CBJ Docks and Harbors Board
REGULAR BOARD MEETING MINUTES
For Thursday, February 26th, 2015

I. Call to Order.

Mr. Logan called the Regular Board Meeting to order at 5:30p.m. in the CBJ Room 224.

II. Roll Call.

The following members were present: John Bush (via telephone), Greg Busch, Tom Donek, Robert Janes, Mike Peterson, Budd Simpson, Scott Spickler, David Summers, and David Logan.

Also present were the following: Carl Uchytil – Port Director, Dave Borg – Harbormaster, Gary Gillette – Port Engineer, Bob Bartholomew – CBJ Finance Director, and Jerry Nankervis – Assembly Liaison.

III. Approval of Agenda.

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

Motion was approved with no objection.

IV. Approval of Previous Meeting Minutes.

Hearing no objection, the January 29th, 2015 Regular Board Meeting Minutes were approved as presented.

V. Public Participation on Non-Agenda Items –
Howard Lockwood, Juneau, AK
He said he is here as the Manager of Juneau Port Development LLC. He handed out a packet to the Board and said he will give a power point presentation at the next Board meeting with the objective of getting a concept approval from the Board to move forward. He will need a formal approval. He is currently moving the project through the Planning Commission, and DNR.

VI. Consent Agenda -

A. Public Requests for consent Agenda Changes – None
B. Board Members Request for Consent Agenda changes
   Mr. Simpson asked to move the Passenger for hire regulation changes #3 on the consent agenda to #1 on new business. The copy of the regulation change in the packet did not reflect all the changes that were recommended at the Harbor Fee Review Committee meeting.
   Mr. Donek asked to move the Waterfront Vendor Booth Regulation Changes #2 on the consent agenda to #2 new business.
C. Items for Action

1. Appropriation Ordinance and Funds Transfer for Douglas Harbor

RECOMMENDATION: That the Assembly approve an ordinance appropriating $67,145.08 of interest revenue to CIP account H51-084 and transferring $46,391.84 from H51-084 to H51-085 for the Old Douglas Harbor Rebuild project.

Motion By Mr. Simpson: To approve item #1 on the consent agenda and ask unanimous consent.

Motion passed with no objection

VII. New Business –

1. Passenger-For-Hire Regulation Changes

Mr. Simpson said the language "per vessel" was not added in the red lined changes to the regulation in the packet. In Subsection (d) Inspected Vessel Fees, the words "per vessel" should be after $300, $400, and $500, and (e) Uninspected Vessel Fees, the words "per vessel" should be added after $50, $100, and $150.

Board Questions – None

Public Comment – None

Board Discussion/Action

MOTION By MR. SIMPSON: TO APPROVE THE CORRECTIONS IN SUBSECTION (d) AND (e) OF REGULATION 05 CBJAC 20.080 AND FORWARD THIS ON TO THE ASSEMBLY FOR APPROVAL AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

2. Waterfront Vendor Booth Permits

Mr. Donek said there was a letter submitted to the Board from a member of the public and he thought someone might want to speak.

Mr. Logan said the letter pointed out going from a $5,000 minimum bid to a $30,000 minimum bid would have an economic hardship for a small business.

Board Questions- none

Public Comment- none

Board Discussion/Action –
Mr. Uchytil said when the Port Fee Review Committee looked at this fee, the Committee averaged the last two years which came to $37,500, with the median

being $42,000. This is what the rates have been, and $30,000 is fair and reasonable.

Mr. Busch said the key part for raising the minimum bid is to dissuade bidders that may drop out. This would only be for serious bidders. The $5,000 was below average and he supports maintaining the $30,000 minimum bid.

MOTION By MR.DONEK: TO APPROVE THE REGULATION CHANGES TO 05 CBJAC 20.080 PASSENGER FOR HIRE FEES AND FORWARD ON TO THE ASSEMBLY FOR APPROVAL AND ASK UNANIMOUS CONSENT.

Mr. Busch offered a friendly amendment to change the regulation to 05 CBJAC 20.010 Waterfront Sales Permits.

Mr. Donek accepted.

Motion passed with no objection.

3. 16B Cruise Ship Berth Expansion Funding Cash Flow Needs

Mr. Uchytil said Mr. Bartholomew attended the Finance Committee last month and outlined the cash flow needs for the 16B project. The purpose for his attendance tonight is to review the cash flow needs again for the 16B project before the Strategic planning meeting. He said Mr. Bartholomew will go over where the money is coming from (sources), what the needs are, and the cash flow requirements to buy bonds for this project. The question for the Board will be whether the Board wants to dip into the Docks fund reserve to help pay down the bond debt.

