CBJ DOCKS & HARBORS BOARD

REGULAR BOARD MEETING MINUTES

For Thursday, August 30th, 2012

I. Call to Order.

Mr. Busch called the Regular Board Meeting to order at 7:00 p.m. in the Assembly Chambers.

II. Roll Call.

The following members were present: Greg Busch, Tom Donek, Eric Kueffner, David Logan, Budd Simpson, Scott Spickler, and Michael Williams.

Absent: Kevin Jardell and John Bush

Also present were the following: Carl Uchytil – Port Director, Dwight Tajon - Harbormaster, Gary Gillette – Port Engineer, and Dixie Hood – PRAC Liaison.

III. Approval of Agenda.

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

The motion passed with no objection.

IV. Approval of Previous Meeting Minutes.

Hearing no objection, the July 26th, 2012 Regular Board Meeting minutes were approved.

V. Public Participation on Non-Agenda Items.

Drew Maple, Juneau, AK

He said he sent a letter concerning parking for the DeHart's patrons. He has been out of town for most of the summer and wanted to be updated on the parking.

Mr. Busch said this was discussed at the Operations meeting. In the near future, the short term parking will be at the present location. The desire of the Board for long term would be to have a parking pass assigned to the stall holders for available spaces that would be open in the main Statter Harbor parking area.

Mr. Maples wanted to confirm that the policy will be that the stall holders at Statter Harbor will be issued parking permits for no additional fee for one vehicle per stall.

Mr. Busch said it would similar to what it is now that there will be no guarantee that there will be space available, but the patron will have a parking pass.

Mr. Maples asked if there was consideration for people that did not have stalls but are continuous users?

Mr. Busch said he does not believe that has been addressed.

VI. Items for Action

1. Public Hearing – Water Rate Increase.

Mr. Uchytil said the meeting tonight is to provide an opportunity for public comments. Part of CBJ requirements for an ordinance change is to have a public notification that Docks and Harbors intends to raise the water rates that would affect the cruise ship docks. This Board has approved a water rate increase from $3.37 to $4.67. There has been no increase since 2005. This rate increase will become effective after this years cruise ship season on October 1, 2012.

Board Questions –
Mr. Simpson asked what would a typical visiting cruise ship take on in a single stop for water?

Mr. Uchytil said approximately 250,000 gallons.

Public Comments-
Dennis Watson, Juneau, AK
He said he is sure that AEL & P charges cruise ships for their electricity. If the cruise ship industry complains he suggests to look into what they have done in mark up over the years to see how much they have increased since 2005. Mr. Watson said he does not think this mark up is unreasonable.

Board Discussion/Action-
Mr. Uchytil said Skagway sells their water for $4.20 per thousand gallons.

Mr. Williams said he wanted to recommend that the rates are re-visited every two years.

Mr. Uchytil said there was a friendly amendment at the Finance meeting to bring an increase to the Board every time CBJ's Water Department has an increase.

Mr. Simpson asked if the private docks sell water?

Mr. Tajon said the AJ Dock and the Franklin Dock does.

Mr. Simpson wanted to know what their mark up is?

Mr. Tajon didn't know.

Mr. Uchytil said when he spoke to Drew Green from Cruise Line Agencies, he did not think this new rate was unreasonable.

MOTION By MR. KUEFFNER: TO APPROVE THE NEW PROPOSED RATES AND ASK UNANIMOUS CONSENT.

Mr. Logan seconded the motion.

Motion passed with no objection.

2. Gastineau Channel (abeam Douglas) Speed limit.

Mr. Uchytil said at Docks and Harbor previous Operations meeting there was discussion on speed limits throughout the Harbor system, but more specifically there were reports on the jet boats operating from Douglas Harbor to downtown exceeding five knot speed limit. The questions were, does this require enforcement and what action needs to be taken? With checking into this, the Harbormaster video taped a Coast Guard vessel and a jet boat passing along the Douglas Harbor area. Based on this evidence, the new floating breakwater and the new rock jetty water breakwaters are sufficient in protecting the vessels within Douglas Harbor. With this information, the Operations committee recommended to lift the speed zone off Douglas Harbor.
Board Questions –
Mr. Kueffner just wanted to verify that the suggestion is to take the speed zone away.

