

CBJ Docks and Harbors Committee
Finance Meeting Minutes
For Tuesday, May 28th, 2013

I. Call to Order

Mr. Kueffner called the Finance Committee Meeting to order at 5:05 p.m. in CBJ Room 224.

II. Roll Call

The following members were present: John Bush, Tom Donek, Scott Spickler, Kevin Jardell, and Eric Kueffner.

Also in attendance were the following: Carl Uchytel – Port Director, Greg Fisk - consultant for Alaska Glacier Seafoods, Jim Erickson- co-owner of Alaska Glacier Seafoods.

III. Approval of Agenda

MOTION BY MR. KUEFFNER TO CHANGE AGENDA ITEMS FOR ACTION #1 AS #2 AND #2 AS #1 AND ASK UNANIMOUS CONSENT TO APPROVE AGENDA AS AMENDED.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None

V. Approval of the Finance Committee Meeting Minutes

Hearing no objection, the March 26th, 2013 Finance Committee Meeting Minutes were approved as presented.

VI. Items for Action

1. Termination of Amendment to Alaska Glacier Seafood Presentation by Port Director, Carl Uchytel.

Mr. Uchytel gave background of the two leases that Alaska Glacier Seafoods has with Docks & Harbors. The first lease is about .4 acres of tidelands for their icehouse. Docks & Harbors collects \$2,530.00 per year. The other lease is the uplands adjacent to the Auke Bay Loading Facility. The arrangements from 2010 lease agreement is they would build a retaining wall, Docks & Harbors would maximize the fill for the ABLF and they received back rent calculations for 25 years and make no payments to CBJ for rent. Mr. Fisk came forward on behalf of AGS to ask to amend the lease for 1 year. It expired 4/30/2013. There were

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specific guidelines that AGS would install a fence and jersey barriers. Carl said he gave a verbal yes to use a chain and then that was not even used. A letter was sent May 10th from Carl Uchytel to AGS advising the amendments were not followed and the lease amendment is terminated. The original lease from April 21, 2010 is still in effect.

Committee Questions

Mr. Jardell asked what was the decision to bring this to the finance board?

Mr. Uchytel advised this was the next meeting and Mr. Fisk said time was of the essence.

Mr. Kueffner asked the amendment to the lease was not related to rent just conditional use of the premises?

Mr. Uchytel replied yes that was the intent.

Mr. Kueffner stated the amendment does not have any mention of a renewal?

Mr. Jardell said the previous board meeting regarding this subject there was talk about an amendment vs. a license for a year. He was not sure how it was finalized. There was discussion if you amend the lease you have to go back to the security plan. Mr. Simpson presented a revocable license with a lease modification with a trial period, a letter of agreement for 1 year that is renewable and Mr. Erickson said that was agreeable, and there was a concern with just 1 year term but it was to make sure the terms were honored. It would be evaluated each year.

Public Comment

Jim Erickson Juneau, AK Mike Erickson, AGS President's son and business partner is speaking on Mike Erickson's behalf. Mr. Greg Fisk is also speaking on behalf of AGS.

Mr. Fisk stated time is of the essence to get his resolved. There were violations of the stipulations of the amendment. The amendment was a huge help and AGS tried to work with DOT to get alternate access from the highway and it was not fruitful. If AGS leases the land they need access and would like an extension. Per Jim Erickson they have some jersey barriers in place, the chains have been

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down, and some of our employees have used forklifts on ABLF property and they did reprimand them. Per Jim Erickson, the cars have not been AGS employees and they did enforce this issue with their employees. He also stated AGS has failed on some issues but they have done some things right too.

Mr. Fisk advised the rules that were broken were not crucial.

Mr. Jim Erickson stated we have always had a good rapport with CBJ Docks & Harbors and CBJ is very important to their business.

Mr. Kueffner asked from the maps provided in the meeting, what is access way and is that the area to be used?

Mr. Jim Erickson stated yes that is what is at stake. He stated AGS is a much larger business and the semi-trailers need to use the access way to be more efficient when moving product.

Mr. Fisk stated it's too tough for semi-trailers not to be able to use the access way which is part of ABLF. AGS needs an arrangement.

Mr. Kueffner asked about the retaining wall location.

Mr. Jardell stated the AGS retaining wall helped CBJ build the ABLF ground fill up to the AGS retaining wall and they gave AGS a rent credit. The change of lease allowed the trucks to drive through ABLF to get in and out in a very busy season keeping AGS efficient.

Mr. Kueffner asked Mr. Uchytel if he had any formal communication with AGS prior to the May 10th, 2013 letter about complying with the amendment?

Mr. Uchytel stated he showed a video and spoke to Mr. Fisk about the violations last year. Mr. Uchytel said he was frustrated since the lease is apparent.

Mr. Fisk stated the forklift is the only thing that is prohibited on the ABLF land and we can work that out.

Mr. Donek said let's go down the list and talk about the importance of each item. The lockable gate is important to keep AGS people out of ABLF.

Per Mr. Fisk, there are USCG rules and homeland security issues.

Mr. Bush stated a chain does not meet the security issues.

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Mr. Jardell said the value of the lease is access vs. no access and that makes the value different.

Mr. Donek said let's not cancel a lease over petty issues. If AGS is wrong, then let's evaluate.

Mr. Kueffner asked do we want to grant an extension after the fact? And we will bring it back to the full board.

Jim Becker, speaking on his own behalf, stated he has seen AGS grow significantly and CBJ Docks & Harbors needs to support them and the fishing industry.

