

THE CITY AND BOROUGH OF JUNEAU, ALASKA

Assembly Committee Of The Whole Work Session Minutes

July 13, 2015

I. ROLL CALL

Deputy Mayor Mary Becker called the meeting to order at 6:05 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Maria Gladziszewski, Jesse Kiehl, Jerry Nankervis (teleconference), Merrill Sanford, Kate Troll and Debbie White.

Assemblymembers Absent: Karen Crane, Loren Jones,

Staff present: Kim Kiefer, City Manager; Rob Steedle, Deputy City Manager; Beth McEwen, Deputy Clerk; Hal Hart, Community Development Director; Kirk Duncan, Parks and Recreation Director; Beth McKibben, Planning Manager; Chrissy McNally, Planner; Carl Uchtyl, Port Director; Gary Gillette, Port Engineer.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as amended by Ms. Becker to add two items from Assemblymembers.

III. APPROVAL OF MINUTES

a. June 22, 2015 Assembly Committee of the Whole

Hearing no objection, the minutes of the June 22, 2015 Committee of the Whole meeting were approved as corrected.

IV. AGENDA TOPICS

a. Capitol Cup Tennis Match

Ms. Troll said she attended the Capitol Cup Tennis Match between Whitehorse and Juneau, which has taken place for over 20 years. The mayors waged a friendly bet on who would win and the losing mayor is required to wear the apparel of the winning city at a formal event. There were 15 Juneau participants and Juneau won 19 matches, Whitehorse won 19, but Whitehorse had a higher number of games by 12, therefore, Ms. Troll presented a Whitehorse hat and sweatshirt to Mayor Sanford to wear at the next ribbon cutting ceremony.

b. Dock Project 16b Electrification

Invited guests included Tim McLeod, General Manager, Alaska Electric Light and Power (AEL&P); Ben Haight, Electrical Engineer, Haight and Associates; Keith Comstock, President, Juneau Hydropower; Duff Mitchell, Managing Director, Juneau Hydropower; Kirby Day, Princess Cruises and Tom Dow, VP Corporate Affairs, Carnival Lines.

Ms. Kiefer said there had been significant discussion of an electrification project for the new city docks, so asked for stakeholders to present their information to the Assembly.

Mr. Day introduced Mr. Dow as an initial proponent of shore power since 2001. Mr. Dow said the core principal of the shore power project was that Princess designed and installed a system to buy surplus power from an AEL&P substation at a competitive rate. AEL&P used the proceeds from this sale to prefund the COPA fund, which essentially benefits all the rate payers in Juneau by reducing the surcharge when hydro was down and the utility had to use diesel back-up generators. The project benefited Juneau residents financially and environmentally, and allowed the ships a competitive rate to justify being able to invest in retrofitting for shore power. It had worked well for 15 years. Currently, most of the ships have invested in exhaust gas cleaning systems, known as “scrubbers,” which has been a major reinvestment to allow them to use less expensive fuel, as opposed to burning jet fuel. The believed this was the best current technology as it created reduced emissions not only at the dock, but while the ships were underway. It also does not require a significant investment from the community. They had ships that would continue to use the electricity at the Princess dock. He said the Princess and Holland America ships had electrical outlets located on opposite sides of the vessels and that was a complication. His company believed that the investment in scrubbers was a better overall program since they accomplished a broader range of benefits. Shorepower still worked as long as there was a surplus of power and the connections were suitable to the ships in use.

Ms. Troll asked if the scrubbers were effective in capturing green-house gases. He said until other fuel sources were available, the ships would continue to use hydrocarbon fuels, so shoreside power would be reduced from ships for the time the ships were in port using available excess power, essentially one third of one day a week. Ms. Troll said that could be increased if each port provided shore power to the ships. Mr. Dow said the main benefit of shore power was to improve air quality in the immediate vicinity of the port. The scrubbers were not perfect, and were a significant investment, and were a dramatic improvement to air quality for the entire journey. Many ports did not have the excess power to provide, and some of those ports used nuclear and fuel generated power. The best way for the ships to reduce green-house gases was to improve the efficiency of the fuel burned. Through a variety of techniques they had reduced their consumption over the past 5 years.