Mr. Bartholomew, CBJ Finance Director, said he is getting ready to sell bonds in April for the Port expansion project. This will be going to the Assembly Finance Committee and Assembly as a whole. He wanted to inform the Docks & Harbors Board to make sure everyone has the latest information in case of questions. He said there is a proposal to sell less bonds than anticipated a year and a half ago and this should be considered. In September of 2010 the Assembly adopted the current plan. In April of 2011 the Assembly committed a revenue package to get to the completion of the project and pay off bonds issued. In March of 2014 the actual contract to Manson Construction was issued which came in slightly under the Engineers estimate. In August 2012 the Assembly authorized the sale of $29M in bonds, $6M for the seawalk portion and $23M for the dock expansion portion of the project including the uplands. April this year he will be going to market to sell the $23M in bonds. He said on page 29 of the packet it is showing the total cost of the project including the seawalk, and the bond reserve is $94M. The purpose of the first column, with Oct 2013, that is the last time the full packet of information was presented to the Assembly. For the overall cost of the project, there has been very little change. With talking with Mr. Gillette the portion of the project that has been completed so far is under budget by $800K, which is under the estimate submitted to the Assembly. He said Mr. Gillette is very cautious and says there is a lot still left to go. Another thing to point out on page 29 is the $2.1M required bond fund reserve, $500K of that reserve has already been funded when the seawalk bonds were sold, with the remaining amount $1.6M. Page 30 in the packet are the funding sources the Assembly has committed to the dock expansion project. To date, the Docks fund has contributed $4M and three state grants have contributed over $11M. With the Marine Passenger fees, the total revenue up to January 2015 is $57.8M. The variance of $1.5M which is the amount of revenue that has been under forecasted. Initially Mr. Bartholomew said he asked for $29M for the revenue bond, but decided to go back and ask for a greater amount of $36M, but with an issue of who owned the Tideland, the Assembly rejected any change until the issue was settled, but kept the $29M in place. Currently, the Tideland issue is 99.9 % resolved. Now we can go back and ask for the $36M or look at alternatives.

Mr. Bartholomew pointed out two prime benefits for not selling as much bonds;

- Slight decrease in overall costs because we are not paying interest for however long the length of the bond is issued.
- The more important reason - to issue $36M in bonds based on the Port Development fees which are going to be pledged for repayment, we would have to sell 25 years worth of bonds to give us enough cover ratio and cushion in case of fluctuation. If we go with the lower number of $29M with $23M unsold, we can sell 19 year bonds. Overall, the Docks and community is less exposed to the risk of something happening with cruise ship passenger numbers shrinking.

Mr. Bartholomew said there is a plan to pay off all the debt in 10 to 12 years. The chances of this going for 19 years or 25 years is very small. The plan is to accumulate the Port Development fees into the Port Development fund for early payoff. After 10 years that will be $4M or $5M. The other potential source of early payoff would be if there is no other use for the State Marine Passenger Fees or all the revenues collected. Docks & Harbor Board can recommend to the Assembly for early payoff. For the total project revenue, there is $85.6M identified. The project expenditures are $94.6M with a project shortfall of $8.9M. He is proposing three additional funding sources. With the project being delayed a year, he has delayed selling bonds so this years Port Development Fee can go into the project because it is not needed for the bond debt service. The debt needed for the seawalk has already been taken out. He is asking the Board to consider asking the Assembly for one more year of the

State Marine Passenger funds of $4.4M because the project will still be ongoing in FY17. He recommends using $1.6M of the Docks fund balance which is currently just over $4M and growing approximately $500K annually. The $1.6M would be put in a custodian bank for the bond reserve requirement, which would be set aside and invested until the bonds were paid off and then returned to Docks & Harbors. With the above funding resources, there is still a $685K shortfall. After talking with Mr. Uchytil and Mr. Gillette, he suggests reducing the project expenditures where the work has been completed under budget. If you decide to do these recommendations, it will be introduced to the Assembly Finance on March 16th and adopted on April 6th. The reason for that timeline is for the bond sales scheduled from April 17th to the 20th. If we don't decide to use the Docks fund balance, there will be less bond proceeds coming into the project and they would go into the reserve account.

