

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES
For Thursday, March 25th, 2021

Zoom Meeting

I. Call to Order - Mr. Etheridge called the Regular Board meeting to order at 5:00 pm via zoom meeting.

II. Roll - The following members were present via zoom or in person: Lacey Derr, Chris Dimond, James Houck (arrived at 5:02pm), Mark Ridgway, David Larkin, Annette Smith, Bob Wostmann, James Becker and Don Etheridge.

Also present: Carl Uchtyl – Port Director, Erich Schaal – Port Engineer, and Teena Larson – Administrative Officer.

III. Approval of Agenda

The agenda was approved as presented.

IV. Approval of February 25th, 2021 Board minutes

Hearing no objection, the February 25th Board minutes were approved as presented.

V. Public Participation on Non-Agenda Items

Rick Turner, Aurora Harbor

Mr. Turner said he is here to talk about the heightened avalanche risk. He asked at what level of risk are the Harbors evacuated? He said looking into the risk study's that have been completed in 2011 it seems there is some risk to Aurora Harbor from a large historic avalanche which is the conditions we are currently having. He suggested to have an assessment of potential risk to the harbor for the patrons and the live-aboards that could be affected by a historic avalanche. When there is extreme hazard like a few weeks ago, he would like to have the harbor evacuated if it is necessary.

VI. Consent Agenda – None

VII. New Business

1. Proposed Fee for Services Increases – 05 CBJAC 20.050 Residential Surcharge

Mr. Uchtyl said after the last Wednesday's Operations/Planning Committee meeting, staff sent out an email to every known live-aboard by either email or regular mail trying to get the word out that the residential surcharge increase was being discussed at the Board Meeting tonight. The Docks & Harbors Board, as an empowered Board, has the charge to operate the Docks & Harbors enterprise, which requires a public process. The Board could direct staff tonight to advertise for 21 days and then hold another public hearing at a future Docks & Harbors Board Meeting of the proposed changes. At that public hearing, the Board would discuss the potential changes. If the board approved the changes, they are sent to the Assembly for approval.

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Mr. Uchytel showed a presentation that was provided to the last Operations/Planning Committee. He said this was presented with the guidance that any new expenditures for the Docks & Harbors enterprises needs to be done with the expectation of raising revenues. Staff was asked what opportunities there were for increases in revenue to ensure we remain a profitable enterprise. Docks & Harbors has been challenged with COVID and the loss of revenue from the lack of cruise ships. The background is there is a need to look at potential revenue increases. He continued with showing slides on the potential fee increases;

- Resident Surcharge/Live-aboard fee
 - \$69/vessel per month
 - >3 days per month results in surcharge
 - \$23/month extra per person over 4 individuals
- Since 2017, everyone registered as a Live-aboard must have a Marine Sanitation Device approved by the Coast Guard.

The history of the fee from 1986 to 2001 was \$20.00. Starting fiscal year 2001, it went up to \$36.74. That is when the harbor was transferred from the State to the local Municipality of Juneau and at that time, there was no more financial support from the State DOT. This meant it was incumbent upon Docks & Harbors to raise revenue necessary to meet the demands in the Harbors. There was another increase in FY06 to \$45.00, FY07 to \$57.00, and FY08 to \$69.00, which is where that rate is currently.

Adjusting the \$69 rate for inflation that would be \$87.12 today. Previous minutes showed they were proposing to continue to raise this fee in FY09 to \$81.00 and FY10 to \$93.73 but that was unclear if it did not make it through the Board or the Assembly.

Mr. Uchytel said the \$69.00 fee pays for potable water (home residential pay \$140/mo for water and sewer. Most of Alaska Live-aboards are concentrated in Southeast. When we rebuild our harbors, we are building so there is water for year around use, which is a higher cost in our design and construction. Another part of the \$69 fee is the trash disposal (home residential pays \$35/month). There is recycling available seasonally as well as oil and hazardous waste disposal. There is access to sewer pump out or cart provided by harbor staff. Again, with reviewing some of the previous minutes with these type discussions, there was talk about raising the fees by \$200 to provide a pump out and access to sewer. Harbors has spent money to recommission the bathrooms at Harris and we have bathrooms at Statter Harbor. Staff provides snow removal on floats and parking lots, which is primarily for the Live-aboard community. Harbors provides floats and parking lot lighting, and access to on-call harbor officer daily from 8 am to 4:30 pm as well as access to emergency harbor needs after normal hours.

Mr. Uchytel said in FY19 Harbors collected \$117,507, and FY 20 \$114,884 in resident surcharge, which averages about 140 Live-aboard vessels in four harbors. There are a total of 727 slips (180 Statter + 547 Downtown). This means 20% of all moored vessels are live-aboards for harbors. There are more Live-aboards than individuals that live in 15 Southeast communities. He said he looked into other Alaska communities Live-aboard policies.

- Haines - Only allows live-aboards from April to October 15 and their fee is \$75 per month.

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- Homer - Does not allow live-aboards for more than three months in one year. There is no charge.
- Cordova, Whittier, and Seward - Allow live-aboards year round with no charge.
- Skagway - Discourages live-aboards as a permanent place of residence and their fee is \$60.84 per month.
- Sitka - Allows live-aboard year round and charge \$166.57 per month.

Mr. Uchytel went over the recent improvements to the Harbors.

- Recommissioning Harris Bathroom (2018) - \$150K
- Pump out Facilities
 - Douglas sewage tank with portable pump (2018) - \$25K
 - Aurora Phase I winterized and portable pump (2014) - \$165K
 - Winterized pump out Harris Harbor(est May 2021) - \$45K
 - Winterized pump out Statter Harbor (Phase IIIB) - \$160K
- All new harbor projects include winterized potable water
- Security Cameras added to approach docks at Harris, Aurora & Douglas Harbors (2021) - \$15K

Mr. Uchytel showed a slide of impounded vessels since July of 2019 and charges associated with the impounds. There were 14 of the 18 impounded vessels that were live-aboards costing the Harbor enterprise \$88,000.