Mayor Sanford asked to know how many of the 27 large cruise line vessels that visited Juneau in the summer had scrubbers, were moving towards using LNG, or that were either already electrified or proposed to be electrified. Mr. Dow said he believed 100% of the ships in Alaska would offer the scrubbers within the next seven years due to global concerns. He was not sure how many would get shore power. They would need to be ships that firms were confident would remain on the West Coast for the foreseeable future, where there were the few ports that had connections. The ships would get scrubbers but not necessarily shore power connections. Cities with shore power connections included Vancouver, Canada, Seattle, San Francisco, Los Angeles and San Diego.

Carl Uchtyl said the 16b project was awarded to Mansen Construction to cast the floats and would mobilize in September 2016 for the South berth construction. The project allowed most Panamax ships to tie up at the City owned properties. In the early phases, they placed the conduits for pulling cable and located the transformer spots to eventually electrify one or both berths, so at the time when ships made the request for electricity, the installation could be done with minimal impacts. He said they had done their due diligence to provide the necessary infrastructure to pull cable and would work with AEL&P when the capacity was available to produce power for more than one cruise ship in town and when the industry asked for the connections.

Ms. White said the promotion of the dock project to the public stated the facility would have water/sewer and electrical hook ups. Mr. Uchtyl said the promotion was that sewer hookups would be immediate, but power would be in the future. The ability to provide shore power was

based on availability of surplus power. One cruise ship took a third of the community's entire power load.

Mayor Sanford asked if Mr. Uchytel felt confident that the current engineering process would prepare the docks for this future use or would there be a need to re-engineer in the future when more infrastructure was required. Mr. Uchytel said he thought a submarine cable might be better or less expensive, so it was premature to say engineering would be done in one way or another. Where we put the light system is an unknown as we don't know which ships will have the capacity for shore power. The project needed to be built, and it would not be worth driving piles and building a system now, as it would be a stab in the dark before knowing what the ships would need. Mr. Uchytel said the docks and transfer bridge would be very robust.

Ben Haight said the system was designed and would be constructed with raceways from above South Franklin Street to the shore and there was an ability now with current engineering to facilitate a variety of options, either underwater to new dolphins, without having to go backwards, and there also was the ability to route cables down the bridges to the floating docks and the docks were designed to put the cable on the docks. There were options but no commitment to a specific plan before hearing from the cruise ships.

Mr. Kiehl said he was not tracking the cost of engineering vs. the cost of retrofitting with a festooning system. Mr. Haight said the dock was constructed before the festooning system was installed for the Franklin dock and we constructed additional pilings and infrastructure, so we are talking about something similar here. We need to facilitate the ships that will be scheduled into port so we are designing for future construction. Mr. Uchytel said it would be fiscally irresponsible to build out transformers, switching gears, cable and have it sit there until it could be powered, to sit in the elements until an unknown future use date. Industry could not tell which ships are coming, determine an industry standard as some had power on the port, some on the starboard, so to drive piling without a design requirement was impractical. Mr. Haight said he did not have design cost information available now, which would also need information from AEL&P.

Ms. Troll said if Juneau only reacts to what the industry wants, it would not have moved forward with the 16b project and she doesn't think we need to wait for ships to clamor for electrification. Ms. Troll said Juneau could urge, give incentives, and the world was moving towards this without being like California that passed a law to require it. Mr. Uchytel said he was not against electrification and the board supported it, but it was premature to spend more money without knowing the future.

