

**CBJ DOCKS & HARBORS BOARD**  
**REGULAR BOARD MEETING MINUTES**  
**For Thursday, February 25<sup>th</sup>, 2016**

I. Call to Order

Mr. Donek called the Regular Board Meeting to order at 5:00 p.m. in the CBJ Assembly Chambers.

II. Roll Call

The following members were present: John Bush, Tom Donek, Bob Janes, Robert Mosher, Budd Simpson, and David Summers (arrived just after roll call at 5:05 p.m.).

Absent: Weston Eiler, David Lowell (excused absence due to unforeseen family reasons), and Tom Zaruba.

Also present were the following: Carl Uchytel – Port Director, David Borg – Harbormaster, and Jerry Nankervis – Assembly Liaison.

III. Approval of Agenda

**MOTION By MR. JANES: TO APPROVE THE AGENDA AS PRESENTED AND ASK FOR UNANIMOUS CONSENT.**

Motion passed with no objection.

IV. Approval of the January 28<sup>th</sup>, 2016 Regular Board Meeting Minutes

Hearing no objection the January 28<sup>th</sup>, 2016 Regular Board Meeting Minutes were approved as presented.

V. Public Participation on Non-Agenda Items

Howard Lockwood of Juneau, AK

Mr. Lockwood provided pamphlets containing copies of correspondence letters from AMEx Mining, the United States Coast Guard (U.S.C.G.), and the Department of Natural Resources. The letters are in reference to the removal of the Challenger Tug.

Mr. Lockwood said the U.S.C.G. have regular briefings at the Federal Building every weekday morning and anyone is welcome to attend.

VI. Consent Agenda – None

VII. Unfinished Business – None

VIII. New Business

1. FY17-18 Budget

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Mr. Uchytel gave a PowerPoint presentation regarding the Docks and Harbors projected budget for FY15-FY18.

Mr. Uchytel said this is the same information that was presented at Monday's meeting. This is the budget we will ask the Assembly to approve. The expenses adjust for inflation and step increases for employees. The commodities and services are trash, repairs, and water. The funding sources are charges we charge the city to pay for collecting the Head Tax, dockage revenues, and vender booth sales. Our full cost allocation fund for what we pay the city for financial and legal services has gone up \$106,000. If we split the additional fees equally between FY17 & FY18 then the commodities and services for FY17 total \$694,000 and for FY18 total \$698,000. Sam Muse is an accountant for the City and Borough of Juneau, AK and he is here to answer any of your questions regarding the additional costs.

Board Questions

Mr. Janes asked when was the last time this was adjusted was?

Mr. Muse said it is adjusted every biennial. It was last adjusted for the FY15 & FY16 budgets, and was based on the FY14 budget. The cycle for FY17 & FY18 is based off of expenditure projections.

Mr. Janes asked what is the percentage of increase.

Mr. Muse said it is a 33% increase. The overall pool that is charged increased 50%. When allocations are done we create cost pools. For example, for finance expenses auditing would be an expense pool. The audit might have been missed in a previous budget and when the review happens for the following budget it is then added to the shared cost pool. Allocation percentages per department can change too. For example, in FY15 & FY16 Docks and Harbors could have been allocated 3% for finance charges. Then some changes might happen that lead to Docks and Harbors being allocated 5% of the finance charges for FY17 & FY18. Generally you predict that it is going to increase.

Mr. Uchytel said the total cost city wide for these allocations increased \$1.6M. Next week we will ask the Assembly to transfer \$1.3M from our fund balance into CIP. It will show up under expenses. We have to meet a certain debt/revenue ratio with our bonds.

Mr. Muse said there is a debt covenant with regards to the bonds. Our revenues have to exceed the principle and interest payments. The debt revenue ratio must total 120% or more.

Mr. Janes asked what is the reason the rental revenues have gone from \$1.2M to \$800,000.

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Mr. Uchtyl said in FY15 we had a windfall with the Mount Roberts Tram.

Public Comment – None

Board Discussion/Action

**MOTION By MR. BUSH TO APPROVE THE AMENDED BUDGET AND MOVE TO THE ASSEMBLY AND ASK UNANIMOUS CONSENT.**

Motion passed with no objection.

2. Auke Bay Loading Facility Minor Maintenance

Mr. Borg said page 15 of your packet covers the Auke Bay Loading Facility (ABLF) Work Zone. This has been presented to the Finance Committee and Operations Committee. I would like to move this forward. The only changes were to the lower unit replacement and a few supplies.