Mr. Uchytel showed a slide on snow removal since 2018, which is \$240K with personnel and equipment expense. This equates to \$80K annually for the last three years. The snow removal effort also includes the launch ramps but the Harbors has snow removal priority over the launch ramps.

He said looking at the FY21 Harbor revenues so far, we are tracking down for the first five months.

Mr. Uchytel said the recommendations are any new reoccurring expenditures must be balanced with an appropriate increase in fees. He said in the February meeting, the Board voted to accept the Anchorage CPI of -1.1%, which lowered the moorage rates for the upcoming FY22 season. As a result of this, starting July 1st, 2021 the fees will decrease. He said as part of the public process, staff recognizes that cost makers should be cost payers in fees for service enterprises that Docks & Harbors manages. Staff is recommending a resident surcharge increase of \$69 per month, which is still, less than the resident surcharge in Sitka. Other recommended fee increases are the reservation charge fee and the vessel salvage & disposal fee.

Board Questions

Mr. Ridgway commented he did research for other harbor live-aboard fees and he found some harbors do a sliding scale based upon the tank size. He said looking at this proposed fee increase, are there some classification of live-aboards that you can say take more resources than others? Would the size or type of the vessel take more resources?

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Mr. Uchytel said we have not talked about a graduated scale by type of vessel. It goes back to the fairness issue of just treating a live-aboard a live-aboard and they are all treated equally. This could be looked at.

Ms. Derr asked if our harbors are on a flat rate or metered water.

Mr. Uchytel said metered water.

Ms. Derr asked if he has noticed that as the live-aboards increase so has our water bill?

Mr. Uchytel said logically the answer is yes but he does not have that in front of him.

Mr. Wostmann said some of the harbors that he knows of that allows live-aboards in the winter disconnect the water during the winter months. He asked if he knew what the difference in operational expense for the year round water that requires heat tape and the only summer use water?

Mr. Uchytel asked Mr. Schaal for the additional expense in the design for the harbors year round water use. Having live-aboards there is the additional need for winterized water pedestals. Having the water on year round there are leaks/frozen pipes and the need to get divers to repair them, which is to support the live-aboard community. If we did not have live-aboards, we could have a single loading zone area that would have one spicket for water.

Mr. Schaal said it comes down to the level of service the Board wants to provide for the harbors. If there was a loading zone that was seasonal, there would be reduced cost because the water would not be ran throughout the facility. In regards to harbor design, staff has tried to make it as basic as possible to prevent freeze up in the winter so the water lines are ran through the seawater where 99% of the year it is above freezing and we apply heat trace tape inside the water pedestal that protects against freezing temperatures. He estimates having year round water adds twice the expense to having water with the complexity to having the water lines in the water.

Mr. Ridgway asked in terms of having various moorage rates for the different facilities, did staff consider different live-aboard rates for the different harbors.

Mr. Uchytel said no, historically all live-aboards have been treated the same.

Mr. Ridgway said this is a doubling of a rate; does staff have recommendations of how to avoid doubling the rate in the future so there is a consistent managed increase over time?

Mr. Uchytel said no one ever wants rates increased. When the Board elected to put a CPI adjustment on the Harbor rates, they thought their work was done, but that is not meeting the needs of the Harbor. There has to be times when new fees need to be implemented or the operational needs will fall behind. There is a need now and the fees need to be addressed now. It is the Boards decision to raise or not raise rates. It is the staff's responsibility to let the Board know of the operational needs with the current revenue stream.

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Mr. Etheridge said he was on the Board previously when all the rates were reviewed when the harbors were struggling financially. He said they met for almost a year to put together a package for fee increases. The same thing happened then as now with waiting too long trying to keep up with our costs and we were losing ground. So instead of doing the gradual increase, we had to do the large increase. It was known by the Board at that time just doing the CPI was not enough, and the Board was going to review rates more often, but this has not happened like they thought. The fee review needs to be completed on a regular basis.

Ms. Smith suggested tying this fee to the automatic Anchorage CPI with a review every five years.

Mr. Uchytel said five years ago, when these fees were reviewed, the Board decided not to act on the resident surcharge fee. They can always be reviewed but it is up to the Board to act on the fee increase.

Mr. Ridgway suggested to have staff recommend a fee to review every year with a presentation with costs associated.

Mr. Uchytel said staff could establish a process to look at rates on an annual basis.

Mr. Dimond asked if this rate would take effect immediately or phased in over a couple of months.

Mr. Uchytel said staff made a recommendation for this increase. It is in the discretion of the Board to use another number, phase in over several months or years, and to make sure the increase is fair and reasonable.

Mr. Dimond asked if there is any indication on how the Assembly will act on this fee increase?

Mr. Uchytel said when regulation changes are brought before the Assembly they do one of four things;

1. Not to take up the consideration of the regulation by moving the regulation by orders of the day. (In this case, the Assembly says the recommendation moves forward)
2. The Assembly could discuss the regulation and move to adopt the regulation. (In this case, the Assembly can discuss the regulation, have more public input and can adopt the regulation)
3. The Assembly can discuss the regulation and direct the City Manager to consider review of the regulation.
4. The Assembly can direct CBJ Law to prepare an ordinance or resolution for consideration with the changes. (In this case, they can approve what the Board wants or send it back to the City Manager for changes.

Mr. Dimond asked if Mr. Uchytel had an indication of how the Assembly would react to this fee increase?

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Mr. Uchytel said Docks & Harbors has not received any general funds from the City since he has been Port Director for the last ten years. As an empowered Board, the Board has deference to make appropriate revenue type decisions and he hopes the Assembly would concur with the wisdom of this body and respect the Board's recommendation for this fee increase.

Mr. Etheridge said when the previous Board recommended fee increases in the past, the Assembly did not reject the changes but did a public hearing and moved forward with the Board suggestions knowing that Docks & Harbors had to make it on their own paying for operations from the fees.

