

**CBJ DOCKS & HARBORS BOARD**  
**FINANCE MEETING MINUTES**  
**For Tuesday, August 26th, 2014**

**I. Call to Order** The Harbor Finance Committee Meeting was called to order at 5:00pm in **Room 224, City Hall.**

**II. Roll Call** The following Finance Committee members were present: Greg Busch, Mike Peterson, Scott Spickler, David Logan and Tom Donek.  
Also, in attendance, Carl Uchtyl – Port Director and Bob Janes – Board Member.

**III. Approval of Agenda.**

**MOTION: BY MR. GREG BUSCH TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.**

Motion passed with no objection.

**IV. Public Participation on Non-Agenda Items**-None

**V. Approval of July 29<sup>th</sup>, 2014 Finance Committee Meeting Minutes.**

**MOTION: BY MR. TOM DONEK TO APPROVE THE JULY 29<sup>TH</sup> FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.**

Motion passed with no objection.

**VI. Consent Agenda** -None

**A. Public Requests for Consent Agenda Changes**

**B. Committee Member Requests for Consent Agenda Changes**

**C. Items for Action**

**VII. Unfinished Business** - None

**VIII. New Business**

**1. US Coast Guard Cutter HEALY – Moorage Wavier**

Presentation by Carl Uchtyl-Port Director

Mr. Uchtyl stated the Cruise Line Agency of Alaska asked if the Docks & Harbors was interested in waiving the moorage fees for the USCG Cutter Healy for promotional purposes. The CIP/Ops committee recommended the fees be waived pending the HEALY offering public tours.

Committee Questions

Mr. Donek asked how is the Cruise Line Agency involved.

Mr. Uchtyl answered the Cruise Line Agency arranges all the moorage positioning for our docks and they coordinate with all SE Alaska.

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Mr. Donek asked where the USCG Cutter HEALY will moor.

Mr. Uchytel answered the CT Dock by the Tram.

**Public Hearing** – None

**Committee Discussion/Action**

Mr. Peterson stated to ask for half of the moorage fees since they have a budget for it.

Mr. Busch stated he supports waiving fees and he heard they are conducting tours.

Dr. Logan stated he concurs with waiving fees as long as there are tours.

Mr. Donek also agreed.

**MOTION: BY DR. DAVID LOGAN TO WAIVE THE MOORAGE FEES FOR THE USCG CUTTER HEALY BASED ON PUBLIC TOURS BEING PROVIDED AND ASKED FOR UNANIMOUS CONSENT.**

Motion passed with no objection.

**IX. Items for Information/Discussion.**

**1. Mount Roberts Tram Update**

Mr. Uchytel stated he and Mr. Peterson met with Goldbelt today to work on the lease language. Mr. Uchytel presented a draft of the proposed amended lease to include a three year settlement for FY13, FY14, and FY15 in the amount of \$267,180.00 for back lease rent. Goldbelt has been paying \$104,000.00 per year since 2006. The recommended amended lease rent for the next five years will be 9% of the appraised value plus \$60,000 for royalty rent and that will take the lease to 2020.

Mr. Peterson added that one of the terms states Goldbelt has the option to renew the lease for 35 years. It does state the city only has the right to deny the lease for good cause under acts or omissions of the lease terms. The royalty rent fixed rate will also be an item to work out for the future lease. The lease rent will have a rent adjustment every 5<sup>th</sup> year proposed by the Port Director based on CPI. If Goldbelt disagrees they will be able to request an appraisal and the city is able to get up to two appraisals and then take any disputes to the Assembly. It needs to be determined if we do an appraisal every 5 or 10 years. These are items of concern to prevent issues in the future.

Mr. Uchytel stated he is working with CBJ Law Department to have a better dispute resolution portion of the lease.

Mr. Busch stated he is good with the lease stating CBJ only has the right to deny the lease for good cause. Goldbelt has a significant investment in the property with the tram building. He is concerned about not doing an appraisal every 5 years if Goldbelt disputes the CPI raise. If they come forward with an appraisal and we are waiting every 10 years for an appraisal it could cause issues.