Ms. Becker asked if there were other lines besides Princess and Holland America that wanted power. Mr. Uchytel said that Mr. Dow represented Carnival Cruise Lines, which had Princess, Holland America, Carnival, the majority. There were also Royal Caribbean, Celebrity, Norwegian Cruise Line, and Disney. Ms. Becker asked if those ships wanted shore power and Mr. Uchytel said that Mr. Dow said it was not penciling out to invest in the shore power with the limited time the ships would be plugged in. If AEL&P said they had excess power available, we are ready but until there is sufficient supply, we can move forward.

Ms. Gladyszewski asked how ready the 16b project was to add shore power. Mr. Uchytel said everything shore side was ready, no streets would need to be "dug up," but the question was what is needed on the water side, and those decisions were based on the ships that would want to dock there, which were unknowns. Mr. Sanford said that AEL&P would need to put infrastructure in place as well.

Mr. Day said that Disney does have shore power and plugs in when in Vancouver, their port of origin. Mr. Dow said the California requirement to connect to shore power only applies to those with five or more calls to California in a year. Traditionally many of the Alaska ships make only

two calls in CA, and Royal Caribbean is not interested in shore power. Also, cargo ships are very different than cruise ships. Mr. Day said the festooning system was on piles, not on a dock.

Tim McLeod said this was a complex topic. AEL&P connected the cruise ships due to economic reasons as it helped provide lower cost power to Juneau, with the side benefit of air quality. Hydropower in Juneau was some of the cleanest energy in the world, and very dependable. Hydro was very expensive to build but inexpensive to run. Whenever they built a hydro project, they built a diesel back up. Hydro output was different every year. If properly managed, hydro projects could be very low cost over the long run. If they sold too little energy, it spilled over the dam. Managing the projects was difficult, especially forecasting future loads. They needed to be able to switch on and off the loads. AEL&P had paid the full expense of the Snettisham project in the 1970s. In the 1980s they had to rely on diesel and that was when prices went up. In 1990s they went to the dual fuel program for housing. Juneau was the first port to connect cruise ships to shorepower in 2001. They sold any surplus energy as shorepower. Dual fuel customers got energy first, then the Princess ships. As they moved forward with Lake Dorothy project, they knew that they would again have surplus energy, they brought Green's Creek Mine on in the third tier of their priority sequencing. At AEL&P, approximately 20% of their load was interruptible. Depending on precipitation, they could meet the loads needed. They track and forecast lake levels and rainfall. The timing also adds another layer of complexity. AELP provides enough energy to serve the community. Have some room for growth. They recommended that if there was an opportunity to add conduits in the project it should be done. He did not recommend installing big infrastructure because they did not have a big surplus in energy. They support the idea for powering ships, but would have to be careful about powering more ships because if they oversold they would need to run diesel. AEL&P could connect ships 30% of the time now if the ships were ready. AEL&P was now a subsidiary of AVISTA corporation. AVISTA was looking at bringing LNG to Juneau. If that worked out, they could firm up some of the interruptible load customers by entering an agreement to supply them generation with LNG so they could maximize their hydro. They were investigating the construction of the Sheep Creek hydro. That could open up a small amount of hydro. Mr. McLeod explained the total loads of power and what interruptible loads were.

Ms. Kiefer asked Mr. McLeod about plans for future substations for cruise ships. He said Mr. Haight had developed a master plan for the potential of connecting these new docks. A location on city land has been identified. That is a 15 megawatt transformer. It would require an investment of approx. \$5 million to get the substation up and going. He would not recommend making that investment at this point in time. He would suggest adding the conduits so it would be ready for installation. It would be specific to just the cruise ship docks. Mr. Haight said that substation would be unique to the cruise ships because they were on a different voltage than the rest of town. Mr. McLeod said that the ships themselves had two different voltages as well and 16b would take one substation, the current substation was too far from that dock or the AJ dock, and the AJ dock would require a third substation.

