CBJ Docks and Harbors Board
REGULAR BOARD MEETING MINUTES
For Thursday, October 31st, 2013

I. Call to Order.

Mr. Donek called the Regular Board Meeting to order at 5:32 p.m. in the Assembly Chambers

II. Roll Call.

The following members were present: Tom Donek, Bob Janes, Kevin Jardell (via telephone), David Logan, Mike Peterson, Budd Simpson, and Scott Spickler.

Also present were the following: Carl Uchytil – Port Director, Dwight Tajon – Harbormaster, and Loren Jones- Assembly Liaison.

Absent: Greg Busch, and John Bush.

III. Approval of Agenda.

MOTION By MR. LOGAN: 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 September 26th, 2013 Regular Board Meeting Minutes were approved as presented.

V. Public Participation on Non-Agenda Items –

Bruce Weyhrauch, Juneau, AK

He said he is just here to thank harbor staff, Mr. Uchytil, and Mr. Gillette on their work for the Fisherman's Memorial. Harbor staff hands out applications for deceased fisherman and they also assist with keeping the memorial clean.

Special Item

Mr. Uchytil presented Mr. Tajon with a plaque for over 25 years of service and read a letter with his accomplishments. This was Mr. Tajon's last Board meeting as Harbormaster.

VI. Items for Action

1. Mt Roberts Tram Appraisal from Goldbelt

Mr. Janes said he needs to recuse himself from this action item.

Mr. Uchytil said at September's Board meeting, the Board passed a Motion to accept the Horan methodology as outlined in Section 6 of the lease setting the base rent of the Mt. Roberts aerial tramway at 10% of the appraised market value plus royalties and invoice Goldbelt accordingly. The direction given to Docks & Harbors staff was to invoice Goldbelt using the appraisal by Horan. Since the Motion, Reliant has prepared an unrestricted appraisal for Goldbelt. This appraisal was presented to the Finance Committee on Tuesday and now the question is what to do with the Motion passed by the Board in September. Since the meeting on Tuesday, CBJ Law says the motion should stay in affect, but the Board should take action tonight to enter into good faith negotiations with Goldbelt in pursuing a determination. In the packet is a recommended motion that does that;

The Port Director and assigned Board members commence good faith negotiations with Goldbelt to reach a fair market value between the results of the Horan & Company (Dated March 9, 2012) and Reliant advisory services (Dated October 15, 2013) appraisals.

This doesn't replace the motion from September, but directs the Port Director and members of the Board to negotiate and move the process along.

Board Questions –

Mr. Donek said this has been a struggle. This motion won't take September's motion off the table, but gets staff moving in the right direction.

Mr. Peterson asked Mr. Uchytil if the motion limits the negotiations to the two appraisals?

Mr. Uchytil said this motion is to get the lease payment figured out first before the lease language is amended. Comingling them may be ineffective. He said his preference is to get the lease payment figured out first, and then move on to the lease language. Changing the lease language will be very time consuming because it will have to go to all the Boards again and the Assembly.

Mr. Logan asked what the Finance Committee recommended to do?

Mr. Donek said the Finance Committee had a motion to rescind the motion passed in September, but CBJ Law came back and said that was not necessary. The motion basically said the Board is accepting the Horan methodology and an invoice was going to be sent, but there was no timeline for the invoice to be sent. Mr. Donek asked Mr. Jardell to repeat his motion passed at the Finance Committee.

Mr. Jardell said he couldn't remember the exact wording in the motion, but he wanted the motion to pass on to the Board that the Committee is in support of whatever needs to happen with the last motion to able to move forward with negotiations from the two appraisals. Mr. Jardell said CBJ Law has said the last motion doesn't need to be amended.

Public Comment-

Bob Loiselle, Juneau, AK

He said it appears to him that the base rent value that could be established by either the Horan appraisal or the Reliant appraisals is only one component of the dispute. There is still the royalty rent issue and the appropriate percentage to apply against the value to determine the base rental amount. Goldbelt is hoping to conduct negotiations that would be more inclusive rather than just trying to determine which appraisal to use between the two appraisals.

Mr. Peterson asked if there was enough information through previous discussions that the lease would be able to be renegotiated.

Mr. Loiselle said that depends on the parameters of the negotiations. The ability of Docks & Harbors just sending a bill is more complex than just arriving at a base rental amount. Goldbelt is proposing an alternative for the Board to consider and would consider any alternatives the Board is interested in. Just sending a bill is just determining the base rental amount.

Paul Swanson, Juneau, AK

He said the two appraisals are not apples to apples comparisons, but apples to oranges.

Board Discussion/Action

Mr. Donek said the purpose here is to get negotiations started. He said he understands Mr. Uchytil's position to want to negotiate separately, but he also understands Mr. Loiselle's position to open it up. He said his concern is he doesn't want to leave here tonight restricting the negotiation process. He said he would like to opened it up so when the sub-committee and Mr. Uchytil get together to negotiate, if they need to do something different, they don't have to come back to the Committee and ask permission first.