Mr. Uchytil said it is just taking it off Douglas Harbor area. People will still be responsible for their wake.

Mr. Kueffner asked how much enforcement is done in this area, or how many tickets are given?

Mr. Uchytil said never.

Mr. Simpson said his boat is the most exposed boat in Douglas Harbor and he has been there quite a few years, even before the current breakwater was installed. There is a huge difference from then to now in terms of the wakes coming into the Harbor. The current breakwater does a great job even from Taku winds. He said he is supportive of the no speed zone.

Public Comments - None

Board Discussion/Action-
Mr. Williams said it was needed at one point, it served it's purpose and can go away.

MOTION By MR LOGAN: TO REMOVE THE FIVE KNOT SPEED LIMIT AROUND DOUGLAS HARBOR AND ASK UNANIMOUS CONSENT.

Mr. Williams seconded the motion.

Motion passed with no objection

3. Appropriation of $500,000 from the Harbor Fund to CIP for Aurora Harbor Re-Build project. This funding constitutes a total of $2M of Harbor Funds for the required match $2M ADOT Municipal Harbor Facility Grant Program.
Mr. Uchytil said this action will authorize $500,000 from our Harbor fund to meet the full ADOT Municipal matching grant. This Board has already approved $1.5 million of Harbor funds. Staff was hopeful that Docks and Harbors could use $500,000 of marine passenger fees that were allocated in 2005 in support of the tug assist for the cruise ship industry. That tug assist berth moved over to the AJ Dock and now there is no nexus between the marine passenger fees and the Aurora Harbor. To fully utilize the full $2 million ADOT grant, Docks and Harbors needs to come up with another $500,000. Mr. Uchytil said this could come from the Harbor fund that currently has $1.2 million that would bring it down to $700,000. He would like the Board to approve this but wait to take to the Assembly for a

couple of months because this Board may have to decide the fate of Douglas Harbor. The needs of the $1.2 million is Aurora Harbor, and a possibility for more money for Douglas Harbor construction. He is asking for approval for the $500,000 tonight for expedience purposes, but wait to go to the Assembly until next month. He wants the Board to know all the demands for the Harbor is and what the $1.2 million will have to cover. Statter Harbor should be covered.

Board Questions
Mr. Logan said he would recommend to wait until there is more information on Douglas Harbor.

Mr. Uchytil said because the Harbor Board meets just once a month, with this already approved, this could be taken to the Assembly at an appropriate time. Some times this becomes a timing issue and if approved it could move forward quickly.

Mr. Simpson said the nexus between the cruise ship funds being applied to the Aurora project was to be used on tug moorage. The tug has decided to moor somewhere else now, but he said he did not think this project was for a particular tug that happened to be moored there at that time. This was to have a facility that is available for vessels that size, not a particular tug. Because that tug has decided to move elsewhere, does not mean Docks and Harbors still can not develop a moorage suitable for tugs and still have that nexus to cruise ship funds such that we would not have to take money from another project to do this one.

Mr. Uchytil said the City Attorney has brought this up the fact that the tug that meets the demands of the current cruise ships now moors at the AJ dock there is no direct benefit to Aurora Harbor. There are concerns that the Marine passenger fees use needs to be well above board how those monies are appropriated. The City Manager has brought this concern up from the City Attorney. Mr. Uchytil said he has asked if this $500,000 could be reallocated on the Statter Harbor passenger for hire float.

Mr. Williams asked what if another tug service came to town?

Mr. Uchytil said there is no current demand that supports marine passenger fees to be invested in Aurora Harbor and therefore other financial support will be needed for the rest of the ADOT grant match.

Mr. Williams asked what the priority was?

Mr. Uchytil said the priority is up to the Board. He said at this time he does not have current Douglas Harbor funding needs. This was brought to the Finance Committee and they were unable to come up with a nexus. The Committee recommended bringing this action item to the full Board. This can wait until there is an updated estimate on funds needed for the Douglas Harbor.

