

CBJ Docks and Harbors Board
REGULAR BOARD MEETING MINUTES
For Thursday, November 20th, 2014

I. Call to Order.

Mr. Logan called the Regular Board Meeting to order at 5:31p.m. in the CBJ Assembly Chambers.

II. Roll Call.

The following members were present: John Bush, Greg Busch, Tom Donek, Bob Janes, Mike Peterson (via telephone), and David Logan.

Absent: Budd Simpson, Scott Spickler, and David Summers.

Also present were the following: Carl Uchytel – Port Director, David Borg-Harbormaster, and Gary Gillette – Port Engineer

III. Approval of Agenda.

Mr. Uchytel asked to add a Special Order of business after Public Participation.

MOTION By MR. BUSCH: TO APPROVE THE AGENDA AS AMENDED AND ASK FOR UNANIMOUS CONSENT.

Motion was approved with no objection.

IV. Approval of Previous Meeting Minutes.

Hearing no objection, the October 30th, 2014 Regular Board Meeting Minutes And November 7th, 2014 Special Sub-Committee Meeting Minutes (Mt Roberts Tram Lease Negotiations) were approved as presented.

V. Public Participation on Non-Agenda Items – None

Special Order of Business

Mr. Uchytel read an employee of the Quarter recognition letter for Mr. Dennis Holloway who is a Harbor Officer at Aurora Harbor.

VI. Consent Agenda - None

VII. Unfinished Business

1. Mt. Roberts Tramway Lease Amendment

Mr. Uchytel said since arriving as Port Director in August of 2011, he has been involved in this lease rent adjustment and appraisal process relevant to the Mt. Roberts Aerial Tramway property. The Board also has been engaged in the dispute resolution and was briefed several times from each party's appraiser. In October 2013, the Board appointed a special Sub-Committee consisting of Docks & Harbors Finance members to commence good faith negotiations with Goldbelt to reach a fair market value, lease rate and terms. Following Alaska

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Open Meetings Act requirements, Board Member Mike Peterson and himself met with Goldbelt officials Mr. Bob Loiselle and Mr. Derek Duncan over the period of thirteen months. On November 7th, 2014, the Sub-Committee was briefed on the settlement agreement and approved the proposed lease amendment. He said the Sub-Committee believed they met the direction of the Board for the good faith negotiations and met a fair market lease rate and terms. Moving forward, this will be a better lease and compensation from Goldbelt for the 10,000 sq/ft lease area. Mr. Uchytel said in summary, the Mt. Roberts lease rent went from \$104,000 to \$272,000 beginning July 1st, 2012 and will remain that rate until 2020. In the lease amendment, retail space will be allowed, and a conditional use permit is not required. If this is approved by the Board tonight, this will go to the Lands Committee on December 8th, and to the Assembly on December 22nd.

Mr. Peterson said this Tram process has been a very contentious issue from the beginning on October 20th, 1994. There was a Planning and Zoning meeting about the Tram with eight public testimony for and against the Tram. The Planning Commission passed the recommendation to the Assembly to lease the land with retail space. The vote passed five to one. At the Assembly level, November 14th, 1994, there were 25 people that testified for and against the Tram. In that meeting there were five amendments to the lease and the meeting went past midnight. Downtown companies felt the retail was going to be a threat. When the retail was pulled from the lease, the lease passed with a six to three vote. The final lease passed eight to one. Mr. Peterson said during negotiations, the Sub-Committee was working in good faith on behalf of the Board and did not want to be punitive on the negotiations. The Sub-Committee was looking for a fair and better lease than there was before. Mr. Peterson said Mr. Horan valued the Air Rights at \$300,000, which the Board members felt was too high. After research, the Sub-Committee concluded \$2,000 to be a fair value for the air rights. Mr. Peterson said moving forward, this is a much better amendment to the lease which makes the lease that much better. The Mt. Roberts Tram is an anchor for the downtown on South Franklin and is also an anchor tenant to Docks & Harbors for the next 45 years of the lease.

Mr. Derek Duncan thanked Mr. Uchytel and Mr. Peterson for all the time and effort put into the lease negotiations. He said they have been working on this rent adjustment for the past three years. He agrees, moving forward this is a much better lease agreement which makes sense in today's environment. He said they headed into the negotiations with a set of provisions that Goldbelt wanted to tighten up and he said they have achieved that. The appraisal methodology is much tighter, the base rental percentage set at 9% is fair, royalty rent is amended out of the lease, the adjustment period was changed

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from three to five years, added retail, and agreeing to the effective date of the rent adjustment to July 1st, 2012. Goldbelt is overall happy with the lease amendment and settlement agreement and is looking to moving forward.

Board Questions

Mr. Busch asked Mr. Uchytel if the minor issues mentioned at the Finance Committee were resolved, and the amendment in the packet is what will be moving forward?