MOTION By MR.LOGAN: THAT THE PORT DIRECTOR AND ASSIGNED BOARD MEMBERS COMMENCE GOOD FAITH NEGOTIATIONS WITH GOLDBELT TO REACH A FAIR MARKET VALUE, LEASE RATE, AND TERMS.

Mr. Jardell said his concern with this motion is that we need to negotiate a fair market value. He said he appreciates the lease items that Goldbelt would like to look at in addition. He would not want to have negotiations from 10% to 8% be a part of influencing what the fair market value is outside of just determining the fair market value of the property. Negotiations over fair market value should be true to try to ascertain what the negotiators think a fair market value is, and come to an agreement on it. He would like Goldbelt to come back with a plan. Why the rent should be figured from 10% to 8% He said he needs a justification or a reason to go to 8% and for reducing the royalties. He said he would not like to negotiate the retail issue without offering public input from the business community. He doesn't mind flexibility to discuss Goldbelt's other issues, but they should be brought back to the Board for more discussion.

Mr. Logan said he agrees with a lot of what Mr. Jardell said, but this could keep going back and forth endlessly. He said there should be trust in the team chosen to negotiate and move forward, then bring it back to the Board.

Mr. Simpson said he agrees with Mr. Jardell's comments, but doesn't see the motion by Mr. Logan preclude that. He said he is in support of the motion. Other concerns can be addressed within the authority granted here.

Mr. Peterson said the original motion recommended by Mr. Uchytil feels very confining and will probably end up in the same situation currently. He said he supports Mr. Logan's motion to have broader negotiations.

Mr. Donek said he has a concern of the Board micro-managing what Mr. Uchytil and the sub-committee does in the negotiations. He said he would like it opened up for broader negotiations.

Mr. Logan reread his motion.

THAT THE PORT DIRECTOR AND ASSIGNED BOARD MEMBERS COMMENCE GOOD FAITH NEGOTIATIONS WITH GOLDBELT TO REACH A FAIR MARKET VALUE, LEASE RATE, AND TERMS.

Motion Passed

Mr. Donek said Mr. Busch will form a sub-committee to negotiate with Goldbelt.

2. Department of Homeland Security Grant Award.

Mr. Uchytil said Mr. Tajon was successful in acquiring approval of a DHS Port Security Grant for the amount of $100,000 with 25% matching funds from Docks & Harbors for the purpose of downtown security camera's and new radio recapitalization. At the Ops/CIP Committee meeting Mr. Tajon provided a thorough background of the grant, associated costs, and the actual grant letter itself. Mr. Uchytil said he recommends the Board approve the matching grant provided by DHS for $100,000 and forward to the Assembly for final approval.

Board Question

Mr. Peterson asked if there was sufficient amount of money in the Docks enterprise fund.

Mr. Uchytil said yes.

Board Discussion/Action

MOTION By MR. SIMPSON: TO ACCEPT THE DHS GRANT AWARD OF $100,000 FOR SECURITY EQUIPMENT AND AUTHORIZE THE EXPENDITURE OF $29,550 FROM THE DOCKS ENTERPRISE FUND FOR DOCKS & HARBORS MATCHING SHARE AND ASK UNANIMOUS CONSENT.

Motion Passed.

3. 2014 Board and Committee Meeting Schedule

Mr. Uchytil said in the packet is a schedule for the 2014 Committee and Board meetings. This is just formalizing what the staff has prepared for next year's meetings.

Mr. Janes said as a new member, he finds himself late for the Committee meetings and early for the Board meetings. Why are the times for the meetings different and is it confusing for the public? Is there a reason the Committee meetings are at 5:00 pm and the Board meetings at 5:30 pm?

Mr. Spickler said he made the recommendation to move the 7:00 pm Board meeting to the 5:30 pm time to enable more people to attend. He said he originally asked for 5:00 pm or 5:15 pm, but settled on 5:30 pm.

Mr. Janes asked why the Committee meetings don't move to 5:30 pm also? All being at one time might make it more clear to the public.

Mr. Donek said traditionally the Committee meetings were at 5:00 pm and then the Board meeting just moved to 5:30 pm.

Mr. Logan said he would like them all to start at 5:30 pm.

Mr. Peterson said it makes no difference to him whether it is 5:00 pm or 5:30 pm. He would take the recommendation from staff.

Mr. Simpson said the time doesn't matter to him, but he does like the idea to keep all the meetings at the same time.

Mr. Jardell said he can do either one, but he prefers 5:30 pm.