Board Questions –
Mr. Busch asked why we are asking for $29.4M when it shows only $27.8M in the January 2015 column?

Mr. Bartholomew said it may be more accurate to put the $29.4M back into the schedule. He will look at the numbers to see if they need to be updated.

Mr. Busch asked if Docks & Harbors is at risk of not getting the FY17 State Marine Passenger fees?

Mr. Bartholomew said his understanding is Juneau will get $4.4M if there are no changes to the fees in FY17. If we don't go to the Assembly with a plan on how to use these funds, it would stay uncommitted. If we do ask for these funds, the Assembly would put a plan together for the FY17 revenue being committed to this project.

Mr. Spickler asked if Docks & Harbors would get a written agreement from the Assembly that the FY17 revenue would be used for the Docks & Harbors project so the funds can't be used on something else.

Mr. Bartholomew said if he has direction from this Board, he would go to the Assembly and ask them to update their plan from April 2011, which was an Assembly verbal commitment.

Mr. Uchytil said the project costs include $5.5M in contingency. If everything stays on schedule there will be $5.5M left over.

Mr. Peterson asked if the revenue bonds that are going to be sold in April are the 25 year bonds?

Mr. Bartholomew said the current ordinance that was adopted is the 25 year bonds. He needed to update that because things have changed and the draft ordinance introduced to the Assembly on February 23rd, has 19 year bonds. If the Board does not want to go that direction, he will amend the draft ordinance to go back to the 25 year bonds.

Mr. Peterson asked if the $1.6M would come out of the Docks Fund?

Mr. Uchytil said yes.

Mr. Peterson asked what the Docks fund is currently?

Mr. Uchytil said approximately $4M.

Mr. Janes asked what is the difference in cost when selling a 25 year bond versus a 19 year bond?

Mr. Bartholomew said it is $150K to $200K a year with $900K to $1.2M in total savings over six years.

Public Comment- None

Board Discussion/Action

Mr. Logan asked what would happen if the Board is still undecided by the March 16th deadline?

Mr. Bartholomew said he would still move forward with the proposal of selling the $29.4M in bonds on the 19 year schedule. This would mean less proceeds would come into the project and at a future date he would need to know if he would be going to the Assembly for the $36M in bonds or go with the recommended funding sources. This is not holding up anything essential to the project but it is good to know for planning purposes.

Mr. Busch recommended scheduling a Special Meeting before March 16th so Mr. Bartholomew has clarification.

MOTION By MR. BUSCH: TO HAVE A SPECIAL BOARD MEETING TO TAKE FINAL ACTION PRIOR TO THE MARCH 17TH ASSEMBLY FINANCE MEETING AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

Mr. Uchytil asked if the Board wanted the meeting at the end of the Strategic Retreat?

The Board agreed to have it just after the Strategic Retreat.

Mr. Bartholomew commented the financial advisor from the bond bank recommended to refinance the existing harbor bonds from the 2007 bond sale, which he started last week. This refinance savings would be $25K to $30K per year.

Mr. Bartholomew said the Harbors bond coverage ratio needs to have a net revenue of 20% exceeding your cost of bonds. In 2014 the Harbors fund exceeded the bond by 160%. However, in 2012 we missed the 20%, in 2013 we were at 21%, but 2014 was a better year and with refinancing the bonds, it will make it easier in future years.

4. Biennial Budget

Mr. Uchytil said this is our biennial budget process and we are mid cycle in this budget. Docks & Harbors is required to present a budget to the Assembly Finance in April. There are two budgets, a Docks and a Harbors budget. This was presented to the Finance Committee last week. Mr. Uchytil pointed out the highlights on the Docks revenue is that it is staying around $1.8 M from FY14 actuals through FY16. If the Port Fee Review committee decides to change rates, FY17 revenue could increase. Mr. Uchytil said the Docks expense is in the packet and asked if there was any questions.
Mr. Uchytil pointed out on the Harbors budget the FY15 projected actuals is $4.4 because of the Tram lease agreement finalization. He said on the Harbors expenses the contractual services have been increased due to maintenance. He said rough numbers for Harbor is the revenue will exceed the expense by approximately $700K in FY15 and $400K in FY16.

Board Questions

Mr. Logan asked Mr. Spickler if the Finance Committee reviewed the Docks budget.