Mr. Simpson said he has not seen the legal analysis performed by the City Attorney. Since there is no rush on this, he does not see a need to make a decision at this time.

Mr. Logan said there is no advantage to move forward on this right now.

Mr. Donek said one of the problems in the past has been having to have a Special Board meeting to be able to get something approved before an Assembly meeting. He asked if DOT requires Docks and Harbors to show that this money is set aside.

Mr. Gillette said Docks and Harbors will have to show matching money when the project is under construction and asking for reimbursement
Mr. Busch said he recommends to hold a Special meeting in advance of an Assembly meeting and have no action tonight. He would like more information from the City Manager and City Attorney.

Public Comments - None

Board Discussion/Action – No action taken.

4. Amendment to existing contract with PND Engineers for the Cruise Dock Design in the amount of $42,249 for additional design services for Taku Dock modification.
Mr. Gillette said this is relative to the changes that Docks and Harbors is making to the Taku dock after going through the planning commission and addressing the issues that were raised. There was some design fee in the 16B project to do some changes to the dock that was originally anticipated, but there are more changes. This $42,249 will make up the difference of what is required. This does not have to go to the Assembly so if the Board acts on this item tonight, PND will have the go ahead to start on Taku Dock modification.

Board Questions

Mr. Donek asked if moving the berths out for the 16B project was part of this additional expense?

Mr. Gillette said at this time that is still covered under the original design.

Public Comments- None

Board Discussion/Action

Mr. Simpson said he supports this but it just keeps costing more money.

MOTION By MR. LOGAN: TO APPROVE THE INCREASE AMOUNT OF $42,249 TO PND ENGINEERS FOR ADDITIONAL DESIGN SERVICES TO THE CRUISE DOCK DESIGN FOR THE TAKU DOCK MODIFICATIONS AND ASK UNANIMOUS CONSENT.

Mr. Williams seconded the motion.

Motion passed with no objection.

Mr. Williams commented that this will help the commercial fisherman and the economy.

VII. Items for Information/Discussion.
None

VIII. Committee and Board Member Reports.

1. Operations Committee Meeting- August 21st, 2012

Mr. Logan said the Committee discussed the Alaska Pirates Pride, the sale of a boat house, removing the J floats in Aurora and derelict boats.

2. CIP/Planning Committee Meeting – August 23rd, 2012

Mr. Williams said there was discussion on information items;

1. Extending the Seawalk toward Thane road. There is concern that there is more foot traffic on the hill going toward Thane road and DOT would like the traffic diverted to stay on the water where it is safer and away from traffic.
2. The relocation of the USS Juneau Memorial. Mr. Gillette is working on a design and will have the memorial all in place for the upcoming ceremony.
3. The Aurora Harbor funding match.
4. Statter Harbor
5. A wash down system for the Auke Bay Loading Facility.

3. Finance Committee Meeting- August 28th, 2012

Mr. Kueffner reported the Committee discussed the one information item, the Lawson reports that are still a little challenging to figure out Docks and Harbors revenues, but the Port Director is still working on.

Two action items;