Ms. Alicia Hughes-Skandijs, Assembly Member

Ms. Hughes-Skandijs said in response to Mr. Dimond, in her opinion, cases where the Assembly might get involved could be when they feel the public process has not been vetted out and the Board did not give a full consideration to how it fits into the other financial decisions. In general, the Assembly has a good track record of not trying to second guess the empowered Boards except when there was an error in public process.

Mr. Larkin asked with not raising the fees in quite some time, and our expenses increasing with the delta growing, is there a potential for removing some of the services if the Board does not increase the rates?

Mr. Uchytel said if Docks & Harbors does not maintain a revenue stream that exceeds our expenditures, there would be the need for discussion on loss of services.

Public Comment-

Eric Antrim, Juneau Alaska

Mr. Antrim said he has been a single live-aboard in Harris Harbor for the last four years and pays \$69 per month. He does not see any services that he receives that any other harbor patron does not also receive. If the overall harbor expense is exceeding the revenues, the cost should be spread out for all harbor patrons. All harbor patrons pay fees based on the size of the vessel, those fees could be indexed to overall harbor costs. He estimates his water usage to 700 gallons per month. He said he has two bags of garbage per week. He said \$69 a month is far more than what it costs the harbor to purchase these services for him. He said he believes his non live-aboard neighbors use as much water and garbage as he does. The harbors requires insurance in case of the need to impound vessels, whether they are live-aboards or not. There is a fob on the Harris Bathroom that costs could be portioned to users of that facility. The showers in Harris are coin operated and not a good deal compared to the gym membership he uses for his showers. He said as a live-aboard he provides a neighborhood watch, he does snow removal, and picks up litter around his neighborhood. He said one year he even saved a life by pulling a harbor patron from the water. There are no escape ladders in Harris Harbor. Other harbors offer live-aboard services that are not offered in Juneau. He said in general, live-aboards do not receive any services that are not offered to all harbor patrons. His opinion is that Juneau is trying to discourage live-aboards with raising live-aboard fees and this has nothing to do with providing a service. He would like to see the

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live-aboard costs and how these fees are related to the costs showing if they are too much or not enough.

Mr. David Thomas, Juneau, AK

Mr. Thomas said he is a live-aboard in Aurora. He said he understands things cost money and the live-aboard services need to be paid for. During COVID is an odd time to double the live-aboard fee. He received money to help with his fees from the City and now the City is doubling his fees and will get the money back. He recommended to graduate this fee out over the years to try to recoup from COVID. He asked if the City was going to get CARES ACT funding for the loss of revenue from the cruise ships?

Mr. Erik Wiseman, Juneau, AK

Mr. Wiseman said he is a live-aboard in Douglas. He said he has a high praise for the Harbors in general and personnel. He said he disagrees with the live-aboard fee increase. He said he agrees with the cost makers should be cost payers. He asked the question years ago, why does one live-aboard pay the same as four live-aboards. This would be four times the sewer/water fees, and garbage fees. He said however these fees are increased, he suggested to prorate the fee based on how many people are on the boat. He said the presentation by Mr. Uchytel was compared to people living on land with the water/sewer and garbage fees but the people on land have a constant sewer/water hook up and he feels that is not an equal comparison. He asked if there was a spreadsheet that would show how staff came up with the recommended fee and the associated expense.

Mr. Rick Turner, Juneau, AK

Mr. Turner said he has been a live-aboard in Aurora Harbor since 2003. He said over this time he has noticed an increase in the quality of the harbor and staff. He said he understands costs increase overtime. If this increase is due to inflation, it is understandable but doubling the rate is a bit of a stretch. He plugged the \$69 fee in the CPI calculator since 2004 and it would be \$96 today. If going with that, the doubling of this rate is excessive. He said in the presentation it was noted that a lot of the harbor was constructed for the year round live-aboards with trash, pump outs, and water. As others pointed out, live-aboards do not have exclusive use to these amenities but enjoyed by all harbor patrons that wish to use them. Removal of the snow benefits all because all boat owners need to be able to access their boats to remove snow. He said if the principle is if there are cost makers that there should be fees to cover those costs it would seem it would not only be live-aboards paying for these services but spread out over the entire harbor. He said he has a 65-gallon water tank that he fills once a week, and about one and ½ bags of garbage per week. He is wondering if the loss of revenue is a temporary thing due to the loss of traffic due to COVID, and having half of Aurora Harbor dismantled and not available to generate revenue. If the revenue increases again, will the live-aboard fee decrease or will this only be discussed when it needs to increase. The harbors should recognize they are receiving a valuable service with round the clock presence in the harbor, especially at night when there are no other harbor staff around. He has called the police before when it was necessary.

Mr. Jim Penor, Juneau, AK

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Mr. Penor said he has been a live-aboard in Aurora Harbor for four years. He also would like to commend the harbor staff for how well they do things and their quick response. He said he understands being an enterprise fund you need to pay for your operations, but in regards to the derelict boats, does the harbor go after the owner of the boats for financial retribution and disposal of the boats? He also questioned how the fisheries boats are charged because he said he knows they clean out the holding tanks in the hull of their boats, so after a fishing opening, they come in and run hoses to their tanks that run all night. He said it is just him and his wife; he fills his 200-gallon water tank once a week, which is far less than a house. He is very dissatisfied with seeing people and truckloads of garbage that gets dumped in the harbor dumpster that does not have a boat in the harbor. Catching people that do that could help save on costs.

Mr. Russell Peterson, Juneau, AK

Mr. Peterson said he has a message from five people in Auke Bay that called him just before the meeting with their concerns and they did not have internet access. This goes to the access to the public process. They did give me their names and their concerns that I could do as a separate issue from his own five minutes.

Mr. Etheridge said that Mr. Peterson has five minutes and the people Mr. Peterson is referencing can write a letter to the Board.

