CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Thursday, March 24th, 2016

I. Call to Order Mr. Tom Zaruba called the Finance Committee Meeting to order at 5:05 p.m. in City Hall Conference Room 224.

II. Roll Call The following members were present: Tom Donek, Weston Eiler, and Tom Zaruba. Also Present: Carl Uchytil- Port Director; John Bush- Board Member; Drew Green- Cruise Line Agencies; Megan Costello- Attorney, Hoffman & Blasco

III. Approval of Agenda
MOTION: BY MR. TOM DONEK TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.

IV. Public Participation on Non-Agenda Items – None

V. Approval of February 18th, 2016 Finance Committee Meeting Minutes
MOTION: BY MR. TOM DONEK TO APPROVE THE FEBRUARY 18, 2016 MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.

VI. Consent Agenda - None

VII. Unfinished Business

1. Enforcement Regulation for User Fee Collection (Passenger for Hire Non-Payment Issue)
   Presentation by the Port Director

Mr. Uchytil presented a staff recommended proposed regulation change for the Passenger For Hire Charters. The regulation change would allow staff to enforce user fee collections and have consequences for non-compliant companies. We worked with CBJ law to put it into legally sufficient language for the proposed changes. It went to the full board last month and was sent back through the committees for further review. The proposed changes will penalize the companies who do not provide their monthly passenger reporting and payments on time. This will allow staff to revoke their permits until they are compliant. We discussed a late payment fee but that was not something the board chose to do at this time. If the board approves this new version we will follow the process of posting for 21 days in the newspaper, arrange a meeting for public hearing, and then take to the Assembly for final approval.

Committee Questions - None

Public Comment - None

Committee Discussion/Action –None

MOTION: BY MR. WESTON EILER TO RECOMMEND TO THE FULL BOARD TO APPROVE THE RECOMMENDED CHANGES FOR THE PASSENGER FOR HIRE ENFORCEMENT REGULATION AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.

VIII. New Business

1. CPI Adjustment for Moorage Fees during FY17
   Presentation by the Port Director

Mr. Uchytil presented the CPI chart for review. The regulation requires automatic moorage increase each year based on the Consumer Price Index from Anchorage unless the Board takes action to keep the fees the same as the previous year. The recommendation from previous committees is to waive the automatic adjustment for this fiscal year of July 1, 2016 – June 30, 2017. The CPI adjustment this year would be half of a percent.

Committee Questions
Mr. Donek stated that if we would apply it for our rates, because of the regulation requiring rates to be rounded to the nearest nickel we would end up only increasing the Statter Harbor Monthly rate and not the Downtown Monthly Rate. This would create even a bigger price difference.

Public Comment
Mr. Dennis Watson – Juneau, AK
Mr. Watson stated he wanted to thank the board for considering not increasing the rates. He also stated he wanted to go on record about the 60% difference from downtown and Statter Harbor is unacceptable in the public's eyes.

Committee Discussion/Action
Mr. Donek stated that items # 1-4 in new business section all went through the CIP committee as one item and we broke them up because the regulations are all separate. We will hear the same logic for the next three items.

MOTION: BY MR. ZARUBA TO RECOMMEND THAT THE BOARD EXERCISES ITS OPTION TO NOT ALLOW MOORAGE FEES TO ADJUST BY THE CPI FOR THE PERIOD OF JULY 2016 THROUGH JUNE 2017 AND ASK UNANIMOUS CONSENT.
Motion passed with no objections.

2. CPI Adjustment for Moorage Fees following FY17
   Presentation by the Port Director

Mr. Uchytil stated in regulation the monthly moorage rates for both downtown and Statter are written to be adjusted to the nearest nickel when applying the CPI percentage. Currently downtown is $4.25 per foot per month at Statter is $7.15 per foot per month. When applying the smaller percentages of 1 – 3 % the higher rate at Statter is going to continue to rise creating a bigger price difference because of the required rounding of the rates. The recommendation is to adjust the downtown rate at the CPI and if it requires a $0.05 increase then we adjust Statter by the same $0.05 this will eliminate the difference between the two becoming greater. This would be a regulation change. My concern about that is if we continue with smaller inflation

percentages we may end up trapped that we never make any increase because the percentage is always so small it never rounds to the nearest five cents.

Committee Questions - None

Public Comment
Paul Swanson – Juneau, AK
Mr. Swanson stated he agrees with the decision. I don't agree with the current price difference but it will continue to get worse. I also disagree with the harbors charging another boat to use my stall when I pull it for the winter and I still have to pay year round.

