be a two part process where we have a face-to-face interview and then an assignment where they come before the Board and get the Board's input.

XIV. Port Director's Report

Mr. Uchytel said there will be an outcry auction for the vendor booths on February 20th, 2014.

XV. Assembly Liaison Report

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Mr. Jones said the 16B contract was approved. It passed with a 6 to 3 vote. The reasons stated for the three votes against the project were: repeal on the commissioner's decision to convey the tide-lands and the cruise ship industry didn't want the docks. Also, we passed the issuance of the bonds for \$29 million. Part of that amount will go to the Sea-Walk and to 16B. The Assembly would like to know if the issue around the bus arrangements in the new parking area by the cruise ship docks is being addressed. In September or October we will be close to having a completed local community plan for Auke Bay.

XVI. Board Administrative Matters

- a. OPS/Planning Committee Meeting – February 20th, 2014
- b. Finance Committee Meeting – February 25th, 2014
- c. Board Meeting – February 27th, 2014

XVII. Adjournment.

The Regular Board Meeting adjourned at 8:30 p.m.