Mr. Peterson said he has been a live-aboard in Aurora Harbor since 1986. He said he uses one to two bags of trash maybe every week or more like four bags in a month. He uses 500 gallons of water per month and no sewer because he has a sewage treatment system so he does not need a pump out. The only services he uses is the water and trash. He said Arrow Refuse quoted him it would be five dollar per person annually for their bag of trash for their fee but he said he has not received the quote back from them. He said he likes the words, equal, fair, and reasonable. He likes spreading the water fees across for all harbor users is equal. He said he knows fishermen use a lot of water but no one has gotten into the details. Having a survey of water use would be a good thing but that is relying on people's honesty. He said there is no live-aboard representation on the Board for the live-aboard group that pays \$117,000 annually. He said that is half your salary. He said with the proposed increase that will be almost \$250,000 for water and trash and charter operators do not pay anything toward that. Some people in Auke Bay say they see charter operators unload seven or eight bags of trash a day. The fishermen come in and use a lot of water washing their equipment and they also contribute to the dumpster. He said then there is also the illegal dumpster use. No one has completed a fair and accurate study of who uses what and how much to spread it across the board. If this was spread out equally, live-aboard fees could be dropped to \$50 and still have more money collecting a little from each of the other user groups. There is representation on the Board for the recreational use, fishermen, and charter operators but the live-aboards that pay \$117,000 annually have zero representation on the Board. He said, in regards to the public process, there are people still driving home at this time. Are people supposed to use leave time to attend a meeting at 5:00 pm in the afternoon. The live-aboards trust the Port Director to make the right recommendation to the Board and that is what he is being paid for so we do not all have to attend like this. We are all already contributing our own personnel time and we pay these other people.

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Mr. Etheridge told Mr. Peterson his five minutes was up for public comment.

Mr. Etheridge said one statement on this topic is fishermen pay three percent of their catch.

Mr. Peterson said that was an unrelated tax.

Mr. Etheridge said fishermen pay three percent extra to the harbor system. Charter Operators pay per seat and per passenger extra.

Mr. Tracy Rosson, Juneau, AK

Mr. Rosson said he is a live-aboard in Aurora Harbor. He agrees that the live-aboards do not receive any representation on the Board and we do not receive any services exclusively for the live-aboard community. He said he sent a letter to the Board when he first heard of the proposed fee increase but he has not received any comments that his letter was even received.

Mr. Dennis Watson, Juneau, AK

Mr. Watson said he owns a four-bedroom home in Juneau and pays the same as a family with four kids, grandma and grandpa all living in the same house. The only people that pay the fluctuating rate are the commercial users. He said he advocated for water meters for all the boats but the City was opposed to doing that. What got us in this predicament was from quite some time ago, the CPI was not applied uniformly and harbors does not have the fair market lease rates. Cruise ships pay, but their water rates have not gone up for several years. Reviewing fees annually is all well and good but when the special interest groups show up and they make their argument and the Board backs down we are going to end up in the same predicament. What is fair is fair for all and not just the ones that make the loudest noise.

Mr. Matt Leither, Juneau, AK

Mr. Leither has been a live-aboard in Statter Harbor for nine months. He said it is hard to make an assessment on the use of resources when the water is not metered and not a fee per bag of garbage, it is hard to say who is using what. Assuming the live-aboards are using a significant portion of the resources is a difficult assumption for him to accept at face value. He referenced Sitka from Mr. Uchytel's presentation that pay live-aboard fees. He called the Sitka Harbor yesterday and that is not a live-aboard fee but Sitka's rate is the minimum a small house would pay for utilities. He said Sitka should not be in our conversations. He said there is no winter pump out in Statter Harbor currently, he has to haul his water, summertime he is unable to get a parking space for his car and there was also a time when he could not get in the harbor during a storm and his boat got bashed on the side. If the live-aboard fees are not covering those things, it is frustrating that the Board is considering increasing or doubling it. He looked at live-aboard fees as a homeowner's association, and he is happy to pay that with services, but he said he wants to see how we compare to other harbors. He said he did a ratio of live-aboard fees versus moorage fees to see how Juneau compares to other harbors. Based on a 35' boat, if someone is paying \$1,000 in moorage, Statter is at 30%, Ketchikan outside the City is at 33%, Ketchikan inside the City is at 39%, Petersburg is at 49%, and Juneau Downtown is at 49%. The proposed fee increase will put Statter at 60% and Juneau Downtown at 98%,

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which is almost double of all other harbors in Alaska. Sitka is at 150% but this should not be in the comparisons and Craig is at 116%. With the proposed fees, Juneau is ahead of what everyone else is paying in live-aboard versus moorage fees.

Board Discussion/Action –

Mr. Ridgway commented on “if we do not increase our rates, services will be cut back”. He heard from the live-aboards that there is not a direct service that only affects the live-aboards. If a service is cut back, it is not separable from everyone else’s services. He also heard from live-aboards on the improvements in the harbors over the years and the great staff. Other things figured into these fees are the capital improvement and operation costs. This fee has not being raised since 2008.

Mr. Houck wanted to point out that the live-aboards say they do not receive any additional services than everyone else in the harbor. He looked up a fee to go to a campground, that is \$10 per night, and that does not come with electricity or anything but having a facility to use the restroom. Comparatively, one would have to have their own RV or tent and they still have to pay the \$10 per night fee. Paying this fee would double what the live-aboard fee is.

Ms. Smith said 100% increase is a large increase and pretty hard to take. We got into this situation because we have not increased the rates since 2008. She asked to make an amendment to what is on the table.

Mr. Etheridge said there is nothing on the table at this time.

Ms. Derr said she did receive public correspondence and she is listening. This is not an easy task for what we are addressing on a fiscal level. We are looking at a huge deficit. As a homeowner, she said her water bill has increased over the last 13 years and she cannot control what they charge her. She said she pays the same rate as a family of six or ten. With the increase in cost of living, so has the services increased. If the request is not to hit the live-aboards with a fee increase, then cutting back services would be the way to counteract that. It might be to shut off water in the winter. With the thought of splitting the garbage service, a can is \$30 per month and if you want a bigger can, it is more. Working on fair and equitable she would recommend cutting services in the winter because that is what the costs equate to currently.