Committee Discussion/Action
Mr. Zaruba asked why Statter Harbor is higher than Downtown Harbors. It doesn't seem right.

Mr. Uchytil answered it is less than Fisherman's Bend and Tee Harbor. It is commensurate with what the DeHart rates were. From the business side, people are willing to pay the fees and it is market driven.

Mr. Donek asked if there is a waitlist for Statter.

Mr. Uchytil answered yes it will be years for patrons to get a stall from the waitlist.

Mr. Zaruba said maybe we should address that in the future.

MOTION: BY MR. DONEK TO RECOMMEND THAT THE BOARD FOR SUBSEQUENT CPI ADJUSTMENTS ADJUSTS AURORA, HARRIS, AND DOUGLAS FEES BY THE APPLICABLE CPI PERCENTAGE AND ADJUST STATTER FEES BY THE DOLLAR AMOUNT APPLIED TO THE DOWNTOWN HARBORS AND ASK UNANIMOUS CONSENT.
Motion passed with no objections.

3. Moorage Discounts for Advance Payment
Presentation by the Port Director

Mr. Uchytil stated this came up at the Harbor Fee Review committee and also went through the CIP Committee that right now the Annual rate paid on July 1, 2016 allows for a 5% discount. The committees want to increase the discount as an incentive for patrons to pay ahead and also create a discount for paying 6 months ahead. There would be two billing cycles.

Committee Questions - None

Public Comment
Paul Swanson – Juneau, AK
Mr. Swanson asked about paying for 6 months and still getting a 5% discount then pays the second 6 months and gets another discount.

Mr. Uchytil answered that is the new proposal to give 5% discount for two different 6 month installments and a bigger discount of 10% if patrons pay 12 months ahead.

Committee Discussion/Action – None.

MOTION: BY MR. WESTON EILER TO RECOMMEND THAT THE BOARD ALLOW A 10% DISCOUNT ON 12 MONTH ADVANCE PAYMENT FOR PAYMENTS MADE FOR THE FY MOORAGE BEFORE JULY 1ST AND 5% DISCOUNT ON 6 MONTH ADVANCE PAYMENTS FOR PAYMENTS MADE BEFORE JULY 1ST FOR JULY 1-DECEMBER 31ST MOORAGE AND FOR PAYMENTS MADE BEFORE JANUARY 1ST FOR JANUARY 1-JUNE 30TH MOORAGE AND ASK UNANIMOUS CONSENT.
Motion passed with no objections.

4. IVF/Reservation Moorage Rates
Presentation by the Port Director

Mr. Uchytil presented the Harbor Rate Sheet for review. He stated the reduced rate for the annual skiff rate if approved will be up for action at the March Board Meeting. If nothing else changes we will keep the daily and monthly rates the same. The annual and bi-annual discounts if approved will be added to the rate sheet. We just want to confirm the IVF reservation rates will also remain the same.

Committee Questions - None

Public Comment - None

Committee Discussion/Action - None

MOTION: BY MR. TOM DONEK TO RECOMMEND THAT THE BOARD LEAVES THE IVF/RESERVATION RATES UNCHANGED AND ASK UNANIMOUS CONSENT.
Motion passed with no objections.

5. Andrew's Marina New Lease Application
Presentation by the Port Director

Mr. Uchytil presented the appraisal from Horan & Co who is Docks & Harbors' term contractor for appraisals for the 1.20 acre tideland lease that Andrew's Marina/Fisherman's Bend has. The tideland lease which is a 55 year lease is up for renewal. They have the right of first refusal. The lease was reevaluated by doing an appraisal and the recommended increase is from $5,300.00 a year to $5,549.50 for the annual lease rent. The new lease will be for 35 years.

Committee Questions - None

Public Comment
Ms. Megan Costello – Attorney, Hoffman & Blasco

Ms. Megan Costello stated she wanted to introduce herself, she is the Attorney for Andrew's Marina and she is here on behalf of the owners who could not be here and they do not have any comments on the renewal.

Committee Discussion/Action
Mr. Zaruba asked if they are happy with the renewal.

Ms. Costello answered they are accepting it.

Mr. Donek asked what the current construction is at Andrews Marina. It does not appear to affect the tidelands portion.

Ms. Costello stated I do not have any answers for you today.

Mr. Eiler asked if the tideland lease for Andrew's Marina fits in for our overall long-term plan for the area.

Mr. Uchytil answered that at one time the State managed almost all of the tideland leases. In 2001 the state starting dispersing the leases to the applicable cities to manage. We received this lease in 2001. Under our ordinances we can only issue 35 year leases with preferential renewal opportunities.

