

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, February 20th, 2019

I. Call to Order

Mr. Eiler called the meeting to order at 5:00pm in the CBJ Assembly Chambers.

II. Roll Call

The following members were present: James Becker, Don Etheridge, Budd Simpson, Bob Wostmann, Mark Ridgway, and Weston Eiler.

Absent: Bob Janes, and David McCasland.

Also present: Carl Uchytel – Port Director, Gary Gillette – Port Engineer, David Borg – Harbormaster, Matthew Creswell – Deputy Harbormaster, Jennifer Mannix – CBJ Risk Management and Andy Migel – CBJ Safety Officer.

III. Approval of Agenda

MOTION By MR. RIDGWAY: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items –

Mr. Uchytel introduced Tony Schinella from Cordova and Stan Eliason from Sitka in the audience with the Alaska Association of Harbormasters and Port Administrators (AAHPA) Annual Legislative Fly-In. There were nine members who lobbied on behalf of AAHPA.

V. Approval of Wednesday, January 23rd, 2019 Operations/Planning Meetings Minutes.

Hearing no objection, the minutes from January 23rd, 2019 were approved as presented.

VI. Consent Agenda - None

VII. Unfinished Business -

1. People's Wharf Lease Amendment

Mr. Uchytel stated this does not require a motion. Included in the packet is the latest language received from CBJ Law for advancing the Lease Amendment. CBJ Law is requiring the property be surveyed and appraised for this to move forward. He asked the Committee to provide any guidance for the appraisal to be included in the appraisal directions. Typically appraisals are based on fair market value of raw land but this is built out land that they will be leasing. He pointed out on page 17 in the packet it talks about seasonal outdoor seating and will be appraised with that in mind.

Committee Discussion

Mr. Wostmann asked if the Committee will see the appraisal before final action? He said he is interested to see what comparables are used.

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Mr. Uchytel said yes. The Assembly will also have to approve this. Having the area surveyed and appraised should be all that is required from his understanding from CBJ Law.

Public Comment-None

Committee Discussion/Action

Mr. Eiler asked what the timeline would be to complete an appraisal for this lease?

Mr. Uchytel said staff will call Mr. Horan tomorrow and start the process.

Mr. Eiler re-emphasized the Board's intent that this process should be concluded in time for Mr. Heumann to plan for the upcoming tourism season.

Mr. Ridgway asked if a briefer time period other than 35 years was discussed with CBJ Law?

Mr. Uchytel said he did discuss this. He said he recommends the Committee not approve this tonight and be able to link the amendment to this establishment. If Tracy's Crab Shack goes away, then the need for this lease amendment goes away. He does not want a 35 year lease but a separate lease amendment.

Mr. Ridgway asked if Mr. Uchytel needed a motion to move forward with an appraisal?

Mr. Uchytel said no. He said he will bring the appraisal back for the Board to approve consistent with new language. He said he does not need a motion tonight.

Mr. Ridgway said he is interested in the comparables used in the appraisal also.

Mr. Eiler asked how the peer groups used for appraisals is determined?

Mr. Uchytel said staff defers to Mr. Horan's expertise.

Mr. Wostmann said if Tracy's Crab Shack were to leave this space, he would be in favor of language in the lease that gives the City the right to review new tenants activities and decline usage if the Board does not like it.

No Motion

VIII. New Business

Mr. Eiler recused himself due to a possible conflict of interest and passed the gavel to Vice-Chair Mr. Ridgway to continue the meeting.

1. Alaska Memories Enterprise, LLC (dba Nordic Tug Charters) Sublease Renewal.
Mr. Uchytel showed an overview map of the area where Alaska Memories Enterprise is located. He said the Alaska Memories building is two connex boxes put together for Nordic Tug Charters to store items. In 2011 a lease was put together to memorialize the approved and constructed building which was a five year lease with two three year renewable leases. The rate is from assessed value. They would like to continue to lease this area and there is currently a lease in place. Mr. Uchytel said he recommends renewing

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this lease. The lease can only be renewed to May 4th, 2021 because that is when our lease with UAS expires but we can exercise a renewal of 33 years.