Mr. Ridgway commented permanent parking for live-aboards is a benefit for live-aboards. He said when he goes to check on his boat he has a hard time finding parking and all the same vehicles are in the parking spaces. There is not the granularity in our enterprise to separate charges to fees but the Board recognizes there is a revenue shortfall that needs to be addressed.

Mr. Becker commented that he heard the live-aboards comment that they did not want the fee raised because they did not have much garbage, or other expenses in the harbors. There was talk about metering water. He said the homes in Juneau have a flat rate. The water and sewer rates have increased and the sewer increase was due to the need for the rebuilding of the sewer system. He said he believes the people in the harbors have a good

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deal. He commented that the water he uses to wash down his nets and boat, and he is a commercial fisherman, is from his own salt-water pump system. He only uses the City water when he wants to fill up his water tank. He said the increase in this fee is long overdue. It is hard to double a fee but this is something the Board has to do.

Mr. Wostmann commented on one of the live-aboards public input on CPI. If you were to apply the CPI for current day, the fee would be at \$96 per month. This is almost half of the proposed increase. If the CPI was followed over the years, we are really only looking at an additional \$45 increase a month. He said looking at the increase in services and the improvements in the facilities, the increase in rates for the homeowners in town for sewer/water and City services, this easily justifies the rate that is being contemplated. There are other points for discussion, like the cost per person, but overall there is justification for the rate being considered.

Mr. Ridgway commented on previous discussion on phasing this fee. He said he would be in favor of a delay for implementing the proposed increase and add a date in the motion when the fee would go into effect.

MOTION By MR. DIMOND: TO DIRECT STAFF TO COMMENCE THE REQUIRED PUBLIC NOTICE PERIOD FOR A PUBLIC HEARING TO INCREASE THE RESIDENCE SURCHARGE (05 CBJAC 20.050) BY \$69 PER MONTH.

AMENDMENT TO THE MOTION By MS. SMITH: TO ADD AN AUTOMATIC RATE INCREASE/DECREASE BASED ON THE COST OF LIVING (ANCHORAGE CPI) WITH A REQUIRED REVIEW EVERY FIVE YEARS.

Mr. Wostmann said he supports this amendment.

No objection to the amendment of the motion

AMENDMENT TO THE ORIGINAL MOTION By MR. RIDGWAY: MOVE TO SAY THE RATE INCREASE WILL NOT TAKE PLACE PRIOR TO AUGUST 1ST 2021.

Ms. Smith asked if August 1st would allow enough time to get this change through the public process and the Assembly?

Mr. Uchytel said it should.

No objection to the second amendment of the motion

No objection to the original motion.

2. Proposed Fee for Services Increases – 05 CBJAC 15.030 Dockage Charges

Mr. Uchytel said this fee is for the reservation charge policy for the summer season. In the need to find additional revenue for this next fiscal year as soon as possible, staff suggested to review this fee, which is a charge for vessels greater than 65' on the IVF, PFO, ICT and Statter Harbor Breakwater. This fee is linked to the Dockage charge, which includes the cruise ship docks. Currently this fee is;

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- \$1.50 per foot for vessels less than 65' in length overall
- \$2.50 per foot for vessels with a length overall from 65' up to 200'
- \$3.00 per foot for vessels greater than 200'

Mr. Uchytel said doubling this fee for just the vessels up to 200' could provide \$165K annually to the Harbors Enterprise. This will also affect the cruise ships that come to the Alaska Steamship dock or the Cruise Terminal dock. There are two fees that are assessed to the cruise ships for docking on our docks. There is the Dockage charge that is for the length of the ship and the port maintenance fee, which is based on tonnage. If the Board wants to increase this fee, it only affects the fee for the length of the vessel and will not increase the port maintenance fee. The average dock fees collected for FY19 & FY20 was \$672,756. The average port maintenance fee for FY19 & FY20 was \$680,945. How this will affect the cruise industry is currently they pay \$13 per arriving passenger and the head tax collected in CY18 & CY19 on the AS/CT docks is \$6,760,000. Docks Enterprise receives approximately 25% of our annual operating needs funded by marine passenger fees. Currently the total cost to moor at the AS/CT dock is \$8.1M. With this proposed \$3/foot increase of Dock fees, making it \$6/foot, the cost to Industry for mooring at the AS/CT docks would be \$8.7M with the real operating cost increase of 8.3% to Industry. Does the Board want staff to commence the public process for this increase?

Board Questions

Mr. Wostmann asked to compare the new proposed rates to the private docks.

Mr. Uchytel said the rates at the private docks are proprietary and he does not have that information.

Ms. Smith asked given that there is no cruise ship season this year, and we will only see the smaller ships, how much additional revenue is estimated with this proposed fee increase.

Mr. Uchytel said there is also a paragraph in this regulation that says the Board has the authority to provide promotional rates after a public hearing. An option for the Board for the cruise ship may be that the rate does not change until next year. Staff knows we are going to have yachts coming to Juneau and this is really the targeted user groups for this fee increase this year.

Ms. Smith said she knows the yachts have a lot of garbage and this increase should move forward.

Mr. Ridgway commented on item two in Mr. Uchytel's March 17th memo, which stated that the Board would prefer not to raise rates broadly across the harbor patrons to meet new fiscal year requirements. He asked if Mr. Uchytel has discussed this further with the Board Chair to ensure that direction is accurate.

Mr. Uchytel said he has not had that discussion with the Board Chair. He said staff interprets the decision to reduce the moorage rates throughout the harbors as a decision that the Board was not interested in raising rates throughout the harbors for our harbor patrons that have moorage.

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Mr. Ridgway asked if that decision by the Board could also be interpreted, as there was a rule in place to follow the CPI. He said now, broadly speaking, our financial outlook has changed. Is there an opportunity to reassess that? There was a rule in place, the Board followed the rule in place, but now our financial outlook is changing.