1. The $500,000 appropriation that was discussed here tonight
2. The Mt. Roberts tramway lease. The Mt. Roberts tramway lease is to be reviewed every three years with an appraisal of the underlying land that will determine the base rent. The history of this lease show this really has not been done the way it was described in the lease in a regular fashion and Docks and Harbors is trying to get this back on track. The lease was signed in 1995 with a rent of $30,000 plus rent royalties figured on a sliding scale. In 2006 there was an agreed upon rent rate of $104,000, and that is what it is today. The appraisal process calls for Docks and Harbors to get an appraisal. Horan & Company was hired and Mr. Charles Horan came up with a market value appraisal of $3.33 Million. If the tenant does not like the appraisal, they can get there own appraisal. The Mt. Roberts Tram hired Reliant LLC to do an appraisal. The appraisal from Reliant came back with some extraordinary assumptions that gave the land no economic value at present because of the limitations in the lease that require it to be a tramway. The Port Director has discussed this with the City attorney if this was an appropriate way to apply the lease terms. Mr. Kueffner said he has appointed a sub-committee to review the lease and assist the Port Director in negotiating what happens next. The lease provides that if you have competing appraisals, the Port Director has the power to negotiate with the tenant and determine what is an appropriate appraisal value. It does not mean one or the other has to be used, but to negotiate. The Sub-Committee members include Mr. Kueffner, Mr. Donek and Mr. Jardell. The Sub-Committee has not met yet but envisions the Sub-Committee to intensely review how to approach this and give some direction to the Port Director on how to negotiate. This is important to do because if this theory of appraisals is adopted or accepted, it will affect many if not all of the CBJ's leases. This concerns Docks and Harbors as well as the City Attorney because it sets a precedent for other tenants.

4. Member Reports –
Mr. Spickler asked if the Board would be receptive to shifting the Regular Board meetings to 5:00 p.m.?
Mr. Kueffner supports that idea but to start at 5:15 p.m.
Mr. Busch said this would be something to look at in future discussions.

IX. PRAC Representative Report

Ms. Hood reported she was out of state for the July meeting. She read Kathy Ruddy whale sculpture presentation from the July PRAC minutes. This item came back to the PRAC meeting in August and was supported. At the August meeting there was discussion and various arguments about the park, the building and the whale. The site of the building location and size was supported by everyone. The park area will be designed by PRAC. The funding for the building will be sometime in the future, but there were suggestions to not just have office space but to also have a restaurant.
Ms. Hood requested to have a hard copy of The Tide Line mailed to her.

Mr. Kueffner asked what the name for the "under the bridge park"?

Ms. Hood said it does not have a name yet, but Kim Kiefer said not to call it that.

Mr. Kueffner said he wanted to make sure PRAC is happy with the building foot print.

Ms. Hood said the PRAC definitely wants to maximize the green space and priority to be for a park, but overall the PRAC is in support of the building with public use and marine related exhibits.

X. Port Engineer's Report.

Mr. Gillette's written report is in the packet.

Mr. Kueffner asked when the Douglas break water will be completed.

Mr. Gillette said the plan is this fall.

XI. Harbormaster's Report.

Mr. Tajon said there was an accident at the Aurora Harbor. A person was rowing and hit their head on the gangway. He was sent to the hospital.
Mr. Tajon said he spent two hours with George Schaaf at the Parks and Recreation Department. Mr. Schaaf has been tasked with creating a Park Ranger position for next year to assist with enforcement in the Parks and Recreation areas. This would include camping at Savikko Park, Auke Lake on sunny days, and even Echo Cove. Mr. Tajon said he gave him a lot of information and said Docks and Harbors would help where ever we were needed.

XII. Port Director's Report.

Tomorrow at 1:30 in room 224 is the pre-hearing for the appeal for the 16B conditional use permit. This will just be information on the way forward on how the appeal will be run.
Mr. Uchytil said his goal on the Tide Line is to have ready for the Regular Board meeting. He is writing about the ballot initiatives. He wants to educate and not advocate.

XIII. Assembly Liaison Report
Ms. Becker was Absent.

XIV. Committee Administrative Matters.

1. Operations Committee Meeting – September 18th, 2012
5:00 p.m. at the Aurora Harbor Office
Mr. Busch said he will be absent.

2. CIP/Planning Committee Meeting – September 20th, 2012
5:00 p.m. in the CBJ Assembly Chambers

3. Finance Committee Meeting –September 25th, 2012
5:00 p.m. in CBJ room 224.

4. Regular Board Meeting – September 27th, 2012
7.00 p.m. in the CBJ Assembly Chambers

XV. Executive Session – Personnel Action – Port Director Evaluation

Motion by Mr. Williams: 8:20 p.m. enter into Executive Session to discuss the Port Directors Evaluation.

XVI. The Regular Board Meeting adjourned at 8:48 p.m.