Committee Questions

Mr. Becker asked if the lease holder uses the old fuel dock for his tugs in the summer?

Mr. Borg said he will not have exclusive use of the dock this year.

Mr. Becker asked if the lease holder is aware that this is temporary and there is a future vision for this property that may not include him.

Mr. Borg said no.

Mr. Ridgway asked if it was common with leases to establish a rent based off assessed value?

Ms. Larson said there are two other sub-leases in this area that have their rent based off assessed value which is Maritime Hydraulic and Juneau Marine Services.

Mr. Uchytel said typically the assessed value is not a good way to establish a rent.

Mr. Ridgway asked if Mr. Uchytel wanted the lease language changed.

Mr. Uchytel said no.

Public Comment-None

Committee Discussion/Action

Mr. Etheridge said the original request was for a connex box for storage. He said he supports this sub-lease for the income until there is a plan for this space.

MOTION By MR. ETHERIDGE: TO APPROVE A SUB-LEASE EXTENSION UNTIL MAY 1ST, 2021 WITH ALASKA MEMORIES ENTERPRISE, LLC (dba NORDIC TUG CHARTERS) AND ASK UNANIMOUS CONSENT.

Mr. Eiler said he objected for the purpose of recusing himself from this topic.

Motion passed

Mr. Ridgway returned the gavel to Mr. Eiler to continue the meeting.

2. CPI (Consumer Price Index) Rate Increases

Mr. Uchytel read the regulation pertaining to the moorage rate increase. The rates will increase unless the Board takes action to not raise the rates. On page 38 in the packet shows the Anchorage CPI for last year being 3% and on page 41 shows the rates to increase in red effective July 1st, 2019.

Committee Questions

Mr. Simpson asked if the rates were supposed to be rounded to the nearest \$.05?

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Ms. Larson said the dailies are rounded to the nearest cent and the monthly is to the nearest \$.05.

Mr. Wostmann asked why are only some of the rates increasing and not others?

Mr. Uchytel said there was a comprehensive fee review a few years back and everything wasn't linked. He does not have a good reason for that.

Mr. Eiler asked if most other Ports and Harbors in Juneau's peer group index these fees to inflation?

Mr. Uchytel said no.

Mr. Ridgway asked if this was a competitive rate increase?

Mr. Borg said maintenance costs were not considered with our upgrades. In years past a GFCI breaker was about \$30. Now they are \$300 and more sensitive so they need to be replaced on a more regular basis. As we improve our technology, you can't just go buy a screw in light bulb anymore. We are buying LED bulbs and need a term contractor to replace them. He said raising the rates a little can be justified because business is not getting cheaper.

Mr. Becker said the rate increase is justifiable.

Mr. Uchytel talked about the CPI on page 38. The past few years because of rounding to the nearest nickel, the rates did not increase.

Mr. Etheridge said he was on the Board when this policy was established and it was put in place so we didn't wait several years to make the increases. The last big increase, we lost a lot of our Commercial Fisherman. This works out to be a gradual increase over time.

Mr. Ridgway commented that there should be something special for users that spend the most money.

Mr. Borg said we are there with loaders, forklifts, and a boom truck when they need to offload gear from their boats. In some instances, there is a fee schedule that we could charge for those services but we provide the service as part of a package deal. Harbors has the lowest rate on storage than anywhere in Juneau. Money was put into the Harris bathrooms. We are putting money into the Harbors and this increase is justifiable.

Public Comment

Dennis Watson, Juneau, AK

Mr. Watson said he does not have a problem with the rate increase of \$.15 a foot because we had a good break when the CPI was not large enough for an increase. He said he still has a problem with the double dipping. For those of us that want to keep our slip in the Harbor we have to pay all year. Harbor Staff rents those slips out again and takes the money for it. He said someday he will go to the Board of Realtors because under their jurisdiction you can't charge somebody for something someone else is leasing. He said he thinks this is a fair way for an increase. He does not believe rates should increase because

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of a project. Everyone shouldn't have to pay to fix something in Harris Harbor for example.