Duff Mitchell said he analyzed the Juneau market for the cruise docks. 18% of the boats now were hooked up and those were exclusively Princess. There were several days when more than one Princess ship was in dock with only one able to hook up. This year 84 visits are to the electrified Princess docks, which was 19% of the port visits. The market potential is 43.8% in 2015. That translated to sales, taxes, jobs, and hook ups. He was talking with cruise lines and the Disney ships were eager to hook up. He said that Holland America could take one dock itself. He spoke with Mike Watts, VP of Cochran Electric, who assisted with the Juneau electrification and had built dock electrification facilities in Halifax, San Diego, Vancouver, Seattle, San Francisco and New York, and asked him to analyze our engineering system with the Port Director. He said it was more efficient to consider the engineering and design electrification tasks before or during construction to avoid more expensive changes later. Weight, safety, balance and loads needed to be considered. Regarding capacity, the power from Sweetheart

Lake Hydro would be in production late 2017. They planned on going to construction late next year. Kensington took 70,000 megawatts. Greens Creek was interrupted 25-30% of the time, and they required 17,500 – 22,500 megawatts annually, which was larger than the demand from Haines or Skagway. Future cruise ships were estimated to need 10,000 megawatt hours. Princess was using 6,000. There was not a capacity problem. His company was trying to provide low cost power and if an interruptible customer was burning diesel, they could sell them hydro. Any money AEL&P made on Juneau hydropower had to be put towards lowering rates as they had a 12.88% return on an equity and the figures were set by the Regulatory Commission of Alaska. They would use capacity and lines that currently exist and the fees for sending power through those lines to reduce the rates as well. He spoke about the benefits of reducing greenhouse gases through electrification. We wanted to sell the electrical capacity that they would have in the near future, and they saw the dock electrification as one customer. He said their project had financing set, and the Federal Energy Regulatory Commission had issued a timeline. They planned on mobilizing as soon as they got the notice to proceed in Spring 2016 and late in 2017 or the first quarter of 2018 would be the latest projected power dates.

Mr. Dow said as long as they had ships equipped with shore power they would utilize those ships in locations where shore power was available. There was a tremendous churn of ships coming to Alaska and predicting which ships would be docking in 2017 based on 2015 would not provide an accurate outcome. All of Holland America's connections were starboard side, however, looking at the dock designs, all of the connections for any ship, port or starboard, would not be on the floating dock. The consultant was talking about putting a jib or a system for festooning on a dock, and that was not going to happen with these docks and they would all be out where the cat walks are, because all of these connections were aft of the mid-ship. These ships were all retrofitting because they weren't designed for shore power. The connections were not all the same on all the ships, and having the flexibility to address different ship configurations made it very complicated. You would want to have someplace to screw in the lightbulb before you show up with the lightbulb in hand, so you want to make sure the power is actually there to supply it if you go forward with it. There must be assurance that reliable shore power would be available.

Mr. McLeod said one of the reasons for the low rates was that some of the hydro projects were very old – Snettisham put out power at \$.04 / kw, but if built today that power would cost \$.20 / kw. Hydro was not always cheaper than diesel. Cruise ships bought their energy in bulk and the cruise ships could also create their own power.

Mr. Kiehl asked what the cost of power was when generating it on board. Mr. Dow said that fuel prices changed but currently it was \$.15 - .18 / kw when using cheaper fuel.

Mr. Mitchell said that when economies of scale were met, the incremental costs do not go up and when looking at the summer, the cruise ships were the perfect balance for using excess power rather than spilling power. It was clear that when renewable energy displaced diesel it had a downward effect on prices.

Ms. Becker thanked everyone for the thorough information.

c. Utility Advisory Board Annual Report

Scott Willis, the Chair of the Utility Advisory Board, advised the Assembly regarding the water and wastewater utilities. He presented the annual report. Five of the seven members had been with the board for the full ten years the board was in effect. Grant Ritter was also present at the meeting and was a board member. For the first part of the year virtually all of the board's attention was on the rate study. He thanked the Assembly for its support and assuring the utilities financial stability. Currently the board was looking at addressing biosolids. Shipping biosolids is precarious due to shipping and the receiving. They are meeting frequently to investigate

alternatives and hoped to provide a recommendation to the Assembly by the end of the year. The board has also had briefings on the rehabilitation of the Last Chance Basin Well Field, the Salmon Creek Filtration installation and the reorganization of the Water and Wastewater Divisions and the combining of Engineering and Public Works.