Mr. Uchytel said yes. Mr. Duncan came back with some corrections and recommended changes by Goldbelt that the Sub-Committee was not in agreement with.

Mr. Duncan said he suggested some clean up in the settlement and the amendment agreement. The key edit were the changes to the base term and also the 35 year extension period which was a very important change.

Mr. Logan said this was heard at the Finance Committee and sent to the Board with a recommendation that it be approved and sent to the CBJ Lands Committee.

Mr. Uchytel said one of the minor corrections was that the Amendment and the Settlement Agreement can be signed by him and not the City Manager. The Amendment will go through the CBJ Lands Committee to the Assembly and after that is passed, he will sign the Settlement Agreement, unless the Board directs him not to.

Public Comment - None

Board Discussion/Action

MOTION By MR. BUSCH: TO APPROVE THE PROPOSED MT ROBERTS TRAMWAY LEASE AMENDMENT AND SUBMIT TO CBJ ASSEMBLY LANDS COMMITTEE FOR ACTION AND GRANT THE PORT DIRECTOR AUTHORITY TO CONCLUDE THE SETTLEMENT AGREEMENT AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

VIII. New Business

1. 2016 CIP List

Mr. Logan said this has been presented to both Committee's and approved.

Mr. Gillette said the list in the packet, the six-year department improvement plan, has been updated with the suggestions from the OPS/Planning Committee.

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- Docks was updated to include – Future shore power for Cruise Ship Berth.
- Harbors was updated to include – Future development for the Juneau Fisheries Terminal. The primary focus for this is that we re-develop the area by the university.

The specific FY16 capital improvements which are part of the CBJ's budget are as follows:

- Visitor Information Kiosk Replacement
- Auke Bay Passenger for Hire Facility
- Downtown Restrooms
- Douglas Harbor Rebuild
- Aurora Harbor Rebuild – Phase 2
- Statter Harbor Boat Haul-Out and Kayak Launch Facility

Mr. Gillette said funds are still needed for these projects and Docks & Harbors is requesting funds from passenger fees or state appropriation. Typically Docks & Harbors projects are not funded through CBJ's General Fund. Some of these projects have been on the list for more than one year, but it is important to keep them on the list.

Board Questions –

Mr. Busch asked Mr. Gillette if just FY16 is submitted to CBJ?

Mr. Gillette said he submits the six-year department improvement plan also.

Mr. Busch said it looks like FY18 moving forward there is nothing planned. He said that could give a negative view to CBJ.

Mr. Gillette said he could add items to the list by priorities.

Mr. Busch asked if CBJ is asking for the six year window?

Mr. Gillette said yes, and if the Board has suggestions, he could add them.

Public Comment –

Paul Swanson, Juneau, AK

He commented on the Statter Harbor Haul Out.

Board Discussion/Action

Mr. Logan suggested to use the CIP list for strategic planning to populate it out in terms of years to be able to look at projects down the road. He would like to work on making this list a more meaningful document that can be a living document.

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MOTION By MR. BUSCH : TO APPROVE THE PROPOSED 2016 – 2021 CIP LIST AND SUBMIT TO CBJ ENGINEERING AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

2. Auke Bay Loading Facility Conditional Use Permit

Mr. Gillette said in the packet is a draft of the conditional use permit application for Auke Bay Loading Facility to allow boat yard use, including repair and maintenance. With the current permit, people are allowed to have staff pull their boat out with the Sea Lift, block them and store them, but no maintenance or repair is allowed. This would amend the current conditional use permit to allow boat repair maintenance work. There are two scenarios presented:

1. The Harbor staff would pull and block the boat. The boat owner would then be able to work on their boat, or hire out the maintenance and repair labor.
2. Lease out the area to a third party vendor to operate. There has been preliminary discussions with Harri's who currently leases the Auke Bay Boat Yard. With this option, staff would not be pulling boats, but they would continue operating the rest of the facility for storage.

Mr. Gillette said this is the first step. If they don't get the amended conditional use permit, then nothing will change. If we do get the amended conditional use permit, staff will investigate the two scenarios and bring it back to the board for the best management practices.

Board Questions-

Mr. Logan asked how the square footage compared to the existing yard square footage at Statter Harbor?

Mr. Gillette said it looks generally about the same and he would like to try to keep it the same amount.

Mr. Logan asked if there are any restrictions for this area?

Mr. Gillette said the concern is that hazardous material would migrate into the cove. Currently all the draining lines have oil water separators. Staff would also put in screens to capture any large particles. Docks & Harbors would have rules in place that would require people to use equipment to capture hazardous material and lay tarps down.

Mr. Logan asked if the adjustments mentioned would be enough to satisfy State and Federal agencies?