Paul Swanson, Juneau, AK

Mr. Swanson said he said he doesn't have a problem with the increase. He is happy to see that the CPI increase is an even increase meaning Statter rates are raised at the same rate as downtown. He said his main complaint is if a person takes his boat out for six months in the wintertime and they use it in the summertime a person should pay something but he does not believe it is fair to double dip. When your boat is out of the water in the winter and someone else is in that slip it is not right to collect more money on it.

Committee Discussion/Action

Mr. Uchytel pointed out on page 40 in the packet that the Passenger for Hire fees will go up also and unless the Board takes action to not increase these fees it will happen automatically.

Mr. Wostmann said he deals with commercial leases relatively often and they all have a CPI increase in them. This is the best way to keep the rates in line with the overall cost of living and they are incrementally increases over time. He said he is in favor of the proposed rate changes.

Mr. Simpson said he supports the incremental rate change as well. He said with the State budget, Harbors will be receiving less support. We are going to have to look at fee increases for our improvements and operations. We may have to have a larger increase than just the 3%.

Mr. Ridgway said because both public testimonies talked about double dipping, he asked if there was an alternative to the double dipping?

Mr. Etheridge said there was a very good reason for doing what we did at the time. The only other option would be a larger increase for the moorage rates. Rather than the larger increase, hot berthing when the stalls were empty saved quite a bit on moorage fees. The Harbors were given to the City from the State in poor condition and we were looking at fees to be able to start making repairs. Without the hot berthing, the fees would have been considerably higher.

Mr. Uchytel said hot berthing is a standard throughout Alaska.

NO MOTION NEEDED

IX. Items for Information/Discussion

1. Self-Rescue Ladders

Mr. Uchytel said he forwarded to the Board a letter from a Mr. Tom Satre who is a long time Juneauite. Mr. Satre got word of Mr. David Little's passing in Harris Harbor and he sent a letter to him and CBJ Risk Management. Mr. Satre is imploring the Board to look at rescue ladders throughout the Harbors and suggested that CBJ was at risk for not having

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rescue ladders in the Harbors. Mr. Satre provided a link to a thoughtful article on drownings in other Harbors. JPD indicated alcohol was a factor in the drowning. Mr. Little did have a rescue ladder at his slip. On page 68 in the packet is a summary of what is required for small boat harbors and safety ladders is not a code requirement. Staff is not saying we don't want to add rescue ladders to our harbors but it is a matter of priorities. Another difficulty is where they should be placed. Mr. Uchytel invited CBJ Risk Manager Jennifer Mannix here tonight to help see the big picture.

Committee Discussion/Public Comment

Mr. Eiler asked about the costs of adding safety ladders to new construction?

Mr. Uchytel said approximately \$50,000. He said staff has been having discussions with adding safety ladders in the North end of Aurora when this it is replaced. Where do you place the ladders, and how many do you put in? On page 68 it talks about placing ladders every 200' which is the standard.

Mr. Ridgway asked if the 200' is a standard for the safety ladders at a Wharf?

Mr. Uchytel said yes. He said location is the key to saving a life. He is not saying the ladders are not necessary but they have not been prioritized to the point that staff has been directed to purchase them yet. He has not had the discussion with CBJ Risk Management to see if there is some kind of an evaluation that can be done in a Harbor to see if you are covered or not covered for liability.

Mr. Ridgway asked if the ladders where approximately \$75.00 per ladder?

Mr. Uchytel said they are between \$200 and \$250 per ladder.

Mr. Ridgway recommended adding ladders a few each year.

Mr. Becker recommended having signs with a map that shows the ladder locations in the Harbors and encourages this conversation to continue to make sure Docks & Harbors is meeting industry standards.

Mr. Etheridge said the Board did look into this a few years ago and the cost per ladder is a lot more than he is hearing tonight. There were also patron's complain about the ladders being placed in their way. Installing the ladders a few at a time was a lot more because of retrofitting and not buying in bulk.