Ms. Troll asked about any future attempt to look at the utility rates based on usage. Mr. Willis said that would be discussed, it is referred to as the “cost of service,” but that was a future issue.

Mr. Kiehl asked about the headworks at the sewage treatment. Mr. Willis said they have not taken up that issue. Mr. Watt said there were two projects in the CIP for headworks at both the JD and Mendenhall plants. The Mendenhall project would proceed fairly straightforwardly, and there would be policy decisions at the JD plant revolving planning for cruise ship wastes (capacity). Industry would be consulted on its needs and the topic would return to the Assembly. There could potentially be a cost sharing project.

Mayor Sanford said he believed the conclusion in the report was untrue, which stated that due to the CBJ not raising utility rates, the infrastructure maintenance was deprioritized and CBJ fell behind in the ability to perform necessary repairs and upgrades. He said CBJ had provided CIP money, state loan dollars, state grant dollars to work with the utilities and keep them up to par. He could not think of a project to which the Assembly had said no. If sewer and water projects were not completed in that timeline it was because staff did not bring them forward because everything that was brought forward was funded and not only taken care of but also expanded within the service areas.

d. Parks and Recreation Department Update

Kirk Duncan gave a special thanks to Mr. Kiehl, Ms. Gladziszewski, and Mr. Nankervis for dunk tanking at the Rotary Day at Dimond Park Aquatic Center.

One of the goals of P&R was to increase participation in the facilities, to increase revenue and cost recovery. P&R planned to make residents more aware of services. P&R was buying a new point of sale program to capture user data for increasing participation. P&R would enhance youth programs and had been asked to take over the after school program. P&R would hold a fair for the summer programs for youth in May and from this could determine where there were holes in the offerings and fill those. P&R was considering filling the need for providing summer employment to youth through a trail maintenance program similar to one in Anchorage. SAGA no longer offered this program.

P&R was taking more of a business approach to programs. P&R would work on creating demand for programs vs just filling demand, and was also working on asset management.

P&R was working on getting user feedback and did an interim project with McDowell so people could go online and rate the facilities. P&R will keep monitoring that and as programs change, would note the response to those changes.

P&R staff would be working with PRAC, Aquatics Board, and Treadwell Advisory Board to establish rates and cost recovery goals. The Eagle Valley Center, formerly managed by SAGA, located near Amalga Harbor, was now under the auspices of Parks and Recreation Department and P&R would be looking at opportunities for that facility. He spoke about Health and Wellness guiding principals.

Mayor Sanford asked if there were ideas for use of the Eagle Valley Center. Mr. Duncan said there was a high demand for the “ropes” course and summer camps could be run out of that facility. He hoped to work with the school district for cross country skiing and snowshoeing.

Ms. Troll acknowledged the tremendous amount of change that the Parks and Recreation department was facing and she complimented Mr. Duncan and his staff.

Mr. Duncan said they just held the first Aquatics Board meeting and the shared goal was increased participation.

e. Effect of Waterfront Industrial to Industrial Rezone Request on Proposed Marina Development.

Beth McKibben and Teri Camery said they were available to answer questions. Ms. McKibben said that public works submitted an application to rezone property on the rock dump from waterfront industrial to industrial, which went to the Planning Commission. The PC denied the request and the decision was protested by Engineering and Public Works. It is the Assembly's decision whether to bring forward an ordinance to accomplish the rezone, and at the last meeting at which this was considered, the Assembly requested more information, and staff prepared a memo in the packet in an attempt to answer those questions.

Ms. Troll summarized the Assembly wanted to understand what effect the proposal would have on Mr. Lockwood's proposed development, staff responded that the rezone would have negligible effects on his proposal, and she asked when the matter could return to the Assembly.