Mr. Uchytil said the argument when this was discussed a year ago from the public was that the Assembly meets at 7:00 pm and that gave adequate opportunity for the public to attend. That was why the Board meetings were previously scheduled for 7:00 pm. Staff would probably say 5:00 is just more convenient, but we serve the public so the question is, "what best serves the needs of the public"?

Mr. Jones mentioned a variety of different meetings that started at a variety of different times.

Mr. Uchytil asked the Board if they wanted to wait to decide on this item until after the November Board meeting when there will be a work session on the Docks & Harbors by-laws. During the work session, any new changes can be incorporate in the by-laws.

Mr. Donek suggested to take no action on this tonight. This will be taken up during the by-laws work session.

NO MOTION

VII. Items for Information/Discussion - None

VIII. Committee and Board Member Reports

1. Operations/CIP Committee Meeting –October 24th, 2013
   Mr. Simpson reported the Committee;
   - Endorsed the DHS security grant that the Board acted on here.
   - Considered acquiring the net float barge at the Auke Bay Loading Facility. The Committee declined to take action on the purchase which meant that Docks & Harbors does not desire to move forward with the purchase due to the poor condition of the barge.
   - There was a request from some members of the Commercial fleet for an expansion of the circumstances for free moorage at Statter Harbor for turning in fish to tenders. No action was taken so that meant the Committee did not endorse the request.

Mr. Logan said the Committee discussed expanding this to tenders that sell to Juneau fish processors. Staff will come back with an explanation on who the credit will apply to, and what information will be needed to determined that the Commercial fisherman qualifies for the credit.

2. Finance Committee Meeting – October 29th, 2013
   Mr. Donek reported the Committee had two/hour long appraisal presentations from the appraisers who performed the appraisals on the Mt Roberts Tram.
   He said the Committee was given a spreadsheet on the 16B project. He asked Mr. Uchytil to explain the spreadsheet.

   Mr. Uchytil said the spreadsheet was prepared by the Finance Director, Mr. Bob Bartholomew. This has to do with the bonding for the 16B project. As the project has been refined, there have been cost increases for a variety of reasons. One was the requirements imposed by the Planning Commission for the conditional use permit. Essentially, the Finance Director has some approval for $29 million to go out for revenue bonds. He is concerned with what the actual bids come in at that he may have to go back to the Assembly and ask for an adjustment for his authority to get more bonding for the project. There is more than adequate funds available in the foreseeable future with the port development fees to cover the project, but because there has been an increase by $4.4 million he will have to go back to the Assembly for approval. Mr. Uchytil said Mr. Bartholomew has offered to brief the Board on what the plan is for retiring the bond debt.
   Mr. Uchytil said the other item that was discussed at the Finance Committee was the Cultural Preservation Lease. Mr. Uchytil hired an appraiser to provide an appraisal which came in at $713,000, and Goldbelt challenged the appraisal because in the lease it states the rent will be based on assessed value. Mr. Uchytil said he was provided a decision memo from Mr. Bartholomew that the Assessor has assessed the value of the tidelands property at the Seadrome building at a rate of $680,030. What that will mean to Goldbelt is their current rent rate will go up to $68,003 annually.

3. Member Reports
   Mr. Peterson said he was not able to attend the last Lands Committee meeting. The next Lands Committee meeting will be November 18th.

IX. Port Engineer's Report –

Mr. Gillette said his written report is in your packet along with a couple photos on the current projects.
The Cruise Ship Terminal Staging area project is all torn up. Crews are working away on it, and it is still on schedule.
The Taku Dock improvements project has the main demolition completed. Trucano Construction has pulled off the decking and put down the sub deck getting ready for concrete. They will start driving piles tomorrow. According to their schedule they are a week ahead of time.
Mr. Gillette said Docks & Harbors did not get the federal tiger grant for the Marine Services Center. Not getting that money meant Docks & Harbor will probably not participate financially in that project unless we can find other monies. The Alaska Marine Exchange is moving forward. They have spoken with the Mayor and the City Manager about a lease. The Alaska Marine Exchange is looking at leasing the under the bridge property and developing a building at that location. They would like Docks & Harbors to commit to be a tenant in the building, so the money that would be rent for that space would allow the Alaska Marine Exchange to leverage for a $500,000 loan toward the building. With those funds, a loan from Rasmussen foundation, a grant, and state passenger fees, they are optimistic they will have the funds to move forward with design and possibly start the building as early as next fall. The other part of that site is the park, the whale sculpture, and the seawalk. Those projects are handled through CBJ Engineering, but are on a much slower schedule because of funding. Docks & Harbors staff will continue to work with the Alaska Marine Exchange to know what is going on and make sure the building is designed to meet staff needs if we are going to be a tenant.
The Aurora Harbor 65% design has two issues that need a decision.