Mr. Uchytel introduced the CBJ Safety Officer Andy Migel who was also in the audience tonight.

Mr. Eiler suggested staff work with CBJ Risk Management to determine if there are current areas of concern/exposure in our Harbors system that the Board should be briefed on.

Mr. Wostmann asked staff to come back with a true estimate for safety ladders in new construction and per ladder cost for retrofitting.

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Mr. Borg said he will look into it.

Mr. Uchytel said it will be hard to place the safety ladders in Statter Harbor, but there are the up and outs (rescue ladders) that are in all of our Harbors. He said Mr. Watson can attest that they work.

Mr. Borg said the rescue ladders were \$1,700 per ladder.

X. Staff & Member Reports-

Mr. Uchytel reported;

- The Archipelago project has been delayed a month because of the design efforts. We are still on track, but we will not advertise for bids until May 1st.
- Staff was hoping to have the Security Booths installed by mid-May but the feedback from some of the contractors in town is that they can't meet the May 15th deadline. Staff will delay this one season and hopefully will have the additional money from the Marine Passenger fees to complete both security booths in the fall.
- With the nine members that came to Juneau for the Legislative Fly-In, we had representatives from Cordova, Sitka, Homer, Unalaska, Emmonak, Seward, and Whittier. We were given the opportunity to meet with the Governor. The message is we are still in the running for the Harbor Grant funding. He said people the group met with understand how important the Harbor Grant funding is. The group was also given the opportunity to talk about how important the raw fish tax is. Currently it is 50/50 with the Municipality and the State and the Governor introduced a bill that all the raw fish tax will go to the state. This is very important to the coastal caucuses and the people he talked with did not believe this would be passed. There was interest about the Lumberman from the Juneau caucus.
- There is \$900M in the president's budget for BUILD grants this year, which replaced the TIGER grant. Last year it was \$1.5B. The difference from last year and this year is it is a 50/50 rural and urban areas. Rural is defined to be fewer than 200,000 people and that means we are now competing with a lot larger communities for the BUILD grants. Our lobbyist Katie Kachel has indicated there is an INFA grant which is a grant that Docks & Harbors has not pursued in the past and may be better for us to apply. Staff will apply for the BUILD and INFA grants this next year.
- He said he met with the Corps of Engineers on the Aurora and Harris maintenance dredging. The plan would be to secure Harbor Grant funding for a \$4M project to demolish the north end of Aurora and then the Corps would come in and do maintenance dredging. If we don't receive any harbor grant funding for this project, the Corps is willing to delay the dredging until we have the funding needed. If we are not successful this year, he would just wait and build our fund balance so we can go in for a \$5M ask next year.
- He said he will be on vacation until March 11th and will check e-mail periodically.

Mr. Borg said he is also going on vacation and will return March 12th. Deputy Harbormaster Matt Creswell will be acting on his behalf. He said one thing to note is we did receive the safety grant money that was used to purchase life jackets for staff to wear on the docks.

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Mr. Uchytel said we are advertising for seven employees for seasonal work that closes on February 25th. We have Harbor Tech, Harbor Officer, and Admin positions and asked the Board to pass on that information to anyone they know that may be interested. The Board position is closing on February 22nd the Assembly will interview on March 6th. A Mr. Chris Dimond, Jay Sterne, and Louis Jergens have applied so far.

Mr. Etheridge said one good thing about the Bill that was introduced taking the raw fish tax away was they left the Municipal Harbor Grant process in place. The comment's he hears about the budget is that the Municipalities will be picking up a lot of costs.

XI. Committee Administrative Matters

Mr. Wostmann said as Chair of the Finance Committee, he met with Ms. Larson a few days ago to see the kind of documents that she is working with and discuss a schedule that would work for her. He plans to contact the members and set up an organizational sub-committee meeting to determine how to proceed.

Next Operations/Planning Committee Meeting- **Wednesday, March 20th, 2019.**

XII. Adjournment- The meeting was adjourned at 6:27pm.