Board Questions – None

Public Comment– None

Board Discussion/Action

**MOTION By MR. SIMPSON TO APPROVE THE AUKE BAY LOADING FACILITY MINOR MAINTENANCE AS PRESENTED AND ASK UNANIMOUS CONSENT.**

The motion passed with no objection.

3. Douglas Harbor Renovation Bid Award

Mr. Uchtyl said we had a bid opening last week for Douglas Harbor. There were six bids. Western Dock & Bridge was the apparent 2<sup>nd</sup> lowest bidder, but failed to enter a number into a required bid schedule. So, they were deemed non-responsive. Trucano Construction is the apparent low bidder with Alternate No. A.

Board Questions – None

Public Comment

Dennis Watson of Juneau, AK

Mr. Watson asked does this project meet the requirements for the Project Labor Agreement (PLA).

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Mr. Uchytel said the PLA was waived for this project.

Board Discussion/Action

Mr. Simpson said I am pleased that Alternative A was included in this project. At the beginning it was just an idea and it's great that it can be included.

**MOTION By MR. SIMPSON TO ACCEPT TRUCANO CONSTRUCTION'S BID FOR DOUGLAS HARBOR RENOVATION (BASE BID PLUS BID ALTERNATIVE A) IN THE AMOUNT OF \$4,896,409 AND RECOMMEND THE ASSEMBLY APPROVE THIS BID AWARD AND ASK UNANIMOUS CONSENT.**

Motion passed with no objection.

4. Notice of Intended Sale of Boat Shelter AF-018 by Christina & Frank Ramsey

Mr. Uchytel said Christiana and Frank Ramsey notified Harbors they are interested in selling their boat shelter AF-018. Would we like to exercise our right to purchase the boat shelter? I did not ask them how much it was worth. I recommend we waive our right to purchase the boat shelter.

Board Questions – None

Public Comment – None

Board Discussion/Action

Mr. Janes said the Operations Committee should review the boat shelter situation in the harbor at some future date. Keep in mind that we are beginning to rebuild with Phase II in Aurora Harbor. We need to look at the longevity of those buildings and tighten up our management of those facilities.

**MOTION By MR. JANES TO WAIVE DOCKS & HARBORS' RIGHT OF FIRST REFUSAL ALLOWING CHRISTINA AND FRANK RAMSEY TO SELL THEIR BOAT SHELTER ON THE OPEN MARKET AND ASK UNANIMOUS CONSENT.**

Motion passed with no objection.

IX. Items for Information

1. Enforcement Regulation for User Fee Collection

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Mr. Borg said on page 18 of your packets you will find a report that shows how many times staff have contacted each passenger-for-hire (PFH) company asking for their reports and payments. Many PFH companies continue to submit extremely late reports and payments. These companies have been notified numerous times that their reports and payments are due within 30 days of the end of the month. There are approximately 20 permitted companies. There is one company that still owes us a payment for last season. They gave us their reports, but never paid. They have a habit of paying the previous season's fees at the beginning of the new season. When a company submits an application for the PFH permit we contact the following departments and verify the company is in good standing prior to selling them a PFH permit: Assessor's Office, Sales Tax Office, Treasury – Property Tax Office, and Treasury – Collections Office. Other than checking with those offices we don't have a penalty or a way to deny a permit. I'm requested more tools in our tool box so we have a better way of handling the companies who do not comply on a regular basis.

Board Discussion/Public Comment

Mr. Janes asked with regards to suspending the permit if the companies do not comply, do we have the enforcement authority to prevent an operator from continuing to operate.

Mr. Borg said if you mean will I go to the docks and kick them off, I hope it doesn't get to that. We would need to change our regulations to allow us to kick them off the docks.

Mr. Janes said it's not a big issue to provide the reports and payment within 30 days of the end of the month. Our staff needs as much support in this as possible. If these companies are able to arrange for the passengers to get the Statter then they can arrange for providing their reports and payments on time. We should initiate this to support our staff. Its money we need in order to operate.

Mr. Donek asked what is the enforcement ability.

Mr. Borg said if they have a permit they can operate.

Mr. Bush said we should publish the names of the companies who are not in compliance. If you're in arrears with the city for your taxes your name is put in the paper.

Mr. Summers said I have had experience with my company in the past when I had some difficulties. If there is a company that is trying to make things right and working through that we should work with them. If you are late there are normally interest fees; I don't see an interest component. I would like to see an interest component. I want to know the amount of debt owed to see if it is significant enough to warrant an interest. I would like to see "failure to comply will result in immediate permit

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suspension” changed to “failure to comply ‘may’ result in immediate permit suspension”. If there are extenuating circumstances for the operator they can still maintain their permit status.