Ms. McKibben said the Assembly could ignore the request or the Assembly could make findings that would create such an ordinance to support a rezone. The Department could reapply in 12 months for another similar zone change.

Mr. Steedle said that the original rezone request was for the entire strip of land along the waterfront and the portion of unused property on the JD Treatment Plant site and there was a suggestion in the memo from Ms. Camery to modify the request to rezone just the portion that fronts the treatment plant. Mr. Uchytel did not support the entire rezone because he felt that would limit Docks and Harbors ability to manage that area, but did support the modified zone request. Ms. McKibben said that as an extension of an existing code, the requirement that a rezoned property be 2 acres or more was not applicable. She said the Assembly had the authority to make findings for staff to include in an ordinance and direct that ordinance to be introduced and publicly heard.

There was discussion about the need for better communication between city departments on projects of mutual interest, like this one. Mayor Sanford wanted Engineering and Public Works, Docks and Harbors and CDD to be on the same page.

Mr. Watt said that discoordination stems from a less than perfect lease document. He reviewed packet materials to explain the lease area and the location of the sewage treatment plant. Mr. Watt said staff has asked for a survey of the leased area and we have not been provided with that information. A condition of the lease was to provide that document and it has not been surveyed since the 1960's.

Mr. Lockwood said the survey was on file and had been provided. Mr. Uchytel said that what is referenced is a memo from former Engineering and Public Works Director Joe Buck outlining that the sewage treatment plant encompassed a 150' perimeter around the plant and included the snow storage area. Mr. Uchytel said that he did not believe that was sufficient for description.

Mr. Lockwood said the survey was done in 1967 when the tidelands were given to the city. That was the lease area, with the exception of the area of the sewer plant as defined by Mr. Buck.

Ms. Troll said the question before the Assembly was whether to make a zone change for snow storage and other industrial uses. The proposal now was to consider a rezone for a portion of the property to become industrially zoned. She asked if there was alignment between the city departments.

Mr. Uchtyl said Docks and Harbors felt it was in the best interest to not limit the ability to use tidelands areas for waterfront uses in the future. He thought the discussion was regarding the incinerator, not for parking equipment. He said he needed to think about this more.

***MOTION**, by Mayor Sanford, to return this rezone request to the Planning Commission, with the intention that this request be reviewed with the Docks and Harbors Department and the Engineering and Public Works Department, and returned to the Assembly. Hearing no objection, it was so ordered.*

Mr. Kiehl said he would like to understand the disposition of the lease before the Assembly took action on this issue. Mayor Sanford said he would like to have the issues regarding Mr. Lockwood's project figured out before October when the lease ends. Ms. Kiefer said Mr. Uchtyl has sent a letter to Mr. Lockwood outlining the need for a survey area specific to his project, not just the overall tidelands survey. Mayor Sanford urged for clarity in communications between all of the parties. Mr. Nankervis recommended that the Law Department and Docks and Harbors meet to determine whether or not the lease was valid. Mr. Uchtyl said that had been done, and there was disagreement still by Mr. Lockwood that a survey was specifically required by the lease beyond the 1960's tideland survey.

V. COMMITTEE MEMBER COMMENTS AND QUESTIONS

Mr. Kiehl said he had been approached by a number of members in the community to request an ordinance in response to the concerns about equal rights in response to the Supreme Court decision on marriage. Equal rights in the community was more inclusive than just the reference in ordinance to CBJ employment, and there was an interest in protecting rights within the community from private employers and housing. He asked for permission to work with the Law Department to draft a revised ordinance on non-discrimination, similar to a bill worked on by Representative Cathy Munoz. Hearing no objections, Mayor Sanford asked Ms. Kiefer to determine the workload of the Law Department.

VI. ADJOURNMENT - 9:00 p.m.

Submitted by Laurie Sica, Municipal Clerk