Committee Discussion/Action

Mr. Kueffner said we need to do a new lease and asked for action.

Mr. Jardell said let's give a 1 month reprieve and we take this to the operations committee. We will talk about a conditional use permit and do a safety analysis.

Mr. Donek said a month is too short. With new board members and this being middle of fishing season let's give them 3 months.

MR. BUSH MOVED TO GIVE AGS 6 MONTHS EXTENSION AND MOVE IT TO THE FULL BOARD FOR APPROVAL.

MR. JARDELL MOVED TO HAVE A NEW AMENDMENT TO ENFORCE THE SAME REQUIREMENTS AND ALLOW ACCESS THROUGH THE ABLF UNTIL SEPTEMBER 30, 2013 AND MOVE IT TO FULL BOARD AND ASKED FOR UNANIMOUS CONSENT?

Mr. Kueffner said, with no objections, we will present to the full board.

2. Regulation Changes to 05 CBJAC 20 & 05 CBJAC 40
Presented by Port Director, Carl Uchytel

Mr. Uchytel said that the regulations changes went before the board and CBJ had a public hearing. The public was concerned with the Consumer Price Index (CPI) increase every year for some charges and not others. Should we be having all charges based on CPI?

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Committee Questions

Mr. Jardell asked to go through each item that is not linked to CPI increases.

Mr. Kueffner said we should have a statement that all our rates are subject to CPI.

Mr. Bush stated we should have a committee to go over all of the rates.

Mr. Uchytel read through the rates and the rounding rules in the CBJ regulations.

Mr. Jardell asked what the percentage of cash is in our revenue?

Ms. Raster, harbor employee, just guessed that maybe 20%. (correction – it is only about 1.5-2%)

Public Comment

Dennis Watson, Juneau, AK stated the cruise ships rates have not increased in 7 years. The locals are subject to CPI increases every year. The launch permit was arbitrarily increased to \$90.00 and it should be explained why to the public. The price increases are not consistent.

Committee Discussion/Action

Mr. Jardell said that raising rates every 3-5 years is too big of a jump for patrons. He said he can't justify why everything isn't CPI based rates. Statter Harbor parking lot has to be managed through a fee system since there is not enough parking and that's why that is separate. The Cruise Ships did not want a per head fee so the moorage and port development fees were increased and the head tax went through anyway. He stated all rates should be CPI.

Mr. Donek said smaller increases are easier for people to accept and some rates changing every 5-6 years can't be justified. We should do rate increases every 2 years. Mr. Donek said let's move forward and get DeHart's rates off the regulations and only have Statter Harbor for now.

Public Comment Re-Opened

Mike Peterson, Douglas, AK said the 5 years is a huge amount of time and makes a large increase. It should be every 2-3 years and we can deal with it personally and as a business owner.

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Mr. Kueffner asked how he felt about the launch ramp increase?

Mr. Mike Peterson said it was too abrupt of a change to go from \$70.00 to \$90.00.

Committee Discussion/Action

Mr. Jardell said recreational increases are every year but commercial rates have not been raised in 6 years. We should start another fee package review and use the CPI for everyone.

Mr. Spickler asked to see how other enterprise boards raise their fees, such as the airport. We should be consistent every year.

Mr. Uchytel said we can't raise rates without making improvements.

MR. DONEK MOTIONED TO SEND THE REGULATIONS CHANGES AS IS FOR REMOVING DEHART'S INFORMATION TO THE FULL BOARD AND HAVE THE BOARD SEND BACK TO FINANCE COMMITTEE THE REVIEWING OF THE FEE PACKAGE FOR A LATER DATE.

Mr. Kueffner asked if any objections.

Motion passed.

VII. Items for Information/Discussion

1. Budget Update by Port Director

Mr. Uchytel presented a combined Docks & Harbors Financial Summary by Department. He stated we are consistent with last year's figures. He explained the details of the figures.

Mr. Jardell asked what are the miscellaneous figures?

Mr. Spickler stated we need an accountant to get a better budget without such a high miscellaneous number. We need more month-to-month and YTD accurate figures.

Mr. Kueffner asked what are the possible miscellaneous amounts?

Mr. Uchytel said it is probably leases and vender booth fees.

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2. Mt Robert Tram Update by Port Director

Mr. Uchytel said we are moving forward with Goldbelt picking a third appraiser for the tram lease from the approved list that was provided from Docks & Harbors and to please respond by June 12, 2013. Mr. Uchytel said the Goldbelt representative said thank you and they will take it under advisement.

Mr. Jardell asked Mr. Uchytel to make a friendly reminder phone call.

3. Boating Education Radio Advertisement

Mr. Uchytel said he was asked for Docks & Harbors to contribute money towards a safety message campaign and ads from Richard Burns at ABC Station.

Mr. Jardell said a state statute has us buy in to a federal program for boating safety and we purchase stickers on our boats to contribute.

Mr. Donek said this is not our core mission for the Docks & Harbors and we should not be involved in advertisements.

Mr. Kueffner said we should continue to support the “kids don’t float” program.

VIII. Staff & Member Reports – None from staff members. Mr. Jardell made a comment and wanted to compliment the Docks & Harbor staff on how well they are all doing.

The planning commission is meeting at 7pm. The Statter Harbor launch ramp building permit re-consideration will be discussed.

IX. Committee Administrative Matters

1. The Next Finance Committee Meeting is June 25th, 2013.

X. Adjournment

1. The Finance Committee adjourned at 6:38 pm.