Paul Swanson of Juneau, AK

Mr. Swanson said with regard to “failure to comply will result in immediate permit suspension” I would leave “will” in there myself. I am in favor of interest and a late charge. It needs to be stricter.

Mr. Borg said we could have the PFH companies pay in advance.

Mr. Summers asked is there a current debt that is owed to the Harbor Department now.

Mr. Uchytel said yes, it is \$8,000 and owed by one company.

Mr. Bush said in my many years of experience with contracts I have gone over the words may, will, and shall. I suggest using the word “shall” in place of “will” in the following sentence: “failure to comply will result in immediate permit suspension”. The reinstatement fee of \$100 is a good amount and that would prompt companies into paying on time.

Mr. Summers said some of the businesses are very small. If someone’s parent falls ill down south and they had to leave I don’t want the Harbormaster’s hands tied where he must suspend the permit.

Mr. Donek said this still has to go through the Legal Department for wording. I would like to refer this back to the Operations Committee. I would like to know what the interest fees would be.

Mr. Uchytel said with regards to the Sales Tax advertisement in the paper, that’s a requirement for public notification. I inquired if I could do a similar process with patrons who are delinquent with the moorage payments and I was informed that it would not be appropriate as it would be used primarily to embarrass the patron.

**2. Marine Power Cord Safety Replacement Program**

Mr. Borg said we recently had a comprehensive Occupational Safety and Health Administration (OSHA) inspection at the first part of December 2015. One of the problems we have to address is homemade and insufficient power cords that are being used in our harbors. I am going to order cords through Harri’s as they were our lowest bid. Then we will contact the patrons who need to get the new cords. We will then swap out the new cords for the old ones. This makes it a lot easier on us and the patrons. We will do a buyback program. I am going to do a 50/50 charge for the

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power cords as it is ultimately on us that they get replaced. We also need to address the issue of power cords going through bulkheads in boat shelters.

Board Discussion/Public Comment – None

3. Juneau Cruise Ship Berths Electrification DRAFT Report

Mr. Uchtyl said electrification of the new cruise ship docks has piqued the interest of some members of the community. It is somewhat contentious in that some people think the Assembly and Docks and Harbors pulled a fast one by promising a clean-electrified cruise ship berth, and then didn't complete the project. Documents from 2011 show AEL&P stating there is insufficient power capacity in Juneau to warrant electrifying the cruise ship berths. Nothing that we are doing now will prevent us from installing electrification for the cruise ships in the future. We have the conduits laid out so copper can be pulled through in the future. The cost estimate is \$12M per berth. Head Tax could be used to fund the electrification of the cruise ship berths. One-third of all the electricity goes to South Franklin. It takes an hour and a half to hookup and an hour and a half to take down. A weeklong roundtrip from Seattle is about 168 hours. To power 5 hours in Juneau equates to approximately 3% of the carbon footprint for that voyage. I have heard suggested that cruise lines intend to invest in scrubber technology that removes sulfur and other particulates as opposed to investing in electric shore power.

Board Discussion/Public Comment

Mr. Donek asked how would we pay for this now if we had to.

Mr. Uchtyl said we do not currently have the funds. We could use Head Tax, but we would need to save up for a few years. We would want to utilize the State Marine Fee which totals approximately \$5M per year. The State Marine Fee is spoken for through FY17, but we could start budgeting to use the State Marine Fees from FY18 and beyond. We would pay for the infrastructure; however, we won't collect enough money to recoup that money because we are prevented from selling power.

Mr. Donek asked could we charge for use of the facility.

Mr. Uchtyl said yes, there is a hookup fee we could charge. The \$12M estimate does not include the cost of what it takes for AEL&P to bring power there.

Renee Rieser of Juneau, AK

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Mrs. Rieser asked do you have an idea as to how many people are interested in going forward with electrifying the cruise ship berths. How much of a priority is this for the population?

Mr. Uchytel said in the Sustainability Report it shows that the public likes the plan to electrify the cruise ship docks.

Dennis Watson of Juneau, AK

Mr. Watson said there is a real push by one company to go forward with hydropower and heating from the ocean. I encourage the Harbors Department to avoid getting stuck between a rock and a hard spot as this company is going to be pitching their ideas pretty hard. I have a feeling AEL&P is going to be pushing in the opposite direction. With the 1% growth in population in Juneau, AEL&P will max out in 2035.