- One would be the combined power and light pedestal. There are a lot of good reasons to go with this, but staff is still looking into the cost.
- The other issue is the safety ladders. Staff has decided that the safety ladders need to be in all the Harbors, and is investigating a portable type safety ladder. The plan is to move forward and develop a safety ladder that would work on the Statter Harbor new floats, then that safety ladder could be modified to fit the other harbors.

The Cruise Ship Berth project bids and qualifications are due November 12th. Staff will have a week to review the qualifications to see who is qualified to do the project. The bid opening is November 19th. This will come to the Board on November 21st, and scheduled to go to the Assembly on November 25th.
Another element for the Cruise Ship Berth Project is the RFP for the Construction Administration Inspection due November 26th. The Committee members to evaluate this RFP consists of, Loren Jones – Assembly Member, Mike Peterson – Board Member, Erich Schaal – Deputy Port Engineer, Carl Uchytil – Port Director, and Gary Gillette – Port Engineer. The Committee will

meet on December 6th to put together the scores and then determine if oral interviews are needed.

Mr. Peterson asked Mr. Gillette where the mitigation process is with SEAL trust?

Mr. Gillette said SEAL trust is reviewing the price again and looking at comparable properties in Haines that meets the environmental qualifications. If this is accepted by the Coeur, the price could be less than the Commercial waterfront property in Juneau.

Mr. Spickler asked what is happening with the PLA issue?

Mr. Uchytil said with the new CBJ Attorney, Ms. Mead, things have changed. Previously, there was a process that John Hartle was the approver for all PLA's. Ms. Mead has taken a different read on how the PLA process is implemented and she will not be approving the PLA's. The process that Ms. Mead has been directed to do from either the Assembly or the City Manager is that she will come up with a resolution that provides an outline for how a PLA's process will move forward in the future. With the changing of the CBJ Attorney, there is no direction.
Mr. Logan asked where that leaves Docks & Harbors?

Mr. Uchytil said as directed by the motion of the Assembly, Mr. Gillette and himself met with the trade unions. Mr. Gillette evaluated that meeting and made a recommendation to Mr. Uchytil. Mr. Uchytil said he took the evaluation and sent a cover letter to the Assembly, copied the Board, Ms. Kiefer, and Ms. Mead. He has not received any request for any course changes at this point.

X. Harbormaster's Report
Mr. Tajon said there was a sailboat that sank yesterday afternoon and was notified by the Coast Guard. The owner is being responsible and working on raising the boat. The Fisherman's Terminal Dock Project at Aurora Harbor is completed. The new electrical is now being installed and staff is shoring up utility chases that have deteriorated over the years.

XI. Port Director's Report
Mr. Uchytil said Mr. Gillette has been doing a great job on the Cruise Ship Dock Berth project that has taken constant care for the last year. Everyday there is something that needs attention. Other projects that are also going on is the RFP for the Inspection Services, Aurora Harbor 65% design review, and start the efforts for the Statter Harbor boat launch design next week.

Mr. Uchytil said Mr. Tajon did a great job on putting together the four pending impounds that were abandoned vessels.
Mr. Uchytil said he declined the application he received from a food vendor to use Docks & Harbors property for the 2014 season. There needs to be a full public process on this topic and there is not enough time with all the other projects moving forward.
Mr. Uchytil said he decided not to assign a term contract from the RFP for dive services. Due to the insurance requirements all of the local divers did not meet the requirements in the RFP. Divers will be called in on an as needed bases like we have in the past.
Docks & Harbors supervisors have attended two meeting so far for strategic planning efforts. These efforts are to look toward a mission statement, vision, and core values. The goals and objectives are in the coming months. He said he would like to have a retreat for the Board members to figure out what is it that the Board should be doing as far as providing guidance and what are the goals as an enterprise .

XII. Assembly Liaison Report-

Mr. Jones said he will be the Docks & Harbor Liaison again for the coming year. The Assembly met Wednesday in a retreat and had a lot of discussion about goals and objectives, CIP projects, and Federal State funding lists. Some of these have been consolidated and all of them are part of the State of Alaska capital requests. In terms of the dock projects, they are part of the list that went before the State for the Capital projects, but have been dropped down in prioritization. There is already grant money set aside for this project, and until the Tier I grant is completed, there can't be any additional funds. There will be more discussion on this at a later time.

XIII. Committee Administrative Matters

a. Operations/CIP Committee Meeting – Next meeting is November14th, 2013 in the Assembly Chambers at 5:00 p.m.
b. Finance Committee Meeting – Next meeting is November 19th, 2013 in CBJ Room 224 at 5:00 p.m.
c. Board Meeting – Next meeting is November 21st, 2013 in the Assembly Chambers at 5:30 p.m.

Mr. Peterson said he will not be able to attend the Finance & Regular Board meeting.

XIV. Adjournment

The regular Board Meeting adjourned at 6:50 p.m.