Mr. Spickler said yes and the Committee recommended that the Board approve the budget.

Mr. Peterson asked why the higher refuse disposal for FY15, and then going back to the $130K for FY16?

Mr. Borg said approximately 15 boats were disposed of this year at $.15 a pound.
Mr. Janes said he would like to have a discussion on how to reduce the refuse expense.

Mr. Logan recommended to take this item to OPS/Planning Committee for discussion.

Mr. Peterson left the meeting at 6:30 pm.

Mr. Uchytil said Docks & Harbors revenues are exceeding the expenses.

Public Comment- None

Board Discussion/Action

MOTION By MR. BUSCH: TO APPROVE THE FY15 AND FY16 BIENNIAL DOCKS & HARBORS BUDGET AS PRESENTED AND FORWARD TO THE ASSEMBLY FINANCE COMMITTEE FOR ADOPTION AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

VIII. Items for Information/Discussion

1. Strategic Retreat Planning
   Mr. Uchytil said the following items information is what staff will provide for the retreat;
   - Launch ramp permits history.
   - Waitlists
   - Outlines of the Harbors (sizes)
   - Trends
   - IVF vessel sizes

   The FSM system does a great job for collecting revenue, but not for projecting the future needs of our Harbors.

   Mr. Logan said at the Strategic retreat he plans to review the different Harbors and Docks to forecast project needs with improvements, with a recap of infrastructure and the condition it's in. Develop smaller plans for the determined projects and revisit the Statter Master plan. Look at the downtown section Docks and the Harbors. Look at revenues to see what can be paid for, and rank and prioritize projects.

   Mr. Uchytil said the meeting will be at the Port/Customs building.

2. ABLF Boatyard – Next Steps
   Mr. Uchytil said the Planning Commission approved the conditional use modification for the Auke Bay Loading Facility in February. Moving forward, he recommends Docks & Harbors invest in the infrastructure that goes into that area as we see fit and have the vendor re-compete for the lease when it comes up in 2018. Staff is moving toward applying for the multi-sector permit required for a boat yard at Statter Harbor.

Mr. Simpson asked if Docks & Harbors does this, will the existing boat yard at Statter Harbor be eliminated?

Mr. Uchytil said yes.

3. Thane Ore House – Update
   Mr. Uchytil said with the previous tenant no longer an issue, we can now move forward with an RFP proposal to choose a new lessee that would be the best fit for the property. Included in the RFP would be a request for what the new lessee would be willing to pay.

4. Electric Board Charging Station

   Mr. Janes said Bob Varnes' boat will not be completed for this season.

   Mr. Logan wants this item to go back to OPS/Planning Committee for more work.

   Mr. Simpson recommended bringing this to the OPS/Planning meeting in the fall.

   Mr. Logan recommended Mr. Varnes contact Docks & Harbors staff to get on the meeting agenda so it can be discussed before the boat is in Juneau.

   Mr. Janes said he will contact Mr. Varnes and report back to the Port Director.

5. Juneau Fisheries Terminal
   Mr. Uchytil said he met with the UAS Lands & Resource manager to discuss a land swap with CBJ. He showed on a map the area that is currently leased to Docks & Harbors. Mr. Uchytil said Docks & Harbors would like to acquire all this property, but UAS is only interested in releasing the tideland area for the land swap.

6. 16B Cruise Berths Fabrication Update
   Mr. Gillette said the pictures provided in the packet are to give perspective to the size of the project. Manson is moving forward and are just about finished with the approval for the shop drawings for the pontoons which they will start on in April. Both will be built side by side and finished by next spring. Manson should be in town mid june to set up their office and ready to start construction as soon as the last cruise ship leaves.

7. Statter Harbor Oil Slick
   Mr. Borg said around Sunday afternoon there was approximately 50 to 100 gallons of oil released into Statter Harbor. The Harbor was not notified and

this came out on facebook. The Coast Guard was called by someone who saw this on facebook. The Coast Guard responded, but couldn't clean it that night, but cleaned the majority of it the next morning. The remaining is residual. All the boats have been cleaned and this spill response will be open for 90 days so if anything else comes up there will be someone to respond. The Coast Guard is still trying to determine the responsible person for the spill.

IX. Committee and Member Reports

1. Harbor Fee Review Committee Meeting – February 18th, 2015

Mr. Simpson said the Committee reviewed the Auke Bay Loading Facility fees, and worked on parking lot fees. The Committee decided to eliminate the $75 monthly fee while the Horton lot is not able to be used and charge the $5 per day rate. The Committee will be looking more at parking and then moving onto regular moorage fees.