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Mr. Gillette said he believed so. The water separators on the drains currently meet the standards. Staff will be proposing methods to catch contaminants on site.

Mr. Logan asked if the access to Alaska Glacier Seafood would still be able to be maintained with this plan?

Mr. Gillette said yes, but some storage would need to be shifted to that side. They are aware there is a sunset date to this easement and have been advised that this might go away.

Mr. Janes asked on the two different uses, is staff looking at one or the other getting the conditional use permit?

Mr. Gillette said typically a conditional use permit would allow a specific use. They don't tell you how to manage that facility. If we get a conditional use permit for boat repair and maintenance, we could pursue a management avenue. In scenario number one we would need to have rules in regulation and if it was scenario number two it would be conditions of the lease.

Mr. Janes said if this conditional use permit is questioned, it could be controlled better by a contractor versus a private individual. There could be rules and regulations that staff could attempt to enforce, but with a contractor, there would be more enforcement on the conditions of the permit.

Mr. Gillette said because of the increased use, Docks & Harbors would need to assign staff to be onsite permanently for oversight of the operations.

Mr. Donek asked why we can only store boats and not work on them?

Mr. Gillette said that was before his time, and he was unsure.

Mr. Dennis Watson, Vice-Chair of the Planning Commission. He said the reason for having to go through multiple steps is because the original project presented to the planning commission for the Auke Bay Commercial Loading Facility was to be able to bring boats up the ramp, store them, and provide short term storage. Subsequent to that, it was found that Docks & Harbors was allowing commercial vessels to fuel at that dock, so staff needed to come back and apply for another conditional use permit. During the original conditional use permit application, he said he asked the previous Port Director, as a commissioner of the Planning Commission, what all the uses of this facility was going to be because this was a sensitive issue with a potential impact on the area, and some of the

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neighbors were not happy. Therefore, a lot of focus has been kept on this facility and probably will for a long time to come. He recommended to proceed cautiously.

Mr. Busch asked if the security plan could also be adjusted to reflect the additional uses?

Mr. Gillette said he would believe so.

Public Comment-

Dennis Watson, Juneau, AK said if you have a boat yard, you will have to have access. With a secure gate, how will someone be able to get in to pick up their boat? It would be nice to know the whole plan for the Auke Bay Loading Facility.

Board Discussion/Action -

Mr. Janes said security can be good when managed properly.

Mr. Logan asked what are the security requirements?

Mr. Gillette said security is only required during active fuel transferring.

Mr. Logan said there will need to be answers for the public regarding overall security and specific times when other access arrangements need to be made.

Mr. Gillette said someone that needs to access a boat in the secure gated area could be issued a key fob. That is how it is done currently.

Mr. Logan suggested developing a clearer plan before going before the Planning Commission.

Mr. Busch said he is in support of having the Auke Bay Loading Facility a boat yard and to have progress at that location, but there needs to be discussion on the way ahead for the Statter Harbor Yard, and also security.

Mr. Logan asked how much longer the Auke Bay Boat Yard lease has until it expires?

Mr. Uchytel said it expires in 2018.

Mr. Logan asked if this lease is an automatic renewal?

Mr. Uchytel said it is not a guarantee.

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Mr. Bush said he would like Docks & Harbor staff to pull the boats, block them, and allow a private individual to do the maintenance and repair to their boat.

MOTION By MR. BUSCH: TO APPROVE SUBMISSION OF A MODIFIED CONDITIONAL USE PERMIT FOR THE AUKE BAY LOADING FACILITY AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

Mr. Logan asked for a date this would move forward.

Mr. Gillette said probably after the first of the year.

Mr. Logan said he would like some Board members to attend the Planning Commission meeting when the application is presented.

3. Docks & Harbors CY2015 Calendar

Mr. Uchytel said at the October Board meeting there was discussion on the 2015 calendar. The Board decided to have the OPS/Planning Meeting the Wednesday the week before the Board meeting and the Finance Meeting the Thursday after the OPS/Planning Meeting.

Board Questions - None

Public Comment- None

Board Discussion/Action

MOTION By MR. BUSCH: TO APPROVE THE CALENDAR YEAR 2015 BOARD AND COMMITTEE MEETING DATES AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

IX. Items for Information/Discussion

1. Scheduling of Comprehensive Fee Review Meeting Times

Mr. Logan asked if Mr. Busch still preferred having the Port Fee Review meeting following the Finance Meeting.

Mr. Busch said yes.

Mr. Logan said it was decided the Harbor Fee Review will not meet after the OPS/Planning meeting. A new time will be decided when Mr. Simpson is present. He said he would like to schedule a strategic planning meeting on

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Saturday, February 21st at 9:00 am. This will be specific to Docks & Harbors future projects.