Mr. Uchytel said Docks & Harbors staff takes direction from the Board and as a Board, we knew in February there was going to be new expenditures within months. The Board elected to reduce rates and that was interpreted from staff as a signal that the Board does not want to raise rates throughout the harbors. The Board can give direction to staff to look at other rates to increase. He said he was directed from the Board to come up with new ways to increase revenue and that is where the previous and this presentation came from. Rate changes are hard and we are looking at rates that have not been changed in a long time with the fact we have a large expenditure coming up starting this fiscal year.

Mr. Houck asked to ground truth the assumption that the Board does not want to raise rates across the harbors. He suggested to send out a poll to the Board asking if they did not want to raise rates across the harbors or the Board was following a rule already in place.

Mr. Uchytel said he interprets the will of the Board through the actions of the Board and right or wrong, that was how he interpreted the Board decision to lower rates was that they did not want to raise rates across the Harbors. The Board can give direction to staff to come up with a new rate for discussion.

Mr. Etheridge commented to Mr. Houck that the poll came out five to four in the vote on the motion.

Mr. Becker said he suggested to raise moorage rates by 10% across the Harbor and no one supported that idea.

Ms. Derr asked if it is fair to say this fee increase would be in line with our future overall goals of improving our facilities.

Mr. Uchytel said the Board has expressed interest in purchasing the UAS property, which will incur a quarter of million dollars of new expenses. If this is truly a need of the Juneau maritime community, there needs to be more revenue to meet the new expenditure.

Ms. Derr asked if this increase is a reasonable cost regardless of what we are looking at purchasing.

Mr. Uchytel said it would be helpful. There is the need to raise money for the recapitalization of Aurora Harbor. He cannot say if this fee is linked to CPI this will never need to be reviewed again. We have to raise rates as we see the need and have the expenditure on the horizon. There would be a different discussion if we were not looking at a huge capital outlay in the next couple of months. There is a need now if it is the will of the Board to move forward with the UAS property purchase.

Mr. Etheridge asked when the last time this was increased.

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Mr. Uchytel said 2006. The head tax is viewed from the Industry as punitive and previous Boards have not wanted to raise the cruise ship dock fees because of that reason. Since 2006, the Docks Enterprise has had increases in personnel costs with MEBA and step increases but also since 16B, the Coast Guard security requirements have increased the number of Docks employee, more people than when we had just the yellow fence along the seawalk, which is an added expense. There are real costs associated with maintaining world-class cruise ship facilities.

Mr. Ridgway said as a public enterprise that charges fees for services, a standard for a process would be to have a set rate that is equitable, repeatable, and reasonable whether those rates are intended to address services and upkeep, and/or capital expenses. If the Board assumes there is a reasonable rate structure currently across the enterprise. Would it be more advantageous when a capital improvement comes along for staff to come to the Board and recommend a specific increase for that capital improvement need versus raising rates based on operational increases?

Mr. Uchytel asked if he meant that after a capital improvement project is complete that the rates would increase?

Mr. Ridgway said if there is a capital improvement project at any facility that be broadly placed across the enterprise. Every rate that could be adjusted, would be adjusted to help pay for a specific recapitalization project. That would be a more defensive process.

Mr. Uchytel said the criticism for that would be how it is funded, using fund balance, and grant money, that argument could be that it is already funded and paid for that new infrastructure. There will be kick back that it is already built why are my rates increasing? There is always a matter that someone else should pay for the improvements.

Mr. Etheridge said there is a long list of wants and we need the revenue to start doing some of those wants.

Mr. Ridgway said he is suggesting to raise fees for the delta of the funds we have and the funds needed for all capital improvements. He asked if that would be easier for staff.

Mr. Uchytel using that approach would be easier.

Ms. Smith asked if rates could be raised across the Enterprise or does Docks need to be separate from Harbors?

Mr. Uchytel said pre-COVID, staff was looking at combining Docks & Harbors. This was approved by CBJ Law. In some ways this would be good and in some ways this could be bad, so for right now it is better not to combine them.

Public Comment-

Mr. Russell Peterson, Juneau, AK

Mr. Peterson pointed out that the IVF is one of the few places in town that has cable and internet available right on the pedestal and can be hooked up the same day as arrival.

Those are two amenities that are no longer available in our Harbors and is a service added

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since the 2004 rate increase. He commented that vessels that do not have water and internet services in Statter Harbor could use the IVF during the winter.

Drew Green, Cruise Line Agencies of Alaska, Juneau, AK

Mr. Green said he is the Port Manager representing 17 cruise lines, 39 ships over 600 port calls, which was previously scheduled for 2021 bringing over a million passengers to Juneau. We also use the IVF, PFO, ICT and the Statter Harbor breakwater for small cruise ships and yacht traffic that they also support. He said he understands the fiscal frustrations Docks & Harbors is facing and the need to meet the demand of the UAS property acquisition. He wishes they were in a position to help but doubling of the dockage fees based on the current rate does not bring us to an unreasonable rate but it is an inappropriate rate of increase based on the fees to make a port call in Juneau in addition to this fee. The cruise lines pay a \$13 head tax from both private and CBJ docks as well as the port maintenance fee. From discussion over the years, to increase the dockage fee has been held at bay due to the increase in the head taxes over the years. If 2021 happened, the head tax would have brought in \$16.9M to offset operational costs and infrastructure to the Docks Enterprise. He is in support of incremental increases to meet the needs of CBJ Docks but he does not believe this fee is justified with the enormity of the other fees. Since this fee increase is needed to float a revenue bond, he would be more amenable to some kind of a compromise. The compromise could be offsetting the increase by eliminating the port maintenance fee or greatly reducing it. The traditional purpose of the port maintenance fee was a retainer after the revenue bond debt was retired for the original bonding for the old dock. This was implemented for maintenance on the old docks or special projects for the old docks. With the new facilities, these funds have not been used for the intended purpose. The head tax can be used for dock maintenance as well. Mr. Green requested if the Board does decide to increase the fees to consider implementing after October of 2021.