Mr. Janes said electrification of the cruise ship berths would give us a chance to showcase Juneau to the rest of the world. When it is affordable it will elevate Juneau's place on the international map. There are bigger things to think about with this. We should not be doing it now, but we should not dismiss it for the future. Will the Lightering Dock be electrified?

Mr. Uchytel said yes, the Lightering Dock will be electrified. The current plans are to have 50 AMP and 208 – 3 phase – 100 AMP. We're looking at changing it to 480 because we have had interest from some of the smaller cruise ships who want to moor there over the winter.

Mr. Bush said on the few days in the summer when the wind does not blow the exhaust away, downtown looks horrible. Just because it blows away does not mean it's not there. The air quality suffers.

X. Staff, Committee and Member Reports

1. Harbor Fee Review Committee Meeting – Wednesday, February 10<sup>th</sup>, 2016

Mr. Simpson said we reviewed the Downtown moorage fees. We discussed the discount for paying annually or semi-annually. We decided not to apply the Consumer Price Index (CPI) this year. In the future the downtown CPI adjustment would also apply to Statter Harbor so the differential increase would be minimized. We increased the discount for paying the annual fee in advance from 5% to 10%. We added a discount of 5% for prepaying for six months.

2. Operations/Planning Committee Meeting – Wednesday, February 10th, 2016

Mr. Simpson said we discussed the ABLF fee structure. Paul Weltzin is a commercial ramp user and he gave a presentation. It seems like everyone I ask has a different perspective on the ABLF fees. We also spent time discussing the Amalga Harbor fish



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cleaning float. We did address the ABLF minor maintenance. We looked at the Andrew's Marina lease. Also, we looked at the user fee regulation.

3. Finance Committee Meeting – Thursday, February 18<sup>th</sup>, 2016

Mr. Donek said we had the budget presentation, ABLF minor maintenance, and enforcement regulations.

4. Docks Fee Review Committee Meeting – Thursday, February 18<sup>th</sup>, 2106

Mr. Bush said we didn't take any action but we had quite a bit of discussion about the PFH fees.

5. Member Reports – None

XI. Port Engineer's Report – None

XII. Harbormaster's Report

Mr. Borg said I'm working with the U.S.C.G. to remove the Challenger tug boat from Gastineau Channel. I'm 98% done with the OSHA checklist. The ABLF waterline failed due to corrosion.

XIII. Port Director's Report

Mr. Uchtyl said the construction on the cruise ship berths is progressing well. They did the most difficult parts first. The dock should be towed here next week. Construction workers are running 2 – 12 hour shifts. Anchor Electric still needs to come in and do the electrical work. Harri's will do the piping. May 6<sup>th</sup> is the substantially complete date. The longest piling is about 240 feet. We received 5 requests for proposals for the Bridge Park to Norway Point. Let me know when will work best so we can move forward with the Bridge Park to Norway Point Project. August 6<sup>th</sup> is the new substantially complete date for the Statter Harbor Launch Ramp construction. Hopefully we'll have it ready for Derby weekend. We haven't been able to close out Phase I in Aurora Harbor because of a disagreement with Northern Construction on a \$60,000 change.

Mr. Summers asked can we do a walk on.

Mr. Uchtyl said yes, we can figure out a date that works best.

XIV. Assembly Liaison Report

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Mr. Nankervis said Rorie Watt has been appointed to the City Manager position. He will be working behind Kim Kiefer until April 18<sup>th</sup>, which is when she will be leaving. For the time being continue to contact Kim Kiefer to make the transition easier. Jamie Bursell is the new district two seat we appointed to the Assembly. She will sit in that seat until the next elections in October. Scott Ciambor is the new Housing Officer. Roger Healy is the new Director of Public Works/Engineering. We are starting on our 2 year budget cycle. The budget for FY17 does not look too bad, but the numbers do start to fall off for FY18. The Land Management Plan is before the Assembly for adoption and modification.

**XV. Board Administrative Matters**

- a. Harbor Fee Review Meeting – Wednesday, March 9<sup>th</sup>, 2016 at 12:00 p.m.
- b. Ops/Planning Committee Meeting – Wednesday, March 9<sup>th</sup>, 2016 at 5:00 p.m.
- c. Finance Committee Meeting – Thursday, March 24<sup>th</sup>, 2016 at 5:00 p.m.
- d. Docks Fee Review Meeting – Thursday, March 24<sup>th</sup>, 2016 following Finance
- e. Board Meeting – Thursday, March 31<sup>st</sup>, 2016 at 5:00 p.m.

**XVI. Adjournment**

The Regular Board Meeting adjourned at 6:50 p.m.