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Mr. Donek stated he is not comfortable with a 10 year appraisal. Every 5 years we should do an appraisal and CPI adjustment. Therefore during a lease renewal we will have a scheduled appraisal.

Mr. Uchytel stated to stay in line with other leases the rent adjustment should be based on Appraisals every 5 years, no other lease says CPI adjustment so it would not be fair to do both.

Dr. Logan stated he supported the 5 year appraisal rent adjustment. He does not support the royalty rent of \$60,000 not ever being adjusted nor does he support the 35 year lease length.

Mr. Donek said we should keep the Royalty rent in the lease since it was in the original lease and one solution is to apply CPI adjustment to the \$60,000.00 royalty rent and the base rent will be based on appraisals every 5 years.

Mr. Busch said we should just add the royalty to the base rent to make it less complicated.

Dr. Logan said he would support both of those options.

Mr. Donek stated the original lease said we would exam their books and then base the royalty rent on that. He is not comfortable with that and he would support doing away with the royalty.

Mr. Busch asked if we added in their ability to conduct retails sales.

Mr. Peterson answered yes.

Mr. Spickler asked if the idea of annual CPI and 10 year appraisals appealed to Goldbelt.

Mr. Peterson answered they resisted but willing to discuss.

My Uchytel said Goldbelt may agree to a 5 year appraisal and a better dispute resolution. If we remove the royalty rent then we would need to raise the percentage rate of the appraisal to calculate the lease rent.

Mr. Spickler added he would be ok with CPI adjustment every five years and appraisals every 10 years but during a dispute resolution with getting dueling appraisals it would be too expensive for all parties.

Mr. Uchytel said right now the language of the lease we each get an appraisal and we do not agree then we get a third independent appraisal and use the average of the two closest to calculate the lease rent. The best option is to get away of third party appraisal dispute

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resolution. Goldbelt prefers getting multiple appraisals to use an average of the two closest.

Mr. Donek said we will back in the same mess with appraisals not being close and causing problems for dispute resolution. We need to get away from that.

Mr. Peterson said we need to establish renewal time line and if we stick with 35 year renewal.

Dr. Logan asked if we have a timeline for the next negotiation meeting.

Mr. Uchytel answered if the direction of the board is to go back to a 5 year appraisal process as opposed to CPI adjustments he will need to re-work the document to take back to Goldbelt.

Mr. Donek stated yes he would like to stick with the 5 year appraisal process without CPI increases.

Mr. Spickler stated he supports an annual CPI and longer appraisal periods.

Mr. Busch stated either way is good but keep it simple.

Mr. Peterson asked the board to clarify if we want a yearly CPI and maybe a 7 year appraisal process.

Mr. Donek answered we should have all of our leases be consistent with a standard process.

Mr. Uchytel asked if we should meet with the Assembly members to see if they agree with our direction.

Dr. Logan stated we should go with 5 year appraisal leases based on the regulation and if Goldbelt disagrees they can go in front of the assembly with alternate options such as CPI.

Mr. Donek stated he believes we are the ones that suggested CPI.

Mr. Uchytel answered his recollection was that Goldbelt originally suggested CPI therefore he checked CBJ legal if this was even a viable option. The requirement was an appraisal still had to be a lease requirement.

Mr. Spickler stated he would like to change back to appraisal only to match all other leases.

Mr. Donek stated we should present to the Assembly what CBJ wants for the lease and Goldbelt can also present what they want for the lease and the Assembly can choose.

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Dr. Logan stated it would be best to work out an agreement with Goldbelt to present to the Assembly.

**X. Staff & Member Reports.**

Mr. Uchytel stated he received a request from a Wi-Fi company The Snowcloud. They requested to put up a 26 foot roam tower at Douglas Harbor. Per CBJ legal it would have to be a lease. Mr. Uchytel advised iCloud that it would be a long process with public notice, survey, appraisal, conditional use permit etc. He encouraged The Snowcloud to check with a private property so they could get it quicker as opposed to dealing with the city's required steps.

**XI. Committee Administrative Matters.**

1. Next Finance Committee Meeting September 23rd, 2014

**XII. Adjournment.**

The Finance committee meeting adjourned at 5:53pm.