Board Discussion/Action

Mr. Wostmann said why he voted in favor of the CPI decrease was for the Board keeping faith with the community rather than not wanting to raise fees across the Harbors. He understands times change and events occur to raise more revenue and it does become appropriate to look at overall rate increases. This would be two separate activities. The one is an automatic thing annually and the other is review of our fees to meet our needs, which would include looking for other revenue sources. He is unsure of increasing the fees for the cruise ships and is asking if this could be separate.

Ms. Smith asked if Mr. Uchtyl could address Mr. Green's concerns regarding the other fees charged to the ships.

Mr. Uchtyl said when the port maintenance fee was implemented it was to pay for the infrastructure project. Much like most government fees or taxes, it is hard to let it go because of other needs. He believes Mr. Green is suggesting to sunset the port maintenance fee at the expense of raising the wharfage fee.

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Ms. Smith asked if eliminating the port maintenance fee would be an even offset or still allow for an increase.

Mr. Uchytel said taking a longer vision, there may be grant opportunity, but the Docks Enterprise will likely need to have money for the small cruise ship project. This fee has not been increased for 15 years and it is right be raised. If we looked at the delta between revenue and expenditures, it has only been good due to a lot of cruise ships after 16B was built. He said he believes Mr. Green is suggesting to sunset fees that were established for a specific purpose. Because of no revenue since October 2019, we are going to be hurting for a while. He said he does not recommend any reductions in Docks or Harbor Enterprise fees because it is tight even for a government agency to run.

Mr. Schaal commented on grant opportunities. He said what staff typically sees is the minimum match the federal government requires is at least 25%. If you are talking about a \$10M infrastructure project, there still is a requirement to bring \$2.5M from our funds. This is why the fees over expenses are very important. We need to make sure we have a fund balance with millions of dollars to multiply our money with federal grants. Staff does apply for the no match BUILD grants but you are always more competitive when you bring money to the table. Not only do we need to keep up with escalations in cost but also to add to our fund balance for match for grants.

Mr. Ridgway said as a Board we should review this issue more broadly. The idea of combining Docks & Harbors falls apart when looking at rate increases that cover capital projects for a specific area, we would not want fees raised across all our fees. The CPI is not enough because it does not cover all our required expenses such as Coast Guard requirements. The Board needs to establish a broad way of raising rates in an appropriate way. He is in favor of this rate increase.

MOTION By MR. RIDGWAY: TO DIRECT STAFF TO COMMENCE THE REQUIRED PUBLIC NOTICE PERIOD FOR A PUBLIC HEARING TO DOUBLE DOCKAGE CHARGES (05 CBJAC 15.030) FOR STEAMSHIP WHARF, THE CRUISE SHIP TERMINAL, THE INTERMEDIATE VESSEL FLOAT, THE PORT FIELD OFFICE FLOAT, THE INSIDE OF THE CRUISE SHIP TERMINAL AND STATTER HARBOR BREAKWATER AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

VIII. Unfinished Business

1. Lease Deferment Policy

Mr. Uchytel said in the packet on page 20 has the language discussed at the Operations/Planning meeting to defer lease payments through July of 2022 and payments should commence at that time. This would be for a period of ten years at 4%. This is sufficient direction for staff to move forward with lease deferment requests.

Board Questions

Mr. Wostmann asked how this works on a lease that does not have ten years remaining.

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Mr. Uchytel said that could be a change in the resolution to add ten years or less. Staff can make sure that will not happen. The Rocovich lease has excess of ten years remaining.

Public Comment -None

Board Discussion/Action

Mr. Ridgway commented he thought this was to be for only five years.

Mr. Larkin said he would recommend changing the last sentence to “not to exceed ten years”. That would give staff room to adjust to the specific lease.

Mr. Uchytel said that would work.

MOTION By MR. RIDGWAY: TO ADOPT A RESOLUTION PROVIDING LEASE RENT RELIEF TO LESSEES WITH BUSINESS INTERESTS WITH DOCKS & HARBORS AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

2. UAS Property Purchase Decision

Mr. Uchytel said last week at the Operations/Planning Committee member’s demonstrated interest in purchasing the University property. This is brought before the full Board to continue this process.

Board Questions

Mr. Ridgway asked to provide any new information regarding this purchase.

Mr. Uchytel said there has been no other communications since last week’s Operations/Planning meeting where they stamped their approval to move forward.

Mr. Sam Kito , University of Southeast

Mr. Kito said he has had a conversation with UAS Lands Committee regarding the extension of the lease and CBJ looking at purchasing the three-leased parcels or the entire area. UAS Lands Department is working on drafting a lease extension that he will send to Mr. Uchytel when he receives it. That will allow CBJ to pay the same amount until the end of the extension, which the amount of time is still under discussion. The UA Lands Department is the primary negotiator on this lease extension.

Mr. Ridgway asked if they would consider a 35-year extension

Mr. Kito said the lease would allow for the 35 years but at fair market value.

Ms. Derr asked if there was new information about including the welding lab in the negotiations.

Mr. Kito said he mentioned the welding lab as a possibility. No decision can be made at this point on the welding lab, but everything is still on the table.

Public Comment

Mr. Russell Peterson, Juneau, Alaska

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Mr. Peterson suggested to think of ways to increase revenue from those areas with a lease agreement that is fair market value. He is thinking of ways to increase revenue without just raising live-aboard fees. He also suggested to have a key fob on the dumpster use.

Board Discussion/Action

Ms. Derr said she supports moving forward with this purchase.