MOTION: BY MR. WESTON EILER TO RECOMMEND TO THE FULL BOARD TO APPROVE THE NEW LEASE AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.

6. Nordic Tug (Alaska Memories) Sublease Application
Presentation by the Port Director

Mr. Uchytil stated the University owns the land near Aurora Harbor Office & the Fisherman's Terminal Dock. They lease this land to us and then we have a sub-lease with Nordic Tug Co. for a structure that they have in that same area. We also have sub-leases with Maritime Hydralics & Harri's Commercial Marine. The original lease was for 5 years with an option to renew every 3 years. We are at the point now to do the first 3 year renewal. Our vision for that area is in the beginning stages of a Master Plan that would not include their structure. We would want to renew for 3 years and advise them to plan on finding alternate arrangements after that. We may be able to accommodate them but it is too soon to tell. The sub-lease rent is based on 10% of assessed value which is about $4,300.00 a year.

Committee Questions
Mr. Zaruba asked if the assessed value has changed from the beginning.

Mr. Uchytil answered he does not know.

Mr. Zaruba asked if it is going to be based on the current assessed value.

Mr. Uchytil answered yes.

Public Comment - None

Committee Discussion/Action
Mr. Donek stated we had a lot of discussion in the CIP/OPS meeting.

Mr. Zaruba asked what was included in that discussion.

Mr. Donek answered that it was decided the sub-lease renewal was acceptable but we were confused on how this sub-lease came to exist.

Mr. Uchytil stated he was not pleased with the process and how this came to be prior to his employment. The structure was created prior to having a written and signed sub-lease. We required them to go through the permitting process to ensure they were compliant and they completed everything we asked.

Mr. Zaruba asked if they moved off the area would the University own the structure.

Mr. Uchytil answered he is not sure if we would own it or the university.

MOTION: BY MR. WESTON EILER TO APPROVE THE SUBLEASE EXTENSION FOR 3 YEARS AND FORWARD TO THE FULL BOARD FOR APPROVAL AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.

7. Taku Harbor Piling Repair
Presentation by the Port Director
Mr. Uchytil stated we have a pile jacking issue at Taku Harbor. We are not sure of the source that is causing the problem. We had PND go out and do an inspection and received a short report. We will meet with PND and Mr. Donek to go over the report and look for a solution. The initial estimate for repairs of $112,000 would recap some of the pipes and some welding although it would not solve it permenantly.

Committee Questions
Mr. Zaruba asked about the meeting with PND.

Mr. Donek answered that he was not convinced that the cause of the problems was rain water that PND had stated in their report. Mr. Donek asked if Fish & Game would help with these repairs.

Mr. Uchytil asked why would they.

Mr. Donek answered when I was employed with Fish & Game this is something we would assist with financially so we should reach out to them.

Public Comment
Dennis Watson – Juneau, AK
Mr. Watson stated that he agrees with Mr. Donek on not being sure what the actual cause may be and he attended a previous meeting a long time ago regarding this issue on the casing splitting and caps popping off and there may be more to it.

Committee Discussion/Action
Mr. Zaruba stated Mr. Uchytil and Mr. Donek should have the meeting with PND and then bring this back to the committees.

Mr. Donek stated we should also contact Fish & Game.

MOTION: None.

IX. Items for Information/Discussion- None

X. Staff & Member Reports

Mr. Uchytil stated all is well with 16B project and the Stattter Harbor Project. We awarded the contract for Douglas Harbor to Trucano Construction. They will start construction in September. We still have a chance for some future grant money.

Mr. Zaruba asked if all the projects are on time and on budget.

Mr. Uchytil answered yes for sure on the 16B Cruise Ship dock. The Statter Harbor Project has a challenging contractor and we are holdig them to a very strict adhearance.

Mr. Zaruba asked who the contractor is.

Mr. Uchytil answered Miller Construction.

Mr. Donek asked if all the material that is stocked up all over the parking lot is for our project.

Mr. Uchytil answered he assumes so but he has not been out there recently.

Mr. Uchytil stated we have not closed out the Aurora Harbor Phase I project yet because we are disputing a $48,000 charge. There was an issue with the poly-tub floats. They ordered off the drawings but they did not provide a submittal to us prior to ordering therefore we did not sign off on the final specifications. They were given multiple options to sell back to the manufacturer for a portion of the sale price and they declined. We will offer 15% portion of the $48,000.

XI. Committee Administrative Matters

1. Next Finance Committee Meeting- **Thursday, April 21st, 2016.**

XII. Adjournment

The Finance Committee Meeting adjourned at 5:48pm.