Mr. Uchytel asked if the strategic planning should be taken off the OPS/Planning agenda for the next three months?

Mr. Logan said yes, and pick up again after the Strategic Planning session.

X. Committee and Board Member Reports

1. OPS/Planning Committee Meeting – November 13th, 2014

Mr. Uchytel said the Committee heard a presentation on the electric boat charging station.

Duff Mitchell came and spoke on the electrification of the new cruise ship berths project. He intends to go to the City Manager for a request of \$250,00 for design to electrify the berths using Marine Passenger Fees.

The Harbormaster discussed the Code of Conduct for Harbor Patrons.

2. Harbor Fee Review Committee Meeting – November 13th, 2014

Mr. Janes said a proposition was decided for the passenger for hire fees. He said he is unsure when this will move forward to the Finance Committee and the Regular Board.

3. Finance Committee Meeting – November 18th, 2014

Mr. Donek said everything on the Finance agenda was discussed here tonight.

4. Port Fee Review Committee Meeting – November 18th, 2014

Mr. Busch said the Committee is bringing forward draft regulatory change to the next Finance Committee Meeting on December 9th and then to the Board Meeting on December 11th.

5. Member Reports –

Mr. Peterson said as Docks & Harbors Lands Liaison, he will not be able to attend the December 8th Lands Committee meeting.

Mr. Donek said he would attend the Lands Committee meeting.

Mr. Janes and Mr. Donek volunteered to attend the Planning Commission meeting for the ABLF conditional use permit process.

Mr. Logan said if he is in town he will also be at the Planning Commission meeting when the conditional use permit is presented.

XI. Port Engineers Report –

Mr. Gillette said the Corps of Engineers have entered into a contract to complete a monitoring plan for the dredge spoils that will be deposited in the Gastineau Channel from Douglas Harbor. Staff is hopeful this will be able to be submitted by the 1st of the year. He said Mr. Uchytel has submitted letters to federal Legislators in Washington DC to support getting Douglas Harbor

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dredging on the list for funding. Congress will then have to approve the list and if this is approved, the Corps will pay for the dredging to -14. After the dredging, Docks & Harbors would have to demolish the existing floats and install all new floats, which we currently have funding for. Staff will know late March if we will receive the funding.

Mr. Logan asked if this will represent a problem with the grant monies obtained from the State?

Mr. Gillette said at this time, Docks & Harbors has not received any letters from the State, but we are prepared to respond and ask for more time. Aurora Harbor is under way. The water line on the north end of the Harbor will be transferred back to the main line in the next day or two. Admiralty Construction has been working on the south end of the Harbor to get the embankment stabilized. The bid for Statter Harbor has not been awarded yet, we are still waiting final paperwork from Miller Construction.

XII. Harbormaster's Report –

Mr. Borg reported;

- Winterization for all the Harbors has been completed.
- An onsite power evaluation at Statter Harbor was completed for the boat charging station. There will be more information to come for that project.
- Two boats will be demolished by Trucano Construction after a failed auction.
- He has received positive comments about the replacement in kind of Douglas Harbor.

XIII. Port Director's Report –

Mr. Uchytel reported;

- The request for Marine Passenger Fees is due. Staff has a standard list, but we will be adding the \$45,000 for landscaping.
- He is having a meet and greet with coffee and donuts tomorrow at the Yacht Club from 7:30 to 9:00. This is an opportunity for Harbor Patrons that don't want to come to a formal meeting come and talk.
- A new button called "Hot Topics" has been added to the web site. You can sign up using the RSS feed and receive an e-mail automatically.
- The wayside park float by DIPAC grounds at low tide. Based on the estimate from Aurora Harbor, staff is anticipating about \$340,000 just to dredge the wayside park float. He has been reaching out to other interested parties, to see if they would be able to help with this expense.

XIV. Assembly Liaison Report - None

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XV. Board Administrative Matters

Mr. Logan said there is the Auke Bay Steering Committee meeting on December 3rd.

Mr. Uchytel said he will attend that meeting.

- a. Operations/Planning Committee Meeting – Next meeting is December 4th, 2014 in the Assembly Chambers at 5:00 p.m.

Harbor Fee Review – Cancelled.

- b. Finance Committee Meeting – Next meeting is December 9th, 2014 in CBJ Room 224 at 5:00 p.m.

Port Fee Review – Mr. Busch recommended to cancel this meeting because the draft regulations will be sent to the Finance Committee and the Regular Board.

- c. Board Meeting – Next meeting is December 11th, 2014 in the Assembly Chambers at 5:30 p.m.

Mr. Uchytel said Docks & Harbor Christmas Party is December 13th at 6:30 pm.

XVI. Adjournment - The regular Board Meeting adjourned at 6:56 p.m.