2. Operations/Planning Committee Meeting – February 18th, 2015

Mr. Simpson said the Committee discussed the code of conduct again, but this was sent back for more work. The Committee also recommended the transfer of funds for the Douglas Harbor which was on the consent agenda tonight.

3. Finance Committee Meeting – February 19th, 2015

Mr. Spickler said everything that the Committee discussed was covered tonight.

4. Docks Fee Review Committee Meeting – February 19th, 2015

Mr. Busch said the Committee discussed loading zone fees and this will continue at the next meeting.

5. Member Reports - None

X. Port Engineers Report –

Mr. Gillette said his report is in the packet. He said the Old Douglas Harbor demolition phase I is advertised, and it is moving forward. Phase II is dredging, which will be completed by the Corps of Engineers. Phase III will be reinstalling the floats, which will be a Docks & Harbors contract.

The schedule will be;

- Demolition will start August 17th, completion October 10th
- Dredging will start after October 10th, completion by April 10th
- Installation of new floats will start April 12th, completion before the Salmon Derby 2016

Mr. Spickler asked if during the demolition phase the launch ramp would be affected?

Mr. Gillette said it will be open, but there could be times when the barge is moving in an out. We just need to be cautious.

XI. Harbormaster's Report –
Mr. Borg said staff is working on the hiring process for the seasonal Harbor Technicians and Harbor Officers. The seasonal's will be starting April 6th. Docks & Harbors has finally received the replacement trailer for the trailer that was stolen from the Auke Bay Loading Facility. We also have a replacement outboard for the Joe G on order.

Mr. Uchytil said Docks & Harbors is insured and paid the deductible of $1,000 to replace the stolen trailer. Also, the Joe G outboard is funded from a fleet replacement schedule that Docks & Harbors pays into annually.

XII. Port Director's Report –
Mr. Uchytil said with the Horton Lot no longer used for parking, he has CBJ Law Department working on a MOA with Auke Bay school for parking vehicles only when school is not in session, an agreement with First Student for a dozen trailer parking, and working on drafting a MOU with UAS to allow car parking in their main lot when school is not in session. He said tomorrow from 7:30 to 9:00 is coffee and doughnuts at the Yacht Club.

Mr. Spickler asked what the loss of parking is going to be?

Mr. Uchytil said it could be a gain.

Mr. Uchytil said Docks & Harbors was fined $1,000 for the lack of flagging during the CSTSA parking contract with Miller Construction. This was sent to another department and Docks & Harbors missed the 15 day appeal deadline. CBJ Law tried to appeal anyway, but found in the specs that the contractor must comply with all state, federal and local laws was in conflict with ADOT where Docks & Harbors be responsible for all safety concerns of the project. CBJ Law believed that was Docks & Harbors responsibility to ensure Miller Construction had flaggers in place. Staff paid the $1,000 fine last week.

XIII. Assembly Liaison Report –
Mr. Nankervis said the Assembly is noticing the progress at Aurora Harbor and noted it looks good. Statter Harbor has been looking good also, it is unfortunate about the oil spill. He said he would like to know the Auke Bay school position for allowing parking to the Shelter Island users. He recommended to let the Assembly know if they need to talk to the school Board to allow the parking.

Mr. Logan said the parking at the school will need to come from the Assembly.

Mr. Uchytil said the Auke Bay School is willing to work with Docks & Harbors, but they just want something in place noting they don't want parking during school and no trailers.

Mr. Nankervis said the Assembly will help out with talking with the School Board if needed and they are also happy to hear about Douglas Harbor moving forward.

XV. Board Administrative Matters

a. Harbor Fee Review Meeting – Next meeting is Wednesday, March 4th, 2015.

b. Strategic Planning Retreat – Saturday March 7th, 2015
Mr Logan said the retreat will be from 9:00 am to 1:00 pm

c. Operations/Planning Committee Meeting – Wednesday, March 18th, 2015

d. Finance Committee Meeting – Next meeting is Thursday March 19th, 2015.

e. Docks Fee Review Meeting – Next meeting is Thursday March 19th, 2015

f. Board Meeting Thursday March 26th, 2015

XVI. Adjournment - The regular Board Meeting adjourned at 7:18 p.m.