MOTION By MR. RIDGWAY: TO PURSUE THE PURCHASE OF ALL OR PORTION OF THE UNIVERSITY OF ALASKA PROPERTY AS NEGOTIATED WITH THE UNIVERSITY AND CONSISTENT WITH AVAILABLE FUNDING AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IX. Items for Information/Discussion

1. Small Cruise Ship Infrastructure Master Plan – Update

Mr. Schaal said last week at the Operations/Planning Committee he brought the memo in the packet that will go to the Assembly on the Small Cruise Ship Infrastructure Master Plan. He said he has not received any comments from the Board.

Board Discussion/Public Comment – None

Mr. Ridgway left the meeting.

2. Downtown Harbors Wait List Update

Mr. Uchytel showed a slide on the downtown waitlist. There are currently 55 vessels waiting for stalls as of 3/11/21.

Board Discussion

Mr. Wostmann asked a question on the waitlist that Mr. Uchytel said he would get back to him.

Public Comment - None

3. Board's Right of First Refusal to Purchase Boat Shelter G28

Mr. Uchytel said on page 117 in the packet is the regulation pertaining to the sale of the boat shelters. Previously the Board gave direction to staff that they were not interested in purchasing any boat shelters. The last time he reported that he passed on a boat shelter sale, a Board member wanted it brought back to the Board for their option to purchase or not. The owner of the Boat Shelter G28 is asking the Board if they want to purchase his boat shelter for \$25,000 because the Board has the right of first refusal.

Board Discussion

Mr. Becker asked if there has been any changes since this was dealt with before?

Mr. Uchytel said no.

Ms. Derr asked if there is any reason the Harbors could use this for anything?

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Mr. Uchytel said the Board member that wanted the Board to have the say in the purchase of the boat shelters and thought there may be an economic revenue opportunity with the purchase of the boat shelter.

Mr. Wostmann commented that Harbors has enough on our plate and to not get in this type of purchase.

Ms. Smith asked if we own any boat shelters.

Mr. Uchytel said we do not own any boat shelters.

Mr. Schaal said the provision for having this come before the Board each time is because they are a unique structure and we are the only harbor in the state that has them. They are looked at in history as a liability. This also gives the Board an opportunity to buy them out over time and do away with them if they become such a liability the Board could systematically purchase them and sunset their existence.

Mr. Etheridge commented that all his time on the Board the Board never acted on any purchase.

Ms. Smith asked if a boat house purchase could be looked at a money maker?

Mr. Schaal said the only benefit he sees for the harbor is if our vessels were able to be stored in one to be out of the weather and could have faster response time. He said the current structures are reaching the end of their useful life.

Public Comment –

Mr. Russell Peterson, Juneau, AK

Mr. Peterson said it is bothering him to listen to all the money we are looking at spending when we do not have enough revenue now.

Mr. Etheridge directed Mr. Uchytel to inform the boat shelter owner that the Board is not interested in the purchase.

4. CLIA (Cruise Lines International Association) Update

Mr. Uchytel said in the packet on page 118 is a news release sent out yesterday on the update of the cruise season. In October, CDC provided some guidance on the conditional sail order, which was the process to re-open for cruising. The Industry led by CLIA has been very frustrated with CDC and not giving the details to open. The Industry is pivoting away from the conditional sail order and ports in the US and moving offshore. They are asking CDC to do away with the conditional sail order and let the cruise lines learn from other cruise lines that have resumed cruising in other parts of the world. Things are still bleak for the Alaska cruise ship season.

Board Discussion/Public Comment - None

X. Committee and Member Reports

1. Finance Sub-Committee Meetings – March 3rd & March 11th, 2021

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Mr. Wostmann reported this committee met twice to discuss in more detail expenses, where savings could be found, and potential revenue.

2. Operations/Planning Committee Meeting- Thursday, March 17^h, 2021.

Mr. Etheridge reported the items discussed at the Operations meeting were discussed here tonight.

2. Member Reports - None

3. Assembly Lands Committee Liaison Report

Ms. Derr said the Lands met, they are looking at an internal review to streamline their own internal employees and making internal infrastructure a big point for the near future. They are also looking at coding for adding accessory apartments to homes, especially in the downtown area. With those incentives and the coding part of the permit, the process is to have a parking spot for that apartment. They are also looking into more parking studies.

4. Auke Bay Neighborhood Association Liaison Report – Mr. Wostmann said nothing new to report.

5. South Douglas/West Juneau Liaison Report – Ms. Smith had nothing new to report.

XI. Port Engineer's Report –

Mr. Schaal said he wanted to respond to the comment made on the non-agenda topic about the avalanche risk. The Harbormaster is staying in very close contact with Tom Matice who is the avalanche expert for the City and staff updates the bulletin boards and our Facebook page with the current risk. Staff realizes that this could affect harbor patrons and live-aboards in Aurora and they need to know that Aurora is in the run out zone for a slide. Staff has been very active with updating risk levels.

Mr. Schaal provided an update on some of the current projects;

- Statter Harbor Phase III (B) - He showed a picture of the HDPE pipe construction photos with the technology used today for the potable and fire protection water systems. The project is going very well, and the electricians are on site installing light poles and they will hang pedestals soon. There will be concrete poured in the next week or two. We are looking forward to being finished on time in early May.
- Harris Anode Project – It is out to bid currently, which is the 50/50 matching grant with DOT. This was a design completed in house by the Deputy Port Engineer.
- Harris pump out pump replacement – This will also be an internal design and will use DEC clean vessel act money to help keep our waters cleaner.

XII. Harbormaster's Report –

Mr. Uchtyl reported for Mr. Creswell who was out of town.

- Staff has been busy with snow removal.

XIII. Port Director's Report - Mr. Uchtyl said nothing more to report.

XIV. Assembly Liaison Report – Ms. Alicia Hughes Skandijs said the school board was given adjustment money and the Assembly approved a couple CIP projects.

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XV. Board Administrative Matters

- a. Finance Sub-Committee Meeting – TBD
- b. Ops/Planning Committee Meeting – Wednesday, April 21st at 5:00pm
- c. Board Meeting – Thursday, April 29th at 5:00pm

XVI. Adjournment – The meeting adjourned at 8:13pm.